

# **Primax Electronic Ltd.**

## **Audit Committee Charter**

**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 main function of the Audit Committee is to supervise the following matters:

1. Fair presentation of the financial reports of this Corporation.
2. The hiring (and dismissal), independence, and performance of certificated public accountants of this Corporation.
3. The effective implementation of the internal control system of this Corporation.
4. Compliance with relevant laws and regulations by this Corporation.
5. Management of the existing or potential risks of this Corporation.
6. The performance of the Company's internal auditing function.

**Article 4** The Committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise. And shall submit to the board of directors for resolution.

The independent director members of the Committee shall serve a 3-year term, and may be re-elected to further terms. When the number of the independent director members on the Committee falls below that prescribed in the preceding paragraph or in the articles of incorporation due to an independent director's dismissal for any reason, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of the occurrence to hold a by-election to fill the vacancies.

**Article 5** The provisions of the Securities and Exchange Act (the "Act"), the Company Act, and any other law regarding supervisors shall apply mutatis mutandis to the Committee.

The provisions of Article 14-4, paragraph 4, of the Act concerning provisions of the Company Act that involve the powers of supervisors shall apply mutatis mutandis to the independent directors of the Committee.

Resolutions of the Committee shall be adopted with the approval of one-half or more of the entire membership of the Committee. The Committee convener shall represent the Committee externally.

Persons to represent the Company in matters under Article 213, 214, and 223 of the Company Act shall be selected by the Committee by the procedure set out in the preceding paragraph. The Committee may resolve for members to individually represent or jointly represent the Company in such matters. If representatives are not selected by the procedure in the preceding paragraph, the entire membership shall jointly represent the Company.

**Article 6** The powers of the Committee are as follows:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer. °
10. Annual and quarterly financial reports that must be audited and attested by CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
11. Review the Company's business report and profit distribution or deficit compensation.
12. Other material matters as may be required by this Corporation or by the competent authority.

The matters under the preceding paragraph shall be subject to the approval of one half or more of the entire membership of the Committee and shall be submitted to the board of directors for a resolution.

Any matter in paragraph 1, with the exception of subparagraph 10, that has not been approved by one half or more of the entire membership of the Committee may be adopted with the approval of two thirds or more of the entire board of directors.

"The entire membership," as used herein, shall be counted as the number of members actually in office at the given time.

The convener of the Committee shall represent the Committee to the public.

**Article 7** The Committee shall convene at least once quarterly, and may call a meeting at its discretion whenever necessary.

In calling a meeting of the Committee, a notice of the reasons for convening the meeting shall be given to each independent director member at least 7 days in advance. In emergency circumstances, however, the meeting may be called on shorter notice. The notice of the reasons for convening the meeting may be conducted by written or electronic means.

The Committee meeting shall be held at the location and during the business hours of the company, or at a place and time convenient to attendance by the Committee's all members and suitable for holding the Committee meeting.

A member of the Committee shall be elected as the convener and meeting chairperson by and from the entire membership of the Committee. However, if the Committee members are unable to elect a convener, the independent director who received votes representing the largest share of the voting rights shall serve as the convener.

When the convener is on leave or unable to convene a meeting for any reason, the convener shall appoint another independent director member on the Committee as acting convener; if the convener does not make such an appointment, one independent director member of the Committee shall be elected by and from the other independent director members of the Committee to serve as convener.

Independent director constituting one-half or more of the entire membership of the Committee may, by filing a written proposal setting forth the subjects for discussions and the reasons, request the convener to convene a meeting of the Committee. If the convener fails to convene the Committee meeting within 15 days from the filing of the request under the preceding paragraph, independent directors constituting one-half or more of the entire membership of the Committee may convene a meeting on their own.

The Committee may request the managers of relevant departments, internal audit officers, certified public accountants, attorneys, or other personnel of this Corporation to attend the meeting as non-voting participants and provide pertinent and necessary information, provided that they shall leave the meeting when discussion or voting takes place.

When the Committee calls a meeting, it shall furnish the members of the Committee present at the meeting with relevant materials for reference as necessary.

**Article 8** When a meeting of the Committee is held, an attendance book shall be made available for signing-in by the independent director members in attendance, and thereafter made available for reference.

Independent director members shall attend meetings of the Committee in person; if an independent director member is unable to attend in person, the independent director member may appoint another independent director member as proxy to attend the meeting. Attendance via telecommunications is deemed as attendance in person.

