

Stock Ticker : 2324

Compal Electronics, Inc.

2019 Annual General Shareholders' Meeting Meeting Handbook

(June 21, 2019)



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

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Meeting Procedures

Compal Electronics, Inc.

2019 Annual General Shareholders' Meeting Procedures

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

Meeting Agenda

Compal Electronics, Inc.

2019 Annual General Shareholders' Meeting Agenda

Time : 9:00 am, June 21, 2019 (Friday)

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

I. Report Items

1. Report on Business for the year 2018
2. Audit Committee's Review Report for the year 2018
3. Report of the distribution of compensation to employees and directors for the year 2018

II. Ratification Items

1. To ratify the Business Report and Financial Statements for the year 2018
2. To ratify the Distribution of Earnings for the year 2018

III. Discussion Items

1. To approve the proposal of cash distribution from capital surplus
2. To approve the amendment to the "Articles of Incorporation"
3. To approve the amendment to the "Procedures for Acquisition or Disposal of Assets"
4. To approve the amendment to the "Procedures for Financial Derivatives Transactions"
5. To approve the amendment to the "Procedures for Endorsement and Guarantee"
6. To approve the amendment to the "Procedures for Lending Funds to Other Parties"
7. To approve the release of non-competition restrictions for Directors

IV. Special Motion(s)

V. Meeting Adjourned

Report Items

Item 1

Proposed by the Board of Directors

Proposal:

Report on Business for the year 2018

Explanatory Note:

The Business Report for the year 2018 is attached hereto as Attachment 1.

Item 2

Proposed by the Board of Directors

Proposal:

Audit Committee's Review Report for the year 2018

Explanatory Notes:

1. The year 2018 financial statements have been audited by the Independent Auditors and the Independent Auditors' Report was issued. In addition, the Business Report and Distribution of Earnings for the Year 2018 have been reviewed and examined by the Audit Committee; the Review Report was issued accordingly.
2. Independent Auditors' Report is attached hereto as Attachment 2.
3. Audit Committee's Review Report is attached hereto as Attachment 3.

Item 3

Proposed by the Board of Directors

Proposal:

Report of the distribution of compensation to employees and directors for the year 2018

Explanatory Note:

- 1、In accordance with the Articles of Incorporation of the Company, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent (2%) thereof and to directors as compensation in an amount of not more than two percent (2%) of such profits. Notwithstanding the foregoing, in the event that the Company has accumulated losses, the Company shall first reserve an amount to offset such accumulated losses.
- 2、The distribution of compensation to employees and directors for the year 2018, as approved by the Remuneration Committee and the Board of Directors, are NT\$930,857,503 and NT\$49,222,782, respectively. The compensations shall be distributed in the form of cash.

Ratification Items

Item 1

Proposed by the Board of Directors

Proposal:

To ratify the Business Report and Financial Statements for the year 2018

Explanatory Notes:

1. The Company's 2018 financial statements have been audited by Szu-Chuan Chien and Yiu-Kwan Au, certified public accountants from KPMG, who have issued an Audit Report. In addition, the Business Report has been reviewed and examined by the Audit Committee and the Audit Committee has issued a Review Report accordingly.
2. The "Business Report for the Year 2018" and "Financial Statements for the Year 2018" are attached hereto as Attachments 1 and 4.

Resolved That:

Item 2

Proposed by the Board of Directors

Proposal:

To ratify the Distribution of Earnings for the year 2018

Explanatory Notes:

1. The 2018 Earnings Distribution Proposal (see page 12) was prepared by the Board of Directors according to the ROC Company Act and the Articles of Incorporation of the Company.
2. The amount of earnings for the year 2018 available for distribution to shareholders as dividend and bonus is NT\$4,407,146,625. Such amount is proposed to be distributed in the form of cash dividend. Each shareholder will be entitled to receive a cash dividend of NT\$1 per share. Cash dividend shall be distributed and paid to each shareholder, rounded to the nearest NT dollar (truncate the numbers after decimal place). Fractional amounts will be aggregately recognized as other revenue in the accounting book of the Company.
3. After the resolutions adopted by the 2019 Annual General Meeting of Shareholders, it is proposed that the Board of Directors be authorized by the General Shareholders' Meeting to determine the record date of cash dividend distribution.
4. As of March 14, 2019, the number of shares issued by the Company that is eligible to receive dividends is 4,407,146,625 shares. However, if the number of outstanding shares is changed afterward due to the share buy-back or redemption by the Company, share cancellation or other factors so that the distribution ratio for the cash dividend must be adjusted accordingly, it is proposed that the Board of Directors be authorized by the General Shareholders' Meeting to deal with this matter with full authority.

Resolved That:

Compal Electronics, Inc.

Earnings Distribution Proposal for the Year 2018

Unit: NT\$

Item	Amount
Unappropriated retained earnings of previous years	24,491,037,686
Add: The impacts on unappropriated retained earnings as of January 1st, 2018 due to retroactive adjustment and retrospective application of the International Financial Reporting Standards	494,051,177
Unappropriated retained earnings of previous years (retrospectively adjusted)	24,985,088,863
Add:	
Net income of 2018	8,913,364,721
Remeasurement of defined benefit plans	14,093,253
Reversal of special reserve resulting from other equity interest	1,363,316,633
Adjustments of retained earnings due to share-based payment transaction	36,141,457
Subtract:	
10% Legal reserve	(891,336,472)
Changes in ownership interests in subsidiaries	(521,643,409)
Changes in equity interests in associates and joint ventures accounted for using equity method	(1,156,258)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	(1,024,469,710)
Retained earnings available for distribution as of December 31, 2018	32,873,399,078
Distribution item:	
Subtract:	
Dividends to common shares holders <Note>	(4,407,146,625)
Unappropriated retained earnings as of December 31, 2018	28,466,252,453

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

Discussion Items

Item 1

Proposed by the Board of Directors

Proposal:

To approve the proposal of cash distribution from capital surplus

Explanatory Notes:

1. In accordance with Article 241 of the Company Act, the Company proposes a cash distribution of NT\$881,429,325 from capital surplus derived from the amount of the subscription price in excess of par value of common shares issued by the Company. The cash is to be distributed to the registered shareholders on the record date, and the cash distribution per share will be NT\$0.2. Cash distribution from capital surplus shall be paid to each shareholder, rounded to the nearest NT dollar (truncate the numbers after decimal place). Fractional amounts will be aggregately recognized as other revenue in the accounting book of the Company.
2. After the resolutions adopted by the 2019 Annual General Meeting of Shareholders, it is proposed that the Board of Directors be authorized by the General Shareholders' Meeting to determine the record date for the cash distribution from capital surplus.
3. As of March 14, 2019, the number of shares issued by the Company which is eligible to receive cash distribution is 4,407,146,625 shares. However, if the number of outstanding shares is changed afterward due to the share buy-back or redemption by the Company, shares cancellation or other factors so that the distribution ratio for the cash distribution from capital surplus must be adjusted accordingly, it is proposed that the Board of Directors be authorized by the General Shareholders' Meeting to deal with this matter with full authority.

Resolved That:

Item 2

Proposed by the Board of Directors

Proposal:

To approve the amendment to the “Articles of Incorporation”

Explanatory Notes:

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

Resolved That:

Item 3

Proposed by the Board of Directors

Proposal:

To approve the amendment to the “Procedures for Acquisition or Disposal of Assets”

Explanatory Notes:

1. Amendment to the Procedures for Acquisition or Disposal of Assets is proposed to conform to the requirements of applicable laws and regulations.
2. The Comparison Table Before and After Amendment to the Procedures for Acquisition or Disposal of Assets is attached hereto as Attachment 6.

Resolved That:

Item 4

Proposed by the Board of Directors

Proposal:

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

Explanatory Notes:

1. Amendment to the Procedures for Financial Derivatives Transactions is proposed to accommodate the business need of the Company and the requirements of applicable laws and regulations.
2. The Comparison Table Before and After Amendment to the Procedures for Financial Derivatives Transactions is attached hereto as Attachment 7.

Resolved That:

Item 5

Proposed by the Board of Directors

Proposal:

To approve the amendment to the “Procedures for Endorsement and Guarantee”

Explanatory Notes:

1. Amendment to the Procedures for Endorsement and Guarantee is proposed to conform to the requirements of applicable laws and regulations.
2. The Comparison Table Before and After Amendment to the Procedures for Endorsement and Guarantee is attached hereto as Attachment 8.

Resolved That:

Item 6

Proposed by the Board of Directors

Proposal:

To approve the amendment to the “Procedures for Lending Funds to Other Parties”

Explanatory Notes:

1. Amendment to the Procedures for Lending Funds to Other Parties is proposed to accommodate the business need of the Company and the requirements of applicable laws and regulations.
2. The Comparison Table Before and After Amendment to the Procedures for Lending Funds to Other Parties is attached hereto as Attachment 9.

Resolved That:

Item 7

Proposed by the Board of Directors

Proposal:

To approve the release of non-competition restrictions for Directors

Explanatory Notes:

1. As certain Directors of the Company may invest in or operate a business which is identical or similar to the business scope of the Company, without prejudice to any interest of the Company, it is proposed to approve the release of non-competition restrictions for these Directors in accordance with Article 209 of the Company Act.
2. Information of the Directors who concurrently serve in a position of other companies is shown in the tables below (see page 21~22). The approval of the release of non-competition restrictions for Directors is proposed.

Resolved That :

Information of the Directors of Compal, concurrently serves in a position of other companies, is listed as follows:

Title	Name	Serves in positions of other companies
Chairman	Sheng-Hsiung Hsu	Chairman: AcSacca Solar Energy Co., Ltd.
Vice Chairman	Jui-Tsung Chen	Chairman: Rally Biopharma Co., Ltd., Ray-Kwong Medical Management Consulting Co., Ltd.
Director	Wen-Being Hsu (Note)	Chairman: Binpal Investment Co., Ltd. Director: Baotek Industrial Materials Ltd.
Director	Charng-Chyi Ko	Director: All Information Inc..
Director	Chung-Pin Wong	Director: Kinpo Group Management Consultant Company, Speedlink Tradings Ltd.
Director	Ming-Chih Chang	Director: Mactech Co., Ltd.
Director	Sheng-Hua Peng	Director: Arcadyan Technology Corporation, General Life Biotechnology Co., Ltd.
Independent Director	Min-Chih Hsuan	Supervisor: Meribank Biotech Co., Ltd.

Note: Representative of the Corporate Director of Compal, Binpal Investment Co., Ltd.

Title	Name	Serves in positions of other companies
Director	Shyh-Yong Shen (Note)	<p>Chairman :</p> <p>CastleNet Technology Inc., Cal-Comp Biotech Co., Ltd., QBit Semiconductor Ltd., New Era AI Robotic Inc., iHELPER Inc., Cal-Comp Big Data, Inc., 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 Optical Electronics (Yueyang) Co., Ltd, Cal-Comp Precision (Yueyang) Co., Ltd., CastleNet Technology Inc (Kunshan), XYZprinting (Shanghai) Cloud Technology Co., Ltd., Cal-Comp Precision (Wujiang) Co., Ltd., Cal-Comp Precision (Dongguan) Co., Ltd., XYZprinting (suzhou) Co., Ltd., ICKP(Beijing) Technology Development Co., Ltd., Cal Comp (Malaysia) SDN. BHD., Cal-Comp Electronics de Mexico Co. S.A. de C.V., Cal-Comp Precision (Philippines) Inc., Cal-Comp Technology (Philippines), Inc., Kinpo Electronics (Philippines) Inc., New Era AI Robotic Ltd., XYZLife (Philippines) Inc., XYZprinting Japan, Inc.</p> <p>Vice Chairman :</p> <p>Cal-Comp Electronics (Thailand) Public Company Limited, PChome (Thailand) Co., Ltd.</p> <p>Director :</p> <p>Kinpo Electronics, Inc., AcBel Polytech Inc., Cal-Comp Electronics And communications Co., Ltd., Jipo Investment Inc., Kinpo Group Management Consultant Company, Kinpo Electronics (China) Co., Ltd., Ascendant Private Equity Investment Ltd., Cal-Comp Big Data Internation Ltd., Cal-Comp Electronics (USA) Co., Ltd., Cal-Comp (India) Private Ltd., Cal-Comp Automation and Industrial 4.0 Service (Thailand) Co., Ltd., Cal-Comp Holding (Brasil) S.A., Cal-Comp Industria De Semicondutores S.A., Cal-Comp Precision (Malaysia) SDN. BHD., Cal-Comp Precision (Singapore) Ltd., Cal-Comp Precision (Thailand) Ltd., Cal-Comp USA (Indiana), Co., Inc., Cal-Comp USA (San Diego), Co., Inc., Castlenet Technology (BVI) Inc., Kinpo International (Singapore) Pte. Ltd., Kinpo International Ltd., Logistar International Holding Company Limited, Nexa3D Inc., Ruten Singapore Pte. Ltd., Power Station Holdings Ltd., QBit Semiconductor Holding, Ltd., XYZprinting, Inc. (Korea), XYZprinting, Inc. (Samoa), XYZprinting, Inc. (USA), XYZprinting Netherlands, B.V., XYZprinting (Thailand) Co., Ltd.</p> <p>President :</p> <p>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., Cal-Comp Optical Electronics (Yueyang) Co., Ltd., Cal-Comp Precision (Yueyang) Co., Ltd., XYZprinting (Shanghai) cloud technology Co., Ltd., XYZprinting (suzhou) Co., Ltd., Cal-Comp Electronics (USA) Co., Ltd., Cal-Comp USA (Indiana), Co., Inc., Cal-Comp USA (San Diego), Co., Inc., XYZprinting, Inc. (USA)</p>

Note: Representative of the Corporate Director of Compal, Kinpo Electronics, Inc.

Special Motion(s)

Special Motion(s)

Attachments

Attachment 1

Business Report for the Year 2018

First of all, we would like to express our sincere gratitude for your long-term support to the Company! 2018 was a challenging year given external noises concerning trade conflicts between US and China, Briex events and China economy fluctuations, whereas the industry was also impacted by the rising prices of components and supply shortage. Despite the prevailing challenges, Compal still made some accomplishments last year and successfully completed the re-election of the board of directors that symbolizes transition into a new generation. Please refer to the following for a summary of last year's financial and business performance and this year's prospect.

2018 Financial Results

In 2018, Compal generated consolidated revenues totaling NT\$967,706 million, up NT\$80,049 million or 9% from the previous year. Driven by the market's growing demand for PC products and Smart Devices, total shipment of 5C electronics increased to 83 million units. Consolidated operating profit amounted to NT\$9,262 million, up 1% from the previous year. In addition, the Company sold equity interest in LCFC and it recognized NT\$2,511 million of non-operating income to conclude net income attributable to parent company totaling NT\$8,913 million, up NT\$3,164 million or 55% from the previous year. After-tax EPS is concluded at NT\$2.05.

Steady Growth of Core Business

In terms of business development, Compal made several accomplishments in 2018 including: record-high consolidated revenues, more than 30% revenue contribution from non-PC segments, and reclaiming of its position as the No. 1 Notebook PC designer and manufacturer. With respect to PC products, we continue to strengthen our relationship with brand companies by bringing added value to customers through quality and innovative design. Apart from existing product lines, we are also increasing our investments in Server and Edge Computing products. As for Smart Devices, development of AI, IoT and wearable technology has progressed to the point capable of contributing rapid growth to Compal's non-PC segment.

Progress in Smart Medical

Compal has made significant progress in smart medical, one of its new business segments, over the last three years and invested into several different fields from remote healthcare, electronic medical records, smart ward, smart medical terminal, to cancer immunotherapy. The Company is currently working with multiple medical institutions to develop AI-based smart medical solutions. Ongoing projects include: "iDiabCare®" – the tele health management and care ICT solution for chronic conditions that is being promoted in joint effort with Changhua Christian Hospital, Yeezen General Hospital and Wei Gong Memorial Hospital and has so far accumulated more than 1,700 active users; "Compal iCare" – the tele healthcare service currently being used in collaboration with 120 institutions nationwide; Compal "Smart Ward Total Solution" currently in development with Taipei City Hospital Zhongxiao Branch; and IOT "BoostFix – tele-rehabilitation solution" that completed its

clinical trial with Taipei Municipal Wanfang Hospital and obtained TFDA permit. Furthermore, Compal is participating in the Smart City project introduced by the Ministry of Economic Affairs and assisting the government in the establishment of smart healthcare service centers at Chiayi City, Chiayi County, Yunlin County and Penghu County by offering Compal's proprietary software and hardware integrated systems. Meanwhile, one of Compal's investments - General Life Biotechnology has made promising progress last year, with the product of 3-in-1 multi-function monitoring system for glucose, total cholesterol, and uric acid.

Corporate Governance and Business Sustainability

Compal has always made sustainability the goal of business management. We approach environmental, social and corporate governance issues with an emphasis towards innovation, harmony and ongoing improvement, and execute a sustainable talent training program. Compal was honored to receive "Taiwan Corporate Sustainability Awards" from Taiwan Institute for Sustainable Energy in 2018, and has maintained its ranking in the top 6%-20% among the listed companies during the latest "Corporate Governance Evaluation." Compal has been selected as a composition of FTSE4GOOD Index for 3 consecutive years, and for 12 consecutive years, the Company has been selected as a composite of the MSCI ESG Leaders Index. They represent how international institutions have long recognized Compal's sustainable value as an investment. In the future, we shall continue giving back to our employees, shareholders and the society through acts of sharing and mutual benefit.

2019 Prospects

Year 2019 presents us with many economic uncertainties, which we have responded actively by undertaking new measures and plans. In terms of manufacturing, in response to customer demand, we not only invested into the expansion of the Chongqing Plant in China, but also re-activated investments in Taiwan and Vietnam. Apart from process optimization and productivity improvement, we will also focus on speeding up automation and digitalization of our production processes. Technology-wise, we have invested in the development of new technologies such as AI, AR and 5G communication, and thereby prepare ourselves for the next wave of industrial competition.

Although the macro environment is still full of challenges, we still expect 5C electronics shipments to continue last year's momentum after taking into account the market condition and Compal's business plans for 2019, and exhibit another year of growth. As for the non-PC segment, Compal aims to increase revenue contributions toward 40% in the mid-to-long run. In the meantime, we will place additional focus on profitability and raise Compal's stature and value within the industry. Once again, we sincerely appreciate your support and guidance to Compal and wish you a peaceful and prosperous year!

Yours truly,

Chairman of the Board: Sheng-Hsiung Hsu

President and Chief Executive Officer: Chung-Pin Wong

Accounting Officer: Cheng- Chiang Wang

Attachment 2

Independent Auditors' Report

To Compal Electronics, Inc.:

Opinion

We have audited the financial statements of COMPAL ELECTRONICS, INC. (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended December 31, 2018 and 2017, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Account receivable valuation

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

Description of key audit matters:

The Company devotes to develop new product lines and customers in emerging countries, and the credit risks of these customers are higher than other world leading enterprises. Therefore, valuation of accounts receivable has been identified as a key audit matter.

