



# **Sino-American Silicon Products Inc.**

## **Audit Committee Charter**

### **Article 1**

The Audit Committee Charter (the “Charter”) includes the following items:

1. Number and term of the Audit Committee (the “Committee”) members.
2. Responsibilities and duties of the Committee.
3. Rules of procedure for meetings of the Committee.
4. Resources to be provided by the company when the Committee exercises its duties.

### **Article 2**

The Committee’s primary purpose is to supervise the following items:

1. The reliability and integrity of the financial reporting of the Company.
2. Engaging and removing the Company’s independent auditors and accessing such auditors’ qualifications, independence and performance.
3. The effectiveness of the Company’s internal controls.
4. The Company’s compliance with legal or regulatory requirements.
5. Controls over existing or potential risks within the Company.

### **Article 3**

The Committee shall be composed of all the Company’s independent directors, which shall not be fewer than three persons. Within the Committee, one member shall be committee convener and chairperson, and at least one member shall be knowledgeable in accounting or financial matters.

The term of each of the independent directors is 3 years, but they can serve another term if being elected. When a member of the Committee resigns or is dismissed, resulting in the number of members lower than that required, a by-election for independent director shall be held at the coming general shareholders’ meeting. If all members of the Committee have resigned or have been dismissed, the Company shall convene a special shareholders’ meeting to hold a by-election of independent directors within 60 days from the date on which the situation arose.



#### Article 4

Responsibilities conferred by The Securities and Exchange Act (the "Act"), the Company Act, and any other law to be exercised by supervisors, except those responsibilities set out in Article 14-4, paragraph 4, of the Act., are executed by the 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 members on the Committee.

#### Article 5

The Committee's primary duties and responsibilities are the following items:

1. Setting up or revising internal control standards in accordance with Article 14-1 of the Act.
2. Auditing the effectiveness of internal control standards.
3. Setting up or amending material financial procedures in acquisition and disposal of fixed assets, transactions of financial derivatives, loans, endorsements and guarantees in accordance with Article 36-1 of the Act.
4. Matters that involve personal interests of directors.
5. Material transactions of assets or derivatives.
6. Material loans, endorsements or guarantees.
7. Public offering or private placement of equity linked securities.
8. Engaging and removing the Company's independent auditors and accessing such auditors' remuneration, qualification, independence and performance.
9. Appointing or removing managers of finance, accounting and internal auditing divisions.
10. Reviewing and having discussions with independent auditors in regards to the Company's annual, semi-annual, and quarterly financial reports.
11. Other material items related to the Company or government agencies.

Except item 10 set out in Article 1, if not consented by one-half or more of the entire Committee membership, by consents from two-thirds or more of the entire Board membership.

The term "entire membership" used in these Regulations shall be calculated as the number of members actually in office.

The Committee convener shall represent the Committee to the public.

#### Article 6

The Committee shall meet at least once every quarter, and shall be convened any time if necessary.



Each independent director shall be notified the reasons to convene a Committee meeting at least seven days in advance. In emergency circumstances, however, this requirement does not apply.

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

The Committee may resolve to request relevant department officers, internal auditors, accountants, legal counsels, or other personnel to provide necessary information and attend the meeting but shall leave the table during the board's discussion and resolution.

The Company shall prepare necessary information for attending independent directors' reference.

#### **Article 7**

When holding a Committee meeting, the Company shall prepare an attendance book for signature by the independent directors attending the meeting and thereafter keep it available for future reference.

All independent directors of the Committee shall attend Committee meetings in person; a member who cannot attend in person may appoint another independent director to attend as his/her proxy.

Attendance via tele- or video-conference is deemed attendance in person.

A member of the Committee appointing another independent director to attend a committee meeting shall provide 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. Notwithstanding the foregoing, with respect to the matters in Article 14-5, paragraph 1, subparagraph 10, of the Act, a written opinion shall be obtained from each independent director member indicating approval or disapproval.

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

#### **Article 8**

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



1. Session, time, and place of meeting.
2. Name of chairperson.
3. Attendance of independent directors at the meeting, specifying names and number of members present, excused, and absent.
4. Names and titles of those attending the meeting as nonvoting participants.
5. Name of the person taking minutes.
6. Matters reported.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by independent directors or members of the committee, experts, or other persons; the name of any independent director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the independent director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
8. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by independent directors or members of the committee, experts, or other persons; the name of any independent director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
9. Other matters required to be recorded.

The attendance book forms a part of the minutes of each Committee meeting and shall be preserved during the existence of the company.

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

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

#### **Article 8-1**

A company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a audit committee, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where an audit committee meeting is held via tele- or video conferencing, the audio and



visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the company.

#### **Article 9**

The convener shall set out the agenda of Committee meetings; other Committee members could also provide agenda for discussion.

#### **Article 10**

If any independent director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another independent director's proxy to exercise voting rights on that matter.

When 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, and such matter shall be resolved by the Board instead.

#### **Article 11**

The Committee thereof may, on behalf and at the cost of the Company, engage an attorney, certified public accountant, or other professional to conduct a necessary audit or provide advice with respect to any matter related to the exercise of the Committee's duties.

#### **Article 12**

**The committee members shall act as a friendly manager to loyally conduct responsibilities according to the organization rules and be responsible to the board of directors by submitting every proposal to the board for resolution.**

#### **Article 13**

The Committee should annually review responsibilities and performance. If any amendment is required, it shall be proposed for Board resolution. For matters approved by the Committee, the following implementation work can be done by any member of the Committee and the result shall be reported to the Committee during the implementation period. It can also be presented in the next committee meeting, if necessary.

#### **Article 14**

The Charter under the preceding paragraph, and any amendment thereto, shall be adopted by resolution of the Board.



中美矽晶製品股份有限公司  
SINO-AMERICAN SILICON PRODUCTS INC.

## **Article 15**

This Charter is enacted on March 20, 2014.

The 1st amendment was made on October 5, 2017.