

Stock Ticker (股票代碼) : 2324

Compal Electronics, Inc.

仁寶電腦工業股份有限公司

2009 Annual General Shareholders' Meeting Meeting Handbook

(June 19, 2009)



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

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Meeting Procedure

Compal Electronics, Inc.

2009 Annual General Shareholders' Meeting Procedure

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

Meeting Agenda

Compal Electronics, Inc.

2009 Annual General Shareholders' Meeting Agenda

Time : 9:00 am, June 19, 2009 (Friday)

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

1. Report Items
 - (1) Report on Business Operation for the year 2008
 - (2) Report of Supervisors' Examination for year 2008 Financial Statements
 - (3) Implementation for the status of share buy-back

2. Ratification Items
 - (1) To ratify the Financial Statements Report for year 2008
 - (2) To ratify the Distribution of Earnings for year 2008

3. Discussion and Election Items
 - (1) To approve the Increase of Capital by Issuing New Shares from Capitalization of Capital Surplus, Retained Earnings and Issuance of Employees' Stock Bonus
 - (2) To approve the amendment to the Articles of Incorporations
 - (3) To approve the amendment to the "Procedures for the Acquisition or Disposal of Assets"
 - (4) To approve the amendment of "Procedures for Endorsement & Guarantee"
 - (5) To approve the amendment of "Procedures for Lending Funds to Other Parties"
 - (6) Election of the 10th Term of Directors and Supervisors
 - (7) To approve the release of non-compete clause for Directors

4. Special Motion

5. Meeting Adjourned

Report Items

Item 1

Proposed by the Board of Directors

Proposal :

Report on Business Operation for the year 2008

Explanatory Note:

The Business Report for year 2008 is attached hereto as Attachment (I).

Item 2

Proposed by the Board of Directors

Proposal :

Report of Supervisors' Examination for year 2008 Financial Statements

Explanatory Notes:

1. The year 2008 financial statements have been audited by the Independent Auditors and the Independent Auditor's Report was issued. In addition, the financial statements have been examined by Supervisors; the Examination Report was issued accordingly.
2. Independent Auditors' Report is attached hereto as Attachment (III).
3. Supervisors' Examination Report is attached hereto as Attachment (II).

Item 3

Proposed by the Board of Directors

Proposal :

Implementation for the status of share buy-back.

Explanatory Notes:

1. The share buy-back for year 2008 is implemented as follows:

Unit: NT\$; Share; %

Date of Board Resolution	September 23, 2008
Purpose of share buyback	To maintain the company's credit and interest of shareholders
Buyback period	September 24 – November 23, 2008.
Price range for share buyback	\$17.08~39.59
Kind of share to buy back	Common Stock
Share buyback number	56,835,000 shares
Ratio of Repurchased Shares to the Total No. of Shares Expected to Repurchase by the Company (%)	1.44%
Total Monetary Amount of Shares Repurchased	\$1,287,542,924
Average Repurchase Price Per Share	\$22.65 per share

2. Before the capital reduction, the number of shares issued by the Company is 3,940,706,000. By revoking the 56,835,000 shares, the number of shares issued the Company after capital reduction is 3,883,871,000.

The capital reduction base date was set by the Board of Directors at December 18th, 2008 and the process of the modification of capital amount in the competent authority was completed on December 29th, 2008.

Ratification Items

Item 1

Proposed by the Board of Directors

Proposal :

To ratify the Financial Statements Report for year 2008

Explanatory Notes:

1. The “Report on Business Operation for year 2008” and “Financial Statements for year 2008” were approved by the Board of Directors; and, examined by Supervisors. (“Distribution of Earnings for year 2008” is listed in the Ratification Item 2).
2. The “Report on Business Operation for year 2008” (see attachment (I)) and “Financial Statement for year 2008” are attached hereto as Attachment (III).

Resolved That :

Item 2

Proposed by the Board of Directors

Proposal :

To ratify the Distribution of Earnings for year 2008

Explanatory Notes:

1. The 2008 Earnings Appropriation Proposal (see Page 12) was prepared by the Board of Directors according to the ROC Company Act and Articles of Incorporation of the Company.
2. The amount of earnings for year 2008 available for distribution to shareholder as dividend and bonus is NT\$5,903,483,920, among which NT\$ 77,677,420 is distributed in stock dividend and NT\$5,825,806,500 is distributed in cash dividend. Each shareholder will be entitled to receive a stock dividend of NT\$0.02 per share (i.e., 2 shares to be distributed per thousand common shares) and a cash dividend of NT\$1.5 per share.
3. With respect to the base date of cash dividend distribution, it is proposed that, after the resolutions adopted by the regular shareholders meeting 2009, the base date of dividend distribution to be determined by the Board of Directors. For the base date of stock dividend distribution, it is proposed that, after the resolutions adopted by the general shareholders meeting 2009 and approval granted by the competent authorities, the base date of dividend distribution to be determined by the Board of Directors.
4. As of April 21, 2009, the paid in capital of the Company is NT\$38,838,710,000. However, if the amount of shares outstanding is change due to the share buy-back by the Company, transfer of treasury stock to employees, share cancellation and conversion of overseas convertible bonds into shares afterward and thus the distribution ratio for the cash dividend and stock dividend must be adjusted, it is proposed that the Board of Directors be authorized by the general shareholders meeting to handle this matter with full authority.

Resolved That :

Compal Electronics, Inc.

2008 Earnings Appropriation Proposal



Unit : NT\$

Item	Amount
Net income of 2008	12,639,037,004
Add :	
Unappropriated Retained Earnings of Previous Years	12,017,368,704
Reversal of Special Reserve for Unrealized Foreign Currency Exchange Gain	245,035,601
Subtract :	
Special Reserve Retained for Unrealized Foreign Currency Exchange Gain	(450,488,247)
Special Reserve Retained for The Net Debit Balance of The Other Components of Shareholders' Equity	(998,283,226)
Adjustment for Changes in Investment in Investee Company's Stockholders' Equity	(578,204,325)
Retained Earnings Write-off After Purchase and Cancellation of Treasury Stock	(617,138,995)
Retained Earnings Write-off After Purchase and Cancellation of Treasury Stock	22,257,326,516
Subtract :	
10% Legal Reserve	(1,263,903,700)
Dividends to Common Shares Holders <Note>	(5,903,483,920)
Unappropriated Retained Earnings as of December 31, 2008	15,089,938,896
Note :	
Employee Bonuses in Cash	164,939,433
Employee Bonuses in Stock	1,484,454,896
Directors' and Supervisors' Remuneration	113,751,333

