



股票 Stock code
代號 6768

志強國際企業股份有限公司

SPORTS GEAR CO., LTD.

2024

股東常會 議事手冊

2024 Annual Shareholders' Meeting Meeting Agenda

NOTE:

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方式：實體股東會

日期：2024年5月24日

地點：南山人壽教育訓練中心(台中市烏日區成功西路300號)B101階梯式演講廳

公司網址：<http://www.sportsgear.com.tw>

公開資訊觀測站網址：https://mops.twse.com.tw/mops/web/t57sb01_q5

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Chapter 1. Sports Gear Co., Ltd. 2024 Annual Shareholders' Meeting Procedures

- I. Call meeting to order
- II. Chairperson's remarks
- III. Matters to Report
- IV. Matters for Ratification
- V. Extraordinary Motions
- VI. Adjournment

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Chapter 2. Sports Gear Co., Ltd. 2024 Annual Shareholders' Meeting Agenda

Meeting method: Physical shareholders' meeting

Meeting time: May 24, 2024 (Friday) 9:30 am

Meeting location: Nanshan Life Insurance Education and Training Center
(No. 300, Chenggong W. Road, Wuri District, Taichung City)
B101 Lecture Hall

Meeting Procedure:

- I. Report the number of shares in attendance
- II. Call meeting to order
- III. Chairperson's remarks
- IV. Matters to Report
 - (I) 2023 Business Report.
 - (II) 2023 Report by Audit Committee on Review of the Financial Statements.
 - (III) 2023 Employee and Director Remuneration Distribution Report.
 - (IV) 2023 Directors' Remuneration Report.
- V. Matters for Ratification
 - (I) Ratify the 2023 Business Report and Consolidated Financial Report.
 - (II) Ratification of the 2023 Earnings Distributions.
- VI. Extraordinary Motions
- VII. Adjournment

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Chapter 3. Matters to Report

First Proposal

Proposal: 2023 Business Report.

Description: For the Company's 2023 Business Report, please refer to Attachment 1 (pages 5-6).

Second Proposal

Proposal: 2023 Report by Audit Committee on Review of the Financial Statements.

Description: For the Audit Committee Report, please refer to Attachment 2 (page 7).

Third Proposal

Proposal: 2023 Employee and Director Remuneration Distribution Report.

Description:

- I. The Company passed the resolution of the Board of Directors on March 5, 2024. According to the provisions of Article 121 of the Company's Articles of Incorporation, employee remuneration shall not be less than 2% of the profit when the Company's shares are traded in designated securities markets. The Company proposes allocating 2.01% of the net profit before tax (deducting benefits before distribution of employee and director remuneration), a total of NT\$15,886,500, as employee remuneration in 2023, which will be paid in cash.
- II. The Company passed the resolution of the Board of Directors on March 5, 2024. According to the provisions of Article 121 of the Company's Articles of Incorporation, the remuneration of its directors shall not exceed 2% of the profit during the trading period of the Company's shares in designated securities markets. The Company proposes allocating 0.98% of the net profit before tax (deducting benefits before the distribution of employee and director remuneration), a total of NT\$7,787,500, as director remuneration in 2023, which will be paid in cash.

Fourth Proposal

Proposal: 2023 Directors' Remuneration Report.

Description:

- I. The policy, system, standards and structure of the remuneration packages of the Company's Dependent and Independent Directors and explanation of the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:

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- (I) Director: The Company's directors' remuneration is determined in accordance with the "Remuneration Rules for Directors and Managers". Directors' remuneration includes travel expenses to attend board meetings. In accordance with the Company's Articles of Association, directors' remuneration shall not exceed 2% of the year's profit. The actual amount of appropriation is determined by taking into account factors such as the performance of the board of directors, the Company's operating performance, and risk appetite for future operating needs, and is reviewed and approved by the Remuneration Committee and the Board of Directors. Independent directors do not participate in the distribution of directors' remuneration.
- (II) Independent Director: As determined in accordance with the "Remuneration Rules for Directors and Managers", the Company's independent directors receive fixed monthly remuneration and travel and attendance fees for attending board meetings, and the amount is reviewed and approved by the Remuneration Committee and the Board of Directors.

II. The Individual Directors' Remuneration table is detailed in Attachment 3 (page 8).

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Chapter 4. Matters for Ratification

First Proposal

Proposal: Ratify the 2023 Business Report and Consolidated Financial Report.
(Provided by the Board of Directors)

Description:

- I. The Company's 2023 Consolidated Financial Statements were approved by the Board of Directors, and were verified by accountants Amy Chiang and James Wu from Deloitte Taiwan.
- II. The 2023 Business Report and Consolidated Financial Report are included in Attachment 1 (pages 5-6) and Attachment 4 (pages 8-17), which are approved for ratification by the annual shareholders' meeting.

