

Desiccant Technology Co., Ltd.

Organizational Regulations of the Audit Committee

1. Purpose and Basis

To establish good corporate governance and strengthen the professional functions of the board of directors, this Audit Committee (referred to as "the Committee" below) organizational regulations (referred to as "these Regulations" below) are established by Article 14-4 of the Securities and Exchange Act (referred to as "the Securities Act" below) and Article 3 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, for compliance purposes.

2. Scope of Application

The number of members, terms, powers, rules of procedure, and resources provided by the company when exercising their powers, etc., of this Committee shall be subject to the provisions of these Regulations.

3. Number and Term of Composition

3.1 The Committee is composed of all independent directors, and it shall have at least three members. One member shall serve as the convener, and at least one member shall possess accounting or financial expertise.

3.2 The term of the independent directors serving on the Committee is three years, and they may be re-elected. Suppose they are dismissed due to unforeseen circumstances, resulting in insufficient members as stipulated in the previous paragraph or the company's articles of association. In that case, they shall be filled at the nearest shareholder meeting. When all independent directors are dismissed, the company shall hold a temporary shareholder meeting to fill the vacancies within sixty days from the incident date.

4. Relationship with the Auditor

4.1 The provisions of Article 14-4, paragraph 4 of the Securities and Exchange Act concerning the actions of the company's representative or the company law relating to the auditor shall apply to the independent directors of the Audit Committee.

5. Powers and Duties of the Audit Committee

5.1 The powers and duties of the Audit Committee are as follows:

5.1.1 To establish or amend the internal control system according to Article 14-1 of the Securities and Exchange Act.

- 5.1.2 To assess the effectiveness of the internal control system.
- 5.1.3 To establish or amend the procedures for the company's significant financial and business transactions, such as asset acquisition or disposal, derivative trading, lending of funds to others, endorsing or guaranteeing for others, according to Article 36-1 of the Securities and Exchange Act.
- 5.1.4 To handle matters related to conflicts of interest of directors themselves.
- 5.1.5 To handle significant asset or derivative trading.
- 5.1.6 To handle significant lending, endorsement, or guarantee activities.
- 5.1.7 To handle the issuance, public offering, or private placement of equity securities.
- 5.1.8 To appoint, dismiss, or determine the remuneration of the certified public accountant.
- 5.1.9 To appoint or dismiss the financial, accounting, or internal audit managers.
- 5.1.10 To handle the annual financial reports signed or stamped by the chairman, manager, and accounting manager.
- 5.1.11 Other significant matters as required by the company or competent authority.
- 5.2 The above resolutions shall require the approval of more than half of the Audit Committee members and be submitted to the Board of Directors for approval.
- 5.3 Except for the tenth item of the preceding paragraph, if the approval of more than half of all members of the Audit Committee cannot be obtained, the resolution may be passed by the approval of more than two-thirds of all directors.
- 5.4 5.4 Matters under Articles 213, 214, and 223 of the Company Law regarding the company's representatives shall be appointed by the Audit Committee following the abovementioned procedures. The Audit Committee may resolve to have members represent the company either individually or jointly. If representatives are not appointed according to the above guidelines, all members shall jointly represent the company.
- 5.5 The term "all members," as used in these procedures, refers to the members currently in office.
- 5.6 The convener of the Audit Committee shall represent the Audit Committee externally.

6. Notice and Convocation of Meetings

- 6.1 The Committee shall hold at least one quarterly meeting and may convene meetings as necessary.

- 6.2 The convocation of the Committee shall specify the reasons for the convocation and notify each independent director member of the Committee at least seven days in advance, except in the case of urgent matters.
- 6.3 The Audit Committee meetings should be held at a location and time within the company premises and during office hours or at a location and time convenient for Audit Committee members to attend and suitable for holding the meeting.
- 6.4 The Committee shall elect one member to serve as the convener and chairperson of the meetings. Suppose the Audit Committee members are unable to elect a convener. In that case, the independent director who received the most votes shall serve as the convener. Suppose the convener is on leave or otherwise unable to convene the meeting. In that case, the convener shall designate another independent director to act as the proxy. If no proxy is assigned, the independent directors of the Committee shall elect one among themselves to act as the proxy.
- 6.5 More than half of the independent directors on the Audit Committee may submit a written request specifying the proposed matters and reasons to the convener, requesting a meeting of the Audit Committee. If the convener does not call a meeting within fifteen days of the request, more than half of the independent directors on the Audit Committee may convene the meeting themselves.
- 6.6 The Committee may invite managers from relevant company departments, internal auditors, accountants, legal advisors, or other personnel to attend the meetings and provide necessary information. However, they should leave the meeting during discussions and voting.
- 6.7 Relevant materials should be prepared and made available for the Committee members to review at any time when the committee convenes.

7. Attendance and Resolutions

- 7.1 When the Committee convenes, the Company shall provide a sign-in book for the attendance of independent director members, which shall be available for inspection.
- 7.2 Independent director members of the Committee shall attend the meeting in person. If unable to attend in person, they may appoint another independent director member to attend on their behalf. Participating in the conference by video shall be deemed as attending in person.
- 7.3 When a Committee member appoints another independent director member

to attend the meeting on their behalf, they shall issue a power of attorney for each occasion and specify the scope of authority for the convocation.