<Note> NT\$ 1.50 cash dividend per share and NT\$ 0.02 stock dividend per share

Discussion and Election Items

Item 1

Proposed by the Board of Directors

Proposal:

To approve the Increase of Capital by Issuing New Shares from Capitalization of Capital Surplus, Retained Earnings and Issuance of Employees' Stock Bonus

Explanatory Notes:

1. As of April 21, 2009, the Company's paid-in capital is NT\$38,838,710,000. In order to provide working capital, acquire equipment and fulfill R&D fund, it plans to appropriate NT\$116,516,130 from the capital surplus, and appropriate NT\$77,677,420 from the amount for 2008 earnings available for distribution as dividend and bonus for shareholders. The amount to be capitalized is NT\$194,193,550 and the new shares to be issued is 19,419,355 shares. In addition, the issuing number of shares for the employees bonus, i.e., NT\$ 1,484,454,896, will be calculated by taking into account the closing price of the previous day prior to the regular shareholders meeting and the impact of dividend distribution. Any employee bonus represented by the fractional shares (i.e., less than one share) will be paid in cash.
2. Conditions for Issuance :
 - (1) The new shares issued by capitalization of capital surplus and retained earnings will be distributed to the original shareholders based on the number of shares recoded in the roster of shareholders on the base date of stock dividend distribution. The original shareholders will receive 3 bonus shares for each 1,000 shares through the capitalization of capital surplus and receive 2 bonus shares for each 1,000 shares through the capitalization of retained earnings.
 - (2) In case the amount of balance of such distributable reserves/earnings is less the par value (or a fraction) of one share, shareholders are free to combine the fractions as one full share or to be paid in cash (rounded up to the nearest dollar). All of the fractions not distributed to shareholders will be subscribed by a specific person designated by the Chairman at a subscription price of NT\$10 per new share.
 - (3) Employees' bonus distribution is handled in accordance with the Company's relevant regulations.

(4) Rights and obligations attached to the newly issued shares are same as the existing common shares.

3. Base Date of Stock Dividend Distribution :

It is proposed that, after the resolutions adopted by the regular shareholders meeting 2009 and approval granted by the competent authorities, the Board of Directors will be authorized by the regular shareholders meeting to determine the base date of distribution.

4. If the amount of the Company's outstanding shares is changed due to the shares buy-back by the Company, the transfer of treasury stock to employees, share cancellation, convertible bonds conversion etc., it is needed to adjust the distribution ratio accordingly, it is proposed that the Board of Directors will be authorized by the regular shareholders meeting to handle this matter and other matters relevant to this capital increase project.

Resolved That :

Item 2

Proposed by the Board of Directors

Proposal :

To approve the amendment to the Articles of Incorporations

Explanatory Notes:

1. Amendment to the Articles of Incorporation is proposed to accommodate the laws and regulations.
2. The Comparison Table Before and After Amendment to the Articles of Incorporation is attached hereto as Attachment (IV).

Resolved That :

Item 3

Proposed by the Board of Directors

Proposal :

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

Explanatory Notes:

1. For business needs, it is hereby to propose the revision of the Procedures Governing the Acquisition and Disposal of Assets.
2. The Comparison Table Before and After Amendment to “the Procedures Governing the Acquisition and Disposal of Assets” is attached hereto as Attachment (V).

Resolved That :

Item 4

Proposed by the Board of Directors

Proposal :

To approve the amendment of “the Procedures for Endorsement & Guarantee”

Explanatory Notes:

1. Amendment to the Procedures for Endorsement & Guarantee is proposed to accommodate the laws and regulations.
2. The Comparison Table Before and After Amendment to “the Procedures for Endorsement & Guarantee” is attached hereto as Attachment (VI).

Resolved That :

Item 5

Proposed by the Board of Directors

Proposal :

To approve the amendment of “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 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 (VII).

Resolved That :

Item 6

Proposed by the Board of Directors

Proposal :

Election of the 10th Term of Directors and Supervisors

Explanatory Notes:

1. The 9th term of office for Directors and Supervisors of the Company will expire on June 8, 2009.
2. Pursuant to Article 195, Paragraph II and Article 217, Paragraph II of the Company Act, in case no election of new directors after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until new directors have been elected and assumed their office.
3. In accordance with the Articles of Incorporation of the Company and resolutions adopted by the Board of Directors, the Company should elect twelve (12) Directors and three (3) Supervisors. The tenure of each Directors and Supervisor shall be three (3) years, commencing from June 19, 2009 and ending on June 18, 2012.

Result of Election :

Item 7

Proposed by the Board of Directors

Proposal :

To approve the release of non-compete clause for Directors

Explanatory Notes:

1. As certain Directors of Compal invest in or operate a business which is identical or similar to the business of Compal, without prejudice to any interest of Compal, it is proposed to approve the release of non-compete clause for these Directors and/or managers in accordance with Articles 209 of the Company Act. This release shall also be applied to the re-election of these Directors.
2. For information of current Directors who concurrently serve in a position of other companies, please refer to Page 21-22.
3. For information of newly elected Directors who concurrently serve in a position of other companies will be posted after Directors election is completed by the annual general shareholders' meeting.
4. To approve the release of non-compete clause for Directors.

Resolved That :

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

Company	Position
Compal Display Holding (HK) Ltd.	Director/Indirectly invested by Compal
Compal International Holding (HK) Ltd.	Director/Indirectly invested by Compal
Goal Reach Enterprises Ltd.	Director/Indirectly invested by Compal
Intelligent Universal Enterprise Ltd.	Director/Indirectly invested by Compal
Kinpo Group Management Consultant Company	President /Indirectly invested by Kinpo

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

公司/Company	Position
Compal Display Holding (HK) Ltd.	Director/Indirectly invested by Compal
Compal International Holding (HK) Ltd.	Director/Indirectly invested by Compal
Goal Reach Enterprises Ltd.	Director/Indirectly invested by Compal
Intelligent Universal Enterprise Ltd.	Director/Indirectly invested by Compal
Wah Yuen Technology Holding Ltd.	Director/Indirectly invested by Compal
Arcadyan Holding (BVI) Corp.	Director/Indirectly invested by Arcadyan

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

Company	Position
VIBO Telecom Inc.	Director/Representative of Compal

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

Company	Position
Kunpal Optoelectronics Ltd.	Chairman/a company indirectly invested by TPO Displays Corp.
Bright Information Holding Ltd.	Director/Indirectly invested by TPO

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

Company	Position
Auscom Engineering Inc.	Chairman/Indirectly invested by Compal
Wah Yuen Technology Holding Ltd.	Chairman/Indirectly invested by Compal
Compal Precision Module (Jiang Su) Ltd.	Director/Indirectly invested by Compal
Hong Ya Technology Corporation	Supervisor/Representative of a company indirectly invested by Compal

- **Information of Mr. Shao-Tsu Kung, the Director, concurrently serves in a position of other company is listed below:**

Company	Position
E-PAL Corp.	President/Indirectly invested by Compal

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

Company	Position
VMAX Telecom Co., Ltd.	Director/Representative of Vibo
Yes Digital Multimedia Co., Ltd.	Director/Representative of Vibo
Sinbao Investment Inc.	Director/Representative of Vibo
VIBO Mobile World Co.	Director/Representative of a company indirectly invested by Vibo

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

Company	Position
Overseas Investment & Development Corp.	Director/Representative of China Development Corp.