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

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

2. Inventory valuation

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

Description of key audit matters:

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2019

Notes to Readers

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

Independent Auditors' Report

To Compal Electronics, Inc.:

Opinion

We have audited the consolidated financial statements of COMPAL ELECTRONICS, INC. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2018 and 2017, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Account receivable valuation

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

Description of key audit matters:

The Group devotes to develop new product lines and customers in emerging countries, and the credit risks of these customers are higher than other world leading enterprises. Therefore, valuation of accounts receivable has been identified as a key audit matter.

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

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

2. Inventory valuation

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

Description of key audit matters:

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

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

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

Other Matter

Compal Electronics Inc, has prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unqualified opinion.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2019

Notes to Readers

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

Attachment 3

Audit Committee's Review Report

The Company's 2018 financial statements have been approved by the Audit Committee and by the Board of Directors. Szu-Chuan Chien and Yiu Kwan Au, the certified public accountants of KPMG, have completed the audit of the financial statements and issued an audit report relating thereto. In addition, the Board of Directors has prepared and submitted to us the Company's 2018 business report and proposal for distribution of earnings. We, the Audit Committee members, have duly examined and determined such business report and proposal for distribution of earnings to be in line with the requirements under the Company Act and relevant laws and regulations. According to Article 14-4 of the Securities and Exchange Act and Article 219 of Company Act, we hereby submit this report.

Compal Electronics, Inc.

Chairman of the Audit Committee:

A handwritten signature in black ink, appearing to be 'Szu-Chuan Chien', written over a faint horizontal line.

March 22, 2019

Attachment 4

(English Translation of Financial Report Originally Issued in Chinese)

COMPAL ELECTRONICS, INC.
Balance Sheets
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017			December 31, 2018		December 31, 2017	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Equity				
Current assets:					Current liabilities:				
1100 Cash and cash equivalents	\$ 20,446,378	5.7	28,343,534	8.6	2100 Short-term borrowings	\$ 51,305,682	14.4	41,386,000	12.6
1110 Current financial assets at fair value through profit or loss	284,768	0.1	-	-	2130 Current contract liabilities	1,405,452	0.4	-	-
1125 Current available-for-sale financial assets	-	-	46,479	-	2170 Notes and accounts payable	77,050,816	21.7	72,212,035	22.0
1136 Current financial assets at amortized cost	350,000	0.1	-	-	2180 Notes and accounts payable to related parties	78,376,843	22.0	71,456,277	21.9
1147 Current bond investments without active market	-	-	350,000	0.1	2200 Other payables	8,392,511	2.4	7,052,029	2.1
1170 Notes and accounts receivable, net	189,496,594	53.3	165,540,785	50.5	2230 Current tax liabilities	1,787,434	0.5	1,644,175	0.5
1180 Notes and accounts receivable due from related parties, net	1,318,230	0.4	2,095,570	0.7	2250 Current provisions	-	-	1,440,292	0.5
1200 Other receivables, net	1,418,750	0.4	711,293	0.2	2300 Other current liabilities	587,308	0.2	664,918	0.2
1310 Inventories	51,517,159	14.5	42,985,363	13.1	2313 Unearned revenue	-	-	1,617,626	0.5
1470 Other current assets	541,027	0.1	604,564	0.2	2365 Current refund liabilities	1,480,446	0.4	-	-
	265,372,906	74.6	240,677,588	73.4	Long-term borrowings, current portion	17,496,250	4.9	6,018,750	1.8
Non-current assets:						237,882,742	66.9	203,492,102	62.1
1550 Investments accounted for using equity method	83,299,238	23.5	77,919,870	23.7	Non-Current liabilities:				
1510 Non-current financial assets at fair value through profit or loss	23,745	-	-	-	2540 Long-term borrowings	10,900,000	3.0	21,114,450	6.4
1517 Non-current financial assets at fair value through other comprehensive income	3,731,918	1.0	-	-	2570 Deferred tax liabilities	386,555	0.1	543,621	0.2
1523 Non-current available-for-sale financial assets	-	-	5,735,334	1.8	2640 Non-current net defined benefit liability	621,581	0.2	612,131	0.2
1543 Non-current financial assets at cost	-	-	2,333	-	2670 Non-current liabilities, others	298,289	0.1	438,178	0.1
1546 Non-current bond investments without active market	-	-	350,000	0.1		12,206,425	3.4	22,708,380	6.9
1600 Property, plant and equipment	2,128,181	0.6	2,092,272	0.7	Total liabilities	250,089,167	70.3	226,200,482	69.0
1780 Intangible assets	378,745	0.1	146,813	-	Equity:				
1840 Deferred tax assets	760,580	0.2	1,065,112	0.3	Ordinary share	44,071,466	12.4	44,191,916	13.5
1990 Other non-current assets	117,500	-	106,744	-	Capital surplus	9,932,434	2.8	10,938,773	3.3
	90,439,907	25.4	87,418,478	26.6	Retained earnings	60,060,381	16.9	56,557,146	17.2
					Other equity interest	(7,459,388)	(2.1)	(8,911,004)	(2.7)
					Treasury shares	(881,247)	(0.3)	(881,247)	(0.3)
					Total equity	105,723,646	29.7	101,895,584	31.0
Total assets	\$ 355,812,813	100.0	328,096,066	100.0	Total liabilities and equity	\$ 355,812,813	100.0	328,096,066	100.0

See accompanying notes to the parent company only financial reports.

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

COMPAL ELECTRONICS, INC.

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

	2018		2017	
	Amount	%	Amount	%
4000 Net sales revenue	\$ 911,050,122	100.0	841,309,602	100.0
5000 Cost of sales	<u>889,171,625</u>	<u>97.6</u>	<u>819,765,642</u>	<u>97.4</u>
Gross profit	21,878,497	2.4	21,543,960	2.6
5910 Less: Unrealized profit (loss) from sales	<u>(2,344)</u>	-	<u>(480)</u>	-
Gross profit	<u>21,880,841</u>	<u>2.4</u>	<u>21,544,440</u>	<u>2.6</u>
Operating expenses:				
6100 Selling expenses	3,157,897	0.3	5,979,101	0.7
6200 Administrative expenses	2,389,356	0.3	2,100,602	0.2
6300 Research and development expenses	<u>9,396,882</u>	<u>1.0</u>	<u>8,294,188</u>	<u>1.0</u>
	<u>14,944,135</u>	<u>1.6</u>	<u>16,373,891</u>	<u>1.9</u>
Net operating income	<u>6,936,706</u>	<u>0.8</u>	<u>5,170,549</u>	<u>0.7</u>
Non-operating income and expenses:				
7020 Other gains and losses, net	(126,030)	-	(1,615,111)	(0.1)
7050 Finance costs	(1,938,044)	(0.2)	(975,175)	(0.1)
7190 Other income	887,354	0.1	937,671	0.1
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	<u>4,198,330</u>	<u>0.4</u>	<u>3,160,786</u>	<u>0.4</u>
Total non-operating income and expenses	<u>3,021,610</u>	<u>0.3</u>	<u>1,508,171</u>	<u>0.3</u>
7900 Profit before tax	9,958,316	1.1	6,678,720	1.0
7950 Less: Tax expense	<u>1,044,951</u>	<u>0.1</u>	<u>929,195</u>	<u>0.1</u>
Profit	<u>8,913,365</u>	<u>1.0</u>	<u>5,749,525</u>	<u>0.9</u>
8300 Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss:				
8311 Other comprehensive income, before tax, remeasurement of defined benefit obligation	(20,189)	-	(79,683)	-
8316 Other comprehensive income, before tax, equity instruments at fair value through other comprehensive income	(1,096,846)	(0.1)	-	-
8330 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(212,493)	-	(1,970)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>69,926</u>	-	<u>13,546</u>	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(1,259,602)</u>	<u>(0.1)</u>	<u>(68,107)</u>	-
8360 Items that will be reclassified subsequently to profit or loss				
8361 Other comprehensive income, before tax, exchange differences on translation of foreign financial statement	1,853,763	0.1	(4,606,117)	(0.5)
8362 Other comprehensive income, before tax, available-for-sale financial assets	-	-	147,849	-
8380 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(229,339)	-	(21,111)	-
8399 Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	-	-	<u>(12,221)</u>	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>1,624,424</u>	<u>0.1</u>	<u>(4,491,600)</u>	<u>(0.5)</u>
8300 Other comprehensive income (loss), net	<u>364,822</u>	-	<u>(4,559,707)</u>	<u>(0.5)</u>
8500 Total comprehensive income	<u>\$ 9,278,187</u>	<u>1.0</u>	<u>1,189,818</u>	<u>0.4</u>
Earnings per share				
9750 Basic earnings per share	<u>\$ 2.05</u>		<u>1.32</u>	
9850 Diluted earnings per share	<u>\$ 2.02</u>		<u>1.31</u>	

See accompanying notes to the parent company only financial reports.

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

COMPAL ELECTRONICS, INC.
Statements of Changes in Equity
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total 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 financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Unearned employee benefit and others	Total other equity interest	Treasury shares	
Balance at January 1, 2017	\$ 44,241,606	11,779,274	17,439,772	3,199,674	34,649,963	55,289,409	1,324,282	-	(5,663,830)	(285,105)	(4,624,653)	(881,247)	105,804,389
Profit for the year ended December 31, 2017	-	-	-	-	5,749,525	5,749,525	-	-	-	-	-	-	5,749,525
Other comprehensive income	-	-	-	-	(68,107)	(68,107)	(4,801,658)	-	310,058	-	(4,491,600)	-	(4,559,707)
Total comprehensive income	-	-	-	-	5,681,418	5,681,418	(4,801,658)	-	310,058	-	(4,491,600)	-	1,189,818
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	813,089	-	(813,089)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,139,875	(1,139,875)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,422,153)	(4,422,153)	-	-	-	-	-	-	(4,422,153)
Cash dividends from capital surplus	-	(884,431)	-	-	-	-	-	-	-	-	-	-	(884,431)
Difference between consideration and carrying amount arising from acquisition or disposal subsidiaries	-	33,016	-	-	(2,179)	(2,179)	-	-	-	-	-	-	30,837
Changes in ownership interests in subsidiaries	-	142	-	-	(424)	(424)	-	-	-	-	-	-	(282)
Changes in equity of associates and joint ventures accounted for using equity method	-	14,217	-	-	(194)	(194)	-	-	-	-	-	-	14,023
Share-based payments transaction	(49,690)	(63,472)	-	-	11,269	11,269	-	-	-	205,249	205,249	-	103,356
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,027	-	-	-	-	-	-	-	-	-	-	60,027
Balance at December 31, 2017	44,191,916	10,938,773	18,252,861	4,339,549	33,964,736	56,557,146	(3,477,376)	-	(5,353,772)	(79,856)	(8,911,004)	(881,247)	101,895,584
Effects of retrospective application	-	-	-	-	494,051	494,051	-	(5,847,823)	5,353,772	-	(494,051)	-	-
Adjusted balance at January 1, 2018	44,191,916	10,938,773	18,252,861	4,339,549	34,458,787	57,051,197	(3,477,376)	(5,847,823)	-	(79,856)	(9,405,055)	(881,247)	101,895,584
Profit for the year ended December 31, 2018	-	-	-	-	8,913,365	8,913,365	-	-	-	-	-	-	8,913,365
Other comprehensive income	-	-	-	-	14,094	14,094	1,624,424	(1,273,696)	-	-	350,728	-	364,822
Total comprehensive income	-	-	-	-	8,927,459	8,927,459	1,624,424	(1,273,696)	-	-	350,728	-	9,278,187
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	574,953	-	(574,953)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	4,491,599	(4,491,599)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	-	(881,429)
Changes in ownership interests in subsidiaries	-	(32,706)	-	-	(521,643)	(521,643)	-	489,483	-	-	489,483	-	(64,866)
Changes in equity of associates and joint ventures accounted for using equity method	-	(459)	-	-	(1,156)	(1,156)	-	1,130	-	-	1,130	-	(485)
Share-based payments transaction	(120,450)	(151,766)	-	-	36,141	36,141	-	-	-	79,856	79,856	-	(156,219)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	-	60,021
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(1,024,470)	(1,024,470)	-	1,024,470	-	-	1,024,470	-	-
Balance at December 31, 2018	\$ 44,071,466	9,932,434	18,827,814	8,831,148	32,401,419	60,060,381	(1,852,952)	(5,606,436)	-	-	(7,459,388)	(881,247)	105,723,646

See accompanying notes to the parent company only financial reports.

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

COMPAL ELECTRONICS, INC.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	\$ 9,958,316	6,678,720
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	456,117	480,523
Increase in expected credit loss /allowance for uncollectible accounts	1,065	2,928,547
Net gain on financial assets or liabilities at fair value through profit or loss	(95,526)	-
Finance cost	1,938,044	975,175
Interest income	(332,905)	(239,394)
Dividend income	(212,129)	(117,742)
Compensation cost of share-based payments	(156,219)	103,356
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(4,198,330)	(3,160,786)
Loss on disposal of investments	-	1,804
Total adjustments to reconcile profit (loss)	<u>(2,599,883)</u>	<u>971,483</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable	(23,179,534)	(5,685,417)
Decrease (increase) in other receivable	(629,912)	(223,698)
Decrease (increase) in inventories	(8,531,796)	(15,016,352)
Decrease (increase) in other current assets	63,537	(145,850)
Total changes in operating assets	<u>(32,277,705)</u>	<u>(21,071,317)</u>
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	11,759,347	(2,770,322)
Increase (decrease) in other payable	1,172,349	(686,997)
Increase (decrease) in refund liabilities	40,154	-
Increase (decrease) in provisions	-	(91,958)
Increase (decrease) in unearned revenue	-	(156,532)
Increase (decrease) in contract liabilities	(212,174)	-
Increase (decrease) in other current liabilities	(77,610)	(261,816)
Others	(12,315)	(9,639)
Total changes in operating liabilities	<u>12,669,751</u>	<u>(3,977,264)</u>
Total changes in operating assets and liabilities	<u>(19,607,954)</u>	<u>(25,048,581)</u>
Total adjustments	<u>(22,207,837)</u>	<u>(24,077,098)</u>
Cash inflow (outflow) generated from operations	(12,249,521)	(17,398,378)
Interest received	314,650	221,027
Dividends received	592,252	660,913
Interest paid	(1,769,911)	(962,095)
Income taxes paid	(684,300)	(517,161)
Net cash flows from (used in) operating activities	<u>(13,796,830)</u>	<u>(17,995,694)</u>
Cash flows from (used in) investing activities:		
Redemption from financial assets at amortized cost	350,000	350,000
Acquisition of investments accounted for using equity method and financial assets at fair value through other comprehensive income	(137,435)	(503,112)
Proceeds from disposal of investments accounted for using equity method and financial assets at fair value through other comprehensive income	291,435	809,196
Acquisition of financial assets at fair value through profit or loss	(23,745)	-
Proceeds from disposal of financial assets at fair value through profit or loss	574,529	-
Proceeds from capital reduction of investments	8,054	1,459,043
Acquisition of property, plant and equipment	(203,186)	(126,108)
Increase in other receivables due from related parties	(321,840)	(293,029)
Acquisition of intangible assets	(521,722)	(193,154)
Others	(10,572)	10,495
Net cash flows from (used in) investing activities	<u>5,518</u>	<u>1,513,331</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	9,919,682	10,942,250
Proceeds from long-term borrowings	34,258,000	12,691,630
Repayments of long-term borrowings	(32,994,950)	(16,893,430)
Cash dividends paid	(5,288,576)	(5,306,584)
Others	-	(104)
Net cash flows from (used in) financing activities	<u>5,894,156</u>	<u>1,433,762</u>
Net increase (decrease) in cash and cash equivalents	<u>(7,897,156)</u>	<u>(15,048,601)</u>
Cash and cash equivalents at beginning of period	<u>28,343,534</u>	<u>43,392,135</u>
Cash and cash equivalents at end of period	<u>\$ 20,446,378</u>	<u>28,343,534</u>

See accompanying notes to the parent company only financial reports.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2018		December 31, 2017		Liabilities and Equity		December 31, 2018		December 31, 2017	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 70,296,545	17.6	70,062,713	19.3	2100	Short-term borrowings	\$ 72,350,197	18.1	56,515,525	15.6
1110	Current financial assets at fair value through profit or loss	4,611,134	1.1	40,706	-	2120	Current financial liabilities at fair value through profit or loss	26,913	-	24,463	-
1125	Current available-for-sale financial assets	-	-	46,479	-	2130	Current contract liabilities	1,476,304	0.4	-	-
1136	Current financial assets at amortized cost	350,000	0.1	-	-	2170	Notes and accounts payable	152,300,093	38.1	140,381,168	38.6
1147	Current bond investments without active market	-	-	350,000	0.1	2180	Notes and accounts payable to related parties	1,976,620	0.5	1,636,656	0.5
1170	Notes and accounts receivable, net	203,715,965	51.0	177,272,731	48.8	2200	Other payables	19,558,007	4.9	16,318,597	4.5
	Notes and accounts receivable due from related parties,					2230	Current tax liabilities	3,722,191	0.9	4,362,395	1.2
1180	net	58,106	-	113,994	-	2250	Current provisions	426,981	0.1	1,827,439	0.5
1200	Other receivables, net	1,665,249	0.4	988,008	0.3	2300	Other current liabilities	3,255,135	0.8	3,071,238	0.8
1310	Inventories	79,148,922	19.8	69,512,712	19.1	2313	Unearned revenue	-	-	1,617,626	0.4
1470	Other current assets	2,899,329	0.7	3,395,311	0.9	2365	Current refund liabilities	1,579,832	0.4	-	-
		<u>362,745,250</u>	<u>90.7</u>	<u>321,782,654</u>	<u>88.5</u>	2322	Long-term borrowings, current portion	<u>17,535,625</u>	<u>4.4</u>	<u>6,200,625</u>	<u>1.7</u>
								<u>274,207,898</u>	<u>68.6</u>	<u>231,955,732</u>	<u>63.8</u>
Non-current assets:						Non-Current liabilities:					
1550	Investments accounted for using equity method	7,364,485	1.9	11,807,622	3.2	2540	Long-term borrowings	10,998,438	2.7	21,252,263	5.8
	Non-current financial assets at fair value through profit or					2570	Deferred tax liabilities	478,169	0.1	614,437	0.2
1510	loss	69,390	-	-	-	2640	Non-current net defined benefit liability	710,146	0.2	705,810	0.2
	Non-current financial assets at fair value through other					2670	Non-current liabilities, others	238,324	0.1	180,207	-
1517	comprehensive income	5,172,295	1.3	-	-			<u>12,425,077</u>	<u>3.1</u>	<u>22,752,717</u>	<u>6.2</u>
1523	Non-current available-for-sale financial assets	-	-	7,646,667	2.1			<u>286,632,975</u>	<u>71.7</u>	<u>254,708,449</u>	<u>70.0</u>
1543	Non-current financial assets at cost	-	-	53,982	-	Total liabilities					
1546	Non-current bond investments without active market	-	-	350,000	0.1	Equity:					
1600	Property, plant and equipment	20,418,228	5.1	18,179,367	5.0	Equity attributable to owners of parent:					
1780	Intangible assets	1,516,253	0.4	1,284,660	0.4	3110	Ordinary share	44,071,466	11.0	44,191,916	12.2
1840	Deferred tax assets	1,023,948	0.3	1,351,371	0.4	3200	Capital surplus	9,932,434	2.5	10,938,773	3.0
1985	Long-term prepaid rents	891,147	0.2	571,133	0.2	3300	Retained earnings	60,060,381	15.0	56,557,146	15.6
1990	Other non-current assets	593,827	0.1	328,965	0.1	3400	Other equity interest	(7,459,388)	(1.8)	(8,911,004)	(2.5)
		<u>37,049,573</u>	<u>9.3</u>	<u>41,573,767</u>	<u>11.5</u>	3500	Treasury shares	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>
								<u>105,723,646</u>	<u>26.5</u>	<u>101,895,584</u>	<u>28.1</u>
						36XX	Non-controlling interests	<u>7,438,202</u>	<u>1.8</u>	<u>6,752,388</u>	<u>1.9</u>
								<u>113,161,848</u>	<u>28.3</u>	<u>108,647,972</u>	<u>30.0</u>
						Total equity					
Total assets		<u>\$ 399,794,823</u>	<u>100.0</u>	<u>363,356,421</u>	<u>100.0</u>	Total liabilities and equity		<u>\$ 399,794,823</u>	<u>100.0</u>	<u>363,356,421</u>	<u>100.0</u>