A member of the Committee that appoints another independent director member as proxy to attend a meeting of the Committee shall in each instance issue 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 approval 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 meeting of the Committee, matters on the meeting agenda shall be adopted with the consent of two-thirds or more of the entire board of directors. Nevertheless, a written opinion indicating approval shall be obtained from each independent director member with respect to the matters under Article 6, paragraph 1, subparagraph 10.

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

**Article 8-1** When the time of a meeting has arrived, if the Committee members present do not reach one-half of the entire membership, the chairperson may announce that the meeting time will be postponed to later on the same day, provide that only two postponements may be made. If the quorum is still not met after two postponements, the chairperson may re-call the meeting following the procedures provided in Article 7, paragraph 2.

**Article 8-2** The proceeding of a Committee meeting shall be conducted in a predetermined order of agenda items as stated in the meeting notice. However, the order may be changed with the approval of one-half or more of the entire membership of the Committee.

The meeting chairperson may not declare the meeting closed without the approval of

one-half or more of the entire membership of the Committee.

If at any time during the proceedings of the Committee meeting the members sitting at the meeting do not reach one-half of the entire membership, then upon motion by the independent directors sitting at the meeting, the chairperson shall declare a suspension of the meeting, in which case the preceding article shall mutatis mutandis.

If at any time during the proceedings of the Committee meeting, the convener for any reason is unable to chair the meeting or the chairperson fails to declare the meeting closed as provided in paragraph 2, the provisions of Article 7, paragraph 5 shall apply mutatis mutandis to the selection of the deputy to act in place thereof.

**Article 9** Discussions at a meeting of the Committee shall be included in the meeting minutes, which shall faithfully record the following:

1. The session, time, and place of the meeting.
2. The name of the meeting chair.
3. Attendance by the independent director members, including the names and the number of members present, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: For each proposal, the method of resolution and the result; a summary of the comments of the independent director members of the Committee and experts and other persons present at the meeting; name of the independent director who is an interested party as referred to in paragraph 1 of Article 11, explanation of the material aspects of the interest the director has, the reason why the director should or should not recuse himself or herself and whether or not the director has rescued; and any objections or reservations expressed.
8. Extraordinary motions: The name of the mover; the method of resolution and the result for each motion; a summary of the comments of the independent director members of the Committee and experts and other persons present at the meeting; name of the independent director who is an interested party as referred to in paragraph 1 of Article 11, explanation of the material aspects of the interest the director has, the reason why the director should or should not recuse himself or herself and whether or not the director has rescued; and any objections or reservations expressed.
9. Other matters required to be recorded.

The attendance book constitutes part of the minutes for each meeting of the Committee and shall be appropriately preserved during the existence of this Corporation.

The minutes of a Committee meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.

The meeting minutes of paragraph 1 may produce and distributed in electronic form.

**Article 10** The Committee's meeting agenda shall be drafted by the convener. Other members may also put forward proposals for discussion by the Committee.

**Article 10-1** Any and all meetings of the Committee shall be audio-recorded or videotaped from beginning to adjournment of the meeting as evidence and the files shall be kept for at least five (5) years. The files may be stored in the electronic form.

If any litigation relating to a resolution of the meeting of the Committee commences before the expiry of the period in which the evidence shall be kept in accordance with the preceding paragraph, the relevant data of audio-recorded or videotaped evidence shall continually be kept until the conclusion of the litigation.

For a meeting of the Committee convened via videoconferencing, the audio-recorded and videotaped data shall be part of the minutes of the meeting and shall be properly kept during the existence of the Corporation.

**Article 11** An independent director member of the Committee shall explain the material aspects of the interest he or she has when he or she is an interested party with respect to a given agenda item. When such a relationship is likely to prejudice the interests of this Corporation, the director shall not attend the discussion and voting and shall recuse himself or herself therefrom. Also, they shall not exercise the voting right for and on behalf of another independent director member.

An independent director is deemed to be an interested party with respect to an agenda item in respect of which its spouse or a blood relative within the second degree of kinship is an interested party.

If, for the reason stated in the first paragraph, an agenda item cannot be resolved at a meeting of the Committee, it shall be reported to the board of directors, which shall resolve on the item.

**Article 12** The Committee may resolve to retain the service of an attorney, certified public accountant, or other professionals to provide advice with respect to matters in connection with Article 6. The costs of their services shall be borne by this Corporation.

**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 take effect after adoption by a resolution of the board of directors on July 7, 2015. Subsequent amendments thereto shall be effected in the same manner.

Amendment for 1<sup>st</sup> instance: May 11, 2017.

Amendment for 2<sup>nd</sup> instance: November 14, 2017.

Amendment for 3<sup>rd</sup> instance: March 10, 2020.

Amendment for 4<sup>th</sup> instance: February 26, 2025.