Special Motion

Special Motion

Attachment

Attachment (I): Report on Business Operation for year 2008

Since the second half of 2008, the global economic recession caused by the financial tsunami in the USA has had a profound effect on countries all over the world. Consequently, the business environment has also become increasingly challenging.

However, even before all these have happened, we have been encouraging our employees to cultivate the attitude and vigor of an eagle. In this age of constant changes, we exhort everyone to learn from the eagle's bravery and rectitude when faced with adversity, cultivate a spirit of rejuvenation, and show our competitors that Compal is as courageous and thoughtful as an eagle. We believe that Compal's long-cultivated competitive strength will enable us to face any challenge in the environment that may present itself now and in the future.

This year, given Compal's firm grasp of the market trend and customer recognition of our services, we continue to set a goal of high growth for 2009. We believe during an economic downturn, we must continue to exercise good control and efficient use of our resources in order to minimize the impact of any adverse external factors. We also firmly believe that our adherence to innovation in technology will help enable the Company to continue to grow despite the poor economic situation.

This external pressure also provides a chance for us to review our internal efficiency. The scope of this review extends to customer support, improvement of products quality, manufacturing cost and operating expenses control, and the fairness and effectiveness of our employee compensation system. In short, this is a good year for us to strengthen our enterprise DNA.

Awards and Corporate Social Responsibility

Maintaining our past honorable history, in 2008, we were named one of the top 100 IT Companies worldwide (The Information Tech 100) by *Business Week* for the eighth consecutive year. We are very proud to say that Compal is one of the top enterprises in the world and its efforts are well recognized in all sectors.

We are also keenly aware of the global concern about corporate social responsibility. Adhering to our long-cherished spirit, "what is taken from society should be put back into good use in the interests of society", we look at our social responsibilities from four different aspects: corporate governance, environmental protection, employee welfare, and community services. This has demonstrated Compal's commitment to its social responsibility and added meaning to our management philosophy of pursuing sustainable development. This year, we are also included in the "Corporate Citizen TOP 50" selected by *CommonWealth Magazine* in Taiwan.

Growth in Shipment and Performance

In 2008, total shipments of Compal 3C products exceeded 28.4 million units, representing an annual growth of more than 10%. In addition, for our display business, we have successfully refocused our product line on LCD TVs, resulting in a significant increase in both shipment volume and added value. Compal's annual revenue totaled NT\$404.99 billion, representing a decline of 5%, (although if expressed in US dollars, the absolute amount has grown compared to the previous year). The net income after tax totaled NT\$12.64 billion, with an EPS of NT\$3.26. If the effect of the new accounting principle of treating employee stock bonuses as expenses is eliminated, the net income after tax would have been higher than that in the previous period, and the Company's performance should still be considered stable.

R&D Innovation

Compal's continuous R&D investment has been the best way to secure customer recognition. In the recent year, Compal grasped the product development trend and entered into the Netbook PCs market expeditiously. Such efforts have successfully supported customers' expansion in the market and also made a significant contribution to our revenues. For traditional notebook models, we have strengthened both product appearance design capabilities and the audio-visual and wireless communications functions to provide customers with more choices to enhance their competitiveness.

In R&D for LCD TVs, we will continue providing a full line of products to meet customers' market strategies. Meanwhile, our investment in R&D for new products, such as MID (Mobile Internet Device), consumer electronic products, and automotive electronic products will continue, enabling product diversification that will contribute to the Company's revenue growth in the future.

Capital Expenditure and Investment Directions

In light of the sluggish global economy, we will be particularly cautious on our planning for additional capital expenditure and manufacturing capacity, and conduct any necessary expansion at suitable timings. In order to meet our customers' needs, we set up new operating bases in Poland and Brazil in 2008.

In consideration of long-term business developments, the Company will follow a scheduled plan to set up a manufacturing site in Vietnam and conduct a pilot run in the second half of this year.

During the same period, our investments to enable vertical integration for necessary components will remain unaffected. We will accelerate the investments in mechanical parts of light metal and plastic housing in particular.

Arcadyan Technology Corporation, the enterprise we invested in, in the wireless communications and networking sectors, was also listed successfully in March 2009 as a new member of Compal Group trading on the Taiwan stock exchange. We expect the Group's integration of our up-stream and down-stream businesses to become more solid.

Finally, we would like to express our appreciation for your support and also look forward to receiving your comments on our management team. We believe that we can still fly high like an eagle and achieve our objectives in these difficult times even when the global economic prospects are so uncertain. All our employees will be fearless and spare no effort to create more value for the Company and the shareholders.

Best regards,

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

**Attachment (II):
Supervisor's Examination Report**

Supervisor's Examination Report

Date: April 29, 2009

The Board of Directors has prepared and submitted to us the Company's 2008 balance sheet, income statement, statements of changes in shareholder equity and cash flow statement which have been audited and certified by Samuel Au & Chris Yen, certified public accountants from KPMG, along with business report and proposal for distribution of earnings. We, the Supervisors, have duly examined the same as correct and accurate. We hereby report to the 2008 Annual General Shareholders Meeting in accordance with Article 219 of the Company Act.

Compal Electronics, Inc.

Supervisors: Ko, Charng-Chyi (柯長崎)
Chou, Yen-Chia (周永嘉)
Hsu, Sheng-Chieh (許勝傑)

Attachment (III):

- Independent Auditors' Report of Compal Electronics, Inc. 2008 Financial Statements
- Year 2008 Financial Statements of Compal Electronics, Inc.



安侯建業會計師事務所

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Independent Auditors' Report

Compal Electronics, Inc.:

We have audited the accompanying balance sheets of Compal Electronics, Inc. as of December 31, 2008 and 2007, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Compal Electronics, Inc. as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the related financial accounting standards of the "Business Entity Accounting Act" and of the "Regulation on Business Entity Accounting Handling", and accounting principles generally accepted in the Republic of China.