Resolution:

Second Proposal

Proposal: Ratification of the 2023 Earnings Distributions. (Provided by the Board of Directors)

Description:

- I. The Company's 2023 net profit attributable to the parent company after tax and the adjustment items plus undistributed earnings at the beginning of the period is NT\$3,218,386,119. The Company has allocated a 10% statutory surplus reserve of NT\$53,125,709. The distributable earnings is NT\$3,165,260,410, and the proposed cash dividend per share is NT\$3.8.
- II. The Chairperson is proposed to be authorized to determine the baseline date, payment date and other related matters of this cash dividend distribution. If calculated on the basis of the number of shares held by shareholders in the shareholder register on the baseline date of cash dividend distribution, it is calculated to the nearest NT\$ (round down to the nearest NT\$). If the distributed cash dividend is less than NT\$1, the total amount shall be listed as other income of the Company. When there are subsequent changes in the number of issued shares that are entitled to participate in the distribution due to the operating conditions of the Company, making it necessary to adjust the actual distribution amount per share, it shall request the shareholders' meeting to authorize the Chairman to make the necessary adjustments.
- III. Please refer to Attachment 5 (page 18) for details on the 2023 Earnings Distributions.

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IV. The above matters have been approved for ratification by the annual shareholders' meeting.

Resolution:

Chapter 5. Extraordinary Motions

Chapter 6. Adjournment

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2023 Business Report

I. Preface:

The lifting of the pandemic measures in 2022 ushered in the economic recovery. The global economy reaches its peak, and the Company's revenue and profit hit record highs. In 2023, under the twin storms of inflation and recession, the world's major economies faced a cooling economy. Due to customer inventory adjustments, revenue fell sharply in the first two quarters. However, the Company weathered this storm with its sound financial structure and sufficient cash positions. In the second half of the year, orders strengthened as customer inventory adjustments came to an end. The Company rebounded from rock bottom with four consecutive months of revenue growth since August. In terms of financial performance, the Company generated a consolidated revenue of NT\$14.21 billion in 2023, a decrease of 23.31% year-on-year. The overall net profit after tax was NT\$540 million. The Company's 2023 operating performance and 2024 business plan are as follows:

II. 2023 Business Report

(I) Results of business plans

Unit: Thousand NTD

Accounting items	2023	2022	Amount of increase (decrease)	Change ratio (%)
Net operating revenue	14,207,689	18,524,986	(4,317,297)	(23.31%)
Gross profit	2,366,728	4,284,342	(1,917,614)	(44.76%)
Net profit	480,052	2,253,074	(1,773,022)	(78.69%)
Net profit before tax	764,388	2,363,897	(1,599,509)	(67.66%)
Net profit after tax	539,460	1,802,024	(1,262,564)	(70.06%)

(II) Analysis of financial gains and losses and profitability

Analysis items		2023	2022
Financial structure	Ratio of liabilities to assets (%)	31.79	29.45
	Ratio of long-term capital to real estate	312.74	337.33

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	properties, plants and equipment (%)		
Liquidity	Current ratio (%)	309.43	325.89
	Quick ratio (%)	273.32	283.06
Profitability	ROA (%)	3.10	10.20
	ROE (%)	3.89	13.76
	Net profit margin (%)	3.80	9.73
	earnings per share (EPS) (NTD)	2.78	9.22

(III) 2023 budget execution: The Company has not disclosed its 2023 financial forecast.

(IV) Production overview:

The Group produced 29,749 thousand pairs of shoes in 2023, a reduction of 32% compared to 2022, mainly due to only 70% of overall utilization rate in 2023, with Vietnam and Cambodia accounting for 63.88% and 36.12% respectively. The main production strategies for each region in 2023 are as follows:

- 19,005 thousand pairs produced in Vietnam: It will continue to be the main production base of the Group. We will continue to improve our production management and increase the proportion of automated equipment used in the future.
- 10,744 thousand pairs produced in Cambodia: We will continue to improve our production process, thereby improving our production technology.
- The future production capacity expansion will be in line with the global layout. With the new production plants in Portugal and Indonesia to be completed successively, the production capacity will continue to be expanded based on customer demand.

(V) Research and development

The Company continues to invest in the innovation of various processes. In 2023, it invested NT\$418,345 thousand in research and development, accounting for 2.94% of consolidated revenue, higher than the amount of NT\$381,738 thousand in research and development, which accounted for 2.06% of consolidated revenue in 2022. The research and development expenditure is mainly in the upgrade of direct injection technology and the improvement of various processes, demonstrating the Company's continued

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effort in production efficiency improvement and production technologies innovation in spite of the weak economy. In addition to setting up exclusive R&D centers in cooperation with major brands, the Company closely interacts with brands from the product development phase, improves sample quality completion and sample delivery speed, and provides its brand customers with superior services and solutions.

(VI) Corporate Social Responsibility

The Company adheres to the philosophy of "Think Global, Care for the Society". While pursuing sustainable operations, it continues to give back to the society for their continued support. In Taiwan, Sports Gear Social Welfare Foundation leads the Company in giving back to the society and participating in activities. For overseas subsidiaries, the relevant departments of the plants are responsible for coordinating the plants' activities in environmental safety and health, social and environmental affairs, and caring for the disadvantaged. To fulfill the responsibilities of a corporate citizen, the Company continues to unleash its capabilities and invest resources in social welfare to reduce social problems and help Taiwan in becoming a better society. The Company also adheres to the United Nations' Sustainable Development Goals (SDGs). Over the years, it has been promoting charitable activities through funding, in-kind donations, etc. In addition to continuing to care for remote region's elementary school students, remote region's medical care and disadvantaged elderly, etc. the Company also began to invest resources in environmental protection issues in recent years, in the aim to bring about positive changes to the society and environment through actual actions.

