

Audit Committee

Member of the Audit Committee is composed of 3 independent directors. The Audit Committee exists as an enhancement to the Company's supervisory and management function. It assists the Board of Directors in various decisions such as review of financial statement, internal control policy, internal audit, accounting policies and procedures, major asset transactions, appointment/dismissal/independence /suitability of certified public accountants, appointment/dismissal of chief accountant and chief auditor, etc., thereby ensuring that the Company operates in compliance with the competent authority's instructions and relevant laws.

Once the internal audit report and tracking report have been prepared and approved by Compal's Chief Auditor, he/she is presented to each independent director for review before the end of the month following the audit. Independent directors may contact the Chief Auditor at any time should they require further information on the audit task or follow-up progress. The Chief Auditor reports the Audit Committee on a quarterly basis regarding the audit progress, and engages participants in discussions during the meetings. Independent directors engage external auditors to discuss the outcome of the financial statement audit and other relevant legal issues at least once a year. Independent directors are also involved in decisions such as appointment, independence review, and suitability review of certified public accountants.

■ The powers of the Committee are as follows:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual financial report which are signed or sealed by the chairperson, managerial officer, and accounting officer.
11. Other material matters as may be required by this Corporation or by the competent authority.

■ The major audit items of the Audit Committee in 2019 are as follows:

1. 2018 Financial Statement
2. To evaluate the CPAs' independence and competence for performing the financial report audit.
3. To approve the amendment to the "Procedures for Acquisition or Disposal of Assets", "Procedures for Financial Derivatives Transactions", "Procedures for Endorsement and Guarantee", "Procedures for Lending Funds to Other Parties" and "Ethical Corporate Management Best Practice Principles"
4. Appointment the manager of the Kaohsiung Branch Office.
5. A matter bearing on the personal interest of the director and Manager
6. A material monetary loan
7. A material asset transaction.

8. Assessment of the design and operation effectiveness of the internal control system.
9. The defects, irregularities, and the status of corrections in the internal control system.
10. Annual audit plan for year 2020
11. Compliance with the relevant laws and regulations by this Corporation.

■ Attendance of Members at Audit Committee Meetings

- The Company elected three members of the Audit Committee.
- The term of the 2nd committee is from June 22, 2018 to June 21, 2021.
- There were four **Audit Committee** meetings during 2019(A) and the committee member qualifications and attendance records are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Convener	Min-Chih Hsuan	4	0	100%	-
Committee Member	Duei Tsai	4	0	100%	-
Committee Member	Duh-Kung Tsai	3	1	75%	-

■ The implementations of the Audit Committee in 2019 are as follows:

Board of Directors Meeting	Content of discussion and actions taken in response	Matters listed in Item 5, Article 14 of the Security Act	Not approved by the Audit Committee but had the consent of more than two-thirds of all directors.
6 th Meeting (13 th Term) 2019.3.22	1. To review and approve the Consolidated and Individual Financial Statements for 2018 .	V	None
	2. To review and approve the Company's Internal Control Declaration for 2018 .	V	None
	3. To review and approve the independence and fitness of the CPA engaged by the Company for the Financial Statements.	V	None
	▲ Resolution adopted by the Audit Committee (2019.3.22): Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.		
	▲ Action taken by the Company in response to opinion of the Audit Committee: Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present.		
9 th Meeting (13 th Term) 2019.5.13	1.To approve the amendment to the "Procedures for Acquisition or Disposal of Assets"	V	None#
	2.To approve the amendment to the "Procedures for Financial Derivatives Transactions"	V	None#
	3.To approve the amendment to the "Procedures for Endorsement and Guarantee"	V	None#
	4.To approve the amendment to the "Procedures for Lending Funds to Other Parties"	V	None#
	5. To review and approve the motion to lift the non-competition restriction for Managers.	V	None#
	6. To proposed the manager of the Kaohsiung Branch Office.	V	None#
	7.To approve fund loan to 100% owned subsidiary Compal (Vietnam) Co., Ltd.	V	None#
	8.To approve fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	V	None#

Board of Directors Meeting	Content of discussion and actions taken in response	Matters listed in Item 5, Article 14 of the Security Act	Not approved by the Audit Committee but had the consent of more than two-thirds of all directors.
	<p>▲ Resolution adopted by the Audit Committee (2019.5.13): Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.</p> <p>▲ Action taken by the Company in response to the opinion of the Audit Committee: · Motion 1~4 and Motion 7~8: Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present.</p> <p>· Motion 5: An interested parties relationship existed among Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang, and Sheng-Hua Peng. In order to avoid conflict of interest, these Directors excused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chairman of the meeting, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p> <p>· Motion 6: An interested party relationship existed in Director Chung-Pin Wong. In order to avoid conflict of interest, the Director excused himself from discussion and voting on this proposal. Upon solicitation of comments by the Chairman of the meeting, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p>		
9 th Meeting (13 th Term) 2019.8.13	1.To approve for a loan to Henghao Technology Co. Ltd.	V	None#
	2.To approve for a loan to Unicom Global, Inc.	V	None#
	<p>▲ Resolution adopted by the Audit Committee (2019.8.13): Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.</p> <p>▲ Action taken by the Company in response to opinion of the Audit Committee: Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present.</p>		
10 th Meeting (13 th Term) 2019.11.11	1.To propose for approval of annual audit plan for year 2020	V	None#
	2.To approve the amendment to the “Ethical Corporate Management Best Practice Principles”	V	None#
	3.To approve the proposal of leasing the office (building) and car parking lots, with Shin Kong Life Insurance Co., Ltd.	V	None#
	<p>▲ Resolution adopted by the Audit Committee (2019.11.11): Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.</p>		
	<p>▲ Action taken by the Company in response to opinion of the Audit Committee: Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present.</p>		