As stated in note 3 to the financial statements, Compal Electronics, Inc. adopted ROC Statement of Financial Accounting Standards No. 39 "Share-based Payment", effective January 1, 2008, and the Interpretation issued by the Accounting Research and Development Foundation. Accordingly, Compal Electronics, Inc. recognized the amount of employee bonuses and directors' and supervisor's remuneration for the year ended December 31, 2008, and the net income and basic net income per share were decreased by \$1,505,903,000 and \$0.39, respectively.

February 17, 2009

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

COMPAL ELECTRONICS, INC.
Balance Sheets

December 31, 2008 and 2007
(expressed in thousands of New Taiwan dollars)

Assets	2008		2007		Liabilities and Stockholders' Equity	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents	\$ 20,602,459	13.9	31,442,743	19.9	Short-term loans	\$ 2,000,000	1.4	42,407,879	26.9
Financial assets measured at fair value through profit or loss – current	202,099	0.1	-	-	Notes and accounts payable	32,403,630	21.9	20,789,368	13.2
Notes and accounts receivable, net	60,177,374	40.7	63,627,444	40.3	Notes and accounts payable – related parties	16,469,282	11.1	2,606,914	1.7
Notes and accounts receivable, net – related parties	433,275	0.3	1,208,504	0.8	Income tax payable	2,260,763	1.5	1,963,355	1.2
Other current financial assets	248,340	0.2	172,404	0.1	Accrued expenses and other current liabilities	4,962,781	3.4	1,417,873	0.9
Inventories, net	13,513,946	9.1	12,338,648	7.8	Accrued product warranty liability	1,965,824	1.3	69,185,389	43.9
Non-current assets held for sale	-	-	308,215	0.2		60,062,280	40.6		
Prepaid and other current assets	412,284	0.3	768,272	0.5	Long-term and non-current liabilities:	9,871,209	6.7	9,743,751	6.2
	95,589,777	64.6	109,866,230	69.6	Bonds payable	126,943	0.1	511,139	0.2
					Deferred credits – gains on inter-affiliate accounts and other	9,998,152	6.8	10,254,890	6.4
Investments:						70,060,432	47.4	79,440,279	50.3
Long-term investment under equity method	46,824,455	31.7	40,469,957	25.7	Total liabilities	38,838,710	26.2	38,659,589	24.5
Available-for-sale financial assets – non-current	1,267,965	0.8	3,556,155	2.3	Stockholders' equity	6,985,024	4.7	7,203,057	4.6
Financial assets carried at cost – non-current	840,858	0.6	813,659	0.5	Common stock	1,780,133	1.2	1,659,635	1.0
Other non-current financial assets	142,000	0.1	142,000	0.1	Capital surplus:	8,765,157	5.9	8,862,692	5.6
	49,075,278	33.2	44,981,771	28.6	Paid-in capital in excess of par value	8,366,723	5.6	6,998,409	4.5
					Legal reserve	245,036	0.2	216,433	0.1
					Special reserve	23,461,062	15.9	23,631,944	15.0
					Unappropriated retained earnings	32,072,821	21.7	30,846,786	19.6
Property, plant and equipment:					Equity adjustment:	239,696	0.2	(119,878)	(0.1)
Land	887,937	0.6	924,019	0.6	Foreign currency translation adjustments	(1,198,630)	(0.8)	881,365	0.6
Buildings	1,652,558	1.1	1,702,743	1.1	Unrealized gains (losses) on financial instruments	(881,247)	(0.6)	(881,247)	(0.5)
Research equipment	354,223	0.2	310,351	0.2	Treasury stock	(1,840,181)	(1.2)	(119,760)	-
Other equipment	299,740	0.2	273,110	0.2		77,836,507	52.6	78,249,307	49.7
Less: accumulated depreciation	3,194,458	2.1	3,210,223	2.1					
Prepayment for purchase of equipment	(1,125,854)	(0.7)	(1,052,551)	(0.7)					
	805	-	123	-					
	2,069,409	1.4	2,157,795	1.4					
Intangible assets and other assets:					Total stockholders' equity				
Patent licenses and others	817,310	0.6	398,257	0.2	Commitments and contingencies				
Leased assets, net	345,165	0.2	285,533	0.2					
	1,162,475	0.8	683,790	0.4					
	<u>147,896,939</u>	<u>100.0</u>	<u>157,689,586</u>	<u>100.0</u>	Total liabilities and stockholders' equity	<u>\$ 147,896,939</u>	<u>100.0</u>	<u>157,689,586</u>	<u>100.0</u>

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.

Statements of Income

For the years ended December 31, 2008 and 2007
(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2008		2007	
	Amount	%	Amount	%
Net sales	\$ 404,992,910	100.0	427,460,631	100.0
Cost of sales	<u>384,578,449</u>	<u>94.9</u>	<u>406,816,072</u>	<u>95.2</u>
	20,414,461	5.1	20,644,559	4.8
Change in unrealized inter-company profits	<u>48,018</u>	<u>-</u>	<u>(14,939)</u>	<u>-</u>
Gross profit	<u>20,462,479</u>	<u>5.1</u>	<u>20,629,620</u>	<u>4.8</u>
Operating expenses				
Selling	2,157,499	0.5	1,841,972	0.4
General and administrative	2,267,772	0.6	1,260,292	0.3
Research and development	<u>4,790,641</u>	<u>1.2</u>	<u>3,167,458</u>	<u>0.7</u>
	<u>9,215,912</u>	<u>2.3</u>	<u>6,269,722</u>	<u>1.4</u>
Operating income	<u>11,246,567</u>	<u>2.8</u>	<u>14,359,898</u>	<u>3.4</u>
Non-operating income and gains:				
Interest income	674,327	0.2	937,844	0.2
Investment income under the equity method, net	2,448,303	0.6	1,860,011	0.4
Other investment income, net	261,862	-	25,583	-
Gain on valuation of financial instruments, net	337,137	0.1	-	-
Other	<u>329,512</u>	<u>0.1</u>	<u>262,709</u>	<u>0.1</u>
	<u>4,051,141</u>	<u>1.0</u>	<u>3,086,147</u>	<u>0.7</u>
Non-operating expenses and losses:				
Interest expense	89,818	-	112,823	-
Foreign currency exchange loss, net	253,191	0.1	28,279	-
Impairment losses	129,056	-	729,780	0.2
Other	<u>27,742</u>	<u>-</u>	<u>30,456</u>	<u>-</u>
	<u>499,807</u>	<u>0.1</u>	<u>901,338</u>	<u>0.2</u>
Net income before income tax expense	14,797,901	3.7	16,544,707	3.9
Income tax expense	<u>2,158,864</u>	<u>0.6</u>	<u>2,861,568</u>	<u>0.7</u>
Net income	<u>\$ 12,639,037</u>	<u>3.1</u>	<u>13,683,139</u>	<u>3.2</u>
	Before	After	Before	After
	income tax	income tax	income tax	income tax
Basic net income per share	\$ <u>3.81</u>	<u>3.26</u>	<u>4.33</u>	<u>3.58</u>
Basic net income per share calculated by adjusting dividends declared retroactively			\$ <u>4.25</u>	<u>3.52</u>
Diluted net income per share	\$ <u>3.47</u>	<u>2.96</u>	<u>4.02</u>	<u>3.33</u>
Diluted net income per share calculated by adjusting dividends declared retroactively			\$ <u>3.95</u>	<u>3.27</u>