See accompanying notes to the consolidated financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

	2018		2017	
	Amount	%	Amount	%
4000 Net sales revenue	\$ 967,706,411	100.0	887,656,959	100.0
5000 Cost of sales	937,139,320	96.8	855,692,390	96.4
Gross profit	30,567,091	3.2	31,964,569	3.6
Operating expenses:				
6100 Selling expenses	4,319,991	0.4	7,167,461	0.8
6200 Administrative expenses	4,204,419	0.4	4,050,028	0.5
6300 Research and development expenses	12,780,935	1.4	11,538,651	1.3
	21,305,345	2.2	22,756,140	2.6
Net operating income	9,261,746	1.0	9,208,429	1.0
Non-operating income and expenses:				
7020 Other gains and losses, net	2,256,958	0.2	(1,897,072)	(0.2)
7050 Finance costs	(2,636,443)	(0.3)	(1,297,965)	(0.1)
7190 Other income	2,132,864	0.2	1,566,475	0.2
7590 Miscellaneous disbursements	(22,908)	-	(52,752)	-
7670 Impairment loss	-	-	(19,405)	-
7770 Share of profit of associates and joint ventures accounted for using equity method	797,368	0.1	606,567	-
Total non-operating income and expenses	2,527,839	0.2	(1,094,152)	(0.1)
7900 Profit before tax	11,789,585	1.2	8,114,277	0.9
7950 Less: Tax expense	2,200,284	0.2	1,956,240	0.2
Profit	9,589,301	1.0	6,158,037	0.7
8300 Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Other comprehensive income, before tax, remeasurement of defined benefit obligation	(16,260)	-	(84,394)	-
8316 Other comprehensive income, before tax, equity instruments at fair value through other comprehensive income	(1,188,635)	(0.1)	-	-
8320 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(124,949)	-	(561)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	75,832	-	14,348	-
Components of other comprehensive income that will not be reclassified to profit or loss	(1,254,012)	(0.1)	(70,607)	-
8360 Items that will be reclassified subsequently to profit or loss				
8361 Other comprehensive income, before tax, exchange differences on translation of foreign financial statement	1,807,381	0.1	(4,808,866)	(0.5)
8362 Other comprehensive income, before tax, available-for-sale financial assets	-	-	326,490	-
8363 Gains (losses) on effective portion of cash flow hedges	-	-	-	-
8368 Gains (losses) on hedging instrument	-	-	-	-
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(162,189)	-	(30,076)	-
8399 Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	(3,293)	-	(21,353)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss	1,641,899	0.1	(4,533,805)	(0.5)
8300 Other comprehensive income (loss), net	387,887	-	(4,604,412)	(0.5)
8500 Total comprehensive income	\$ 9,977,188	1.0	1,553,625	0.2
Profit, attributable to:				
8610 Profit, attributable to owners of parent	8,913,365	0.9	5,749,525	0.7
8620 Profit, attributable to non-controlling interests	675,936	0.1	408,512	-
	\$ 9,589,301	1.0	6,158,037	0.7
Comprehensive income attributable to:				
8710 Comprehensive income (loss), attributable to owners of parent	9,278,187	1.0	1,189,818	0.1
8720 Comprehensive income (loss), attributable to non-controlling interests	699,001	0.1	363,807	-
	\$ 9,977,188	1.1	1,553,625	0.1
Earnings per share				
9750 Basic earnings per share	\$ 2.05		1.32	
9850 Diluted earnings per share	\$ 2.02		1.31	

See accompanying notes to financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent														
	Retained earnings						Total other equity interest								
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Unearned employee benefit and others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2017	\$ 44,241,606	11,779,274	17,439,772	3,199,674	34,649,963	55,289,409	1,324,282	-	(5,663,830)	(285,105)	(4,624,653)	(881,247)	105,804,389	6,479,426	112,283,815
Profit for the year ended December 31, 2017	-	-	-	-	5,749,525	5,749,525	-	-	-	-	-	-	5,749,525	408,512	6,158,037
Other comprehensive income	-	-	-	-	(68,107)	(68,107)	(4,801,658)	-	310,058	-	(4,491,600)	-	(4,559,707)	(44,705)	(4,604,412)
Total comprehensive income	-	-	-	-	5,681,418	5,681,418	(4,801,658)	-	310,058	-	(4,491,600)	-	1,189,818	363,807	1,553,625
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	813,089	-	(813,089)	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,139,875	(1,139,875)	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,422,153)	(4,422,153)	-	-	-	-	-	-	(4,422,153)	-	(4,422,153)
Cash dividends from capital surplus	-	(884,431)	-	-	-	-	-	-	-	-	-	-	(884,431)	-	(884,431)
Difference between consideration and carrying amount arising from acquisition or disposal subsidiaries	-	33,016	-	-	(2,179)	(2,179)	-	-	-	-	-	-	30,837	357,314	388,151
Changes in ownership interests in subsidiaries	-	142	-	-	(424)	(424)	-	-	-	-	-	-	(282)	-	(282)
Changes in equity of associates and joint ventures accounted for using equity method	-	14,217	-	-	(194)	(194)	-	-	-	-	-	-	14,023	-	14,023
Share-based payments transaction	(49,690)	(63,472)	-	-	11,269	11,269	-	-	-	205,249	205,249	-	103,356	-	103,356
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,027	-	-	-	-	-	-	-	-	-	-	60,027	-	60,027
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(448,159)	(448,159)
Balance at December 31, 2017	44,191,916	10,938,773	18,252,861	4,339,549	33,964,736	56,557,146	(3,477,376)	-	(5,353,772)	(79,856)	(8,911,004)	(881,247)	101,895,584	6,752,388	108,647,972
Effects of retrospective application	-	-	-	-	494,051	494,051	-	(5,847,823)	5,353,772	-	(494,051)	-	-	-	-
Adjusted balance at January 1, 2018	44,191,916	10,938,773	18,252,861	4,339,549	34,458,787	57,051,197	(3,477,376)	(5,847,823)	-	(79,856)	(9,405,055)	(881,247)	101,895,584	6,752,388	108,647,972
Profit for the year ended December 31, 2018	-	-	-	-	8,913,365	8,913,365	-	-	-	-	-	-	8,913,365	675,936	9,589,301
Other comprehensive income	-	-	-	-	14,094	14,094	1,624,424	(1,273,696)	-	-	350,728	-	364,822	23,065	387,887
Total comprehensive income	-	-	-	-	8,927,459	8,927,459	1,624,424	(1,273,696)	-	-	350,728	-	9,278,187	699,001	9,977,188
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	574,953	-	(574,953)	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	4,491,599	(4,491,599)	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	(32,706)	-	-	(521,643)	(521,643)	-	489,483	-	-	489,483	-	(64,866)	-	(64,866)
Changes in equity of associates and joint ventures accounted for using equity method	-	(459)	-	-	(1,156)	(1,156)	-	1,130	-	-	1,130	-	(485)	-	(485)
Share-based payments transaction	(120,450)	(151,766)	-	-	36,141	36,141	-	-	-	79,856	79,856	-	(156,219)	-	(156,219)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(1,024,470)	(1,024,470)	-	1,024,470	-	-	1,024,470	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,187)	(13,187)
Balance at December 31, 2018	\$ 44,071,466	9,932,434	18,827,814	8,831,148	32,401,419	60,060,381	(1,852,952)	(5,606,436)	-	-	(7,459,388)	(881,247)	105,723,646	7,438,202	113,161,848

See accompanying notes to financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	\$ 11,789,585	8,114,277
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	4,940,672	5,184,672
Increase (decrease) in expected credit loss /allowance for uncollectible accounts	(17,449)	3,007,185
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(117,677)	-
Finance cost	2,636,443	1,297,965
Interest income	(1,463,658)	(877,370)
Dividend income	(279,044)	(169,839)
Compensation cost of share-based payments	(121,765)	110,855
Share of profit of associates and joint ventures accounted for using equity method	(797,368)	(606,567)
Loss (gain) on disposal of property, plant and equipment	23,228	(110,846)
Loss (gain) on disposal of investments	(2,513,207)	4,252
Impairment loss on financial assets	-	19,405
Long-term prepaid rents	13,302	13,135
Total adjustments to reconcile profit (loss)	2,303,477	7,872,847
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	-	45,734
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	(3,936,569)	-
Decrease (increase) in notes and accounts receivable	(26,227,099)	(4,986,899)
Decrease (increase) in other receivable	(680,718)	(59,604)
Decrease (increase) in inventories	(9,691,835)	(21,407,587)
Decrease (increase) in other current assets	551,607	(974,717)
Decrease (increase) in other non-current assets	(101,686)	(90,471)
Total changes in operating assets	(40,086,300)	(27,473,544)
Changes in operating liabilities:		
Increase (decrease) in financial liabilities designated as at fair value through profit or loss	2,450	(113,026)
Increase (decrease) in notes and accounts payable	12,258,889	12,535,881
Increase (decrease) in other payable	1,434,494	(1,776,989)
Increase (decrease) in refund liabilities	60,526	-
Increase (decrease) in provisions	39,834	(14,655)
Increase (decrease) in unearned revenue	-	(156,532)
Increase (decrease) in contract liabilities	(189,017)	-
Increase (decrease) in other current liabilities	231,592	171,564
Others	50,649	109,229
Total changes in operating liabilities	13,889,417	10,755,472
Total changes in operating assets and liabilities	(26,196,883)	(16,718,072)
Total adjustments	(23,893,406)	(8,845,225)
Cash inflow (outflow) generated from operations	(12,103,821)	(730,948)
Interest received	1,403,559	884,079
Dividends received	414,120	313,738
Interest paid	(2,399,912)	(1,242,536)
Income taxes paid	(2,576,795)	(1,405,335)
Net cash flows from (used in) operating activities	(15,262,849)	(2,181,002)
Cash flows from (used in) investing activities:		
Redemption from financial assets at amortized cost	350,000	350,000
Acquisition of investments accounted for using equity method and financial assets at fair value through other comprehensive income	(107,877)	(97,009)
Proceeds from disposal of investments accounted for using equity method and financial assets at fair value through other comprehensive income	7,814,859	2,265,745
Acquisition of financial assets at fair value through profit or loss	(47,937)	-
Proceeds from disposal of financial assets at fair value through profit or loss	574,528	-
Net cash flow from disposal of subsidiaries	-	129,000
Proceeds from capital reduction of investments	15,082	28,615
Acquisition of property, plant and equipment	(5,154,447)	(3,378,053)
Proceeds from disposal of property, plant and equipment	48,354	183,253
Acquisition of intangible assets	(575,232)	(386,935)
Increase in long-term prepaid rents	(315,395)	-
Others	(163,176)	30,451
Net cash flows from (used in) investing activities	2,438,759	(874,933)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	15,834,672	13,034,748
Proceeds from long-term borrowings	34,267,200	12,664,420
Repayments of long-term borrowings	(33,186,025)	(17,133,095)
Cash dividends paid	(5,228,555)	(5,246,557)
Acquisition of non-controlling interests	(1,801)	(35,699)
Disposal of ownership interests in subsidiaries	-	413,257
Change in non-controlling interests	(110,954)	(447,794)
Others	58,117	13,581
Net cash flows from (used in) financing activities	11,632,654	3,262,861
Effect of exchange rate changes on cash and cash equivalents	1,425,268	(3,094,809)
Net increase (decrease) in cash and cash equivalents	233,832	(2,887,883)
Cash and cash equivalents at beginning of period	70,062,713	72,950,596
Cash and cash equivalents at end of period	\$ 70,296,545	70,062,713

See accompanying notes to financial statements.

Attachment 5

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

Before Amendment	After Amendment	Amendment Reason
<p>Article 1 The Company is organized under the Company Law and shall be named Compal Electronics, Inc.</p>	<p>Article 1 The Company is organized under the Company Law and shall be named “<u>仁寶電腦工業股份有限公司</u>” and the English name shall be “Compal Electronics, Inc.”.</p>	<p>Revised to meet the law requirement</p>
	<p><u>Article 7-1</u> <u>When the Company issues employee share subscription warrants, employee share subscription rights and restricted stock for new shares or buy-back shares in accordance with the laws, the employees so granted or transferred may include the employees of the Company’s subordinate companies who meet certain requirements.</u></p>	<p>Added to meet the law requirement</p>
<p>Article 8 The share certificates of the Company shall be in registered form and <u>issued after they are serially numbered, signed or sealed by at least three directors, and certified by the competent authority or by the agency approved to handle the registration of the share issue.</u> The Company may be exempted from printing any share certificate for the shares issued and shall appoint a centralized securities custody enterprise/ institution to make recordation of the issue of such shares.</p>	<p>Article 8 The share certificates of the Company shall be in registered form and <u>shall be affixed with the signatures or seals of the director representing the Company, and shall be duly authenticated by the bank which is qualified to authenticate shares under the laws.</u> The Company may be exempted from printing any share certificate for the shares issued and shall appoint a centralized securities custody enterprise/ institution to make recordation of the issue of such shares.</p>	<p>Revised to meet the law requirement</p>
<p>Article 22 The business policies and other important matters of the Company shall be performed in accordance with the resolutions of the board of directors' meetings. <u>Except for the initial</u></p>	<p>Article 22 The business policies and other important matters of the Company shall be performed in accordance with the resolutions of the board of directors' meetings.</p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p><u>meeting of each term of the board of directors, which shall be called by the director who receives the highest votes, all the other meetings shall be called and presided by the board chairman.</u> In the event the board chairman is absent or unable to perform his right or authority, he may designate vice chairman to act on his behalf. In case there is no vice chairman or the vice chairman is absent or unable to perform his power or authority, the chairman may designate one managing director to act on his behalf, or where there is no managing director, one of the directors to act on his behalf. In the absence of the designation, the managing directors or directors shall elect one from among themselves.</p>	<p><u>Except as otherwise provided in the the provisions of the relevant laws, the board of directors meeting shall be called and presided by the chairman of the Company.</u> In the event the board chairman is absent or unable to perform his right or authority, he may designate vice chairman to act on his behalf. In case there is no vice chairman or the vice chairman is absent or unable to perform his power or authority, the chairman may designate one managing director to act on his behalf, or where there is no managing director, one of the directors to act on his behalf. In the absence of the designation, the managing directors or directors shall elect one from among themselves.</p>	
<p>Article 26 Functions of the board of directors shall be as follows: 1~11 (omitted)</p>	<p>Article 26 Functions of the board of directors shall be as follows: 1~11 (omitted) <u>12. To exercise other duties and powers granted in accordance with the laws and regulations, Articles of Incorporation, and by the shareholders' meetings.</u></p>	<p>Revised to meet the business operation needs and the law requirement</p>
<p>Article 29 At the close of each fiscal year of the Company, the board of directors shall prepare the following statements/documents and present to the shareholders' meeting for ratification in accordance with the legal procedure: 1. business report; 2. financial statement; 3. proposal for distribution of profits or covering of losses.</p>	<p>Article 29 At the close of each fiscal year of the Company, the board of directors shall prepare the following statements/documents and present to the shareholders' meeting for ratification in accordance with the legal procedure: 1. business report; 2. financial statement; 3. proposal for distribution of profits or covering of losses. <u>The aforementioned proposal for distribution of profits, the distribution of dividends and bonuses to shareholders in cash which are under the resolution and have been</u></p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
	<p><u>adopted by the meeting of the board of directors which are authorized in accordance with the Company's Articles of Incorporation, will not need to be ratified by the shareholders' meeting when reported during the shareholders' meeting.</u></p>	
<p>Article 30 If there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent (2%) thereof and to directors as compensation in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensation to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of <u>the Company's subordinate companies pursuant to the Company Act.</u></p>	<p>Article 30 If there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent (2%) thereof and to directors as compensation in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensation to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of <u>the Company's subordinate companies who meet certain requirements.</u></p>	<p>Revised to meet the law requirement</p>
<p>Article 30-1 If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent (10%) of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. <u>The earnings appropriation proposal to distribute dividend and bonus shall be proposed</u></p>	<p>Article 30-1 If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent (10%) of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. <u>The board of directors may set aside a certain amount to cope with the business operation</u></p>	<p>Revised to meet the business operation needs and the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p><u>by the board of directors and approved by the shareholders' meeting. The rest of the unappropriated retained earnings shall be reserved.</u></p> <p>The lifecycle of the industry of the Company is in the growing stage. To meet the need of the Company for the future capital and the need of shareholders for cash flow, if there is any profit after close of books, the cash dividend allocated by the Company each year shall not be lower than ten percent (10%) of the total dividend (including cash and share dividend) for such year.</p>	<p><u>conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated in accordance with Second Paragraph of this Article or Article 29.</u></p> <p><u>The Company authorizes the board of director to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash to shareholders after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u></p> <p>The lifecycle of the industry of the Company is in the growing stage. <u>To meet the future capital needs and in consideration of capital budget, long-term financial planning and onshore and offshore competition condition, as well as the need of shareholders for cash flow, if there is any profit after close of books, the dividend and bonds to be distributed to shareholders should not be less than thirty percent (30%) of the after-tax profit of such year and the</u> cash dividend allocated by the Company each year shall not be lower than ten percent (10%) of the total dividend (including cash and share dividend) for such year.</p>	
<p>Article 35 These Articles of Incorporation were prescribed by the promoters on April 16, 1984. The 1st~35th amendments (omitted)</p>	<p>Article 35 These Articles of Incorporation were prescribed by the promoters on April 16, 1984. The 1st~35th amendments (omitted) <u>The 36th amendment was made on June 21, 2019.</u></p>	<p>Added the amendment date</p>