III. 2024 Business Plan

(I) Business Plan

As we enter 2024, the global market still takes time to recover, and we are deeply aware that such a difficult environment may continue for a period of time. The Company will continue to focus on process technology improvement, and look forward to the Olympics theme and North America football fever in the second half of the year to bring about the recovery of the operations gradually.

(II) Outlook and Development Strategy

With the Company's professional management team, together with our stable product quality and compliance with international brands' standard, we will continue to cultivate our existing customers as well as actively expand our

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customer base. We will consider the future needs of the customers and development direction, and make proper investment in the future and optimize our cost structure and operating capacity.

(III) The Impact of the External Competitive Environment, Regulatory Environment, and Overall Business Environment

The Company adheres to sustainable operation, actively handles different external challenges, so as to attain stable growth and sustainable development. In terms of corporate social responsibility, we continue to strengthen the communication mechanism with all stakeholders, and make use of the Group's resources to unleash the influence of a corporate citizen, attaining a better society.

Chairman:

Manager:

Head of
Accounting:

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Audit Committee Report

The Board of Directors has prepared the Company's 2024 Business Report, Financial Statements and Statement of Surplus Distribution, of which the Financial Statements have been audited by CPAs Amy Chiang and James Wu of Deloitte, Taiwan, and an Audit Report has been submitted.

The Audit Committee has reviewed the above Business Report, Financial Statements and Statement of Surplus Distribution, and did not find any instances of noncompliance. In accordance with relevant regulations of the Securities and Exchange Act and Company Act, it is hereby submitted for your review and perusal.

To:

Sports Gear Co., Ltd. 2024 Annual General Meeting

Convener of the Audit Committee: Long-I Liao

March 5, 2024

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Attachment 3- Individual Directors' Remuneration

Title	Name	Director remuneration								Total remuneration (A+B+C+D) and as a percentage of net profit after tax				Remuneration to concurrent employees								Total remuneration (A+B+C+D+E+F+G) and as a percentage of net profit after tax				Remuneration from non-consolidated affiliates or parent company, not including subsidiaries
		Remuneration (A)		Severance pay and pension (B)		Remuneration of director (C)		Business implementation expenses (D)						Salary, bonuses, and special allowances (E)		Severance pay and pension (F)		Employee remuneration (G)								
		the Company	All companies in the Financial Report	the Company	All companies in the Financial Report	the Company	All companies in the Financial Report	the Company	All companies in the Financial Report	the Company		All companies in the Financial Report		the Company	All companies in the Financial Report	the Company	All companies in the Financial Report	the Company		All companies in the Financial Report		the Company		All companies in the Financial Report		
										Total	Ratio of total amount to net profit after tax	Total	Ratio of total amount to net profit after tax					Cash amount	Stock amount	Cash amount	Stock amount	Total	Ratio of total amount to net profit after tax	Total	Ratio of total amount to net profit after tax	
Chairman and President	Wei-Chia Chen	-	-	-	-	3,540	3,540	60	60	3,600	0.66%	3,600	0.66%	3,644	5,635	-	-	247	-	247	-	7,491	1.37%	9,482	1.74%	-
Director	Jialai Development Co., Ltd.	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-
	Representative: Thomas Wang	-	-	-	-	1,416	1,416	50	50	1,466	0.27%	1,466	0.27%	-	-	-	-	-	-	-	-	1,466	0.27%	1,466	0.27%	-
Director	Pure-Xu Real Estate Advertising Co., Ltd.	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-
	Representative: Thomas Lee	-	-	-	-	1,416	1,416	60	60	1,476	0.27%	1,476	0.27%	-	-	-	-	-	-	-	-	1,476	0.27%	1,476	0.27%	-
Director	Davis Cheng	-	-	-	-	1,416	1,416	50	50	1,466	0.27%	1,466	0.27%	-	-	-	-	-	-	-	-	1,466	0.27%	1,466	0.27%	-
Independent Director	Long-I Liao	1,200	1,200	-	-	-	-	60	60	1,260	0.23%	1,260	0.23%	-	-	-	-	-	-	-	-	1,260	0.23%	1,260	0.23%	-
Independent Director	Tzung-Chen Chen	1,200	1,200	-	-	-	-	60	60	1,260	0.23%	1,260	0.23%	-	-	-	-	-	-	-	-	1,260	0.23%	1,260	0.23%	-
Independent Director	Peter Shu	1,200	1,200	-	-	-	-	50	50	1,250	0.23%	1,250	0.23%	-	-	-	-	-	-	-	-	1,250	0.23%	1,250	0.23%	-

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Independent Auditor's Report

The Board of Directors and Shareholders
To Sports Gear Co., Ltd.:

Auditors' Opinions

We have audited the accompanying consolidated financial statements of Sports Gear Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China ("ROC").

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023, is as follows:

Inventory valuation

As of the date of the balance sheet, the Group's inventory was NT\$1,537,782 thousand, which is significant to the overall consolidated financial statements. Inventories are stated at the lower of cost or net realizable value. As the determination of the net realizable value and estimation of the consumption of inventory based on aging is involved with subjective estimation and judgment, inventory valuation was identified as a key audit matter. Refer to Notes 4, 5, and 8 to the consolidated financial statements for accounting policies and disclosures related to inventory.

