

**Yuanta Financial Holding Company**  
**Audit Committee Charter**

*Approved by the Board of Directors on March 27, 2007 (12th meeting of the 3rd board)*

*Amendments approved on September 26, 2007 (5th meeting of the 4th board)*

*Amendments approved on December 28, 2010 (7th meeting of the 5th board)*

*Amendments approved on July 22, 2014 (19th meeting of the 6th board)*

*Amendments approved on September 27, 2017 (19th meeting of the 7th board)*

*Amendments approved on August 28, 2019 (5th meeting of the 8th board)*

**Article 1**

These regulations are adopted pursuant to the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

**Article 2**

These regulations state the number and term of office of Audit Committee members, powers of the Audit Committee, rules of procedure for meetings of the Audit Committee, and resources to be provided by the Company when the Audit Committee exercises its powers.

**Article 3**

The Audit Committee's main oversight functions are as follows:

1. Ensure financial statements are presented fairly in conformity with GAAP
2. Appoint and dismiss, ensure independent nature and performance of independent auditors
3. Effectively implement the Company's internal controls
4. Ensure compliance with all relevant rules and regulations
5. Control the Company's existing and potential risks.

**Article 4**

The Audit Committee is to be comprised of the entire number of independent directors. It is to have no fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

The term of office for a Committee member is the same as that of independent director. In the case that an independent director leaves the position, another person is to be selected at the next shareholders' meeting. When an independent director leaves or there is a vacancy, an extraordinary meeting of shareholders is to be called

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to select a new person within 60 days from when the vacancy commenced.

#### **Article 5**

Powers conferred by the Securities and Exchange Act (the "Act"), the Company Act, the Financial Holding Company Act, and any other law to be exercised by supervisors, except those powers set out in Article 14-4, paragraph 4 of the Act, shall be exercised by the Audit Committee.

The provisions of Article 14-4, paragraph 4 of the Act concerning provisions of the Company Act concerning acts done by supervisors, and the role of supervisors as representatives of the Company, shall apply mutatis mutandis to the independent director members on the Audit Committee.

#### **Article 6**

The powers conferred on the Audit Committee are as follows:

1. Provisions and revisions to the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessment of the internal control system's effectiveness.
3. Provisions and revisions, in accordance with Article 36-1 of the Securities and Exchange Act, of regulations relating to procedures for handling significant financial transactions, including acquisition and disposal of assets, engaging in derivatives trading, loans with third parties, and endorsements or guarantees provided to third parties.
4. Matters of directors who are affiliated parties.
5. Significant assets or derivative trading.
6. Significant financial loans, endorsements or guarantees.
7. Fundraising, publicly-issued or privately raised securities possessing shareholder rights.
8. Appointment, dismissal and compensation of independent auditors.
9. Appointment and removal of financial, accounting and internal auditing personnel.
10. Annual financial reports which the chairperson, managerial officer, and accounting officer signed or stamped with seal and second quarter financial reports audited and certified by a CPA.
11. Other significant regulatory items from the company or regulatory authorities.

Each item above must be agreed upon by more than one-half of the Committee's members before becoming a resolution by the board of directors.

If the items above, with the exception of item 10, are not consented to by one-half or more of the entire membership of the Committee, it may be adopted with the consent of two-thirds or more of the entire board of directors, and is not subject to restrictions set forth in the preceding section, and shall be included in the board meeting agenda as a resolution of the Committee.

“Entire membership” of the Committee includes those who have been appointed. It is the convener’s responsibility to be the representative for the Committee.

#### **Article 7**

The Committee is to meet once a month, and at any other time deemed necessary.

The reasons for calling a meeting of the Committee shall be notified to each independent director member at least seven days in advance. In emergency circumstances, however, this requirement does not apply.

One member shall be elected as the convener and meeting chair by and from among the entire membership of the Committee. When the convener goes on leave or otherwise for any reason is unable to convene a meeting, it shall be convened by another independent director member designated by the convener, or if no such designation is made, by another member elected by and from among the independent director members of the Committee.

The Committee may by resolution request relevant department officers, internal auditors, certified public accountants, legal counsels, or other personnel to meet and provide pertinent and necessary information. However, the aforementioned personnel shall leave the premises when the Committee has moved to begin discussion or voting.

#### **Article 8**

When a Committee meeting is held, the company shall have an attendance book to be signed by independent director members attending the meeting and thereafter be kept for future reference.