Attachment 6

Compal Electronics, Inc.
Comparison Table Before and After Amendment to the
Procedures for Acquisition or Disposal of Assets

Before Amendment	After Amendment	Amendment Reason
<p>Article 1 Purpose and Legal Basis: In order to strengthen the Company’s asset management, protect its investment and fulfill its information transparency, these Processing Procedures are adopted in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and related regulations.</p>	<p>Article 1 Purpose and Legal Basis: In order to strengthen the Company’s asset management, protect its investment and fulfill its information transparency, these Processing Procedures are adopted in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and related regulations.</p>	<p>Wordings amendment in Chinese was made; however, no need to modify description in English.</p>
<p>Article 2 Definition and Scope:</p> <p>1. The term “assets” as used in these Processing Procedures includes the following:</p> <p>(1) (omitted)</p> <p>(2) Real property (including land, houses and buildings, investment property <u>and rights to use land</u>), equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(3) (omitted)</p> <p>(4) (omitted)</p> <p>(5) (omitted)</p> <p>2. The term “derivatives” as used herein refers to forward contracts, options contracts, futures contracts, leverage contracts, <u>and swap contracts, and compound contracts combining the above products</u>, which have the value derived <u>from assets, interest rates,</u> foreign exchange rates, <u>indexes or other interests.</u> The term "forward contracts" does not</p>	<p>Article 2 Definition and Scope:</p> <p>1. The term “assets” as used in these Processing Procedures includes the following:</p> <p>(1) (omitted)</p> <p>(2) Real property (including land, houses and buildings, investment property), equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(3) <u>Right-of-use assets.</u></p> <p>(4) (omitted)</p> <p>(5) (omitted)</p> <p>(6) (omitted)</p> <p>2. The term “derivatives” as used herein refers to forward contracts, options contracts, futures contracts, leverage contracts, <u>or</u> swap contracts, which have the value derived from <u>the specified interest rate, financial instrument price, commodity price,</u> foreign exchange rate, <u>index of prices or rates, credit rating</u></p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>agreements</u>.</p> <p>3. The term "assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with acts of law" as used herein are the ones acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, other acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article <u>156, paragraph 8</u> of the Company Act.</p> <p>4~8 (Omitted).</p>	<p><u>or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts.</u></p> <p>3. The term "assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with acts of law" as used herein are the ones acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, other acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article <u>156-3</u> of the Company Act.</p> <p>4 ~8 (Omitted)</p> <p><u>9. The domestic over-the-counter (“OTC”) venue refers to a venue for OTC trading specifically provided by a securities firm in accordance with the “Regulations Governing Securities Trading on the Taipei Exchange”;</u> <u>"Foreign OTC Venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct</u></p>	<p>Wordings</p>

Before Amendment	After Amendment	Amendment Reason
<p><u>9.</u> The term “10 percent of total assets” as used herein refers to <u>10 percent of</u> total assets stated in the most recent standalone or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p><u>securities business.</u> <u>10.</u> The term “10 percent of total assets” as used herein refers to total assets stated in the most recent standalone or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>amendment in English was made; however, no need to modify description in Chinese.</p>
<p>Article 3 Authorized Limit: The Company and its subsidiaries may acquire, dispose or continue to hold the various assets as referred to in these Processing Procedures. However, the amount of the securities investment, non-operating real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall follow the limitation as regulated by the company. Any amount beyond the limitation shall be approved by the board of directors through the resolution before acquisition or disposition.</p> <p>1. Limit Authorized by the Company</p> <p>(1) The total amount of the securities investment, non-operating real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall not exceed an amount equal to 1.5 times the net value of the Company.</p> <p>(2)~(3) (Omitted)</p> <p>(4) The total amount of the held non-operating real property, equipment, memberships, patents, copyrights, trademarks, franchise rights,</p>	<p>Article 3 Authorized Limit: The Company and its subsidiaries may acquire, dispose or continue to hold the various assets as referred to in these Processing Procedures. However, the amount of the securities investment, <u>or non-operating real property, equipment or right-of-use assets thereof,</u> memberships and patents, copyrights, trademarks, franchise rights, and other intangible assets <u>or right-of-use assets thereof,</u> etc. shall follow the limitation as regulated by the company. Any amount beyond the limitation shall be approved by the board of directors through the resolution before acquisition or disposition.</p> <p>1. Limit Authorized by the Company</p> <p>(1) The total amount of the securities investment, <u>or non-operating real property, equipment or right-of-use assets thereof,</u> memberships, <u>and</u> patents, copyrights, trademarks, franchise rights, and other intangible assets <u>or right-of-use assets thereof,</u> etc. shall not exceed an amount equal to 1.5 times the net value of the Company.</p> <p>(2)~(3) (Omitted)</p> <p>(4) The total amount of the held non-operating real property, equipment <u>or right-of-use assets thereof</u> , memberships, <u>and</u> patents, copyrights,</p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>and other intangible assets, etc. shall not exceed 10% of the Company's net value, while the amount of the held singular non-operating real property, equipment, memberships and other intangible assets shall not exceed 5% of the Company's net value.</p> <p>2. Subsidiary's Authorized Limit:</p> <p>(1) The total amount of the investment in securities, non-operating real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall not exceed 1.5 times the net value of each subsidiary.</p> <p>(2)~(3) (Omitted)</p> <p>(4)The total amount of the held non-operating real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall not exceed 10% of each subsidiary's net value, while the amount of the held singular non-operating asset items shall not exceed 5% of each subsidiary.</p>	<p>trademarks, franchise rights, and other intangible assets <u>or right-of use assets thereof</u>, etc. shall not exceed 10% of the Company's net value, while the amount of the held singular non-operating real property, equipment <u>or right-of-use assets thereof</u>, memberships and other intangible assets <u>or right-of-use assets thereof</u> shall not exceed 5% of the Company's net value.</p> <p>2. Subsidiary's Authorized Limit:</p> <p>(1) The total amount of the investment in securities, <u>or</u> non-operating real property, equipment <u>or right-of-use assets thereof</u>, memberships, <u>and</u> patents, copyrights, trademarks, franchise rights, and other intangible assets <u>or right-of-use assets thereof</u>, etc. shall not exceed 1.5 times the net value of each subsidiary.</p> <p>(2)~(3) (Omitted)</p> <p>(4)The total amount of the held non-operating real property, equipment <u>or right-of-use assets thereof</u>, memberships, <u>and</u> patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. <u>or right-of-use assets thereof</u> shall not exceed 10% of each subsidiary's net value, while the amount of the held singular <u>non-operating real property, equipment or right-of-use assets thereof, memberships and other intangible assets or right-of-use assets thereof</u> shall not exceed 5% of the</p>	

Before Amendment	After Amendment	Amendment Reason
(Omitted)	Company's net value. (Omitted)	
<p>Article 4 Decision-Making and Delegation of Authorization to Approve Transaction Terms:</p> <p>1.(Omitted)</p> <p>2. For the acquisition or disposal of securities that are expected to, or has been, hold for at least 1 year, real estates, equipment, intangible assets including membership, patent, copyright, trademark, franchise and license in an amount for a single item of equal or greater than NT\$300 million, the action must be approved by the Board of Directors; for such action in an amount for a single item of less than NT\$300 million, the Board of Directors delegates its authorization power to the Chairman.</p> <p>(Omitted)</p>	<p>Article 4 Decision-Making and Delegation of Authorization to Approve Transaction Terms:</p> <p>1.(Omitted)</p> <p>2. For the acquisition or disposal of securities that are expected to, or has been, hold for at least 1 year, <u>or</u> real estates, equipment <u>or</u> right-of-use assets thereof, memberships, <u>and</u> patents, copyrights, trademarks, franchise rights, and other intangible assets <u>or</u> right-of- use assets thereof, etc. in an amount for a single item of equal to or greater than NT\$300 million, the action must be approved by the Board of Directors; for such action in an amount for a single item of less than NT\$300 million, the Board of Directors delegates its authorization power to the Chairman.</p> <p>(Omitted)</p>	Revised to meet the law requirement
<p>Article 6 Processing Procedure of the Acquisition or Disposition of Real Property, Equipment, Memberships, Patents, Copyrights, Trademarks, Franchise Rights, and Other Intangible Assets, etc. :</p> <p>1. Appraisal and Operating Procedures For the Company's acquisition and disposition of real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc, the executive unit shall render the department investment budget according to the Company's</p>	<p>Article 6 Processing Procedure of the Acquisition or Disposition of Real Property, Equipment <u>or</u> Right-of-Use Assets thereof, Memberships, <u>and</u> Patents, Copyrights, Trademarks, Franchise Rights, and Other Intangible Assets <u>or</u> Right-of-Use Assets thereof, etc.:</p> <p>1. Appraisal and Operating Procedures For the Company's acquisition and disposition of real property, equipment <u>or right-of-use assets thereof</u>, memberships, <u>and</u> patents, copyrights, trademarks, franchise rights, and other intangible assets, <u>or right-of-use assets thereof</u>, etc., the executive unit shall render the</p>	Revised to meet the law requirement

Before Amendment	After Amendment	Amendment Reason
<p>internal management rules, and make evaluation as well as analysis on the underlying objects. In addition, it shall conduct the feasibility analysis and research according to pre-investment status, investment motivation and purpose, investment cost, expected years to get breakeven, analysis on the investment efficiency and etc., lay down a concrete investment implementation plan and submit such plan to the authorization unit for approval. The respective operation procedures shall be conducted in compliance with the rules regarding the fixed assets and other investment cycle under the Company's internal control system.</p> <p>2. The Units Responsible for Implementation The acquisition or disposition of real property shall be handled by the executive unit designated by the Chairman of the Company. The acquisition or disposition of equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall be handled by the utilization unit or the unit designated by the Chairman of the Company.</p> <p>3. Appraisal or Assessment Report (1) Report on Appraisal of Real Property or Equipment In acquiring or disposing real property or equipment where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or</p>	<p>department investment budget according to the Company's internal management rules, and make evaluation as well as analysis on the underlying objects. In addition, it shall conduct the feasibility analysis and research according to pre-investment status, investment motivation and purpose, investment cost, expected years to get breakeven, analysis on the investment efficiency and etc., lay down a concrete investment implementation plan and submit such plan to the authorization unit for approval. The respective operation procedures shall be conducted in compliance with the rules regarding the fixed assets and other investment cycle under the Company's internal control system.</p> <p>2. The Units Responsible for Implementation The acquisition or disposition of real property <u>or right-of-use assets thereof</u> shall be handled by the executive unit designated by the Chairman of the Company. The acquisition or disposition of equipment <u>or right-of-use assets thereof</u>, memberships, <u>and</u> patents, copyrights, trademarks, franchise rights, and other intangible assets, <u>or right-of-use assets thereof</u>, etc. shall be handled by the utilization unit or the unit designated by the Chairman of the Company.</p> <p>3. Appraisal or Assessment Report (1) Report on Appraisal of Real Property, Equipment, <u>or Right-of-Use Assets thereof</u>: In acquiring or disposing real property, equipment, <u>or right-of-use assets thereof</u> where the transaction amount reaches</p>	

Before Amendment	After Amendment	Amendment Reason
<p>more, or the transaction value for a related party transaction reaches 10 % or more of the Company's total assets, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business equipment, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>i. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed <u>for any future</u> changes to the terms and conditions of the transaction.</p> <p>ii.~iv. (Omitted)</p> <p>(2) Expert Assessment Report on the Memberships or Intangible Assets</p> <p>Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20% of more of paid-in capital or NT\$300 million or more or the transaction value for a related party transaction</p>	<p>20% of the company's paid-in capital or NT\$300 million or more, or the transaction value for a related party transaction reaches 10 % or more of the Company's total assets, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business equipment <u>or right-of-use assets thereof</u>, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>i. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed <u>whenever there is any subsequent</u> change to the terms and conditions of the transaction.</p> <p>ii.~iv. (Omitted)</p> <p>(2) Expert Assessment Report on the Memberships, Intangible Assets <u>or Right-of-Use Assets thereof</u>:</p> <p>Where the company acquires or disposes of memberships, or intangible assets <u>or right-of-use assets thereof</u> and the transaction amount reaches 20% of more of paid-in capital or NT\$300 million or more or the</p>	

Before Amendment	After Amendment	Amendment Reason
<p>reaches 10 % or more of the Company's total assets, except in transactions with a government agency, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>4. Calculation of the Transaction Amounts The calculation of the transaction amounts referred to in the preceding Article and this Article shall be done in accordance with Article 10, Paragraph 1, Sub-paragraph <u>5</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>transaction value for a related party transaction reaches 10 % or more of the Company's total assets, except in transactions with a <u>domestic</u> government agency, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>4. Calculation of the Transaction Amounts The calculation of the transaction amounts referred to in the preceding Article and this Article shall be done in accordance with Article 10, Paragraph 1, Sub-paragraph <u>7</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	
<p>Article 7 Related Party Transactions: 1. (Omitted) 2. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading of government bonds or bonds under repurchase and resale</p>	<p>Article 7 Related Party Transactions: 1. (Omitted) 2. When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except</p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been agreed by the audit committee and approved by the Board of Directors.</p> <p>(1)~(2) (Omitted)</p> <p>(3)With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraphs 3 and 4 of this Article.</p> <p>(4)~(7) (Omitted)</p> <p>The calculation of the transaction amounts referred to above in this Paragraph shall be made in accordance with Article 10, Paragraph 1, Sub-paragraph <u>5</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed by the audit committee and approved by the Board of Directors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the Company and its parent company or subsidiaries, the Company's Board of Directors may, pursuant to Article 3 through Article 5, delegate the Chairman of the</p>	<p>for trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been agreed by the audit committee and approved by the Board of Directors.</p> <p>(1)~(2) (Omitted)</p> <p>(3)With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraphs 3 and 4 of this Article.</p> <p>(4)~(7) (Omitted)</p> <p>The calculation of the transaction amounts referred to above in this Paragraph shall be made in accordance with Article 10, Paragraph 1, Sub-paragraph <u>7</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed by the audit committee and approved by the Board of Directors need not be counted toward the transaction amount.</p> <p><u>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or the Company and its subsidiary, or among its subsidiaries in which the Company directly or indirectly</u></p>	

Before Amendment	After Amendment	Amendment Reason
<p>Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the <u>next Board meeting.</u></p> <p>3. When acquiring real property from a related party shall evaluate the reasonableness of the transaction costs by the following means (Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below.): (1)~(3) (Omitted)</p> <p>4. When acquiring real property from a related party and appraises the cost of the real property in accordance with the preceding paragraph shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>5. When acquiring real property from a related party, the regulations stipulated in the preceding two paragraphs can be exempted in any of the following conditions. However, what is regulated in paragraph 2 shall still be followed:</p>	<p><u>holds one hundred(100) percent of the issued shares or authorized capital,</u> the Company's Board of Directors may, pursuant to Article 3 through Article 5, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next <u>board of directors meeting:</u></p> <p>i. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>ii. <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>3. When acquiring real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means (Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below.): (1)~(3) (Omitted)</p> <p>4. When acquiring real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real property <u>or right-of-use assets thereof</u> in accordance with the preceding paragraph shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>5. When acquiring real property <u>or right-of-use assets thereof</u> from a related party, the regulations stipulated in the preceding two paragraphs can be exempted in any of the following conditions. However, what is regulated in paragraph 2 shall</p>	

Before Amendment	After Amendment	Amendment Reason
<p>(1) The related party acquired the real property through inheritance or as a gift.</p> <p>(2) More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(3) (Omitted)</p> <p>6. In the case that the transaction price of the real property acquiring from a related party is higher than the result of the assessment made according to paragraph 3 of this Article, it shall be processed in compliance with paragraph 7 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the</p>	<p>still be followed:</p> <p>(1) The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>(2) More than five years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>(3) (Omitted).</p> <p>(4) <u>The real property right-of-use assets for business use are acquired by the Company with its parent or its subsidiaries, or by the Company's subsidiaries in which the Company directly or indirectly holds one hundred (100) percent of the issued shares or authorized capital.</u></p> <p>6. In the case that the transaction price of the real property <u>or right-of-use assets thereof</u> acquiring from a related party is higher than the result of the assessment made according to paragraph 3 of this Article, it shall be processed in compliance with paragraph 7 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the</p>	

Before Amendment	After Amendment	Amendment Reason
<p>following conditions:</p> <ul style="list-style-type: none"> i. (Omitted) ii. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or properties in the neighboring area, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with <u>standard property market practices.</u> iii. <u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u> <p>(2) Acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of <u>transactions completed for the acquisition of</u> properties of a similar size in the neighboring area by unrelated parties within the preceding year.</p> <p>(3) Completed transactions <u>for</u> properties in the neighboring area in paragraph (1) and (2) in principle refers to properties located on the same or an</p>	<p>following conditions:</p> <ul style="list-style-type: none"> i. (Omitted) ii. Completed unrelated-party transactions within the preceding year involving other floors of the same property or properties in the neighboring area, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with <u>standard property market sales or leasing practices.</u> <p>(2) Acquiring real property, <u>or obtaining real property right-of use assets through leasing,</u> from a related party provides evidence that the terms of the transaction are similar to the terms of <u>completed unrelated-party transactions involving</u> properties of a similar size in the neighboring area within the preceding year.</p> <p>(3) Completed transactions <u>involving</u> properties in the neighboring area in paragraph (1) and (2) in principle refers to properties located on the</p>	