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

	2008		2007	
	Before income tax	After income tax	Before income tax	After income tax
Net income	\$ <u>14,914,452</u>	<u>12,755,588</u>	<u>16,626,853</u>	<u>13,765,285</u>
Basic net income per share	\$ <u>3.79</u>	<u>3.25</u>	<u>4.30</u>	<u>3.56</u>
Basic net income per share calculated by adjusting dividends declared retroactively			\$ <u>4.22</u>	<u>3.49</u>

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2008 and 2007
(expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Legal reserve	Retained earnings Special reserve	Unappropriated	Unrealized gains (losses) on financial instruments	Foreign currency translation adjustment	Treasury stock	Total
Balance on January 1, 2007	\$ 38,114,581	8,600,619	6,123,263	945,644	18,104,059	273,788	(47,484)	(881,247)	71,233,223
Appropriation of 2006 net income:	-	-	-	(729,211)	729,211	-	-	-	-
Special reserve	-	-	-	-	(875,146)	-	-	-	-
Legal reserve	-	-	875,146	-	(393,816)	-	-	-	(39,381)
Employee bonuses (cash and stock)	354,435	-	-	-	(157,526)	-	-	-	(157,526)
Directors' and supervisors' remuneration	-	-	-	-	(6,555,708)	-	-	-	(6,479,479)
Dividends (cash and stock)	76,229	-	-	-	-	-	-	-	-
Capital surplus transferred to common stock	114,344	(114,344)	-	-	-	-	-	-	-
Adjustment for changes in investee company's stockholders' equity	-	294,271	-	-	(902,269)	-	-	-	(607,998)
Cash dividends paid to subsidiaries holding the Company's shares	-	82,146	-	-	-	-	-	-	82,146
Net income for the year ended December 31, 2007	-	-	-	-	13,683,139	-	-	-	13,683,139
Foreign currency translation adjustment	-	-	-	-	-	-	(72,394)	-	(72,394)
Adjustment for unrealized gains on financial instruments	-	-	-	-	-	607,577	-	-	607,577
Balance on December 31, 2007	<u>38,659,589</u>	<u>8,862,692</u>	<u>6,998,409</u>	<u>216,433</u>	<u>23,631,944</u>	<u>881,365</u>	<u>(119,878)</u>	<u>(881,247)</u>	<u>78,249,307</u>
Appropriation of 2007 net income:	-	-	-	28,603	(28,603)	-	-	-	-
Special reserve	-	-	-	-	(1,368,314)	-	-	-	-
Legal reserve	-	-	1,368,314	-	(615,741)	-	-	-	(61,568)
Employee bonuses (cash and stock)	554,173	-	-	-	(246,296)	-	-	-	(246,296)
Directors' and supervisors' remuneration	-	-	-	-	(9,355,620)	-	-	-	(9,278,301)
Dividends (cash and stock)	77,319	-	-	-	-	-	-	-	-
Capital surplus transferred to common stock	115,979	(115,979)	-	-	(578,206)	-	-	-	(574,259)
Adjustment for changes in investee company's stockholders' equity	-	3,947	-	-	-	-	-	-	116,551
Cash dividends paid to subsidiaries holding the Company's shares	-	116,551	-	-	12,639,037	-	-	-	12,639,037
Net income for the year ended December 31, 2008	-	-	-	-	(617,139)	-	-	-	(1,287,543)
Purchase of treasury stock	(568,350)	(102,054)	-	-	-	-	359,574	-	359,574
Foreign currency translation adjustment	-	-	-	-	-	(2,079,995)	-	-	(2,079,995)
Adjustment for unrealized losses on financial instruments	-	-	-	-	-	(1,198,630)	-	-	(1,198,630)
Balance on December 31, 2008	<u>\$ 38,838,710</u>	<u>8,765,157</u>	<u>8,366,723</u>	<u>245,036</u>	<u>23,461,062</u>	<u>(1,198,630)</u>	<u>239,696</u>	<u>(881,247)</u>	<u>77,836,507</u>

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.

Statements of Cash Flows

For the years ended December 31, 2008 and 2007
(expressed in thousands of New Taiwan dollars)

	2008	2007
Cash flows from operating activities:		
Net income	\$ 12,639,037	13,683,139
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	696,144	550,515
Increase in allowance for doubtful accounts and inventory obsolescence provision	520,721	920,302
Impairment losses on financial assets carried at cost and available-for-sale financial assets	129,056	729,780
Cash dividends received from long-term equity investments	1,737,055	2,564,991
Investment income under the equity method, net	(2,448,303)	(1,860,011)
Decrease (increase) in notes and accounts receivable	3,695,318	(4,294,673)
Increase in inventories	(1,166,038)	(1,488,402)
Increase in prepaid assets, other current assets, and other current financial assets	(71,144)	(30,889)
Decrease in notes and accounts payable	(14,324,335)	(901,598)
Increase in accrued expenses, other current liabilities, and accrued product warranty liability	3,720,931	703,698
Increase (decrease) in income tax payable	(346,151)	488,319
Change in deferred income tax assets	511,264	31,431
Decrease (increase) in financial assets measured at fair value through profit or loss – current	(202,099)	467,084
Other	(82,016)	201,453
Net cash provided by operating activities	<u>5,009,440</u>	<u>11,765,139</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(120,833)	(74,228)
Proceeds from sale of property, plant and equipment, and non-current assets held for sale	429,457	1,600
Increase in patent licenses	(1,153,142)	(528,828)
Acquisition of long-term equity investments, financial assets carried at cost, and available-for-sale financial assets	(6,753,297)	(4,004,943)
Proceeds from sale of long-term equity investments, financial assets carried at cost, and available-for-sale financial assets	476,453	1,304,971
Capital refund from investee and distribution from investee after completion of liquidation	264,861	10,067
Decrease (increase) in long-term receivables – related parties	(116,996)	480,475
Other	(2,512)	366
Net cash used in investing activities	<u>(6,976,009)</u>	<u>(2,810,520)</u>
Cash flows from financing activities:		
Repayment of bonds payable	-	(4,440,000)
Increase in short-term loans	2,000,000	-
Increase in treasury stock	(1,287,543)	-
Cash dividends paid	(9,278,301)	(6,479,479)
Directors' and supervisors' remuneration	(307,864)	(196,907)
Other	(7)	(114)
Net cash used in financing activities	<u>(8,873,715)</u>	<u>(11,116,500)</u>
Net decrease in cash and cash equivalents	(10,840,284)	(2,161,881)
Cash and cash equivalents at beginning of year	31,442,743	33,604,624
Cash and cash equivalents at end of year	\$ <u>20,602,459</u>	\$ <u>31,442,743</u>
Supplementary disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ <u>89,331</u>	<u>162,454</u>
Income taxes	\$ <u>1,993,751</u>	<u>2,286,012</u>

