



COASTER INTERNATIONAL CO., LTD

審計委員會 Audit Committee

- The Composition of Audit Committee

- Pursuant to the 118 and 119 of ARTICLES OF ASSOCIATION OF COASTER, Article 3 and 4 of the RULES of AUDIT COMMITTEE, the composition of Audit Committee related matters are as below:

118. The Company shall set up an Audit Committee, and the professional qualifications of members, formation, appointment, discharge, how such committee functions and exercises its power and other relevant matters shall be subject to the Applicable Listing Rules. The Audit Committee shall comprise solely of all Independent Directors and the number of committee members shall not be less than three (3). Subject to the Applicable Listing Rules, one (1) of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one (1) of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half (1/2) or more of all its members.

119. Notwithstanding anything provided to the contrary contained in these Articles, the following matters require approval of one-half (1/2) or more of all members of the Audit Committee and final approval of the Board: 【a】 adoption of or amendment to an internal control system ; 【b】 assessment of the effectiveness of the internal control system ; 【c】 adoption of or amendment to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, provision or extension of monetary loans to others, or endorsements or guarantees for others ; 【d】 any matter relating to the personal interest of the Directors ; 【e】 the entering into of a transaction relating to material assets or derivatives ; 【f】 a material monetary loan, endorsement, or provision of guarantee ; 【g】 the offering, issuance, or private placement of the Shares or any equity-linked securities ; 【h】 the hiring or dismissal of an attesting certified public accountant as the auditor of the Company, or the compensation given thereto ; 【i】 the appointment or discharge of a financial, accounting, or internal auditing officers ; 【j】 the annual financial reports which are signed or sealed by the chairman, managerial officer, and an accounting officer and second-quarter financial reports that must be audited and attested by a CPA ; and 【k】 any other material matter deemed necessary by the Board of Directors or so required by Applicable Listing Rules or the competent authority.



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Subject to the Applicable Listing Rules, with the exception of item 【j】 above, any other matter that has not been approved with the consent of one-half (1/2) or more of all Audit Committee members may be undertaken upon the consent of two-thirds (2/3) or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

Subject to the Applicable Listing Rules, where the Audit Committee is unable to convene a meeting for any proper cause, matters may be approved by consent of two-thirds (2/3) or more of all Directors, provided that the Independent Director members shall still be required to issue an opinion as to whether the resolution is approved in respect of a matter under item 【j】 above.

3. The principal purpose for operation of Audit Committee is supervision of the following matters : (1) Appropriate expression of financial statements and reports of Company ; (2) Appointment (dismissal), impartiality and performance of the certifying accountant ; (3) Effective enforcement of internal controls of the Company ; (4) Compliance with relevant laws, regulations and rules by the Company ; (5) Monitoring of existing or underlying risks involving the Company.

4. Audit Committee shall comprise of all Independent Directors, the number of which shall be no less than three (3). One of them shall be the convener, and at least one of them shall possess accounting or financial expertise.