Before Amendment	After Amendment	Amendment Reason
<p>adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property.</p> <p>7. Acquiring real property from a related party and the results of appraisals conducted in accordance with the paragraph 3 and 6 of this Article are uniformly lower than the transaction price, or if there is any evidence suggesting the transaction is not in line with normal business practice, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. The special reserve set aside in accordance with the preceding provision shall not be utilized until the Company has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate</p>	<p>same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property <u>or</u> <u>obtainment of the right-use-assets thereof.</u></p> <p>7. Acquiring real property <u>or</u> <u>right-use-assets thereof</u> from a related party and the results of appraisals conducted in accordance with the paragraph 3 and 6 of this Article are uniformly lower than the transaction price, or if there is any evidence suggesting the transaction is not in line with normal business practice, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Act against the difference between the real property <u>or right-use-assets thereof</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. The special reserve set aside in accordance with the preceding provision shall not be utilized until the Company has recognized a loss on decline in market value of the assets it purchased <u>or</u></p>	

Before Amendment	After Amendment	Amendment Reason
<p>compensation has been made, or the status quo ante has been restored, or based on other evidence confirming that there was nothing unreasonable about the transaction, and approval for utilization has been granted by the competent authority.</p> <p>(2) The audit committee shall comply with the provisions of Article 218 of the Company Act.</p> <p>(Omitted)</p>	<p><u>leased</u> at a premium, or they have been disposed of, or <u>the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or based on other evidence confirming that there was nothing unreasonable about the transaction, and approval for utilization has been granted by the competent authority.</p> <p>(2) The <u>independent director members of</u> the audit committee shall comply with the provisions of Article 218 of the Company Act.</p> <p>(Omitted)</p>	
<p>Article 10 Information Transparency and Disclosure Procedure:</p> <p>1. Items to be announced and the standards of announcement and declaration</p> <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	<p>Article 10 Information Transparency and Disclosure Procedure:</p> <p>1. Items to be announced and the standards of announcement and declaration</p> <p>(1) Acquisition or disposal of real property <u>or right-use-assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-use-assets thereof</u> from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust</p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>(2) (Omitted)</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(4) Where <u>the type of asset acquired or disposed is equipment for operational use</u>, the trading counterparty is not a related party, and the transaction amount reaches NT\$ 1 billion or more.</p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reached NT\$500 million.</p> <p>(6) Where an asset transaction, other than any of those referred to in the preceding five subparagraphs, or investment in the mainland area reaches 20% or more of paid-in capital of the Company or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of government bonds.</p>	<p>enterprises.</p> <p>(2) (Omitted)</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(4) Where <u>the equipment or right-of-use assets thereof for operational use are acquired or disposed of</u>, the trading counterparty is not a related party, and the transaction amount reaches NT\$ 1 billion or more.</p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the Company expects to invest in the transaction <u>reaches</u> NT\$500 million.</p> <p>(6) Where an asset transaction, other than any of those referred to in the preceding five subparagraphs, or investment in the mainland area reaches 20% or more of paid-in capital of the Company or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of <u>domestic</u> government bonds.</p>	<p>Wordings amendment in Chinese was made; however, no need to modify description in English.</p>

Before Amendment	After Amendment	Amendment Reason
<p>ii. (Omitted)</p> <p>(7) The following are the ways to calculate the transaction amounts as mentioned in the preceding Sub-paragraphs (1), (4), (5), and (6), in which, the so-called within one year is calculated from one year ahead of the fact occurrence date of this transaction. However, the part which has been announced according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” can be exempted from re-calculation.</p> <p>i.~ii(Omitted)</p> <p>iii. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year;</p> <p>iv. (Omitted)</p> <p>(8) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authorities by the tenth day of each month.</p> <p>2. (Omitted)</p> <p>3. The announcement and declaration procedure</p> <p>(1)~(2) (Omitted)</p> <p>(3) The Company acquiring or</p>	<p>ii. (Omitted)</p> <p>(7) The following are the ways to calculate the transaction amounts as mentioned in the preceding Sub-paragraphs (1), (4), (5), and (6), in which, the so-called within one year is calculated from one year ahead of the fact occurrence date of this transaction. However, the part which has been announced according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” can be exempted from re-calculation.</p> <p>i.~ii (Omitted)</p> <p>iii. The cumulative transaction amount of real property <u>or right-of-use assets thereof</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year;</p> <p>iv. (Omitted)</p> <p>(8) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authorities by the tenth day of each month.</p> <p>2.(Omitted)</p> <p>3. The announcement and declaration procedure</p> <p>(1)~(2)(Omitted)</p> <p>(3) The Company acquiring or</p>	<p>Wordings amendment in Chinese was made; however, no need to modify description in English.</p> <p>Wordings</p>

Before Amendment	After Amendment	Amendment Reason
<p>disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for five years except where another act provides otherwise.</p> <p>(4) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with this Article, a public report of relevant information shall be made on the information reporting website designated by the competent authorities within two days from the day of occurrence of such event:</p> <p>(Omitted)</p>	<p>disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for five years except where another act provides otherwise.</p> <p>(4) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with this Article, a public report of relevant information shall be made on the information reporting website designated by the competent authorities within two days from the date of occurrence of such event (the date of occurrence of such event will be included):</p> <p>(Omitted)</p>	<p>amendment in Chinese was made; however, no need to modify description in English.</p>
<p>Article 12 For its subsidiaries, the company shall follow the regulations below to proceed with the necessary procedure:</p> <p>(Omitted)</p> <p>The Company shall give announcement and declaration if its subsidiaries are not the public listed companies and their acquired or disposed assets reach the standard requiring announcement and declaration. The so-called “reaching 20% of Company’s paid-in capital or 10% of the total assets.” as referred to in the announcement and declaration standard for the subsidiary is based on the Company’s paid-in capital or total assets.</p>	<p>Article 12 For its subsidiaries, the company shall follow the regulations below to proceed with the necessary procedure:</p> <p>(Omitted)</p> <p>The Company shall give announcement and declaration if its subsidiaries are not the public listed companies and their acquired or disposed assets reach the standard requiring announcement and declaration. The paid-in capital or total assets as referred to in the announcement and declaration standard for the subsidiary is based on the Company’s paid-in capital or total assets.</p>	<p>Revised to meet the law requirement</p>
<p>Article 14 Other matters</p> <p>1. The professional appraiser issuing</p>	<p>Article 14 Other matters</p> <p>1. The Professional appraisers and</p>	<p>Revised to meet the law</p>

Before Amendment	After Amendment	Amendment Reason
<p>the appraisal report for the Company, CPA, attorney, and securities underwriting firms giving opinion lists for the Company, and the Company’s transaction involving parties shall not be the related parties.</p>	<p><u>their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</u></p> <p><u>(1) May not have previously received a final and unappealable sentence to imprisonment for one (1) year or longer for a violation of the Securities and Exchange Act, the Company Act, The Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery , or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>(2) May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>(3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers shall not be related parties or de facto related parties of each other.</u></p> <p><u>2. When issuing the appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>(1) Before accepting the case</u></p>	<p>requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p><u>2.</u> (Omitted)</p> <p><u>3.</u> (Omitted)</p>	<p><u>appointment, the personnel shall prudently assess and evaluate their own professional capabilities, practical experience, and independence.</u></p> <p><u>(2) When examining a case, the personnel shall appropriately plan and execute adequate working procedures in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>(3) The personnel shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the used parameters, and the used information as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>(4) The personnel shall issue a statement and the content of the statement shall include stating the professional competence and independence of the personnel who prepared the report or opinion, and stating that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p> <p><u>3.</u> (Omitted)</p> <p><u>4.</u> (Omitted)</p>	
<p>Article 16 Additional Provisions These Procedures were approved by the Board of Directors Meeting and entered into force on June 23, 1989. The 1st ~ 12th Amendments (omitted)</p>	<p>Article 16 Additional Provisions These Procedures were approved by the Board of Directors Meeting and entered into force on June 23, 1989. The 1st ~ 12th Amendments (omitted)</p>	<p>Added the amendment date</p>

Before Amendment	After Amendment	Amendment Reason
	<p><u>The 13th Amendment was adopted by the resolution of the Board of Directors Meeting on May 13, 2019 and was implemented after it was adopted by the resolution of the Annual General Shareholders' meeting on June 21, 2019.</u></p>	

Attachment 7

Compal Electronics, Inc.
Comparison Table Before and After Amendment to the
Procedures for Financial Derivatives Transactions

Before Amendment	After Amendment	Amendment Reason
<p>Article 2 Definition “Financial derivative” referred herein <u>is defined as financial instrument having all of the following characters:</u> <u>(1) Its value changes in response to the changes in a specific variable (sometimes called the “underlying”), such as interest rate, foreign exchange rate, financial instrument price, commodity price, credit rating, price index, rate index or other variables.</u> <u>(2) It requires no initial net investment or an initial net investment that is smaller than would be required for other type of contracts that would be expected to have a similar response to changes in market factors;</u> <u>(3) It is settled at a future date.</u></p>	<p>Article 2 Definition “Financial derivative” referred herein <u>shall mean forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, which have the value derived from the specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or any other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</u></p>	<p>Revised to meet the law requirement</p>
<p>Article 7 Level of Authority (1) Total Authorized Contract Dollar Amount (a) Transactions to hedge exchange rate risk: The dollar amount of total contracts outstanding shall not exceed <u>the higher of the total import amount and the total export amount in the previous year.</u> (Omitted)</p>	<p>Article 7 Level of Authority (1) Total Authorized Contract Dollar Amount (a) Transactions to hedge exchange rate risk: The dollar amount of total contracts outstanding shall not exceed <u>the aggregated turnover in the most recent twelve (12) months.</u> (Omitted)</p>	<p>Revised to meet the business needs</p>
<p>Article 13 Internal Audit (1) Internal audit personnel is required to evaluate the suitability of the internal control system in</p>	<p>Article 13 Internal Audit (1) Internal audit personnel is required to evaluate the suitability of the internal control system in</p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>connection with financial derivative transactions on a regular basis, to conduct monthly auditing on how well the related departments follow these Procedures, and to produce report accordingly. Should there be any serious violation found, a written report must be submitted to the audit committee.</p> <p>(2) Internal audit personnel is required to submit the foresaid report and the implementation status of the annual audit plan to the competent authorities no later than the end of February in the following year and the unusual item improvement status to competent authorities for records no later than the end of May in the following year.</p>	<p>connection with financial derivative transactions on a regular basis, to conduct monthly auditing on how well the related departments follow these Procedures, and to produce report accordingly. Should there be any serious violation found, a written report must be submitted to the audit committee and independent directors.</p> <p>(2) Internal audit personnel is required to submit the foresaid report and the implementation status of the annual audit plan to the competent authorities no later than the end of February in the following year and the unusual item improvement status to competent authorities for records no later than the end of May in the following year.</p>	<p>Wordings amendment in Chinese was made; however, no need to modify description in English.</p>
<p>Article 17 Supplementary Provisions These Procedures were approved by the Board of Directors' Meeting and entered into force on July 25, 1996. The 1st ~6th amendments (omitted)</p>	<p>Article 17 Supplementary Provisions These Procedures were approved by the Board of Directors' Meeting and entered into force on July 25, 1996. The 1st ~6th amendments (omitted) <u>The 7th amendment was adopted by the Board of Directors' Meeting on May 13, 2019 and was implemented after it was adopted by the resolution of the General Shareholders' Meeting on July 21, 2019</u></p>	<p>Added the amendment date</p>

Attachment 8

Compal Electronics, Inc. Comparison Table Before and After Amendment to the Procedures for Endorsement and Guarantee

Before Amendment	After Amendment	Amendment Reason
<p>Article 8 Other matters</p> <p>1. According to these Procedures, in the event that a party endorsed and/or guaranteed by the Company previously qualified but no longer qualifies or the endorsement and/or guarantee amount resulted in exceeding the credit limits due to the basis for calculation of such amount has changed, rectification plans must be prepared by the department in charge of such endorsement and/or guarantee. Such rectification plans shall be reexamined by the financial department and be submitted to the audit committee of the Company for approval. The department in charge of the endorsement and guarantee shall conduct the rectification based on the planned time schedule.</p> <p><u>2.</u> (Omitted)</p>	<p>Article 8 Other matters</p> <p>1. According to these Procedures, in the event that a party endorsed and/or guaranteed by the Company previously qualified but no longer qualifies or the endorsement and/or guarantee amount resulted in exceeding the credit limits due to the basis for calculation of such amount has changed, rectification plans must be prepared by the department in charge of such endorsement and/or guarantee. Such rectification plans shall be reexamined by the financial department and be submitted to the audit committee <u>and independent directors</u> of the Company for approval. The department in charge of the endorsement and guarantee shall conduct the rectification based on the planned time schedule.</p> <p><u>2.</u> <u>The internal auditors of the Company shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof at least once every season and the internal auditors of the Company will prepare written records accordingly. The internal auditors of the Company shall promptly notify the audit committee and independent directors in writing of any material violation found.</u></p> <p><u>3.</u> (Omitted)</p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>Article 9 Public Announcement and Report</p> <p>1-2. (Omitted)</p> <p>3. If the amount of endorsement and guarantee reaches one of the following levels, the accounting department shall announce and report such event within the time period prescribed by the competent authorities:</p> <p>(1)-(2) (Omitted)</p> <p>(3)The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$ 10 million or more and the aggregate amount of all endorsements/guarantees for, <u>investment of a long-term nature in</u>, and balance of loans to, such enterprise reaches 30 percent or more of the Company’s net worth.</p> <p>(Omitted)</p>	<p>Article 9 Public Announcement and Report</p> <p>1-2. (Omitted)</p> <p>3. If the amount of endorsement and guarantee reaches one of the following levels, the accounting department shall announce and report such event within the time period prescribed by the competent authorities:</p> <p>(1)-(2) (Omitted)</p> <p>(3)The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$ 10 million or more and the aggregate amount of all endorsements/guarantees for, <u>the carrying amount of the investment using the equity method</u> and balance of loans to, such enterprise reaches 30 percent or more of the Company’s net worth.</p> <p>(Omitted)</p>	<p>Revised to meet the law requirement</p>
<p>Article 11 Implementation and Amendment</p> <p>(Omitted)</p> <p>When the Procedures are submitted to the Board of Directors’ Meeting for discussion in accordance with the provisions prescribed herein, the opinions of each Independent Director shall be fully taken into consideration; <u>Independent Directors’ opinions specifically expressing assent or dissent and the reasons for dissent shall be recorded in the minutes of the Board of Directors’ Meeting.</u></p> <p>(Omitted)</p>	<p>Article 11 Implementation and Amendment</p> <p>(Omitted)</p> <p>When the Procedures are submitted to the Board of Directors’ Meeting for discussion in accordance with the provisions prescribed herein, the opinions of each Independent Director shall be fully taken into consideration; <u>If any independent director has any dissenting opinions or makes any reservation, they shall be recorded in the minutes of the meeting of the Board of Directors.</u></p> <p>(Omitted)</p>	<p>Revised to meet the law requirement</p>
<p>Article 13 Supplementary Provisions</p> <p>These Procedures were adopted on April 3, 1990 and entered into force after the approval by the Board of</p>	<p>Article 13 Supplementary Provisions</p> <p>These Procedures were adopted on April 3, 1990 and entered into force after the approval by the Board of</p>	<p>Added the amendment date</p>

Before Amendment	After Amendment	Amendment Reason
Directors of the Company. The 1 st ~9 th amendments (omitted)	Directors of the Company. The 1 st ~9 th amendments (omitted) <u>The 10th amendment was adopted by the resolution of Board of Directors of the Company held on May 13, 2019 and was implemented after it was adopted by the resolution of the General Shareholders Meeting on June 21, 2019</u>	

Attachment 9

Compal Electronics, Inc. Comparison Table Before and After Amendment to the Procedures for Lending Funds to Other Parties

Before Amendment	After Amendment	Amendment Reason
<p>Article 2 Recipients of Fund Lending Unless otherwise provided below, the Company shall not lend funds to its shareholder or any person: 1-2. (Omitted). <u>Lend funds</u> between overseas subsidiaries that are wholly owned, either directly or indirectly, by the Company are permitted.</p>	<p>Article 2 Recipients of Fund Lending Unless otherwise provided below, the Company shall not lend funds to its shareholder or any person: 1-2. (Omitted). <u>Fund lending</u> between overseas subsidiaries that are wholly owned, either directly or indirectly, by the Company <u>or fund lending from such subsidiaries to the Company</u> are permitted.</p>	Revised to meet the law requirement
<p>Article 4 Total Amount of Fund Lending 1-2. (Omitted). 3. Fund <u>leading</u> between overseas subsidiaries that are 100% directly or indirectly owned by the Company <u>is</u> not subject to the restriction stated in the preceding Paragraph 2 provided, however, that the total lending amount shall not exceed the net worth of the lending subsidiary.</p>	<p>Article 4 Total Amount of Fund Lending 1-2. (Omitted). 3. Fund <u>lending</u> between overseas subsidiaries that are 100% directly or indirectly owned by the Company <u>or</u> <u>fund lending from such subsidiaries to the Company are</u> not subject to the restriction stated in the preceding Paragraph 2 provided, however, that the total lending amount shall not exceed the net worth of the <u>foreign</u> lending subsidiary.</p>	Revised to meet the law requirement
<p>Article 5 Lending Limit for Each Recipient 1-4. (Omitted). 5. Fund <u>leading</u> between overseas subsidiaries that are 100% directly or indirectly owned by the Company <u>is</u> not subject to the 10% restriction as referred to in the preceding Paragraph 4. (Omitted)</p>	<p>Article 5 Lending Limit for Each Recipient 1-4. (Omitted). 5. Fund <u>lending</u> between overseas subsidiaries that are 100% directly or indirectly owned by the Company <u>or</u> <u>fund lending from such subsidiaries to the Company are</u> not subject to the 10% restriction as referred to in the preceding Paragraph 4. (Omitted)</p>	Revised to meet the law requirement

Before Amendment	After Amendment	Amendment Reason
<p>Article 7 Duration of Fund Lending 1-2. (Omitted).</p> <p>3. The term of each fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company shall not exceed two (2) years.</p>	<p>Article 7 Duration of Fund Lending 1-2. (Omitted).</p> <p>3. The term of each fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company, <u>or fund lending from such subsidiaries to the Company</u> shall not exceed five (5) years.</p>	<p>Revised to meet the law requirement and business needs</p>
<p>Article 11 Other Matters</p> <p>1. If the qualification of borrowers does not meet the provisions set forth in these Procedures or the loan balance exceeds the limit as a result of change of circumstances, rectification plans must be prepared by the department in charge of the fund lending and such plans shall be reexamined by the financial department and then be submitted to the audit committee for approval. The department in charge of the fund lending shall conduct the rectification based on the planned time schedule.</p> <p><u>2.</u> (Omitted)</p>	<p>Article 11 Other Matters</p> <p>1. If the qualification of borrowers does not meet the provisions set forth in these Procedures or the loan balance exceeds the limit as a result of change of circumstances, rectification plans must be prepared by the department in charge of the fund lending and such plans shall be reexamined by the financial department and then be submitted to the audit committee <u>and independent directors</u> for approval. The department in charge of the fund lending shall conduct the rectification based on the planned time schedule.</p> <p><u>2. Internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof at least once every season and the internal auditors of the Company will prepare written records accordingly. The internal auditors of the Company shall promptly notify the audit committee and independent directors in writing of any material violation found.</u></p> <p><u>3.</u> (Omitted)</p>	<p>Revised to meet the law requirement</p>
<p>Article 14 Implementation and Amendment (Omitted)</p> <p>When the Procedures are submitted to the Board of Directors for discussion in</p>	<p>Article 14 Implementation and Amendment (Omitted)</p> <p>When the Procedures are submitted to the Board of Directors for discussion in</p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>accordance with the provisions herein, each Independent Director's opinion shall be fully taken into consideration; <u>Independent Directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be recorded in the minutes of the Board of Directors' Meeting.</u> (Omitted)</p>	<p>accordance with the provisions herein, each Independent Director's opinion shall be fully taken into consideration; <u>If any Independent Director has any dissenting opinions or makes any reservation, they shall be recorded in the minutes of the meeting of the Board of Directors.</u> (Omitted)</p>	
<p>Article 15 Supplementary Provisions These Procedures were adopted on April 3, 1990 and entered into force after the approval by the Board of Directors of the Company. The 1st~10th amendments (omitted)</p>	<p>Article 15 Supplementary Provisions These Procedures were adopted on April 3, 1990 and entered into force after the approval by the Board of Directors of the Company. The 1st~10th amendments (omitted) <u>The 11th amendment was adopted by the resolution of Board of Directors of the Company held on May 13, 2019 and was implemented after it was adopted by the resolution of the General Shareholders Meeting on July 21, 2019.</u></p>	<p>Added the amendment date</p>

Appendices

Appendix 1

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

Passed by the General Shareholders Meeting on April 8, 1998

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendix 2

Articles of Incorporation of Compal Electronics, Inc.