Our main audit procedures performed in respect of the key audit matter were as follows:

1. We understood and assessed the risks related to the design and implementation of internal control and the assessment of the net realizable value of inventories.
2. We assessed the reasonableness of management's accounting policies for estimating the net realizable value of inventories.
3. We obtained the assessment data of the net realizable value of inventories from the management. We also checked and re-calculated to confirm the correctness of the net realizable value of inventories and the provision of impairment losses.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concerned and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Chin, Chiang and Shao-Chun, Wu.

March 5, 2024.

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SPORTS GEAR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	\$ 5,862,699	29	\$ 5,566,630	28
1170	Accounts receivable, net (Notes 7, 16, and 22)	2,534,960	13	3,351,556	17
1200	Other receivables	47,741	-	54,126	-
1220	Current tax assets (Note 18)	27,075	-	30,018	-
130X	Inventories (Note 8)	1,537,782	8	1,817,958	9
1476	Other financial assets - current (Notes 6 and 23)	2,458,969	12	2,074,839	10
1479	Other current assets	708,443	4	938,780	5
11XX	Total current assets	<u>13,177,669</u>	<u>66</u>	<u>13,833,907</u>	<u>69</u>
	NON-CURRENT ASSETS				
1600	Property, plant, and equipment (Notes 10 and 23)	5,009,498	25	4,682,878	23
1755	Right-of-use assets (Notes 11 and 12)	1,234,197	6	1,244,724	6
1780	Intangible assets	17,471	-	35,558	-
1840	Deferred income tax assets (Note 18)	112,333	1	103,260	1
1920	Refundable deposits	54,078	-	54,185	-
1980	Other financial assets - non-current (Notes 6 and 23)	225,712	1	11,827	-
1990	Other non-current assets	94,713	1	75,378	1
15XX	Total non-current assets	<u>6,748,002</u>	<u>34</u>	<u>6,207,810</u>	<u>31</u>
1XXX	TOTAL	<u>\$19,925,671</u>	<u>100</u>	<u>\$20,041,717</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term bank loans (Notes 12 and 23)	\$ 922,412	5	\$ 780,597	4
2150	Note payables	538	-	4,565	-
2170	Account payables	1,621,864	8	1,612,956	8
2200	Other payables (Notes 13 and 22)	947,822	5	977,682	5
2230	Current tax liabilities (Note 18)	230,272	1	593,046	3
2280	Lease liabilities-current (Notes 11 and 22)	95,153	-	88,326	-
2320	Current portion of long-term bank loans (Notes 12 and 23)	384,570	2	174,417	1
2399	Other current liabilities	56,128	-	13,403	-
21XX	Total current liabilities	<u>4,258,759</u>	<u>21</u>	<u>4,244,992</u>	<u>21</u>
	NON-CURRENT LIABILITIES				
2541	Long-term bank loans (Notes 12 and 23)	1,351,457	7	861,611	4
2560	Current tax liabilities - non-current (Note 18)	10,668	-	51,747	-
2570	Deferred tax liabilities (Note 18)	2,612	-	869	-
2580	Lease liabilities - non-current (Notes 11 and 22)	711,444	4	742,531	4
25XX	Total non-current liabilities	<u>2,076,181</u>	<u>11</u>	<u>1,656,758</u>	<u>8</u>
2XXX	Total liabilities	<u>6,334,940</u>	<u>32</u>	<u>5,901,750</u>	<u>29</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
3110	Share capital	1,960,456	10	1,960,456	10
3211	Capital surplus	7,954,196	40	7,954,196	40
	Retained earnings				
3310	Legal reserve	391,072	2	210,263	1
3320	Special reserve	-	-	794,855	4
3350	Unappropriated earnings	3,218,387	16	3,053,312	15
3400	Other Equity	66,072	-	173,461	1
31XX	Total equity attributable to owners of the Company	<u>13,590,183</u>	<u>68</u>	<u>14,146,543</u>	<u>71</u>
36XX	Non-controlling interests	<u>548</u>	<u>-</u>	<u>(6,576)</u>	<u>-</u>
3XXX	Total equity	<u>13,590,731</u>	<u>68</u>	<u>14,139,967</u>	<u>71</u>
	TOTAL	<u>\$19,925,671</u>	<u>100</u>	<u>\$20,041,717</u>	<u>100</u>

The accompanying Note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Shi-Zheng Ma Accounting Supervisor: Vincent Kang

NOTE:

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SPORTS GEAR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

