

## **Internal Audit: Organization and Function**

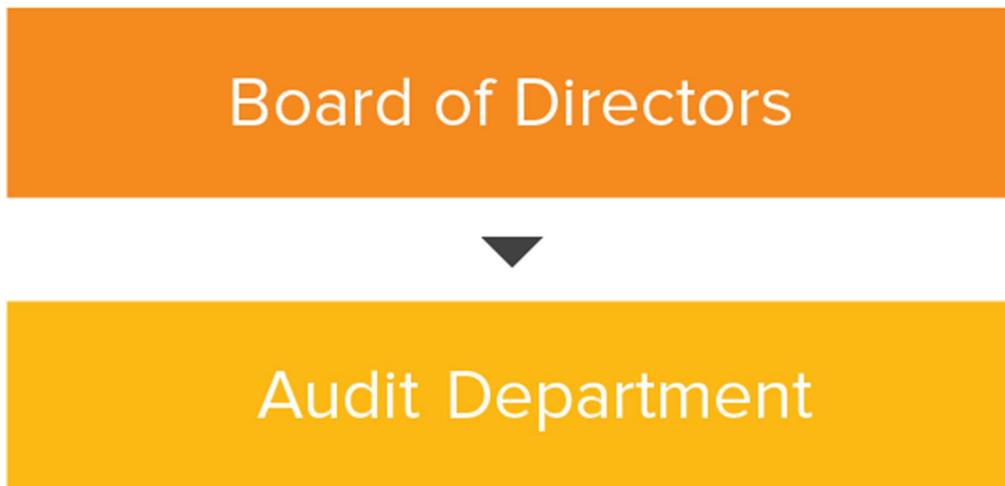
---

### I. Organization

The audit department, composed of a total of one audit officer and six auditors, is an independent unit that is directly subordinate to the board of directors. It performs the audit tasks with due diligence and responsibility.

The appointment, dismissal, evaluation, and remuneration of internal auditors of the company shall be proposed by the audit officer and reported to the chairman for approval. The relevant content is stipulated in the company's internal regulations and disclosed in the company's website.

The internal audit officer comprehensively plans and executes the audit business, reports the audit operations to each independent director monthly, as well as attend and delivers reports to the audit committee and the board of directors.



Graph: Internal Audit Organization Chart

The list of the audit department obtaining certification related to the audit:

Two are Certified Internal Auditors (CIA).

One passed the examination of ROC CPA.

One passed the examination of US CPA and POC CPA.

Two passed the basic competency test of the internal control of the SFI.

## II. Function

### A. Purpose

The purpose of the company's internal audit is to evaluate the internal control system to measure the effectiveness and compliance of current policies and procedures.

The work of the internal audit department assists the board of directors and managers in inspecting and reviewing

defects in CTCI's internal control system. It also assesses overall operational effectiveness and efficiency. This work provides a basis for review and correction, helping prompt timely recommendations that ensure the sustained operational effectiveness of the system.

B. Scope of internal audit operation

The scope of internal audit operations includes the operational activities executed by the company's units and all businesses of subsidiaries that have no dedicated internal audit personnel.

If a subsidiary has a full-time internal auditor, the CTCI audit department will review its audit report and track the lack of internal control system and improvement of abnormal matters.

C. Audit procedure

The company formulates an internal audit system in accordance with the " Regulations Governing Establishment of Internal Control Systems by Public Companies", and the audit department will perform the audit operation

accordingly. The lack of internal control systems and abnormalities found will be truthfully disclosed in the audit report which will be submitted to relevant supervisors and independent directors for inspection. Tracking reports will be made at least quarterly until improvement, to ensure that the relevant units have taken appropriate improvement measures in time

### III. Self-assessment of Internal Control System

All departments and major subsidiaries conduct self-assessments at least once each year. The audit department then reviews these self-assessment reports, together with summaries on the correction of defects and irregularities, to serve as the primary basis for the chairman and the general manager to evaluate the overall efficacy of CTCL's internal control system; and to produce the Internal Control System Statement.