- 7.4 The committee's resolutions require the approval of more than half of its members. The vote results shall be reported on the spot and recorded.
- 7.5 If legitimate reasons prevent the Committee from convening, it shall be implemented with the consent of more than two-thirds of all directors of the Board of Directors. However, independent director members shall provide their opinions on whether they agree with the matters stated in Section 5.10.
- 7.6 The second proxy is limited to being appointed by only one person.
- 7.7 When the meeting time has arrived, and more than half of the directors are present, the Board's Chairman shall announce the meeting's opening.
- 7.8 If half of the directors are absent at the meeting time, the Chairman may announce the postponement of the meeting. The meeting may be postponed up to two times, and if there is still no quorum, the Chairman may reconvene the meeting per Article 2 of these Rules of Procedure.
- 7.9 The term "all directors" refers to the actual serving directors.
- 7.10 The Audit Committee shall conduct its meetings according to the agenda specified in the meeting notice. However, changes can be made with the consent of more than half of all Committee members. The chairperson cannot unilaterally announce the adjournment of the meeting without the permission of more than half of all Committee members. Suppose the number of members present falls below half during the meeting. In that case, the chairperson shall temporarily suspend the meeting upon the proposal of the independent directors present, following the same procedures as mentioned above. Suppose the convener cannot preside over the meeting or the chairperson unilaterally announces the adjournment without following the specified guidelines. In that case, the appointment of the proxy shall follow the provisions of Article 6.4 of these regulations.

8. Minutes of Meeting

- 8.1 The proceedings of the committee shall be recorded in the form of minutes of the meeting, which shall include the following details:
 - 8.1.1 Date, time, and venue of the meeting.
 - 8.1.2 Name of the chairman.
 - 8.1.3 Attendance record of independent directors, including their names, attendance numbers, absence, or leave of absence.
 - 8.1.4 Name and title of attendees.
 - 8.1.5 Name of recorder.

8.1.6 Matters reported.

8.1.7 Matters discussed: resolution methods and results of each proposal, summaries of statements made by independent directors, experts, and other personnel, names of independent directors with potential conflicts of interest under Article 11(1), explanations of important contents of conflicts of interest, reasons for recusal or non-recusal, instances of recusal, objections or reservations.

8.1.8 Ad hoc proposals: name of proposer, resolution methods and results of proposal, summaries of statements made by independent directors, experts, and other personnel, names of independent directors with potential conflicts of interest under Article 11(1), explanations of important contents of conflicts of interest, reasons for recusal or non-recusal, instances of recusal, objections or reservations.

8.1.9 Other items to be recorded:

The committee's attendance book shall be part of the meeting minutes and properly preserved during the company's existence. The meeting minutes shall be signed or stamped by the chairman and recorder, distributed to each independent director of the committee within 20 days after the meeting, and included in the company's important files, which shall be properly preserved during the company's existence. The meeting minutes under paragraph 1 may be made and distributed electronically.

9. Recording or Filming of the Audit Committee Meeting Proceedings as Evidence

9.1 The company shall record or film the entire process of the committee meetings and preserve it for at least five years. Suppose litigation related to the committee arises during the preservation period of the electronic data. In that case, the related recording or filming data shall continue to be preserved until the end of the litigation.

9.2 For meetings held via video conference, the video and audio materials shall be part of the meeting minutes and be properly preserved during the company's existence.

10. Agenda Arrangement

The financial and accounting department is the unit responsible for assisting the committee in planning the agenda, convening the meeting, issuing notices, conducting the meeting, and recording the meeting. Other members may provide proposals for discussion.

11. Explanation of the Independence Director's conflicts of interest and recusal of interests

11.1 The independent directors in this committee should disclose the important contents of their conflicts of interest when discussing matters that involve their interests. If there is a risk of harming the company's interests, they cannot participate in discussions and voting. They should also recuse themselves during the discussion and voting and cannot act as proxies for other independent directors to exercise their voting rights.

11.2 The spouse or blood relatives within the second degree of kinship of an independent director shall be deemed to have a personal interest in the matters discussed in the preceding paragraph.

11.3 If the committee cannot decide due to the provisions of the first paragraph, it shall report to the board of directors and let the board make the decision.

12. Implementation of the resolutions

The relevant implementation work of the resolutions passed by this committee may be authorized to the convener or other committee members for continued handling. Written or oral reports should be made to the committee during the implementation period. They should be submitted to the committee for approval or report at the next meeting if necessary.

13. The use of company resources by the committee

The committee may appoint lawyers, accountants, or other professionals to conduct necessary audits or provide consultations on matters related to Article 6. The company shall bear the expenses incurred.

14. Others

Members of this committee should act with the diligence of a good manager and faithfully fulfill the duties stipulated in this organization's regulations. They are responsible to the board of directors and shall submit their proposals to the board for decision-making.

15. Implementation

This organization's regulations shall come into effect after being approved by the board of directors and apply to amendments.