See accompanying notes to financial statements.

Attachment (IV):

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

Number of Article	Before Amendment	After Amendment	Amendment Reason
Article 2	The business scope of the Company shall be as follows: 1 ~ 13. (omitted) 14. All businesses that are not prohibited or restricted by laws, except those that are subject to special approval.	The business scope of the Company shall be as follows: 1 ~ 13. (omitted) 14. <u>ZZ99999</u> All businesses that are not prohibited or restricted by laws, except those that are subject to special approval.	Amended to accommodate the laws and regulations
Article 30	(Above omitted) The lifecycle of the industry of the Company is in the growing stage. To meet the need of the Company for the future capital and the need of shareholders for cash flow, if there is any profit after close of books, the cash dividend allocated by the Company each year shall not be lower than ten percent (10%) of the total dividend (including cash and share dividend) for such year. <u>If, in the future, the profits and working capital are in abundance, the above-mentioned percentage will be raised.</u>	(Above omitted) 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.	Amended to accommodate the requirements of the regulatory authority
Article 35	These Articles of Incorporation were prescribed by the promoters on April 16, 1984. The 1 st to 27 th amendments (omitted)	These Articles of Incorporation were prescribed by the promoters on April 16, 1984. The 1 st to 27 th amendments (omitted) <u>The 28th amendment was made on June 19, 2009.</u>	Adding the date of amendment

Attachment (V):

Compal Electronics, Inc.

Comparison Table Before and After Amendment to the Procedures Governing the Acquisition and Disposal of Assets

Before Amendment	After Amendment	Amendment Reason
<p>Article 4 Decision-Making and Delegation of Authorization to Approve Transaction Terms</p> <p>1.(Omitted)</p> <p>2.The acquisition or disposal of security investment that is expected to hold or has been held for at least 1 year (inclusive), real estates, other fixed assets and intangible assets including membership, patent, copyright, trademark, franchise and license in an amount for a single item of equal or greater than <u>NT\$100,000,000</u> should be implemented after approval by the Board of Directors; for a single transaction in an amount of less than <u>NT\$100,000,000</u>, the Board of Directors delegates to the Chairman the power to decide.</p> <p>(Omitted)</p>	<p>Article 4 Decision-Making and Delegation of Authorization to Approve Transaction Terms</p> <p>1.(Omitted)</p> <p>2.The acquisition or disposal of security investment that is expected to hold or has been held for at least 1 year (inclusive), real estates, other fixed assets and intangible assets including membership, patent, copyright, trademark, franchise and license in an amount for a single item of equal or greater than <u>NT\$300,000,000</u> should be implemented after approval by the Board of Directors; for a single transaction in an amount of less than <u>NT\$300,000,000</u>, the Board of Directors delegates to the Chairman the power to decide.</p> <p>(Omitted)</p>	<p>For business operation needs</p>
<p>Article 16 Supplementary Provisions These procedures were agreed upon and became effective upon approval by the Board of Directors on June 23 1989.</p> <p>The 1st to 6th amendments (omitted)</p>	<p>Article 16 Supplementary Provisions These procedures were agreed upon and became effective upon approval by the Board of Directors on June 23, 1989.</p> <p>The 1st to 6th amendments (omitted) <u>The 7th amendment were agreed upon by the Board of Directors on July 23, 2008 and became effective upon approval by the Annual General Shareholders Meeting on June 19, 2009.</u></p>	<p>Adding the date of amendment</p>

Attachment (VI):

Compal Electronics, Inc.

Comparison Table Before and After Amendment to the Procedures for Endorsement and Guarantee

Before Amendment	After Amendment	Reason for Amendment
<p>Article 3 Object to be provided endorsement and/or guarantee by the Company</p> <p>1. (Omitted)</p> <p>2. The terms “subsidiary” and “parent company” as used herein shall be determined in accordance with the Statement of Financial Accounting Standards No. 5 and No. 7 announced by the Accounting Research and Development Foundation of the Republic of China.</p>	<p>Article 3 Object to be provided endorsement and/or guarantee by the Company</p> <p>1. (Omitted)</p> <p>2. <u>Between subsidiaries wholly owned, directly or indirectly, by the Company may provide endorsement and/or guarantee for each other;</u></p> <p>3. <u>If the Company fulfills its contractual obligations by providing mutual endorsements and/or guarantees for another company in the same industry or for the co-builders for purposes of undertaking a construction project, or if shareholders make endorsements and/or guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements and/or guarantees shall be free of the restriction of the preceding Paragraphs (1) and (2).</u></p> <p>4. <u>The term “shareholding” as referred to in the preceding Paragraph means the shareholding directly held by the Company or held through wholly owned subsidiaries.</u></p> <p>5. The terms “subsidiary” and “parent company” as used herein shall be determined in accordance with the Statement of Financial Accounting Standards No. 5 and No. 7 announced by the Accounting Research and Development Foundation of the Republic of China.</p>	<p>Revised to meet the law requirement</p> <p>Revised to meet the law requirement</p> <p>Revised to meet the law requirement</p> <p>Change of order number</p>