CODE		2023		2022	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 16 and 22)	\$ 14,207,689	100	\$ 18,524,986	100
5000	OPERATING COSTS (Notes 8 and 17)	<u>11,840,961</u>	<u>84</u>	<u>14,240,644</u>	<u>77</u>
5900	GROSS PROFIT	<u>2,366,728</u>	<u>16</u>	<u>4,284,342</u>	<u>23</u>
	OPERATING EXPENSES (Notes 17 and 22)				
6100	Selling and marketing expenses	288,209	2	369,522	2
6200	General and administrative expenses	1,181,125	8	1,279,005	7
6300	Research and development expenses	418,345	3	381,738	2
6450	Expected credit losses (Reversal gains)	(<u>1,003</u>)	<u>-</u>	<u>1,003</u>	<u>-</u>
6000	Total operating expenses	<u>1,886,676</u>	<u>13</u>	<u>2,031,268</u>	<u>11</u>
6900	PROFIT FROM OPERATIONS	<u>480,052</u>	<u>3</u>	<u>2,253,074</u>	<u>12</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 17 and 22)				
7010	Other income	36,594	-	25,722	-
7020	Other gains and losses	55,462	1	59,778	-
7050	Finance costs	(99,957)	(1)	(74,614)	-
7100	Interest income	<u>292,237</u>	<u>2</u>	<u>99,937</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>284,336</u>	<u>2</u>	<u>110,823</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX	764,388	5	2,363,897	13
7950	INCOME TAX EXPENSE (Note 18)	<u>224,928</u>	<u>1</u>	<u>561,873</u>	<u>3</u>
8200	NET PROFIT FOR THE YEAR	<u>539,460</u>	<u>4</u>	<u>1,802,024</u>	<u>10</u>

(Continued)

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(Continued)

CODE		2023		2022	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8341	Exchange difference of translation to the presentation currency	(\$ 5,019)	-	\$ 1,329,485	7
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences in translating the financial statements of foreign operations	(103,449)	(1)	(361,539)	(2)
8300	Other comprehensive income (loss)	(108,468)	(1)	967,946	5
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 430,992</u>	<u>3</u>	<u>\$ 2,769,970</u>	<u>15</u>
	Net profit (loss) attributable to:				
8610	Owners of the company	\$ 544,986	4	\$ 1,808,092	10
8620	Non-controlling interest	(5,526)	-	(6,068)	-
8600		<u>\$ 539,460</u>	<u>4</u>	<u>\$ 1,802,024</u>	<u>10</u>
	Comprehensive income attributable to:				
8710	Owners of the company	\$ 437,597	3	\$ 2,776,408	15
8720	Non-controlling interest	(6,605)	-	(6,438)	-
8700		<u>\$ 430,992</u>	<u>3</u>	<u>\$ 2,769,970</u>	<u>15</u>
	EARNINGS PER SHARE (Note 19)				
9750	Basic	<u>\$ 2.78</u>		<u>\$ 9.22</u>	
9850	Dilution	<u>\$ 2.77</u>		<u>\$ 9.17</u>	

The accompanying Note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen

Manager: Shi-Zheng Ma

Accounting Supervisor: Vincent Kang

NOTE:

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SPORTS GEAR CO., LTD. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company (Note 15)								
		Share Capital	Capital Surplus	Retained Earnings			Other Equity	Total	Non-controlling Interests	Total Equity
C O D E				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences in translation of the financial statements of foreign operations			
A1	Balance on January 1, 2022	\$ 1,960,456	\$ 8,444,311	\$ 145,770	\$ 549,790	\$ 1,750,824	(\$ 794,855)	\$ 12,056,296	(\$ 138)	\$ 12,056,158
	Appropriation of 2021 earnings									
B1	Legal Reserve	-	-	64,493	-	(64,493)	-	-	-	-
B3	Special Reserve	-	-	-	245,065	(245,065)	-	-	-	-
B5	Cash dividends distributed by the Company	-	(490,115)	-	-	(196,046)	-	(686,161)	-	(686,161)
D1	Net profit (loss) for the year ended December 31, 2022	-	-	-	-	1,808,092	-	1,808,092	(6,068)	1,802,024
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	968,316	968,316	(370)	967,946
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,808,092	968,316	2,776,408	(6,438)	2,769,970
Z1	Balance at December 31, 2022	1,960,456	7,954,196	210,263	794,855	3,053,312	173,461	14,146,543	(6,576)	14,139,967
	Appropriation of 2022 earnings									
B1	Legal Reserve	-	-	180,809	-	(180,809)	-	-	-	-
B3	Special Reserve	-	-	-	(794,855)	794,855	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(980,228)	-	(980,228)	-	(980,228)
D1	Net profit (loss) for the year ended December 31, 2023	-	-	-	-	544,986	-	544,986	(5,526)	539,460
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(107,389)	(107,389)	(1,079)	(108,468)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	544,986	(107,389)	437,597	(6,605)	430,992
M7	Changes in the percentage of ownership interests in subsidiaries	-	-	-	-	(13,729)	-	(13,729)	13,729	-
Z1	Balance at December 31, 2023	\$ 1,960,456	\$ 7,954,196	\$ 391,072	\$ -	\$ 3,218,387	\$ 66,072	\$ 13,590,183	\$ 548	\$ 13,590,731

The accompanying note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Shi-Zheng Ma

Accounting Supervisor: Vincent Kang

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SPORTS GEAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

