

Internal Audit System

1. Internal Audit Organization and the auditor

The Audit Office of the Company is affiliated with the board of directors, and a professional auditor is appointed to comprehensively manage the audit business to implement the spirit of corporate governance. The board shall approve the appointment of the audit supervisor of directors, and the change of such position shall be reported to the competent authority through the Internet information system within two days of the occurrence of such change.

2. Drafting of Annual Audit Plan

Based on the risk assessment results and the items listed in Clause 2 of Article 13 of the “Regulations Governing Establishment of Internal Control Systems by Public Companies”, the Audit Office drafts the “Annual Audit Plan”, which must be approved by the board of directors.

3. Audit Procedures and Methods

Auditors conduct inspections and assessments in accordance with the “Rules for Internal Auditing” to measure the effectiveness and compliance of existing policies and procedures and their impact on operational activities.

The audit works shall be mainly carried out according to the “annual audit plan” approved by the board of directors. Any project audit or review shall also be carried out if necessary. The implementation results of the comprehensive annual regular audit and project audit can provide the management with the understanding of the operation status of the internal control function, and allow timely improvement to existing deficiencies or identification of potential deficiencies.

4. Submission and Report

In addition to performing the audit works according to the “annual audit plan”, the auditors shall prepare the audit results and relevant audit suggestions in the “audit report”, which shall be submitted to the chairman for approval, and subsequently forwarded to the independent directors on a monthly basis. At the board meeting held at least once a quarter, the audit supervisor shall report on the implementation of internal audits and the tracking of abnormal events.

5. Self-checking Procedures and Methods

Internal audit reviews the self-checking shall be carried out by each unit, including confirming whether the operation is carried out and reviewing the documents to ensure the quality of the implementation. The comprehensive self-checking results shall be submitted to the chairman.