

# InnoCare Optoelectronics Corporation

## 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 Unless otherwise specified by law or the Articles of Incorporation, matters concerning the number, term of office, powers, rules of procedure for the meetings, and resources to be provided by the Company when the Audit Committee ("the Committee") exercises its powers shall be handled in accordance with this Charter.
- Article 3 The main function of the Committee is to supervise the following matters:
1. Fair presentation of the financial reports of the Company.
  2. The hiring or dismissal, independence of certificated public accountants and their performance.
  3. The effective implementation of the internal control system of the Company.
  4. Compliance with relevant laws and regulations by the Company.
  5. Management and control of the existing or potential risks of the Company.
- 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 committee convener, and at least one of whom shall have accounting or financial expertise.
- The independent directors of the Committee shall serve for a term of three years and may be re-elected to serve consecutive terms. When an independent director is dismissed for any reason, resulting in a number of directors lower than that required under the Company's Articles of Incorporation, a by-election for independent director shall be held at the next following shareholders meeting. When all independent directors have been dismissed, the Company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the situation arose.
- Article 5 Powers conferred by the Securities and Exchange Act ("the Act"), the Company Act, and any other law to be exercised by supervisors, excepting those powers set out in Article 14-4, paragraph 4, of the Act, shall be exercised by the Committee.
- The provisions of Article 14-4, paragraph 4, of the Act concerning provisions of the Company Act concerning acts done by supervisors, and the role of supervisors as representatives of the Company, shall apply mutatis mutandis to the independent director members on the Committee.
- Article 6 The powers of the Committee are as follows:
1. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act.
  2. Assessment of the effectiveness of the internal control system.
  3. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
  4. A matter bearing on the personal interest of a director.
  5. A material asset or derivatives transaction.
  6. A material monetary loan, endorsement, or provision of guarantee.
  7. The offering, issuance, or private placement of any equity-type securities.
  8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
  9. The appointment or discharge of a financial, accounting, or internal auditing officer.
  10. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
  11. Any other material matter so required by the Company or the competent authority.
- The matters under the preceding paragraph shall be subject to the consent of one-half or more of all Committee members and be submitted to the board of directors for a resolution.
- With the exception of subparagraph 10, any matter under a subparagraph of the preceding paragraph that has not been approved with the consent of one-half or more of all Committee members may be undertaken upon the consent of two-thirds or more of all directors.

"All Committee members," 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 a quarter, and may call a meeting at its discretion whenever necessary.

The reasons for calling a meeting of the Committee shall be notified to each independent director member at least seven days in advance. In emergency circumstances, however, this requirement does not apply.

One member shall be elected as the convener and meeting chair by and from among the entire membership of the Committee. When the convener goes on leave or otherwise for any reason whatsoever is unable to convene a meeting, the meeting shall be convened by another independent director member designated by the convener, or if no such designation is made, by another member elected by and from among the independent director members of the Committee.

The Committee may by resolution request relevant department officers, internal auditors, certified public accountants, legal counsels, or other personnel to attend the meeting as nonvoting participants and provide pertinent and necessary information; provided, they shall leave the meeting when discussion and voting take 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 the Committee meeting is held, the Company shall have an attendance book ready for signature by the independent director members attending the meeting and thereafter keep it available for future reference.

All independent director members on the Committee shall attend committee meetings in person; a member who cannot attend in person may appoint another independent director member to attend as their proxy. Attendance via tele- or video-conference is deemed attendance in person.

A member of the Committee appointing another independent director member to attend the Committee meeting shall in each instance give to that director 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 consent 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 the Committee meeting, matters on the meeting agenda shall be adopted with the consent of two-thirds or more of the entire board of directors. Notwithstanding the foregoing, with respect to the matters in Article 6, paragraph 1, subparagraph 10, of this Charter, a written opinion shall be obtained from each independent director member indicating approval or disapproval.

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

Article 9 Discussions at the audit committee meeting shall be included in the meeting minutes, which shall faithfully record the following:

1. Session, time, and place of meeting.
2. Name of meeting chair.
3. Attendance of independent director members at the meeting, specifying names and number of members present, excused, and absent.
4. Names and titles of those attending the meeting as a nonvoting participant.
5. Name of minutes taker.
6. Matters reported.
7. Agenda items: resolution method and result of each proposal; summary of the comments made by the independent director members on the audit committee and the experts and any other persons present at the meeting; the name of any independent director member possibly having an interest relationship as referred to in paragraph 1 of the preceding article, the essential content of the interest, the reasons why the director was required or not required to enter recusal, and the status of the recusal; and any objections or reservations expressed at the meeting.
8. Extraordinary motions: Name of the mover; the resolution method and result of each proposal; summary of the comments made by the independent director members on the audit committee and the experts and any other persons present at the meeting; the name of any independent director member possibly having

an interest relationship as referred to in paragraph 1 of the preceding article, the essential content of the interest, the reasons why the director was required or not required to enter recusal, and the status of the recusal; and any objections or reservations expressed at the meeting.

9. Other matters required to be recorded.

The attendance book forms a part of the minutes of the Committee meeting and shall be well preserved for the duration of the existence of the Company.

The minutes of an audit committee meeting shall bear the signature or seal of both the meeting chair and the minutes taker, and a copy shall be distributed to each independent director member on the Committee within 20 days after the meeting and be carefully preserved as important Company records during the existence of the Company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be made in electronic form.

Article 10 The agenda working personnel designated by the convener shall prepare agenda items for the Committee and other members of the Committee may also put forward proposals for discussion by the Committee.

Article 11 If an independent director member of the Committee has a personal interest in any agenda item, the director shall explain the essential content of the interest. If the director's personal interest is likely to prejudice the interest of the Company, the director member may not participate in discussion and voting, and shall recuse himself or herself from the discussion and voting, and also may not exercise voting rights as a proxy for any other independent director member.

Where the spouse or a blood relative within the second degree of kinship of an independent director is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

Where a matter is unable to be resolved at the Committee meeting for the reason stated in paragraph 1, the fact shall be reported to the board of directors and the matter shall be resolved by the board instead.

Article 12 The Company shall record on audio or video tape the entire proceedings of the Committee meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of the Committee meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where the Committee meeting is held by video conference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be well preserved for the duration of the existence of the Company.

Article 13 The Committee may at the cost of the Company engage an attorney, certified public accountant, or other professional to conduct a necessary audit or provide advice with respect to any matter related to the matters in connection with Article 6.

Article 14 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 submit their proposals to the Board for resolution.

Article 15 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 16 This Charter, and any amendments hereto, shall come into in force after adoption by a resolution of the board of directors.