CODE		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	\$ 764,388	\$ 2,363,897
A20010	Adjustments for:		
A20100	Depreciation expenses	717,555	746,855
A20200	Amortization expenses	9,269	7,998
A20300	Expected credit losses (reversal gains)	(1,003)	1,003
A20900	Interest expenses	99,957	74,614
A21200	Interest income	(292,237)	(99,937)
A22500	Losses on disposal of property, plant, and equipment	8,898	13,952
A23700	Losses on impairment of goodwill	13,540	-
A23800	Reversal of impairment losses on non- financial assets	(14,104)	(4,663)
A24100	Net losses on foreign currency exchange	9,517	60,837
A29900	Profit from lease modification	(2)	(76)
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	818,781	(1,410,991)
A31180	Other accounts receivable	(2,926)	10,222
A31200	Inventories	266,726	(131,526)
A31240	Other current assets	278,971	(354,538)
A32150	Accounts payable	6,535	176,494
A32180	Other payables	(32,493)	151,719
A32230	Other current liabilities	<u>43,397</u>	<u>3,861</u>
A33000	Cash generated from operations	2,694,769	1,609,721
A33100	Interest received	300,717	73,013
A33300	Interest paid	(89,811)	(72,639)
A33500	Income tax paid	<u>(629,748)</u>	<u>(395,316)</u>

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AAAA	Net cash generated from operating activities	<u>2,275,927</u>	<u>1,214,779</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B02700	Acquisition of property, plant, and equipment	(1,011,493)	(1,231,989)
B02800	Proceeds from disposal of property, plant, and equipment	2,857	11,006
B03700	Increase in refundable deposits	(319)	(627)
B04500	Acquisition of intangible assets	(4,165)	(14,781)
B05350	Acquisition of right-of-use assets	(42,848)	-

(Continued)

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(Continued)

C o d e		2023	2022
B06500	Increase in other financial assets	(\$ 624,147)	(\$ 682,806)
B06700	Decrease (increase) in other non-current assets	(20,793)	9,570
BBBB	Net cash used in investing activities	(1,700,908)	(1,909,627)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term bank loans	3,729,938	2,301,747
C00200	Decrease in short-term bank loans	(3,590,775)	(1,959,418)
C01600	Proceeds from long-term bank loans	1,455,951	1,590,755
C01700	Repayments of long-term bank loans	(744,660)	(1,332,399)
C04020	Repayment of the principal portion of lease liabilities	(90,422)	(77,595)
C04500	Dividends paid to owners of the Company	(980,228)	(686,161)
CCCC	Net cash used in financing activities	(220,196)	(163,071)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(58,754)	382,595
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	296,069	(475,324)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,566,630	6,041,954
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 5,862,699	\$ 5,566,630

The accompanying note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Shi-Zheng Ma Accounting Supervisor: Vincent Kang

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Sports Gear Co., Ltd.
Distribution of 2023 Earnings

Item	Unit: NTD
Unappropriated earnings at the beginning of the period	2,687,129,025
Net profit for 2023	544,985,650
Retained earnings from adjustment of investment under equity method	(13,728,556)
Current net profit plus adjustment	531,257,094
10% provision of legal reserve	(53,125,709)
Unappropriated earnings accumulated until the end of 2023	3,165,260,410
In the form of:	
Cash dividends to shareholders (NT\$3.8 per share)	(744,973,345)
Unappropriated earnings at the end of the period	2,420,287,065

Note:

1. Number of shares issued is 196,045,617 shares. Number of outstanding shares is 196,045,617 shares.
2. If the outstanding shares are affected by subsequent buy back of the Company's shares, transfer of treasury stock, or exercising of stock options by employees, etc., resulting in changes in dividend distribution and the need to make adjustments, the chairman may be authorized to handle the relevant adjustment matters.
3. Earning from the most recent year shall first be distributed for the above earning distribution.
4. The Company's cash dividend is rounded down to the nearest NT\$; and the total decimals dropped are accounted as the Company's other income

Chairman: Patrick Chen

General manager: David Ma

Accounting Supervisor: Vincent Kang

NOTE:

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1.目的

為建立本公司良好股東會治理制度、健全監督功能及強化管理機能，爰依上市上櫃公司治理實務守則第五條規定訂定本規則，以資遵循。

2.範圍

本公司股東會之議事規則，除法令或章程另有規定者外，應依本規則之規定。

3.股東會召集及開會通知

3.1 本公司股東會除法令另有規定外，由董事會召集之。

3.2 本公司應於股東常會開會三十日前或股東臨時會開會十五日前，將股東會開會通知書、委託書用紙、有關承認案、討論案、選任或解任董事事項等各項議案之案由及說明資料製作成電子檔案傳送至公開資訊觀測站。並於股東常會開會二十一日前或股東臨時會開會十五日前，將股東會議事手冊及會議補充資料，製作電子檔案傳送至公開資訊觀測站。股東會開會十五日前，備妥當次股東會議事手冊及會議補充資料，供股東隨時索閱，並陳列於本公司及本公司所委任之專案股務代理機構，且應於股東會現場發放。

3.3 通知及公告應載明召集事由；其通知經相對人同意者，得以電子方式為之。

3.4 選任或解任董事、變更章程、減資、申請停止公開發行、董事競業許可、盈餘轉增資、公積轉增資、公司解散、合併、分割或公司法第一百八十五條第一項各款之事項、證券交易法第二十六條之一、第四十三條之六、發行人募集與發行有價證券處理準則第五十六條之一及第六十條之二之事項，應在召集事由中列舉並說明其主要內容，不得以臨時動議提出。