CHAPTER I GENERAL PROVISIONS

Article 1

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

Article 2

The business scope of the Company shall be as follows:

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

Article 3

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

Article 4

The head office of the Company shall be in Taipei. When deemed necessary, the

Company may set up branch offices or factories within or outside the Republic of China by resolutions of the Board of Directors.

Article 5 (Deleted)

Article 6

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

CHAPTER 2 SHARES

Article 7

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

Article 8

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

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

Article 9

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

Article 10

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

Article 11

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

CHAPTER 3 SHAREHOLDERS' MEETING

Article 12

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

Article 13

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

Article 14

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

Article 15

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

Article 16

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

Article 17

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

The distribution process of meeting minutes is made in accordance with applicable

laws and regulations.

CHAPTER 4 DIRECTORS AND COMMITTEES

Article 18

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

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

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

Article 19

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

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

Article 20

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

Article 21

The Directors shall form a Board of Directors. The Chairman and Vice Chairman of the Board of Directors shall be elected by and from among the Directors with the concurrence of a majority of the Directors present at a Board of Directors' meeting attended by more than two-thirds (2/3) of the Directors. The Board chairman shall conduct all the business of the Company pursuant to the laws and regulations, Article of incorporation, and resolutions adopted at shareholders' meetings and Board of Directors' meetings.

Article 22

The business policies and other important matters of the Company shall be performed in accordance with the resolutions of the Board of Directors' meetings. Except for the initial meeting of each term of the Board of Directors, which shall be called by the Director who receives the highest votes, all the other meetings shall be called and

presided by the Board Chairman. In the event the Board Chairman is absent or unable to perform his right or authority, he may designate Vice Chairman to act on his behalf. In case there is no Vice Chairman or the Vice Chairman is absent or unable to perform his power or authority, the Chairman may designate one Managing Director to act on his behalf, or where there is no Managing Director, one of the Directors to act on his behalf. In the absence of the designation, the Managing Directors or Directors shall elect one from among themselves.

Article 23

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

Article 24

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

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

Article 25

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

Article 26

Functions of the Board of Directors shall be as follows:

1. Appoint and remove managerial personnel;
2. Decide and amend business policies;
3. Examine budget and final account;
4. Propose for distribution of profits and covering of losses;

5. Approve for re-investment, extending loan to other companies, and pledge of assets;
6. Approve for endorsement, guarantee, acceptance to affiliates in excess of the total specified amounts (to be decided by the board of directors);
7. Approve for borrowing and financing in excess of total specified amounts (to be decided by the Board of Directors);
8. Establish and/or withdraw any main divisions of the Company and/or its domestic or overseas branches, and to prescribe and amend Articles of Incorporation and important rules by laws;
9. Approve for important contracts;
10. Approve for other important business; and
11. Appoint, discharge, and make payment to CPA.

Article 27

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

CHAPTER 5 OFFICERS

Article 28

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

CHAPTER 6 FINANCIAL ACCOUNTS AND DISTRIBUTION OF PROFITS

Article 29

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

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

Article 30

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

such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses.

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

Article 30-1

If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent (10%) of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The earnings appropriation proposal to distribute dividend and bonus shall be proposed by the Board of Directors and approved by the General Shareholders Meeting. The rest of the unappropriated retained earnings shall be reserved.

The lifecycle of the industry of the Company is in the growing stage. To meet the need of the Company for the future capital and the need of shareholders for cash flow, if there is any profit after close of books, the cash dividend allocated by the Company each year shall not be lower than ten percent (10%) of the total dividend (including cash and share dividend) for such year.

Article 31

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

CHAPTER 7 SUPPLEMENTAL PROVISIONS

Article 32

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

Article 33

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

Article 34 (Deleted)

Article 35

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

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

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

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

The 4th amendment was made on July 18, 1986;
The 5th amendment was made on May 10, 1987;
The 6th amendment was made on June 13, 1987;
The 7th amendment was made on June 18, 1988;
The 8th amendment was made on May 27, 1989;
The 9th amendment was made on May 4, 1990;
The 10th amendment was made on June 23, 1990;
The 11th amendment was made on March 20, 1991;
The 12th amendment was made on April 30, 1992;
The 13th amendment was made on April 13, 1993;
The 14th amendment was made on April 23, 1994;
The 15th amendment was made on March 31, 1995;
The 16th amendment was made on March 27, 1996;
The 17th amendment was made on May 29, 1997;
The 18th amendment was made on April 8, 1998;
The 19th amendment was made on April 8, 1999;
The 20th amendment was made on March 30, 2000;
The 21st amendment was made on April 3, 2001;
The 22nd amendment was made on May 24, 2002;
The 23rd amendment was made on June 10, 2003;
The 24th amendment was made on June 10, 2005;
The 25th amendment was made on June 9, 2006;
The 26th amendment was made on June 15, 2007;
The 27th amendment was made on June 13, 2008;
The 28th amendment was made on June 19, 2009;
The 29th amendment was made on June 18, 2010;
The 30th amendment was made on June 24, 2011;
The 31st amendment was made on June 22, 2012.
The 32nd amendment was made on June 21, 2013.
The 33rd amendment was made on June 20, 2014.
The 34th amendment was made on June 26, 2015.
The 35th amendment was made on June 24, 2016.

Appendix 3

Procedures for Acquisition or Disposal of Assets of Compal Electronics, Inc.

Article 1 Purpose and Legal Basis:

In order to strengthen the Company's asset management, protect its investment and fulfill its information transparency, these Processing Procedures are adopted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and related regulations.

Article 2 Definition and Scope:

1. The term "assets" as used in these Processing Procedures includes the following:
 - (1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 - (2) Real property (including land, houses and buildings, investment property and rights to use land), equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - (3) Derivatives.
 - (4) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with acts of law.
 - (5) Other major assets.
2. The term "derivatives" as used herein refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, which have the value derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
3. The term "assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with acts of law" as used herein are the ones acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, other acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
4. The term "related party" as used herein refers to the one defined by the competent authority.
5. The term "subsidiary" as used herein refers to the one defined by the competent authority.
6. The term "professional appraiser" as used herein refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real

property or equipment.

7. The term “date of occurrence” as used herein refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.
8. The term “Mainland area investment” as used herein refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
9. The term “10 percent of total assets” as used herein refers to 10 percent of total assets stated in the most recent standalone or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 3 Authorized Limit:

The Company and its subsidiaries may acquire, dispose or continue to hold the various assets as referred to in these Processing Procedures. However, the amount of the securities investment, non-operating real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall follow the limitation as regulated by the company. Any amount beyond the limitation shall be approved by the board of directors through the resolution before acquisition or disposition.

1. Limit Authorized by the Company

- (1) The total amount of the securities investment, non-operating real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall not exceed an amount equal to 1.5 times the net value of the Company.
- (2) The total amount of the investment in the securities expected to be held for one year or more shall not exceed the Company’s net value, while the amount of the singular investment in the securities expected to be held for one year or more shall not exceed 50% of the Company’s net value.
- (3) The total amount of the investment in the securities expected to be held for less than one year shall not exceed 50% of the Company’s net value, while the amount of the singular investment in the securities expected to be held for less than one year shall not exceed 20% of the Company’s net value.
- (4) The total amount of the held non-operating real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall not exceed 10% of the Company’s net value, while the amount of the held singular non-operating real property, equipment, memberships and other intangible assets shall not exceed 5% of the Company’s net value.

2. Subsidiary’s Authorized Limit:

- (1) The total amount of the investment in securities, non-operating real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall not exceed 1.5 times the net value of each subsidiary.
- (2) The total amount of the investment in the securities expected to be held for one year or more shall not exceed each subsidiary's net value, while the amount of the singular investment in the securities expected to be held of one year or more shall not exceed 50% of each subsidiary's net value.
- (3) The total amount of the investment in the securities expected to be held for less than one year shall not exceed 50% of each subsidiary's net value, while the amount of the singular investment in the securities expected to be held for less than one year shall not exceed 20% of each subsidiary's net value.
- (4) The total amount of the held non-operating real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall not exceed 10% of each subsidiary's net value, while the amount of the held singular non-operating asset items shall not exceed 5% of each subsidiary.

The term "net worth" as mentioned above shall mean the equity attributable to the stockholders of the Parent Company in the most recent audited balance sheet as prepared in accordance with the requirements of the competent authorities.

Article 4 Decision-Making and Delegation of Authorization to Approve Transaction Terms:

1. In order to meet the fast variety of the market environment, the acquisition or disposition of the securities expected to be held for less than one year shall be processed according to the approval purview regulated by the company.
2. For the acquisition or disposal of securities that are expected to, or has been, hold for at least 1 year, real estates, equipment, intangible assets including membership, patent, copyright, trademark, franchise and license in an amount for a single item of equal or greater than NT\$300 million, the action must be approved by the Board of Directors; for such action in an amount for a single item of less than NT\$300 million, the Board of Directors delegates its authorization power to the Chairman.
3. If the acquisition or disposition of the foresaid asset falls in the scope of items for special resolution of the Board of Directors as provided for in Article 185 of Company Act, the case shall be submitted to the Board of Directors for approval and then forwarded to the Meeting of Shareholders for approval before implementation.
4. Related party transactions shall be handled in accordance with the provisions of Article 7 herein.

Article 5 Processing Procedure for the Acquisition or Disposition of Securities Investment

1. Appraisal and Operating Procedures

In acquiring or disposing of securities investment, the executive unit designated by the Chairman of the Company shall form an investment evaluation panel. Such panel shall cooperate with the financial unit to complete an analysis report for the sources of fund raising and application. Unless the securities have public quotes of active market or otherwise provided by the competent authorities, the Company shall first obtain the most recent financial statement, audited and attested by a certified public accountant (“CPA”), of the underlying company for reference in appraising the transaction price. In addition, feasibility analysis and research shall also be conducted according to the investment purpose, product market, development potential, financial status, expected revenue, investment portfolio, shareholding ratio and organization operation, so as to lay down a concrete investment implementation plan and submit the same to the authorization unit for approval. The respective operation procedures shall be conducted in compliance with the Company’s rules governing the investment cycle under the Company’s internal control system.

2. The Units Responsible for Implementation

The acquisition and disposition of securities shall be handled by the executive unit designated by the Chairman of the Company.

3. Expert Opinion

For the acquisition or disposition of the securities with a transaction amount reaching or beyond 20% of the Company’s paid-in capital or NT\$300 million, or the transaction value for a related party transaction reaches 10 % or more of the Company’s total assets, the Company shall also engage a certified public accountant (“CPA”) prior to the date of occurrence of the event to render an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authorities.

Article 6 Processing Procedure of the Acquisition or Disposition of Real Property, Other Fixed Assets, Memberships, Patents, Copyrights, Trademarks, Franchise Rights, and Other Intangible Assets, etc. :

1. Appraisal and Operating Procedures

For the Company’s acquisition and disposition of real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc., the executive unit shall render the department investment budget according to the Company’s internal management rules, and make evaluation as well as analysis on the underlying objects. In addition, it shall conduct the feasibility analysis and research according to pre-investment status, investment motivation and purpose, investment cost, expected years to get breakeven, analysis on the investment efficiency and etc., lay down a concrete investment implementation plan and submit such plan to the authorization unit for approval. The respective operation procedures shall be conducted in compliance with the rules regarding the fixed assets and other investment cycle under the Company’s internal control system.

2. The Units Responsible for Implementation

The acquisition or disposition of real property shall be handled by the executive unit designated by the Chairman of the Company. The acquisition or disposition of equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. shall be handled by the utilization unit or the unit designated by the Chairman of the Company.

3. Appraisal or Assessment Report

(1) Report on Appraisal of Real Property or Equipment

In acquiring or disposing real property or equipment where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, or the transaction value for a related party transaction reaches 10 % or more of the Company's total assets, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business equipment, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- i. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- ii. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (i) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (ii) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- iv. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser

(2) Expert Assessment Report on the Memberships or Intangible Assets

Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20% of more of paid-in capital or NT\$300 million or more or the transaction value for a related party transaction reaches 10 % or more of the Company's total assets, except in transactions with a government agency, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF

4. Calculation of the Transaction Amounts

The calculation of the transaction amounts referred to in the preceding Article and this Article shall be done in accordance with Article 10, Paragraph 1, Sub-paragraph 5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 7 Related Party Transactions:

1. The Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Article and this Article.

The calculation of the transaction amount referred to above in this Paragraph shall be made in accordance with Article 6, Paragraph 4 herein.

2. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading of government bonds or bonds under repurchase and resale agreements, or subscription or **buyback of money market funds issued by domestic securities investment trust enterprises**, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been agreed by the audit committee and approved by the Board of Directors.
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a trading counterparty.
 - (3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraphs 3 and 4 of this Article.
 - (4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.

- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Paragraph 1 of this Article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to above in this Paragraph shall be made in accordance with Article 10, Paragraph 1, Sub-paragraph 5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed by the audit committee and approved by the Board of Directors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the Company and its parent company or subsidiaries, the Company's Board of Directors may, pursuant to Article 3 through Article 5, delegate the Chairman of the Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board meeting.

3. When acquiring real property from a related party shall evaluate the reasonableness of the transaction costs by the following means (Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below.):
 - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
4. When acquiring real property from a related party and appraises the cost of the real property in accordance with the preceding paragraph shall also engage a CPA to check the appraisal and render a specific opinion.
5. When acquiring real property from a related party, the regulations stipulated in the preceding two paragraphs can be exempted in any of the following conditions. However, what is regulated in paragraph 2 shall still be followed:

- (1) The related party acquired the real property through inheritance or as a gift.
 - (2) More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
 - (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's owned or rented land.
6. In the case that the transaction price of the real property acquiring from a related party is higher than the result of the assessment made according to paragraph 3 of this Article, it shall be processed in compliance with paragraph 7 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
- (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - i. Where undeveloped land is appraised in accordance with the means set out in paragraph 3 of this Article, and structures are appraised according to the related party's construction cost plus reasonable construction profit, and the aggregate appraised value of such land and structures is in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - ii. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or properties in the neighboring area, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - iii. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
 - (2) Acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of properties of a similar size in the neighboring area by unrelated parties within the preceding year.
 - (3) Completed transactions for properties in the neighboring area in paragraph (1) and (2) in principle refers to properties located on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no

less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property.

7. Acquiring real property from a related party and the results of appraisals conducted in accordance with the paragraph 3 and 6 of this Article are uniformly lower than the transaction price, or if there is any evidence suggesting the transaction is not in line with normal business practice, the following steps shall be taken:
 - (1) A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. The special reserve set aside in accordance with the preceding provision shall not be utilized until the Company has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or based on other evidence confirming that there was nothing unreasonable about the transaction, and approval for utilization has been granted by the competent authority.
 - (2) The audit committee shall comply with the provisions of Article 218 of the Company Act.
 - (3) The processing status of (1) and (2) shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Article 8 Processing Procedure for the Acquisition or Disposition of Derivatives:

Engaging in derivatives trading shall be subject to the relevant provisions as provided for in the Procedures for Financial Derivatives Transactions.

Article 9 Processing Procedure of the Merger, Demerger, Acquisition, or Transfer of Share:

1. Assessment and operation procedure

- (1) When implementing the merger, demerger, acquisition, or transfer of shares, the Company shall invite the attorney, CPA and securities underwriter to work out a time table for legal proceedings, and set up a panel to implement the legal procedure. At the same time, prior to convening the board of directors meeting to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. **However, the requirement of obtaining the aforesaid expert opinion on reasonableness may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the total issued shares or capital amount, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent**

of the respective subsidiary's total issued shares or capital amount.

- (2) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in subparagraph (1) of paragraph 1 of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2. Other Matters

- (1) **Board Meeting Date:** A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the same day to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the same day, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- (2) **Non-Disclosure Agreement:** Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (3) **The Principle to Decide on the Share Exchange Ratio or Acquisition Price and the Change Thereof:** Before convening the board of directors for resolution, all of the companies participating in the merger, demerger, acquisition, or transfer of shares shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. In principle, the share exchange ratio or acquisition price shall not be discretionarily changed, unless the terms of change have been regulated in the contract. The following are the terms that allow the change of the share exchange ratio or acquisition price:

- i. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - ii. An action, such as a disposal of major assets, that affects the company's financial operations.
 - iii. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - iv. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - v. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - vi. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Contents Required to be Stated in a Contract: In addition to provisions governing the merger, demerger, acquisition or transfer of shares under Article 317-1 of the Company Act and Article 22 of Business Mergers and Acquisition Act, and shall also record the following:
- i. Handling of breach of contract.
 - ii. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - iii. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - iv. The manner of handling changes in the number of participating entities or companies.
 - v. Preliminary progress schedule for plan execution, and anticipated completion date.
 - vi. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (5) Change of the Number of the Companies Participating in the Merger, Demerger, Acquisition, or Transfer of Shares: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

- (6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the paragraph 2 (1) of this Article (Date of Board Meeting), paragraph 2(2) of this Article (Non-Disclosure Agreement), and paragraph 2 (5) of this Article (Change of the Number of the Companies Participating in the Merger, Demerger, Acquisition, or Acquisition of Shares).
- (7) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for five years for reference:
- i. Basic identification data for personnel:
Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - ii. Dates of material events:
Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 - iii. Important documents and minutes:
Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- (8) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Paragraph 2, Sub-paragraph 7, Items a & b of this Article to the competent authorities for recordation.
- (9) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraph 2 (7) and (8).

