

Shinkong Synthetic Fibers Corporation

Audit Committee Charter

Approved by the Board of Directors on May 7, 2024

Article 1

This Charter is formulated in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

Article 2

Matters relating to the number of members, term of office, powers and duties, rules of procedure, and resources to be provided by the Company when the Audit Committee exercises its powers shall, unless otherwise provided by law, be governed by this Charter.

Article 3

The primary purposes of the Audit Committee's operations are to supervise the following matters:

1. The fair presentation of the Company's financial statements.
2. The appointment (or dismissal), independence, and performance of the certifying accountants.
3. The effective implementation of the Company's internal control system.
4. The Company's compliance with relevant laws and regulations.
5. The control of the Company's existing or potential risks.

Article 4

The Audit Committee shall be composed of all independent directors, with no fewer than three members. One member shall serve as the convener, and at least one member shall possess accounting or financial expertise.

The term of office of the independent directors serving on the Audit Committee shall be three years and they may be re-elected. Where an independent director is dismissed for any reason resulting in the number of members falling below the preceding paragraph or the number prescribed in the Articles of Incorporation, a by-election shall be held at the next shareholders' meeting. Where all independent directors are dismissed, the Company shall convene an extraordinary shareholders' meeting within sixty (60) days from the date of occurrence to hold a by-election.

Article 5

The provisions of the Securities and Exchange Act (the "SEA"), the Company Act, and other laws regarding supervisors shall apply mutatis mutandis to the Audit Committee.

The provisions of Paragraph 4, Article 14-4 of the SEA regarding the powers of supervisors under the Company Act shall apply mutatis mutandis to the independent directors serving on the Audit Committee.

Resolutions of the Audit Committee shall require the consent of more than one-half of all members. The convener of the Audit Committee shall represent the Audit Committee externally.

For matters under Articles 213, 214, and 223 of the Company Act, the Company representative shall be elected by the Audit Committee in accordance with the preceding paragraph. The Audit Committee may resolve that a single member or multiple members jointly represent the Company. Where no representative is elected in accordance with the preceding paragraph, all members shall jointly represent the Company.

As used in this Charter, "all members" shall mean members actually in office.

Article 6

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

1. To formulate or amend the internal control system in accordance with Article 14-1 of the SEA.
2. To assess the effectiveness of the internal control system.
3. To formulate or amend the procedures for acquisition or disposal of assets, engagement in derivative transactions, lending of funds to others, and endorsement or provision of guarantees for others as required under Article 36-1 of the SEA.
4. Matters involving directors' personal interests.

5. Material asset or derivative transactions.
6. Material lending of funds, endorsements, or guarantees.
7. Public offering, issuance, or private placement of equity-type securities.
8. Appointment, dismissal, or remuneration of the certifying accountants.
9. Appointment or dismissal of the chief financial officer, chief accounting officer, or chief internal auditor.
10. Annual financial reports signed or sealed by the Chairman, managers, and accounting officers, and second-quarter financial reports required to be reviewed and audited by a certified public accountant.
11. Other material matters as required by the Company or the competent authority.

Resolutions on the matters set forth in the preceding paragraph shall require the consent of more than one-half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution.

Except for Subparagraph 10 of Paragraph 1, where any matter set forth in Paragraph 1 fails to obtain the consent of more than one-half of all members of the Audit Committee, it may be approved with the consent of more than two-thirds of all directors.

As used in this Charter, "all members" shall mean members actually in office.

The convener of the Audit Committee shall represent the Audit Committee externally.

Article 7

The Audit Committee shall convene at least once every quarter and may convene meetings at any time as necessary.

Notice of convocation shall specify the reasons for the meeting and shall be given to each independent director member at least seven (7) days in advance, and may be given by electronic mail or facsimile. In the event of an emergency, this requirement shall not apply.

Meetings shall be held at the Company's place of business and during business hours, or at another time and place convenient for the attendance of Audit Committee members and appropriate for holding meetings.

The Audit Committee shall elect one member from among all members to serve as the convener and chairperson of meetings. Where the Audit Committee is unable to elect a convener, the independent director receiving the highest number of votes representing voting rights shall serve as the convener.

Where the convener is on leave or unable to convene meetings for any reason, another independent director designated by the convener shall act on the convener's behalf. Where no designation is made, the independent directors shall elect one member to act on the convener's behalf.

Where more than one-half of all members of the Audit Committee submit a written request specifying the proposed matters and reasons, requesting the convener to convene a meeting, and the convener fails to do so within fifteen (15) days, more than one-half of all members may convene the meeting on their own.

The Audit Committee may, by resolution, invite managers of relevant departments, internal auditors, accountants, legal counsel, or other personnel to attend meetings and provide necessary information; however, such invitees shall leave the meeting during discussions and voting.