3.5 股東會召集事由已載明全面改選董事，並載明就任日期，該次股東會改選完成後，同次會議不得再以臨時動議或其他方式變更其就任日期。

3.6 持有已發行股份總數百分之一以上股份之股東，得向本公司提出股東常會議案，以一項為限，提案超過一項者，均不列入議案。另股東所提議案有公司法第 172 條之 1 第 4 項各款情形之一，董事會得不列為議案。股東得提出為敦促公司增進公共利益或善盡社會責任之建議性提案，程序上應依公司法第 172 條之 1 之相關規定以 1 項為限，提案超過 1 項者，均不列入議案。

3.7 本公司應於股東常會召開前之停止股票過戶日前公告受理股東之提案、書面或電子受理方式、受理處所及受理期間；其受理期間不得少於十日。

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3.8 股東所提議案以三百字為限，超過三百字者，不予列入議案；提案股東應親自或委託他人出席股東常會，並參與該項議案討論。

3.9 本公司應於股東會召集通知日前，將處理結果通知提案股東，並將合於本條規定之議案列於開會通知。對於未列入議案之股東提案，董事會應於股東會說明未列入之理由。

4.委託書

4.1 股東得於每次股東會，出具本公司印發之委託書，載明授權範圍，委託代理人，出席股東會。

4.2 一股東以出具一委託書，並以委託一人為限，應於股東會開會五日前送達本公司，委託書有重複時，以最先送達者為準。但聲明撤銷前委託者，不在此限。

4.3 委託書送達本公司後，股東欲親自出席股東會或欲以書面或電子方式行使表決權者，應於股東會開會二日前，以書面向本公司為撤銷委託之通知；逾期撤銷者，以委託代理人出席行使之表決權為準。

5.召開地點及時間

股東會召開之地點，應於本公司所在地或便利股東出席且適合股東會召開之地點為之，會議開始時間不得早於上午九時或晚於下午三時，召開之地點及時間，應充分考量獨立董事之意見。

6.簽名簿等文件之備置

6.1 本公司應於開會通知書載明受理股東報到時間、報到處地點，及其他應注意事項。

6.2 於 6.1 所稱受理股東報到時間至少應於會議開始前三十分鐘辦理之；報到處應有明確標示，並派適足適任人員辦理之。

6.3 股東本人或股東所委託之代理人(以下稱股東)應憑出席證、出席簽到卡或其他出席證件出席股東會；本公司對股東出席所憑依之證明文件不得增列要求提供其他證明文件；屬徵求委託書之徵求人並應攜帶身分證明文件，以備核對。

6.4 本公司應設簽名簿供出席股東簽到，或由出席股東繳交簽到卡以代簽到。

6.5 本公司應將議事手冊、年報、出席證、發言條、表決票及其他會議資料，交付予出席股東會之股東；有選舉董事者，應另附選舉票。

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6.6 政府或法人為股東時，出席股東會之代表人不限於一人。法人受託出席股東會時，僅得指派一人代表出席。

7.股東會主席、列席人員

7.1 股東會如由董事會召集者，其主席由董事長擔任之，董事長請假或因故不能行使職權時，由副董事長代理之，無副董事長或副董事長亦請假或因故不能行使職權時，由董事長指定董事一人代理之；董事長未指定代理人者，由董事互推一人代理之。

7.2 前項主席係由董事代理者，以任職六個月以上，並瞭解公司財務業務狀況之董事擔任之。主席如為法人董事之代表人者，亦同。

7.3 董事會所召集之股東會，董事長宜親自主持，且宜有董事會過半數之董事及各類功能性委員會成員至少一人代表出席，並將出席情形記載於股東會議事錄。

7.4 股東會如由董事會以外之其他召集權人召集者，主席由該召集權人擔任之，召集權人有二人以上時，應互推一人擔任之。

7.5 本公司得指派所委任之律師、會計師或相關人員列席股東會。

8.錄音、錄影存證

8.1 本公司應於受理股東報到時起將股東報到過程、會議進行過程、投票計票過程全程連續不間斷錄音及錄影。

8.2 股東會前項錄音及錄影資料應至少保存一年。但經股東依公司法第一百八十九條提起訴訟者，應保存至訴訟終結為止。

9.出席股數

9.1 股東會之出席，應以股份為計算基準。出席股數依簽名簿或繳交之簽到卡，加計以書面或電子方式行使表決權之股數計算之。

9.2 已屆開會時間，主席應即宣布開會，並同時公布無表決權數及出席股份數等相關資訊。惟未有代表已發行股份總數過半數之股東出席時，主席得宣布延後開會，其延後次數以二次為限，延後時間合計不得超過一小時。延後二次仍不足有代表已發行股份總數三分之一以上股東出席時，由主席宣布流會。

9.3 依第 9.2 條延後二次仍不足額而有代表已發行股份總數三分之一以上股東出席時，得依公司法第一百七十五條第一項規定為假決議，並將假決議通知各股東於一個月內再行召集股東會。

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9.4 於當次會議未結束前，如出席股東所代表股數達已發行股份總數過半數時，主席得將作成之假決議，依公司法第一百七十四條規定重新提請股東會表決。