Article 10 Information Transparency and Disclosure Procedure:

1. Items to be announced and the standards of announcement and declaration

- (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not

- apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or **buyback of money market funds issued by domestic securities investment trust enterprises.**
- (2) Merger, demerger, acquisition, or transfer of shares.
 - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
 - (4) Where the type of asset acquired or disposed is equipment for operational use, the trading counterparty is not a related party, and the transaction amount **reaches NT\$ 1 billion or more.**
 - (5) Where real property is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction **reaches NT\$500 million or more.**
 - (6) Where an asset transaction, other than any of those referred to in the preceding **five** subparagraphs, or investment in the mainland area reaches 20% or more of paid-in capital of the Company or NT\$300 million; provided, this shall not apply to the following circumstances:
 - i. Trading of government bonds.
 - ii. Trading of bonds under repurchase and resale agreements, or subscription or **buyback of money market funds issued by domestic securities investment trust enterprises.**
 - (7) The following are the ways to calculate the transaction amounts as mentioned in the preceding Sub-paragraphs **(1), (4), (5) and (6)**, in which, the so-called within one year is calculated from one year ahead of the fact occurrence date of this transaction. However, the part which has been announced according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” can be exempted from re-calculation.
 - i. The amount of any individual transaction;
 - ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year;
 - iii. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year;
 - iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.
 - (8) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authorities by the tenth day of each month.

2. Time limit for processing the announcement and declaration

For the assets acquired or disposed by the Company requiring to be announced as regulated in Paragraph 1 of this Article and with the transaction amounts reaching the standards required to be announced and declared as regulated in this Article, the announcement and declaration shall be processed within two days commencing immediately from the date of occurrence of such transaction.

3. The announcement and declaration procedure

- (1) The Company shall post the related information on the website designated by the competent authorities as announcement and declaration.
- (2) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety **within two days from (and inclusive of) the day when the Company becomes aware of such error or omission.**
- (3) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for five years except where another act provides otherwise.
- (4) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with this Article, a public report of relevant information shall be made on the information reporting website designated by the competent authorities within two days from the day of occurrence of such event:
 - i. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - iii. Change to the originally publicly announced and reported information.

Article 11 Announcement formats and contents:

The announcement formats and contents regarding asset acquisition or disposition shall be in compliance with the regulations stipulated by the competent authorities.

Article 12 For its subsidiaries, the company shall follow the regulations below to proceed with the necessary procedure:

The Company shall urge its subsidiaries to enact their own procedures for acquisition and disposal of assets in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and implement such procedures accordingly.

The Company shall give announcement and declaration if its subsidiaries are not the public listed companies and their acquired or disposed assets reach the standard requiring announcement and declaration. The so-called “reaching 20% of Company’s

paid-in capital or 10% of the total assets.” as referred to in the announcement and declaration standard for the subsidiary is based on the Company’s paid-in capital or total assets.

Article 13 Penalty:

The Company’s employees violating this processing procedure and other related statutory laws and regulations shall be punished according to the reward and punishment in the company’s personnel regulations.

Article 14 Other matters

1. The professional appraiser issuing the appraisal report for the Company, CPA, attorney, and securities underwriting firms giving opinion lists for the Company, and the Company’s transaction involving parties shall not be the related parties.
2. For the assets acquired or disposed through the court auction procedure, the Company may use the certificate documents issued by the court to replace the appraisal report or CPA’s opinions.
3. For the items not included in the procedure, please follow the related statutory laws and regulations and the company’s rules. If the original statutory laws, regulations and letter orders for the processing procedure of the acquisition or disposition of assets have been changed by the competent authorities, the Company shall follow the new statutory laws, regulations and letter orders accordingly.

Article 15 Enforcement and revision:

After agreed by no less than half of all the audit committee members, and approved by the Board of Directors, the procedure shall be submitted to the shareholders’ meeting for approval before enforcement. The same also applies to revision.

When the procedure is submitted to the Board of Directors for discussion, the Independent Director’s opinions shall be fully taken into consideration. If any Independent Director has any dissenting opinions or makes any reservation, they shall be stated in the minutes of the meeting of the Board of Directors.

If pursuant to the applicable laws and regulations, the acquisition and disposal of assets should be approved by the audit committee, such transaction should be agreed by no less than half of the audit committee members, and approved by the Board of Directors.

The Independent Director’s opinions shall be fully taken into consideration when, pursuant to the applicable laws and regulations, a transaction of asset acquisition or disposition is submitted to the Board of Directors for discussion. If the Independent Director has any dissenting opinions or makes any reservation, they shall be stated in the minutes of the meeting of the Board of Directors.

If the above processing procedure fails to be approved by more than half of all the audit committee members, the approval of 2/3 of all the Directors can be replaced to pass the procedure. However, in this case, the resolution made by the audit committee members shall be stated in the Board meeting’s minute book.

The calculation of the number of the above-mentioned audit committee members and

Directors is based on those who take office.

Article 16 Additional Provisions

These Procedures were approved by the Board of Directors Meeting and entered into force on June 23, 1989.

The 1st amendment was approved by the Board of Directors Meeting and entered into force on September 19, 1991.

The 2nd amendment was adopted by the Board of Directors Meeting on June 22, 1995 and entered into force after it was approved by the Annual General Shareholders' Meeting on March 27, 1996.

The 3rd amendment was approved by the Board of Directors Meeting on August 29, 1996 and entered into force after it was approved by the Annual General Shareholders' Meeting May 29, 1997.

The 4th amendment was approved by the Board of Directors Meeting on November 24, 1999 and approved by the Annual General Shareholders' Meeting on March 30, 2000.

The 5th amendment was approved by the Board of Directors Meeting on March 17, 2003 and entered into force after it was approved by the Annual General Shareholders' Meeting on June 10, 2003.

The 6th amendment approved by the Board of Directors Meeting on April 23, 2007 and entered into force after it was approved by the Annual General Shareholders' Meeting on June 15, 2007.

The 7th amendment was approved by the Board of Directors Meeting on July 23, 2008 and entered into force after it was approved by the Annual General Shareholders' Meeting on June 19, 2009.

The 8th Amendment was approved by the Board of Directors Meeting on April 30, 2012 and entered into force after it was approved by the Annual General Shareholders' Meeting on June 22, 2012.

The 9th amendment was adopted by the Board of Directors of the Company held on May 9, 2013 and entered into force after the approval by the General Shareholders Meeting on June 21, 2013.

The 10th Amendment was approved by the Board of Directors Meeting on May 8, 2014 and entered into force after it was approved by the Annual General Shareholders' Meeting on June 20, 2014.

The 11th Amendment was approved by the Board of Directors Meeting on May 11, 2015 and entered into force after it was approved by the Annual General Shareholders' meeting on June 26, 2015.

The 12th amendment was approved by the Board of Directors Meeting on May 10, 2017 and entered into force after it was approved by the Annual General Shareholders' meeting on June 22, 2017.

Appendix 4

Procedures for Financial Derivatives Transactions of Compal Electronics, Inc.

Article 1 Objective

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

Article 2 Definition

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

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

Article 3 Principles and Strategies

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

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

Article 4 Type of Instruments

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

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

Article 5 Boundary / Scope

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

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

Article 6 Responsibility

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

Article 7 Level of Authority

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

Article 8 Operating Procedures

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

Article 9 Internal Control

1. Risk Management

(1) Credit Risk Control

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

(2) Market/Price Risk Management

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

(3) Liquidity Risk Control

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

(4) Operating Risk Control

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

(5) Legal Risk Control

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

(6) Product Risk Control

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

2. Internal Control

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

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

- (4) Personnel responsible for confirmation shall check the transaction records truly and control the transaction positions.
- (5) Accounting personnel shall check the account with the corresponding banks or ask for the statement of account periodically.
- (6) Audit and accounting personnel shall check whether the total transaction amount exceeds the total authorized contract amount under these Procedures from time to time.
- (7) Audit personnel shall conduct an independent post-audit for the entire operation process of each trading.

3. Regular Evaluation

- (1) The department implementing the transactions shall require the respective corresponding bank to provide a list of pricing and price evaluation information about the undue transactions of each type of instruments.
- (2) The department implementing the transactions will prepare an assessment report on each type of instruments based on such information accordingly.
- (3) The assessment report shall be submitted to the high-level management authorized by the Board of Directors and the Accounting Department for review.
- (4) The Board of Directors and the authorized high-level management authorized by the Board of Directors will handle this matter in accordance with Article 14 herein.
- (5) The indicators for performance evaluation
 - i. Hedging transactions:
The profits and losses from both hedged item and hedging tool are the basis of performance evaluation.
 - ii. Non-hedging transactions:
To evaluate the actual profits generated and losses incurred.

Article 10 Setting Stop-Loss Point

The loss ceilings on all contracts and the loss ceiling on each individual contract are respectively set as follows:

Purpose	Hedging	Non-Hedging
The loss ceiling on all contracts	15% of the contract value of all contracts	5% of the contract value of all contracts
The loss ceiling on each individual contract	15% of the contract value of each individual contract	5% of the contract value of each individual contract

When the loss of hedging transactions reaches 10% of the contract value of each individual contract or all contracts, it should be reported to the high-level executives authorized by the Board of Directors.

Article 11 Disciplinary Sanction

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

Article 12 Public Announcement and Reporting

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

Article 13 Internal Audit

1. Internal audit personnel is required to evaluate the suitability of the internal control system in connection with financial derivative transactions on a regular basis, to conduct monthly auditing on how well the related departments follow these Procedures, and to produce report accordingly. Should there be any serious violation found, a written report must be submitted to the audit committee.
2. Internal audit personnel is required to submit the foresaid report and the implementation status of the annual audit plan to the competent authorities no later than the end of February in the following year and the unusual item improvement status to competent authorities for records no later than the end of May in the following year.

Article 14 Supervision and Management

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

recent Board of Directors afterward.

Article 15 Implementation and Amendment

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

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

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

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

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

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

Article 16 Enactment of Operating Instructions

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

Article 17 Supplementary Provisions

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

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

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

The 3rd amendment was adopted by the Board of Directors' Meeting on April 30,

2012 and was implemented after it was approved by the General Shareholders' Meeting on June 22, 2012.

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

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

The 6th amendment was adopted by the Board of Directors' Meeting on August 11, 2015 and was implemented after it was approved by the General Shareholders' Meeting on June 24, 2016

Appendix 5

Procedures for Endorsement and Guarantee of Compal Electronics, Inc.

Article 1 Purpose

To perfect the financial management of endorsement/guarantee by the Company to outside parties and to control the risk in operation, the following procedures, enacted in accordance with the applicable regulations announced by the competent authority, shall apply when providing endorsement and/or guarantee to outside parties.

Article 2 Definition and Scope

The terms "endorsements" or "guarantees" as used herein are defined as:

1. Financing endorsement and/or guarantee, including:
 - (1) Bill discount financing;
 - (2) Endorsement or guarantee made to meet the financing needs of another company;
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
2. Customs duty endorsement/guarantee which refers to an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees which refer to endorsements or guarantees beyond the scope of the preceding two Paragraphs.

Any creation by the Company of a pledge or mortgage on its assets and real assets as security for the loans of another company shall also comply with these Regulations.

Article 3 Object to be Provided Endorsement and/or Guarantee by the Company

1. The object to be provided endorsement and/or guarantee by the Company shall be limited as follows:
 - (1) Any company having business relationship with the Company;
 - (2) Any company in which the Company directly or indirectly holds 50% or more voting-right-shares or capital of such company; or
 - (3) Any company directly or indirectly holds 50% or more shareholding in the Company.
2. Between subsidiaries 90% owned or more, directly or indirectly, by the Company may provide endorsement and/or guarantee for each other.
3. If the Company fulfill its contractual obligations by providing mutual endorsement and/or guarantee for another Company in the same industry or for the co-builders for purposes of undertaking a construction project, or if shareholders make endorsement and/or guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements and/or guarantees such endorsements

and/or guarantees shall be free of the restriction of the preceding Paragraphs (1) and (2).

4. The term “shareholding” as referred to in the preceding Paragraph means the Shareholding directly held by the Company or held through wholly owned subsidiaries.
5. The terms “subsidiary” and “parent company” as used herein shall be determined in accordance with requirements of the competent authorities.

Article 4 Limited Amounts of Endorsement and Guarantee

The aggregate amount of endorsement and guarantee provided for by the Company or the Company together with its subsidiaries, and the total amount of endorsement/guarantee provided for a single enterprise by the Company or the Company and its subsidiaries is subject to the following limits:

1. The aggregate amount of endorsement/guarantee provided by the Company or the Company together with its subsidiaries shall not exceed 50% of net worth of the Company,
2. The total amount of endorsement/guarantee provided for a single enterprise by the Company or the Company together with its subsidiaries shall not exceed 25% of net worth of the Company. The total amount of endorsement/guarantee provided for a single enterprise having business relationship with the Company shall also meet the requirements set forth in Article 5, Paragraph 1 of the Procedures for Lending Funds to Other Parties adopted by the Company.
3. Between subsidiaries 90% owned or more, directly or indirectly, by the Company may provide endorsement and/or guarantee for each other, and the amount shall not exceed 10% of net worth of the Company. Between subsidiaries that are 100% directly or indirectly owned by the Company, the amount of endorsement/guarantee provided for each other is not subject to the 10% restriction as referred to in the foregoing provided, however, that such amount shall not exceed 25% of the net worth of the Company.
4. If a subsidiary to be provided endorsement/guarantee whose net worth is lower than 50% of its paid-in capital, the management and control shall be subject to the Enforcement Rules of the Procedures for Endorsement and Guarantee.
5. In the case of a subsidiary with shares of no par value or at a par value other than NT\$10, the amount of paid-in capital calculated in accordance with the preceding paragraph 4 shall be the sum of the capital contribution plus “share issuance premium under capital reserve item”.
6. The term “net worth” as used herein shall mean the “equity attributable to the owners of the parent company” stated in the most recent audited balance sheet prepared in accordance with the requirements of the competent authorities.

Article 5 Decision-Making and Level of Authority

1. The limited amount of endorsement and/or guarantee delegated to the Chairman of Board shall not exceed 20% of respective endorsement and/or guarantee amount as

- referred to in the foregoing Article 4.
2. A pre-determined execution of endorsement/guarantee delegated to the Chairman of Board shall be submitted to the most upcoming Board of Directors' Meeting for ratification.
 3. When providing guarantee to a foreign company, the guarantee letter should be executed by the person delegated by the Board of Directors of the Company.
 4. Any subsidiary in which the Company directly or indirectly holds 90% or more voting-right-shares or capital of such subsidiary may make an endorsement and/or guarantee only after approved by a resolution of the Board of Directors of the Company. However, between direct or indirect wholly owned subsidiaries of the Company, the provision of endorsement and/or guarantee for each other is not subject to the foregoing restriction.
 5. When providing endorsement and/or guarantee, if the required amount of endorsement and/or guarantee exceeds the limit as referred to in the foregoing Article 4 to accommodate business needs, a resolution of the Board of Directors shall be obtained and over half of all the Directors shall jointly endorse the potential loss that may be brought about by the excess of limit. The Board of Directors shall also revise these Procedures accordingly and forward these revised Procedures to the Shareholders' Meeting for ratification. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors shall withdraw the excess portion within a period of time.

Article 6 Procedures for Making Endorsement and/or Guarantee

1. Before providing endorsement and/or guarantee to others, the Company shall conduct a detailed review process, including:
 - (1) The necessity of and rationality of endorsement/guarantee;
 - (2) Credit status and risk assessment of the object to be provided endorsement and/or guarantee;
 - (3) Impact on the Company's business operations, financial condition, and shareholders' equity.
 - (4) Whether collateral must be obtained and appraisal of the value thereof.
2. The Company may make/revoke an endorsement/guarantee only after the evaluation results have been submitted to Board of Directors and approved by the Board of Directors.
3. The Company shall prepare a register book for recording the information about the entity for which the endorsement/guarantee is made, the endorsement/guarantee amount, the date of approval resolved by the Board of Directors or the date of pre-determined execution by the Chairman of the Board, the date that the endorsement/guarantee is made and the matters to be carefully evaluated as required by the applicable Regulations and/or Procedures.
4. The detail operating procedures shall be provided in the Enforcement Rules of the Procedures for Endorsement and Guarantee.
5. The Company shall evaluate or recognize the contingent loss of

endorsements/guarantees and shall adequately disclose information on endorsements/guarantees in its financial reports, and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 7 Procedures for Use and Custody of Corporate Seal

Seals exclusively for use of endorsement/guarantee shall be the seals officially registered with the Ministry of Economic Affairs. Such official seals shall be kept separately by special persons. Company's internal procedures must be followed for such sealing usage and the issuance of negotiable instruments. The appointment of seal custodian shall be approved by the Board of Directors. The procedure shall apply to the change in the seal custodian.

Article 8 Other matters

1. According to these Procedures, in the event that a party endorsed and/or guaranteed by the Company previously qualified but no longer qualifies or the endorsement and/or guarantee amount resulted in exceeding the credit limits due to the basis for calculation of such amount has changed, rectification plans must be prepared by the department in charge of such endorsement and/or guarantee. Such rectification plans shall be reexamined by the financial department and be submitted to the audit committee of the Company for approval. The department in charge of the endorsement and guarantee shall conduct the rectification based on the planned time schedule.
2. The adoption and amendment to the "Procedures for Endorsement and Guarantee" by subsidiaries of the Company shall be handled in accordance with the regulations published by the competent authorities and the endorsement and/or guarantee shall be provided in accordance with said Procedures.