Before Amendment	After Amendment	Reason for Amendment
<p>Article 5 Decision-Making and Level of Authority</p> <p>1. (Omitted)</p> <p>2. Any pre-determined execution of endorsements and/or guarantees delegated to the Chairman of the Board shall be submitted to the most upcoming Board of Directors' Meeting for ratification <u>and then forwarded to Shareholders Meeting for record.</u></p> <p>(Omitted)</p>	<p>Article 5 Decision-Making and Level of Authority</p> <p>1. (Omitted)</p> <p>2. A pre-determined execution of endorsements and/or guarantees delegated to the Chairman of the Board shall be submitted to the most upcoming Board of Directors' Meeting for ratification.</p> <p>(Omitted)</p>	<p>Revised to meet the law requirement</p>
<p>Article 8 Other Matters</p> <p>1. According to <u>the rules and regulations of the Company</u>, 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 each Supervisor of the Company for approval. The endorsement and/or guarantee amount provided to such person who is subsequently disqualified or the exceeding credit line amount shall be <u>written off upon expiration of the endorsement and/or guarantee agreement or within a prescribed period, and report to the Board of Directors.</u></p> <p>2. The adoption and amendment to the "Procedures for Endorsement and Guarantee" by subsidiaries <u>invested by the Company</u> shall be handled in accordance with the regulations</p>	<p>Article 8 Other Matters</p> <p>1. According to <u>these Procedures</u>, 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 each Supervisor of the Company for approval. <u>The department in charge of the endorsement and guarantee shall conduct the rectification based on the planned time schedule.</u></p> <p>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</p>	<p>Change of wording</p> <p>Revised to meet the law requirement</p> <p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Reason for Amendment
published by the competent authorities and <u>be forwarded to the Board of Directors of the Company for approval.</u>	<u>competent authorities and the endorsement and/or guarantee shall be provided in accordance with said Procedures.</u>	
<u>Article 9 Public Announcement and Report</u>	<u>Article 9 Public Announcement and Report</u>	
1. The accounting department shall announce and report the previous month's balance of endorsement/guarantee by the 10 th day of each month.	1. <u>The accounting department shall prepare a statement of endorsement and guarantee provided for by the Company and its subsidiaries for previous month, and submit such statement to President and Chairman of the Board for review each month.</u>	Added to meet business need
2. 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 reaches 50% or more of the net worth of the Company.	2. The accounting department shall announce and report the previous month's balance of endorsement/guarantee by the 10 th day of each month.	Change of order number
2. 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 reaches 50% or more of the net worth of the Company.	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 <u>provided for by the Company and its subsidiaries</u> reaches 50% or more of the net worth of the Company.	(same as above)
(2) The amount of endorsement and guarantee provided for a single enterprise reaches 20% or more of the net worth of the Company.	(2) The amount of endorsement and guarantee provided for a single enterprise <u>by the Company and its subsidiaries</u> reaches 20% or more of the net worth of the Company.	Revised to meet the law requirement
(3) The balance of endorsement and guarantee for a single enterprise reaches NT\$10 Million or more and the aggregate amount of endorsement and guarantee for, long-term investment in and balance amount of fund lending to such single	(3) The balance of endorsement and guarantee for a single enterprise <u>by the Company and its subsidiaries</u> reaches NT\$10 Million or more and the aggregate amount of endorsement and guarantee for, long-term investment in and balance amount of fund	(same as above)
		(same as above)

Before Amendment	After Amendment	Reason for Amendment
<p>enterprise reaches 30% or more of the net worth of the Company;</p> <p><u>(4) The balance of endorsement and guarantee to an enterprise having business relationship with the Company exceeds the total trading amount between the two in the most recent year;</u></p> <p><u>(5) After announcement or reporting is made under the foregoing Sub-items 1~4 of this Item 2, each instance where time the amount of endorsement and/or guarantee increase by more than 5% of the Company's net worth.</u></p> <p><u>3. 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 Items 1 & 2.</u></p> <p><u>4. In the event of any change in the applicable regulations, the public announcement and report shall be handled in accordance with the updated regulations.</u></p>	<p>lending to such single enterprise reaches 30% or more of the net worth of the Company;</p> <p><u>(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.</u> <u>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.</u></p> <p><u>4. The accounting department shall announce and report to the competent authorities the status of endorsement and guarantee by the subsidiaries of the Company in accordance with the provisions set forth in the foregoing Paragraphs 2 & 3.</u></p> <p><u>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.</u></p>	<p>Deleted o meet the law requirement</p> <p>Revised to meet the law requirement</p> <p>Added to meet the law requirement</p> <p>Change of order number and change of wording</p> <p>Change of order number</p>
<p><u>Article 12 Supplementary Provisions</u></p> <p>These Procedures were adopted on April 3, 1990 and entered into force after the approval by the Board of</p>	<p><u>Article 12 Supplementary Provisions</u></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	Reason for Amendment
<p>Directors of the Company. The 1st ~ 5th amendments (omitted)</p>	<p>Directors of the Company. The 1st ~ 5th amendments (omitted) The 6th amendment was adopted by <u>the Board of Directors of the</u> <u>Company held on April 29, 2009</u> <u>and entered into force after the</u> <u>approval by the Annual General</u> <u>Shareholders Meeting on June 19,</u> <u>2009.</u></p>	

Attachment (VII):

Compal Electronics, Inc.

Comparison Table Before and After Amendment to the Procedures for Lending Funds to Other Parties

Before Amendment	After Amendment	Reason for Amendment
<p><u>Article 1 Purpose</u> To perfect the financial management of lending funds to others and to control the risk in operation, the following procedures, enacted in accordance with <u>the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies announced by the Securities and Futures Commission (“SFC”) with order No. VI-0910161919 on December 18, 2002</u>, shall apply when lending funds to others.</p>	<p><u>Article 1 Purpose</u> To perfect the financial management of lending funds to others and to control the risk in operation, the following procedures, enacted in accordance with <u>the applicable regulations announced by the competent authority</u>, shall apply when lending funds to others.</p>	<p>Change of source of law</p>
<p><u>Article 2 Recipients of Fund Lending</u> 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 need; 2) Other companies having necessity of short-term financing for business need.</p>	<p><u>Article 2 Recipients of Fund Lending</u> 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 <u>business operation</u>; 2) Other companies having necessity of short-term financing for business need. <u>Fund lending between overseas subsidiaries that are wholly owned, either directly or indirectly, by the Company is permitted.</u></p>	<p>Change of wording Added to meet the law requirement</p>
<p><u>Article 4 Total Amount of Fund Lending</u> 1. (omitted) 2. The total amount for lending to a company for funding for a short-term period shall not exceed <u>20%</u> of the net worth of the Company.</p>	<p><u>Article 4 Total Amount of Fund Lending</u> 1. (omitted) 2. The total amount for lending to a company for funding for a short-term period shall not exceed <u>40%</u> of the net worth of the Company.</p>	<p>Revised to meet the business need</p>

