

# **GROUNDHOG INC. AUDIT COMMITTEE CHARTER**

**Last Amendment Date: March 14, 2024**

## **Notice To Readers**

This English version is a machine-translated of Chinese version and is not an official document of Groundhog Inc. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

## **Article 1**

This Charter is adopted pursuant to Article 3 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

## **Article 2**

Matters concerning the number, term of office, powers, rules of procedure for meetings, and resources to be provided by this Corporation when the Audit Committee ("the Committee") exercises its powers shall be handled in accordance with this Charter.

## **Article 3**

The primary purpose of the operation of the Committee is to oversee the following matters:

1. The proper expression of the company's financial statements.
2. The selection (dismissal) and independence and performance of certifying accountants.
3. The effective implementation of internal control within the company.
4. Compliance with relevant laws and regulations by the company.
5. The management of existing or potential risks for the company.

## **Article 4**

The Committee shall consist of all independent directors, and the number of members shall not be less than three, with one member serving as the convener, and at least one member shall have expertise in accounting or finance.

The term of office of independent directors of the Committee shall be three years and is renewable. If an independent director is dismissed due to unforeseen circumstances, resulting in an insufficient number as stipulated

in the preceding paragraph or in the company's articles, they shall be elected at the nearest shareholder meeting. When all independent directors are dismissed, the company shall convene an extraordinary shareholder meeting within sixty days of the occurrence.

## **Article 5**

The provisions of the Securities and Exchange Act, the Company Act, and other laws regarding supervisors shall apply mutatis mutandis to the Audit Committee.

The provisions of Article 14-4, Paragraph 4 of the Securities and Exchange Act regarding the authority of supervisors in connection with the Company Act shall apply mutatis mutandis to independent directors of the Audit Committee.

Decisions of the Audit Committee shall require the consent of more than half of all members of the Audit Committee; the convener of the Audit Committee shall represent the Audit Committee externally.

The representatives of the company under Articles 213, 214, and 223 of the Company Act shall be selected by the Audit Committee in accordance with the preceding paragraph, and the Audit Committee may decide whether to be represented by individual members or jointly; if representatives are not selected according to the preceding paragraph, they shall be represented jointly by all members.

## **Article 6**

The powers of the Committee are as follows:

1. Establishing or amending internal control systems in accordance with Article 14-1 of the Securities Exchange Act.
2. Assessing the effectiveness of the internal control system.
3. Establishing or amending procedures for acquiring or disposing of

assets, engaging in derivative commodity trading, lending funds to others, endorsing or guaranteeing others in significant financial transactions as stipulated in Article 36-1 of the Securities Exchange Act.

4. Matters involving the self-interest of directors.
5. Significant asset or derivative commodity transactions.
6. Significant loans of funds, endorsements, or guarantees.
7. Raising, issuing, or privately placing equity securities.
8. Appointing, dismissing, or determining the compensation of certifying accountants.
9. Appointing or dismissing financial, accounting, or internal audit managers.
10. Annual financial reports and semi-annual financial reports.
11. Other significant matters as required by the company or regulatory authorities.

Resolutions on the matters in the preceding paragraph shall require the agreement of more than half of the members of the Committee and shall be submitted for resolution by the board of directors.

Except for the tenth item in the first paragraph, matters not agreed upon by more than half of the members of the Committee may be carried out with the consent of more than two-thirds of all directors. The term "all members" in this Charter refers to those currently in office. The convener of the Committee represents the Committee externally.

## **Article 7**

The Committee shall convene at least once every quarter and may convene meetings as necessary.

The convocation of the Committee shall specify the purpose of the convocation and shall notify each independent director member of the

Committee seven days in advance. However, in case of emergency, this time limit does not apply.

The location and time of the Audit Committee meeting shall be determined according to the location of the company and office hours or a location and time convenient for the attendance of the members and suitable for the Audit Committee meeting.

The Committee shall nominate one person from among all members to serve as convener and chairman of the meeting. However, if the members of the Audit Committee cannot nominate a convener, the independent director with the most voting rights shall serve as convener.

In the event that the convener is absent or unable to convene the meeting for any reason, one independent director member designated by the convener shall act as proxy; if the convener does not designate a proxy, one shall be nominated by the independent director members of the Committee.

Independent directors representing more than half of all members of the Audit Committee may submit proposals and reasons in writing to request the convocation of the Audit Committee. If the convener does not convene the Audit Committee within fifteen days of such request, independent directors representing more than half of all members of the Audit Committee may convene it themselves.

The Committee may invite relevant department managers of the company, internal auditors, accountants, legal advisors, or other personnel to attend meetings and provide necessary information. However, they shall leave the meeting during discussions and voting.

Relevant documents shall be prepared for the members of the Committee to refer to at any time during the Audit Committee meeting.

## **Article 8**

When this committee convenes, the company shall set up a sign-in sheet for the attendance of independent director members, which shall be available

for reference.

