

Audit Committee

Member of the Audit Committee is composed of three 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.

■ Attendance of Members at Audit Committee Meetings

- The company's Audit Committee is composed of three independent directors.
- The term of the 2nd committee is from June 22, 2018 to June 21, 2021.
- There were four Audit Committee meetings during **2020 (A)**. The attendance records of the Independent Directors 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 major audit items of the Audit Committee in 2020 are as follows:

1. 2019 Financial Statement
2. To evaluate the CPAs' independence and competence for performing the financial report audit.
3. Appointment the Financial Officer
4. A matter bearing on the personal interest of the director and Manager
5. A material monetary loan
6. A material asset transaction.
7. Assessment of the design and operation effectiveness of the internal control system.
8. The defects, irregularities, and the status of corrections in the internal control system.
9. Annual audit plan for year 2021
10. Compliance with the relevant laws and regulations by this Corporation.

■Matters listed in Item 5, Article 14 of the Security Act:

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.
12 th Meeting (13 th Term) 2020.3.30	1.To approve the Internal Control System Statement for the year 2019	V	N.A
	2.To approve 2019 Audited Consolidated Financial Statements and Parent Company Only Financial Statements	V	N.A
	3. To evaluate CPAs' independence and competence of performing financial report audit.	V	N/A
	▲ Resolution adopted by the Audit Committee (2020.3.30): 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.		
13 th Meeting (13 th Term) 2020.5.13	1 To review and approve the motion to lift the non-competition restriction for Managers.	V	N/A
	2.To approve fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	V	N/A
	▲ Resolution adopted by the Audit Committee (2020.5.13): Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.		
	▲ Action taken by the Company in response to the opinion of the Audit Committee: • Motion 1 An interested parties relationship existed among Directors Jui-Tsung Chen, Chung-Pin Wong 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. • Motion 2 Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present.		
15 th Meeting (13 th Term) 2020.8.12	1.To approve the appointment of the Financial Officer	V	N/A
	2.To approve investment in Raypal Biomedical Co., Ltd.	V	N/A

Board of Directors Meeting	Content of discussion and actions taken in response	Matters listed in Item 5, Article 14 the Security Act	Not approved by the Audit Committee but had the consent of more than two-thirds of all directors.
	3.To approve for a loan to Henghao Technology Co. Ltd.	V	N/A
	4.To approve for a loan to Unicom Global, Inc.	V	N/A
	<p>▲ Resolution adopted by the Audit Committee (2020.8.12): Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.</p> <ul style="list-style-type: none"> • Motion 1, 3 and 4 Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present. • Motion 2 Chairman Sheng-Hsiung Hsu asked Independent Director Min-Chih Hsuan to act as a deputy chairman to preside at this meeting for discussion and voting on this proposal. To avoid conflict of interest, Director Chieh-Li Hsu who is also acting as Director of the Raypal, Director Sheng-Hsiung Hsu, the Father-son relationship, who is relatives within first degree, of kinship of the Director Chieh-Li Hsu of Raypal. Director Jui-Tsung Chen, the Father-son relationship, who is relatives within first degree, of kinship of the Director Douglass Chen of Raypal, recused and are exclude themselves from discussion and voting on this proposal in accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the deputy chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present. 		
16 th Meeting (13 th Term) 2020.11.12	1.To propose for approval of annual audit plan for year 2021	V	N/A
	2.A proposal to approve investment in ARCE Therapeutics, Inc.	V	N/A
	<p>▲ Resolution adopted by the Audit Committee (2020.11.12): 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:</p> <ul style="list-style-type: none"> • Motion 1 Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present. • Motion 2 To avoid conflict of interest, Jui-Tsung Chen who is also acting as Director of the ARCE, avoided discussion and voting on this proposal in accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present 		

Note: With the exception of the aforementioned matter, other matters not approved by the Audit Committee but had the consent of more than two-thirds of all directors: None.

■ The actions of the independent directors with respect to the avoidance: None.