Before Amendment	After Amendment	Reason for Amendment
	<u>3. Fund leading 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.</u>	Added to meet the law requirement
<p>Article 5 Lending Limit for Each Recipient</p> <p>1. (omitted)</p> <p>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 <u>amount</u> 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.</p> <p>3. The term “net worth” as used herein shall mean the shareholders equity stated in the Company’s recent audited financial statements.</p> <p>4. The terms “subsidiary” and “parent company” as used herein shall be determined in accordance with the Statement of Financial Accounting <u>Operation</u>.</p>	<p>Article 5 <u>Lending Limit for Each Recipient</u></p> <p>1. (omitted)</p> <p>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 <u>limit</u> 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.</p> <p>3. <u>The Company may lend funds to a subsidiary wholly owned, directly or indirectly, by the Company without being subject to the 80% net worth restriction as referred to in the foregoing Paragraph 2. However, the total lending amount to such subsidiary shall not exceed 50% of the total lending limit of the Company and in determining whether the 50% limit is reached, the lending amount shall be counted together with any endorsement and guarantee provided by the Company to such subsidiary.</u></p> <p>4. The term “net worth” as used herein shall mean the shareholders equity stated in the Company’s recent audited financial statements.</p> <p>5. The terms “subsidiary” and “parent company” as used herein shall be determined in accordance with the Statement of Financial Accounting</p>	<p>Revised to meet the business need</p> <p>Added to meet the business need</p> <p>Change of order number</p> <p>Change of order number</p>

Before Amendment	After Amendment	Reason for Amendment
<p><u>Procedures</u> No. 5 and No. 7 announced by the Accounting Research and Development Foundation of the Republic of China.</p>	<p><u>Standards</u> No. 5 and No. 7 announced by the Accounting Research and Development Foundation of the Republic of China.</p>	
<p><u>Article 7 Duration of Fund Lending</u> Duration of each fund lending to a company 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.</p>	<p><u>Article 7 Duration of Fund Lending</u> 1. Duration of each fund lending to a company, <u>having business relationship with the Company and having necessity of short-term financing</u>, shall not exceed six (6) months and may be extended for a maximum period of six (6) month 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 <u>a subsidiary 100% owned, directly or indirectly, by the Company shall not exceed one (1) year.</u></p>	<p>Revised to meet the business need Added to meet the business need</p>
<p><u>Article 8 Method of Interest Calculation</u> 1.(omitted) 2.(omitted) 3.<u>In principle</u>, the interest will be collected <u>every month</u>.</p>	<p><u>Article 8 Method of Interest Calculation</u> 1.(omitted) 2.(omitted) 3.The interest will be collected <u>in accordance with the terms and conditions of the facility agreement</u>.</p>	<p>Revised to meet the business need</p>
<p><u>Article 11 Other Matters</u> 1.If 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 Supervisors for approval.</p>	<p><u>Article 11 Other Matters</u> 1.If <u>the qualification of borrowers does not meet the provisions set forth in these Procedures or the</u> 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 Supervisors for approval. <u>The department in charge of the fund lending shall conduct the rectification based on the planned time schedule.</u></p>	<p>Chang of wording; Revised to meet the law requirement</p>

Before Amendment	After Amendment	Reason for Amendment
<p>2. The adoption and amendment to the “Procedures for Lending Funds to Other Parties” by subsidiaries <u>invested by</u> the Company shall be handled in accordance with the regulations published by the <u>SFC</u> and <u>be forwarded to the Board of Directors of the Company for approval.</u></p>	<p>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 <u>competent authorities</u> and <u>their fund lending activities shall be handled in accordance with said Procedures.</u></p>	<p>Revised to meet the law requirement</p>
<p><u>Article 12 Public Announcement and Report</u></p> <p>1. <u>Subsidiaries of the Company shall report to the accounting department of the Company the information of fund lending for previous month by the 5th day of each month.</u></p> <p>2. 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 approval <u>by the 10th day of each month.</u></p> <p>3. The accounting department shall announce and report the previous month’s loan balance by the 10th day of each month.</p> <p>4. 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:</p> <p>1) The aggregate loan balance reaches 20% or more of the net worth of the Company;</p> <p>2) The balance of loans to a single enterprise reaches 10% or more of the net worth of the Company;</p>	<p><u>Article 12 Public Announcement and Report</u></p> <p>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 <u>review</u> each month.</p> <p>2. The accounting department shall announce and report the previous month’s loan balance by the 10th day of each month.</p> <p>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:</p> <p>1) The aggregate balance of loans <u>extended by the Company and its subsidiaries</u> reaches 20% or more of the net worth of the Company;</p> <p>2) The balance of loans to a single enterprise <u>extended by the Company and its subsidiaries</u> reaches 10% or more of the net worth of the</p>	<p>Deleted</p> <p>Change of order number & change of wording</p> <p>Change of order number (same as above)</p> <p>Revised to meet the law requirement</p> <p>(same as above)</p>

Before Amendment	After Amendment	Reason for Amendment
<p>3) The balance of loans extended to an enterprise having business relationship with the Company exceeds the total trading amount between the two in the most recent year;</p> <p>4) After announcement or reporting is made under the foregoing Sub-items 1, 2 or 3 of this Item 4, each instance where time the aggregate loan increases by more than 2% of the Company's net worth.</p> <p>5. 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 Items 3 & 4.</p> <p>6. In the event of any change in the applicable regulations, the public announcement and report shall be handled in accordance with the updated regulations.</p>	<p>Company;</p> <p>3) <u>The newly increased aggregate amount of loan extended by the Company and its subsidiaries reaches NT\$10,000,000 and such amount exceeds 2% of the net worth of the Company.</u> <u>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.</u></p> <p>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.</p> <p>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.</p>	<p>Deleted o meet the law requirement</p> <p>Revised to meet the law requirement</p> <p>Added new provision to meet the law requirement</p> <p>Change of order number & change of wording</p> <p>Change of order number</p>
<p><u>Article 15 Supplementary Provisions</u> 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 ~ 6th amendments (omitted)</p>	<p><u>Article 15 Supplementary Provisions</u> 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 ~ 6th amendments (omitted) <u>The 7th amendment was adopted by the Board of Directors of the</u></p>	<p>Added the amendment date</p>

Before Amendment	After Amendment	Reason for Amendment
	<u>Company held on April 29, 2009</u> <u>and entered into force after the</u> <u>approval by the Annual General</u> <u>Shareholders Meeting on June 19,</u> <u>2009.</u>	