Independent director members of this committee shall attend the Committee meetings in person. If unable to attend in person, they may delegate another independent director member to attend on their behalf. Attendance via video conference shall be deemed as attending in person.

When a committee member delegates another independent director member to attend the Committee meeting, a written authorization shall be provided on each occasion, specifying the scope of authority for convening the meeting.

Decisions of this committee shall require the consent of more than half of all members. The voting results shall be reported on the spot and recorded. If there are legitimate reasons preventing the convening of this committee, it shall be carried out with the consent of two-thirds or more of all directors of the board. However, matters stipulated in Article 6, Clause 1, Subclause 10 shall still require the opinion of the independent director members to be obtained.

The proxy mentioned in Clause 2 shall be limited to one person per authorization.

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

When the time for the meeting arrives, if less than half of the attending members of the audit committee are present, the chairperson may announce a postponement of the meeting on that day. The postponement shall be limited to two times. If the quorum is still not met after two postponements, the chairperson may reconvene the meeting in accordance with the procedures specified in Article 7, Paragraph 2.

#### **Article 8-2**

The audit committee shall conduct its proceedings in accordance with the

agenda set forth in the meeting notice. However, any changes may be made with the consent of more than half of all members of the audit committee.

Without the consent of more than half of all members of the audit committee, the chairperson shall not adjourn the meeting directly.

During the proceedings of the audit committee, if less than half of the members are present, upon a proposal by an attending independent director, the chairperson shall announce a temporary suspension of the meeting and apply the provisions of the preceding article.

If the convener is unable to preside over the meeting due to unforeseen circumstances, or if the chairperson fails to adjourn the meeting in accordance with the provisions of Paragraph 2, the appointment of their proxy shall be governed by the provisions of Article 7, Paragraph 5.

## **Article 9**

The proceedings of this committee should be documented in the minutes, which should include the following details:

1. The date, time, and location of the meeting.
2. The name of the chairperson.
3. Attendance status of independent director members, including names and the number of those present, on leave, or absent.
4. The names and titles of attendees.
5. The name of the recorder.
6. Matters reported.
7. Discussion topics: resolution methods and outcomes for each agenda item, summaries of statements by independent director members, experts, and other personnel, the names of independent director members with conflicts of interest as per Article 11, an explanation of the significant content of these conflicts of interest, reasons for recusal or non-recusal, the circumstances of recusal, and any objections or

reservations.

8. Ad hoc motions: the name of the proposer, resolution methods and outcomes of the motions, summaries of statements by independent director members, experts, and other personnel, the names of independent director members with conflicts of interest as per Article 11, an explanation of the significant content of these conflicts of interest, reasons for recusal or non-recusal, the circumstances of recusal, and any objections or reservations.
9. Other matters that should be recorded.

The attendance register of this committee is part of the minutes and should be properly retained during the company's existence.

The minutes must be signed or sealed by the meeting chair and the recorder and distributed to all independent director members of the Committee within twenty days after the meeting. They should also be included in the important records of the company and properly maintained during the company's existence.

The production and distribution of the minutes mentioned in Clause 1 can be done electronically.

#### **Article 10**

The agenda for this committee is set by the convener, but other members may also propose items for discussion by the Committee.

#### **Article 11**

For matters related to the Committee's agenda, independent director members of this committee with conflicts of interest should explain the significant content of their conflicts of interest. If there is a risk to the company's interests, they must not participate in the discussion and voting. They should also recuse themselves during discussions and voting and



cannot represent other independent director members in voting.

If, due to the above provision, the Committee is unable to make a decision, it must report to the board of directors, which will make the decision.

#### **Article 11-1**

The company must record the entire proceedings of this committee's meetings on audio or video and retain them for at least five years. This retention can be done electronically.

If the five-year period has not yet expired and there is litigation related to the Committee's decision, the relevant audio or video records should be retained until the litigation is concluded.

For committee meetings conducted via video conferencing, the video and audio data form part of the minutes and should be properly retained during the company's existence.

#### **Article 12**

The Committee may, by resolution, appoint lawyers, accountants, or other professionals as necessary to conduct audits or provide consultation on matters related to Article 6. The expenses incurred shall be borne by the company.

#### **Article 13**

The Committee members shall exercise the due care of a good administrator and faithfully perform the duties prescribed in this Charter; they shall be accountable to the board of directors and shall submit their proposals to be resolved by the board.

#### **Article 14**

The Committee shall conduct periodic reviews of matters relating to this

Charter and present the results for amendment by the board of directors.

The execution of tasks relating to resolutions adopted by the Committee may be delegated to the convener or other Committee members for follow-up, with a written or verbal report to be presented to the Committee during the implementation period. When necessary, the matter shall be presented for ratification or a report made at the next meeting of the Committee.

### **Article 15**

This Charter shall be submitted to the Audit Committee for approval and shall come into effect after being approved by the Board of Directors. The same shall apply to any amendments.