

Phihong Technology Co.,Ltd.

Internal Audit

I. Organization

The Audit Office of the company is subordinate to the Board of Directors. Audit reports must be reviewed by the supervisors, and the head of the Audit Office must attend regular board meetings to report.

II. Scope of Application

1. The company's audit personnel handle audit matters in accordance with this system.
2. Audit work includes all units of the company.
3. The company's audit personnel handle audit work, divided into regular and ad-hoc audits.
 - **Regular Audits:** Conducted by audit personnel according to the plan.
 - **Irregular Audits:** Conducted as instructed by the highest executive or their authorized person.

III. Audit Purpose

The purpose of internal audit is mainly to assist unit supervisors in understanding the efficiency of their employees' business handling and to verify whether various operations comply with laws and the company's internal regulations, thereby improving management performance and reducing operational risks.

IV. Responsibilities of Audit Personnel

The internal audit regulations clearly stipulate that internal audits review the company's operational procedures and internal controls, and report on the appropriateness, effectiveness, and efficiency of these controls. The scope includes all operations of the company and its subsidiaries. Audit work is primarily executed based on the audit plan approved by the Board of Directors, which is formulated according to identified risks. Additionally, special audits or reviews are conducted as needed.

The execution of general and special audits provides management with information on the operation of internal control functions and timely feedback on existing or potential deficiencies. Internal audits review the self-inspections conducted by each unit, including checking whether the operations are performed and reviewing documents to ensure the quality of execution. The results of self-inspections are summarized and reported to the Board of Directors.

V. Training of Audit Personnel

Internal audit personnel should continuously participate in internal audit training and various professional courses organized by audit associations, professional institutions, or the company itself to enhance audit quality and capabilities.