All independent director members on the Committee shall attend the Committee meetings in person; a member who cannot attend in person may appoint another independent director member to attend as their proxy. Attendance via tele- or video-conference is deemed attendance in person, however, their signature should be

faxed in to be recorded in the attendance book.

A member of the Committee appointing another independent director member to attend a Committee meeting shall in each instance give to that director a written proxy stating the scope of authorization with respect to the items on the meeting agenda.

Resolutions at meetings of the Committee shall be adopted with the consent of one-half or more of the entire membership. The result of a vote shall be made known immediately and recorded in writing.

If for a legitimate reason it is impossible to hold a Committee meeting, matters on the meeting agenda shall be adopted with the consent of two-thirds or more of the entire board of directors, with the exception of item 10 in the first part of Article 6 of this document. For that item, approval or disapproval must still be obtained from each independent director member.

A proxy under item 2 may accept a proxy from one person only.

#### **Article 9**

Discussions at a Committee meeting shall be included in the meeting minutes, which shall record the following in detail:

1. Session, time, and place of meeting.
2. Name of meeting chair.
3. Attendance of independent director members at the meeting, specifying names and number of members present, excused, and absent.
4. Names and titles of those attending the meeting as a nonvoting participant.
5. Name of minutes taker.
6. Matters reported.
7. Agenda items: Specify the resolution method and result of each proposal, summarize the comments made by the independent director members on the audit committee and the experts and any other persons present at the meeting, and specify any objections or reservations. Additionally, in line with Article 11, Section 1, of this Charter, in any situation arising which touches on the personal interests of an independent director, the director's name, as well as the content of the interests, the reason for recusing or not recusing him/herself, and the final recusal status, shall all be specified.
8. Extraordinary motions: Specify the name of the mover, the resolution method and

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result of each proposal, and summarize the comments made by, and specify any objections or reservations expressed by, the independent director members on the Committee and the experts and any other persons present at the meeting. Additionally, in line with Article 11, Section 1, of this Charter, in any situation arising which touches on the personal interests of an independent director, the director's name, as well as the content of the interests, the reason for recusing or not recusing him/herself, and the final recusal status, shall all be specified.

9. Other matters required to be recorded. The attendance book forms a part of the minutes of each Committee meeting and shall be preserved for the period of duration.

The minutes of a Committee meeting shall bear the signature or seal of both the meeting chair and the clerk, and a copy shall be distributed to each independent director member on the Committee within 20 days after the meeting and be carefully preserved as important company records during the existence of the company.

The production and distribution of meeting minutes referred to in paragraph 1 may be made in electronic form.

#### **Article 9.1**

The Company shall record the entire proceedings of the committee's meetings either by audio or video recording. These records shall be preserved for a duration period of at least five years, and shall be stored electronically.

In the event that before reaching the duration period the Committee or its resolutions are involved in legal proceedings, the preserved records shall be kept beyond the duration period, until said legal proceedings have been resolved. In the event that a committee member attends a meeting remotely using video conferencing technology, the video of that member's participation shall also be preserved with the records of the meeting, and shall likewise be stored for the period of duration.

#### **Article 10**

A Committee meeting's agenda is to be arranged by the Committee chair, who can call on related parties. Other Committee members are to also provide proposals for the committee to discuss.

#### **Article 11**

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An independent director member of the Committee shall opt to not participate in agenda items that involve personal interest where such participation is likely to prejudice the interest of the company. In such cases, the Committee member shall explain the nature of said personal interests, and shall not take part in discussion or voting on the relevant matter, but shall recuse him/herself from participation. A Committee member in such circumstances shall also not exercise voting rights as a proxy for another Committee member.

Where a matter is unable to be resolved at a Committee meeting for the reason stated in the preceding paragraph, the fact shall be reported to the board of directors and the matter shall be resolved by the board instead.

#### **Article 12**

The Committee and independent directors may, on behalf of the Company, retain an attorney, certified public accountant, or other professional in order to conduct a necessary audit or provide advice. By doing so, they exercise their powers of authority regarding relevant matters, and the Company is responsible for any related expenses.

#### **Article 13**

Committee members are to exercise the due care of a good manager, and faithfully perform the duties and obligations set forth in this charter. Committee members are also responsible to the board of directors and are to submit proposals to the board of directors for resolution.

#### **Article 14**

Committee members are to periodically review these regulations and provide revisions to the board of directors.

The Committee chair or other Committee members are authorized to take actions to carry out related jobs that result from approved resolutions, and should be reported in writing or verbally during its implementation period, when necessary raised at the following meeting for ratification.

#### **Article 15**

These regulations are effective upon approval by the board of directors.