Article 9 Public Announcement and Report

1. The accounting department shall prepare a statement of endorsement and guarantee provided for by the Company and its subsidiaries for previous month, and shall submit such statement to President and Chairman of the Board for review each month.
2. The accounting department shall announce and report the previous month's balance of endorsement/guarantee by the 10th day of each month.
3. If the amount of endorsement and guarantee reaches one of the following levels, the accounting department shall announce and report such event within the time period prescribed by the competent authorities:
 - (1) The aggregate amount of endorsement and guarantee provided for by the Company and its subsidiaries reaches 50% or more of the net worth of the Company,
 - (2) The amount of endorsement and guarantee provided for a single enterprise by the Company and its subsidiaries reaches 20% or more of the net worth of the

Company,

- (3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 Million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth.
- (4) The newly increased aggregate amount of endorsement and guarantee provided for by the Company and its subsidiaries reaches NT\$30 Million and such amount exceeds 5% of the net worth of the Company

If any subsidiary of the Company is not an ROC public company, the Company shall announce and report on behalf of such subsidiary any matter that such subsidiary is required to announce and report pursuant to the foregoing Paragraph 3, Item 4.

4. The accounting department shall announce and report to the competent authorities the status of endorsement/guarantee by the subsidiaries of the Company in accordance with the provisions set forth in the foregoing Paragraphs 2 & 3.
5. In the event of any change in the applicable regulations, the public announcement and report shall be handled in accordance with the updated regulations.

Article 10 Penal Provision

If any employee of the Company violates these Procedures and/or other applicable laws and regulations, sanctions will be imposed on such employee depending upon his/her severity level of such violation in accordance with the punishment procedures under the personnel administration rules of the Company.

Article 11 Implementation and Amendment

The Procedures shall be agreed by no less than half of all audit committee members and approved by the Board of Directors, and shall enter into force after the approval of resolution by the Shareholders Meeting. If any Director expresses his/her dissent and such dissent is recorded in the meeting minutes or a written statement of dissent is presented, the dissenting opinion shall be reported to the Shareholders' Meeting for discussion. The same procedure applies to the amendment of the Procedures.

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

If pursuant to the applicable laws and regulations, the endorsement and/or guarantee of the company should be approved by the audit committee, such transaction should be agreed by no less than half of the audit committee members, and approved by the Board of Directors.

The Independent Director's opinions shall be fully taken into consideration when, pursuant to the applicable laws and regulations, the endorsement and/or guarantee of the company is submitted to the Board of Directors for discussion. If the Independent

Director has any dissenting opinions or makes any reservation, they shall be stated in the minutes of the meeting of the Board of Directors.

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

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

Article 12 Enactment of Enforcement Rules

Enforcement Rules for the Procedures of Endorsement and Guarantee shall be drafted by the financial department and approved for implementation by the Chairman dully authorized by the Board of Directors.

Article 13 Supplementary Provisions

These Procedures were adopted on April 3, 1990 and entered into force after the approval by the Board of Directors of the Company.

The 1st amendment was adopted by the Board of Directors of the Company held on January 31, 1991.

The 2nd amendment was adopted by the Board of Directors of the Company held on March 31, 1995.

The 3rd amendment was adopted by the Board of Directors of the Company held on March 31, 1997 and entered into force after the approval by the Annual General Shareholders Meeting on May 29, 1997.

The 4th amendment was adopted by the Board of Directors of the Company held on March 17, 2003 and entered into force after the approval by the Annual General Shareholders Meeting on June 10, 1997.

The 5th amendment was adopted by the Board of Directors of the Company held on February 21, 2006 and entered into force after the approval by the Annual General Shareholders Meeting on June 9, 2006.

The 6th amendment was adopted by the Board of Directors of the Company held on April 29, 2009 and entered into force after the approval by the Annual General Shareholders Meeting on June 19, 2009.

The 7th amendment was adopted by the Board of Directors of the Company held on April 28, 2010 and entered into force after the approval by the Annual General Shareholders Meeting on June 18, 2010.

The 8th amendment was adopted by the Board of Directors of the Company held on May 9, 2013 and entered into force after the approval by the General Shareholders Meeting on June 21, 2013.

The 9th amendment was adopted by the Board of Directors of the Company held on May 11, 2015 and entered into force after the approval by the General Shareholders Meeting on June 26, 2015.

Appendix 6

Procedures for Lending Funds to Other Parties of Compal Electronics, Inc.

Article 1 Purpose

To perfect the financial management of lending funds to others and to control the risk in operation, the following procedures, enacted in accordance with applicable regulations announced by the competent authority, shall apply when lending funds to others.

Article 2 Recipients of Fund Lending

Unless otherwise provided below, the Company shall not lend funds to its shareholder or any person:

1. Companies having business relationship with the Company;
2. Any of the following companies in need of funds for a short-term period:
 - (1) Subsidiaries having necessity of short-term financing for business operation;
 - (2) Other companies having necessity of short-term financing for business need.

Lend funds between overseas subsidiaries that are wholly owned, either directly or indirectly, by the Company are permitted.

Article 3 Reasons and Necessity of Fund Lending

1. For business operation need, a company or the satellite factory or subcontractor of the Company is necessary to increase its capital. Such company or the satellite factory or subcontractor of the Company applies for fund lending because of its insufficiency. After confirmed by the department in charge of fund lending, it shall report to the Company the application for fund lending.
2. Affiliates of the Company apply for fund lending to meet its business operation need. The term "affiliate" refers to any company invested by the Company.

Article 4 Total Amount of Fund Lending

1. The total amount for lending to a company having business relationship with the Company shall not exceed 50% of the net worth of the Company.
2. The total amount for lending to a company for funding for a short-term period shall not exceed 40% of the net worth of the Company.
3. Fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company is not subject to the restriction stated in the preceding Paragraph 2 provided, however, that the total lending amount shall not exceed the net worth of the lending subsidiary.

Article 5 Lending Limit for Each Recipient

1. The total amount for lending to a company having business relationship with the

Company shall not exceed 80% of exceeds the total trading amount between the two in the most recent fiscal year or 80% of the forecast trading amount between the two companies in the then year. In addition, the lending amount shall be counted in the limit of endorsement and guarantee provided by the Company to such single entity.

2. The total amount for lending to a company for funding for a short-term period shall be no more than 80% of the net worth of the borrower and shall not exceed 50% of the total lending limit of the Company. In addition, the lending amount shall be counted in the limit of endorsement and guarantee provided by the Company to such single entity.
3. The Company may lend funds to a subsidiary wholly owned, directly or indirectly, by the Company without restriction on 80% of net worth as referred to in the foregoing two Paragraphs. However, the total lending amount to such subsidiary shall not exceed 50% of the total lending limit of the Company and such lending amount shall be counted in the limit of endorsement and guarantee provided to the Company to such subsidiary.
4. For the fund lending between the Company and its subsidiary or between the subsidiaries of the Company, the Board of Directors may authorize the Chairman to approve a revolving or parcel release credit facility within a specific credit limit granted by the Board of Directors to a single enterprise and the duration of such credit facility may not excess one year. The specific credit limit granted by such Board of Directors shall not exceed 10% of the net worth of the lending Company/subsidiary.
5. Fund leading between overseas subsidiaries that are 100% directly or indirectly owned by the Company is not subject to the 10% restriction as referred to in the preceding Paragraph 4.
6. The term “net worth” as used herein shall mean the “equity attributable to the owners of the parent company” stated in the most recent audited balance sheet prepared in accordance with the requirements of the competent authorities.
7. The terms “subsidiary” and “parent company” as used herein shall be determined in accordance with requirements of the competent authorities.

Article 6 Procedures for Fund lending

1. Any borrower, when applying for a loan from the Company, shall submit a request letter describing the purpose, duration, loan amount requested, terms of repayment, source of fund and collateral together with certain basic information and financial data. These documents will be forwarded to the financial department of the Company to facilitate the evaluation and credit checking after approved by the head of the department in charge of fund lending. The department in charge of fund lending will issue an evaluation report based on the credit check result and the evaluation report shall include:
 - (1) The necessity of and rationality of extending loans to others;
 - (2) Borrower’s credit status and risk assessment,

- (3) Impact on the company's business operations, financial condition, and shareholders' equity;
 - (4) Whether collateral must be obtained and appraisal of the value thereof.
2. If, after the credit evaluation, it is declined to extend funds to the borrower due to the borrower's bad credit or the improper purpose of fund lending, the financial department shall inform the borrower of its decline as soon as possible after the reasons for decline are submitted to the President and Chairman of the Board for review and approval. If, after the credit evaluation, the borrower's credit is good and the purpose of fund lending is appropriate, the financial department shall propose the fund lending conditions based on the credit evaluation report, submit the proposal to the President and Chairman of the Board for review after countersigned by the relevant departments, and then extend funds after the proposal is approved by the Board of Directors. Prior to the fund is extend, the borrower shall issue a promissory note to ensure the guarantee for the payment and value of such promissory note should be 1.2 times the amount of fund lending. Fund lending is not acceptable if the borrower's total liabilities are greater than the value of its total assets unless collateral of equivalent value is provided and the procedures of mortgage and/or pledge registration are completed so as to ensure that the Company's rights have been protected, or the Company holds 90% or more shareholding in the borrower.
3. For collaterals, the borrower shall procure and maintain all risk insurance for vehicles, fire and allied perils insurance for other collaterals other than land and negotiable securities. The insured amount shall, in principle, be no less than the replacement cost value of these collaterals. In addition, the Company shall be designated as beneficiary in the insurance policy. The insured object, quantity, location and policy conditions must be consistent with the fund lending conditions of the Company.
4. The department in charge of fund lending shall collect the borrowers' financial statements and fund utilization status month by month and submit them to the financial department. In the event of significant change in the borrower's financial status and fund utilization, the financial department shall promptly report to the President and Chairman of the Board, and take appropriate actions as per instructions.
5. The financial department shall establish a fund lending register book detailing the borrowers, amounts, dates on which the Board of Directors approves the fund lending and result of credit evaluation (or evaluation report).
6. The accounting department shall report to the competent authorities the information of fund lending to others in a proper format and within a prescribed time limit under the applicable laws and regulations.

Article 7 Duration of Fund Lending

1. Duration of each fund lending to a company, having business relationship with the Company and having necessity of short-term financing, shall not exceed six (6)

months and may be extended for a maximum period of six (6) months as a result of business need and only after approval by the Board of Directors of the Company.

2. Duration of each lending fund to a subsidiary in which the Company owns no less than 80% of its voting power, directly or indirectly, by the Company shall not exceed one (1) year.
3. The term of each fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company shall not exceed two (2) years.

Article 8 Method of Interest Calculation

1. For fund lending to affiliates of the Company, the interest rate shall be adjusted variably based on the capital cost of the Company.
2. For fund lending to any companies other than affiliates of the Company, approved by the Board of Directors of the Company, the interest rate shall be adjusted variably based on the capital cost of the Company provided, however, that such interest rate shall not less than the rate on short-term accommodations.
3. The interest will be collected in accordance with the terms and conditions of the facility agreement.

Article 9 Repayment of Loans

Upon request of the borrower or the Company, the borrower or the Company is willing to repay or collect fund, the financial department shall take the following actions:

1. Making sure the amount of capital and accrued interest already paid by the borrower; and
2. De-registering the mortgage/pledge or return the collateral to the borrower after receiving approval from the President and Chairman of the Board.

Article 10 Procedures for Handling Overdue Loans

1. The so-called “overdue loans” refers to the loan has become mature and has not been paid off (including capital and interest) or the duration of such loan has not been extended in accordance with Article 7 herein.
2. In the event of overdue, the financial department shall immediately notify the department in charge of fund lending and the legal department to evaluate the borrower’s financial and business status. If it is considered that the flow of funds is sufficient to cover the repayment, the Company may amend to the repayment terms under the original loan agreement after approval by the Board of Directors of the Company and shall obtain collateral of equivalent value if necessary.
3. In addition to the foregoing Paragraph, the financial department shall forthwith take the following actions:
 - (1) The financial department shall check thoroughly any property that may be executed and apply for security procedure against such property in accordance of applicable laws if necessary;
 - (2) For overseas loans, if due to the change of foreign exchange policy by the

foreign government, the repayment cannot be made as scheduled; it may be handled via a special project approved by the Board of Directors.

- (3) Under any of the following circumstances, the overdue loans, after deducting the estimated collectable amount, should be written off as uncollectible bad debt; and report to the most upcoming meeting of the audit committee and the Board of Directors.
- i. All or part of the overdue loans cannot be repaid due to the dissolution, running away, compromise, declaration of bankruptcy or other reasons, and has received supporting documents from the competent authorities.
 - ii. The evaluated value of the collaterals is low or, after deducting the amount collected by exercising the priority mortgage/pledge over the collaterals by others, nothing left for repayment, or the execution cost is close to or even more than the collectable amount by the Company. There is no actual benefit in execution.
 - iii. Failure to sell the collaterals after several price reductions by public auctions.
 - iv. Default in loan repayment exceeds two years and it is unable to collect such repayment through collection procedure.

Article 11 Other Matters

1. If the qualification of borrowers does not meet the provisions set forth in these Procedures or the loan balance exceeds the limit as a result of change of circumstances, rectification plans must be prepared by the department in charge of the fund lending and such plans shall be reexamined by the financial department and then be submitted to the audit committee for approval. The department in charge of the fund lending shall conduct the rectification based on the planned time schedule.
2. The adoption and amendment to the “Procedures for Lending Funds to Other Parties” by subsidiaries of the Company shall be handled in accordance with the regulations published by the competent authorities and their fund lending activities shall be handled in accordance with said Procedures.

Article 12 Public Announcement and Report

1. The accounting department shall prepare a statement of fund lending extended by the Company and its subsidiaries for previous month and submit such statement to President and Chairman of the Board for review each month.
2. The accounting department shall announce and report the previous month’s loan balance by the 10th day of each month.
3. If the loan balance reaches one of the following levels, the accounting department shall announce and report such event within the time period prescribed by the competent authorities:
 - (1) The aggregate balance of loans extended by the Company and its subsidiaries reaches 20% or more of the net worth of the Company;

- (2) The balance of loans to a single enterprise extended by the Company and its subsidiaries reaches 10% or more of the net worth of the Company;
- (3) The newly increased aggregate amount of loan extended by the Company and its subsidiaries reaches NT\$10 Million and such amount exceeds 2% of the net worth of the Company.

If any subsidiary of the Company is not an ROC public company, the Company shall announce and report on behalf of such subsidiary any matter that such subsidiary is required to announce and report pursuant to the foregoing Paragraph 3, Item 3.

4. The accounting department shall announce and report to the competent authorities the status of fund lending by the subsidiaries of the Company in accordance with the provisions set forth in the foregoing Paragraphs 2 & 3.
5. In the event of any change in the applicable regulations, the public announcement and report shall be handled in accordance with the updated regulations.

Article 13 Penal Provision

If any employee of the Company violates these Procedures and/or other applicable laws and regulations, sanctions will be imposed on such employee depending upon his/her severity level of such violation in accordance with the punishment procedures under the personnel administration rules of the Company.

Article 14 Implementation and Amendment

The Procedures shall be agreed by no less than half of all audit committee members and approved by the Board of Directors, and enter into force after the approval of resolution by the Shareholders Meeting. If any Director expresses his/her dissent and such dissent is recorded in the minutes or a written statement of dissent is presented, the dissenting opinion shall be reported to the Shareholders' Meeting for discussion. The same procedure applies to the amendment of the Procedures.

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

If pursuant to applicable laws and regulations, fund lending or short-term financing of the company should be approved by the audit committee, such transaction should be agreed by no less than half of the audit committee members, and approved by the Board of Directors.

The Independent Director's opinions shall be fully taken into consideration when, pursuant to applicable laws and regulations, a fund lending or short-term transaction is submitted to the Board of Directors for discussion. If the Independent Director has any dissenting opinions or makes any reservation, they shall be stated in the minutes of the meeting of the Board of Directors.

If approval by no less than half of the audit committee members is not obtained in

accordance with the foregoing provisions, the approval of two-thirds of all the Directors shall be obtained instead. In this case, the resolution made by the audit committee members shall be stated in the minutes of the meeting of the Board of Directors.

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

Article 15 Supplementary Provisions

These Procedures were adopted on April 3, 1990 and entered into force after the approval by the Board of Directors of the Company.

The 1st amendment was adopted by the Board of Directors of the Company held on January 31, 1991.

The 2nd amendment was adopted by the Board of Directors of the Company held on April 28, 1994 and entered into force after the approval by the Annual General Shareholders Meeting on March 31, 1995.

The 3rd amendment was adopted by the Board of Directors of the Company held on February 25, 2002.

The 4th amendment was adopted by the Board of Directors of the Company held on April 23, 2002.

The 5th amendment was adopted by the Board of Directors of the Company held on March 17, 2003 and entered into force after the approval by the Annual General Shareholders Meeting on June 10, 2003.

The 6th amendment was adopted by the Board of Directors of the Company held on April 21, 2004 and entered into force after the approval by the Annual General Shareholders Meeting on June 15, 2004.

The 7th amendment was adopted by the Board of Directors of the Company held on April 29, 2009 and entered into force after the approval by the Annual General Shareholders Meeting on June 19, 2009.

The 8th amendment was adopted by the Board of Directors of the Company held on April 28, 2010 and entered into force after the approval by the Annual General Shareholders Meeting on June 18, 2010.

The 9th amendment was adopted by the Board of Directors of the Company held on May 9, 2013 and entered into force after the approval by the General Shareholders Meeting on June 21, 2013.

The 10th amendment was adopted by the Board of Directors of the Company held on May 11, 2015 and entered into force after the approval by the General Shareholders Meeting on June 26, 2015.

Appendix 7

Compal Electronics, Inc. Shareholding of Directors

Book closure date: April 23, 2019

Position	Name	Shares
Chairman	Sheng-Hsiun Hsu	8,975,401
Vice Chairman	Jui-Tsung Chen	35,352,587
Director	Binpal Investment Co., Ltd.	5,000,000
Director	Kinpo Electronics, Inc.	151,628,692
Director	Charng-Chyi Ko	7,896,867
Director	Sheng-Chieh Hsu	8,894,297
Director	Yen-Chia Chou	8,022,874
Director	Chung-Pin Wong	6,618,618
Director	Chiung-Chi Hsu	2,117,731
Director	Ming-Chih Chang	1,919,489
Director	Anthony Peter Bonadero	0
Director	Sheng-Hua Peng	835,000
Independent Director	Min Chih Hsuan	0
Independent Director	Duei Tsai	0
Independent Director	Duh Kung Tsai	0
Total		237,261,556

Note :

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

Appendix 8

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

This is not applicable as the Company did not publicly announce its financial forecast for 2019 in accordance with the regulations and Non-compensated Distribution of Shares is not proposed.

Appendix 9

Other

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

1. In accordance with Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a general shareholders' meeting, provided that only one matter shall be allowed in each single proposal. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words (including proposal, explanatory notes and punctuation marks), and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the general shareholders' meeting where at his proposal is to be discussed and shall take part in the discussion of such proposal.
2. The proposal and accepting period of 2019 Annual General Shareholders Meeting is from April 1, 2019 to April 11, 2019.
3. No proposals are raised by shareholders during the said accepting period.