The Corporate Secretary Office shall serve as the administrative unit for the Audit Committee. Relevant materials shall be prepared for members' reference at meetings.

Article 8

The meeting agenda shall be determined by the convener. Other members may also propose agenda items for discussion. The agenda shall be provided to members in advance.

At meetings, the Company shall provide a sign-in sheet for attending members.

Members shall attend meetings in person. If a member is unable to attend in person, another member may be appointed as proxy, limited to representing one member. Participation via video conference shall be deemed attendance in person.

Where a member appoints another member as proxy, a proxy form specifying the scope of authorization with respect to the matters convened shall be issued for each meeting.

Resolutions shall require the consent of more than one-half of all members. Where the chairperson inquires and no objection is raised, the proposal shall be deemed approved with the same effect as a vote. Voting results shall be announced on the spot and recorded.

Where meetings cannot be convened for justified reasons, matters may be approved with the consent of more than two-thirds of all directors. However, matters under Subparagraph 10, Paragraph 1 of Article 6 shall still require the consent of independent directors.

A proxy may represent only one member.

Article 8-1

At the scheduled meeting time, if attendance does not reach more than one-half of all members, the chairperson may announce a postponement on the same day, limited to two postponements. If the quorum is still not met after two postponements, the chairperson may reconvene the meeting in accordance with Paragraph 2 of Article 7.

Article 8-2

Meetings shall be conducted in accordance with the agenda as set forth in the meeting notice. However, the agenda may be changed with the consent of more than one-half of all members.

The chairperson may not adjourn the meeting without the consent of more than one-half of all members.

If, during the meeting, attendance falls below more than one-half of all members, the chairperson shall, upon proposal by attending independent directors, announce a suspension of the meeting and apply mutatis mutandis the preceding article.

Where the convener is unable to preside over the meeting or the chairperson adjourns the meeting in violation of the preceding paragraph, the selection of an acting chairperson shall be governed by Paragraph 5 of Article 7.

Article 9

Where a member has a personal interest in a matter under discussion, the member shall explain the material aspects of such interest. Where there is a risk of harm to the Company's interests, the member shall not participate in discussion or voting, shall recuse himself or herself, and shall not exercise voting rights on behalf of other members.

Where a member's spouse or relatives by blood within the second degree have a personal interest in a matter, the member shall be deemed to have a personal interest in such matter.

Where recusal results in the Audit Committee being unable to adopt a resolution, the matter shall be reported to the Board of Directors for resolution.

Article 10

Minutes of meetings shall be prepared and shall fully record the following matters:

1. Session number and time and place of the meeting.
2. Name of the chairperson.

3. Attendance status of members, including names and numbers of those present, on leave, or absent.

4. Names and titles of attendees.

5. Name of the recorder.

6. Matters reported.

7. Matters discussed: method and results of resolutions, summaries of statements by members, experts, and other personnel, names of members with conflicts of interest, material aspects of such conflicts, reasons for recusal or non-recusal, recusal status, and dissenting or qualified opinions.

8. Extraordinary motions: name of proposer, method and results of resolutions, summaries of statements by members, experts, and other personnel, names of members with conflicts of interest, material aspects of such conflicts, reasons for recusal or non-recusal, recusal status, and dissenting or qualified opinions.

9. Other matters to be recorded.

The sign-in sheet shall form part of the minutes and shall be properly retained during the Company's existence.

Minutes shall be signed or sealed by the chairperson and recorder, distributed to members within twenty (20) days after the meeting, included in the Company's important records, and permanently retained during the Company's existence. Preparation and distribution may be made by electronic mail or facsimile.

Article 10-1

The Company shall make audio or video recordings of the entire meeting proceedings and retain such recordings for at least five (5) years, which may be preserved in electronic form.

Where litigation related to resolutions of the Audit Committee occurs before the expiration of the retention period, the relevant recordings shall be retained until the conclusion of the litigation.

Where meetings are held via video conference, the audiovisual materials shall form part of the minutes and shall be properly retained during the Company's existence.

Article 11

The Audit Committee may, by resolution, engage attorneys, certified public accountants, or other professionals to conduct necessary reviews or provide consultation on matters under Articles 3 and 6, and the related expenses shall be borne by the Company.

Article 12

Members of the Audit Committee shall exercise the duty of care of a good administrator, faithfully perform the duties prescribed in this Charter, be accountable to the Board of Directors, and submit proposals to the Board of Directors for resolution.

Article 13

The Audit Committee shall periodically review matters related to this Charter and submit proposed amendments to the Board of Directors.

Article 14

Execution of matters resolved by the Audit Committee may be delegated to the convener or other members, who shall submit written reports to the Audit Committee during execution. Where necessary, such matters shall be submitted to the Audit Committee at the next meeting for ratification or reporting.

Article 15

This Charter shall be implemented upon approval by the Board of Directors. The same shall apply to any amendments.