10. 議案討論

10.1 股東會如由董事會召集者，其議程由董事會訂定之，相關議案(包括臨時動議及原議案修正)均應採逐案票決，會議應依排定之議程進行，非經股東會決議不得變更之。

10.2 股東會如由董事會以外之其他有召集權人召集者，準用第 10.1 條之規定。

10.3 第 10.1 條及第 10.2 條排定之議程於議事(含臨時動議)未終結前，非經決議，主席不得逕行宣布散會；主席違反議事規則，宣布散會者，董事會其他成員應迅速協助出席股東依法定程序，以出席股東表決權過半數之同意推選一人擔任主席，繼續開會。

10.4 主席對於議案及股東所提之修正案或臨時動議，應給予充分說明及討論之機會，認為已達可付表決之程度時，得宣布停止討論，提付表決，並安排適足之投票時間。

11. 股東發言

11.1 出席股東發言前，須先填具發言條，載明發言要旨、股東戶號(或出席證編號)及戶名，由主席定其發言順序。

11.2 出席股東僅提發言條而未發言者，視為未發言。發言內容與發言條記載不符者，以發言內容為準。

11.3 同一議案每一股東發言，非經主席之同意不得超過兩次，每次不得超過五分鐘，惟股東發言違反規定或超出議題範圍者，主席得制止其發言。

11.4 出席股東發言時，其他股東除經徵得主席及發言股東同意外，不得發言干擾，違反者主席應予制止。

11.5 法人股東指派二人以上之代表出席股東會時，同一議案僅得推由一人發言。

11.6 出席股東發言後，主席得親自或指定相關人員答覆。

12. 表決股數之計算

12.1 股東會之表決，應以股份為計算基準。

12.2 股東會之決議，對無表決權股東之股數，不算入已發行股份之總數。

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12.3 股東對於會議之事項，有自身利害關致有害於本公司利益之虞時，不得加入表決，並不得代理他股東行使其表決權。

12.4 前項不得行使表決權之股份數，不算入已出席股東之表決權數。

12.5 除信託事業或經證券主管機關核准之股務代理機構外，一人同時受二人以上股東委託時，其代理之表決權不得超過已發行股份總數表決權之百分之三，超過時其超過之表決權，不予計算。

13.表決權行使

13.1 股東每股有一表決權；但受限制或公司法第一百七十九條第二項所列無表決權者，不在此限。

13.2 本公司召開股東會時，應採行以電子方式並得採行以書面方式行使其表決權；其以書面或電子方式行使表決權時，其行使方法應載明於股東會召集通知。以書面或電子方式行使表決權之股東，視為親自出席股東會。但就該次股東會之臨時動議及原議案之修正，視為棄權，故本公司宜避免提出臨時動議及原議案之修正。

13.3 第 13.2 條以書面或電子方式行使表決權者，其意思表示應於股東會開會二日前送達公司，意思表示有重複時，以最先送達者為準。但聲明撤銷前意思表示者，不在此限。

13.4 股東以書面或電子方式行使表決權後，如欲親自出席股東會者，應於股東會開會二日前以與行使表決權相同之方式撤銷第 13.3 條行使表決權之意思表示；逾期撤銷者，以書面或電子方式行使之表決權為準。如以書面或電子方式行使表決權並以委託書委託代理人出席股東會者，以委託代理人出席行使之表決權為準。

13.5 議案之表決，除公司法及本公司章程另有規定外，以出席股東表決權過半數之同意通過之。表決時，應逐案由主席或其指定人員宣佈出席股東之表決權總數後，由股東逐案進行投票表決，並於股東會召開後當日，將股東同意、反對及棄權之結果輸入公開資訊觀測站。

13.6 同一議案有修正案或替代案時，由主席併同原案定其表決之順序。如其中一案已獲通過時，其他議案即視為否決，勿庸再行表決。

13.7 議案表決之監票及計票人員，由主席指定之，但監票人員應具有股東身分。

13.8 股東會表決或選舉議案之計票作業應於股東會場內公開處為之，且應於計票完成後，當場宣布表決結果，包含統計之權數，並作成紀錄。

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14.選舉事項

- 14.1 股東會有選舉董事時，應依本公司所訂相關選任規範辦理，並應當場宣布選舉結果，包含當選董事之名單與其當選權數及落選董事名單及其獲得之選舉權數。
- 14.2 前項選舉事項之選舉票，應由監票員密封簽字後，妥善保管，並至少保存一年。但經股東依公司法第一百八十九條提起訴訟者，應保存至訴訟終結為止。

15.股東會議事錄

- 15.1 股東會之議決事項，應作成議事錄，由主席簽名或蓋章，並於會後二十日內，將議事錄分發各股東。議事錄之製作及分發，得以電子方式為之。
- 15.2 前項議事錄之分發，本公司得以輸入公開資訊觀測站之公告方式為之。
- 15.3 議事錄應確實依會議之年、月、日、場所、主席姓名、決議方法、議事經過之要領及表決結果(包含統計之權數)記載之，有選舉董事時，應揭露每位候選人之得票權數。在本公司存續期間，應永久保存。

16.對外公告

- 16.1 徵求人徵得之股數及受託代理人代理之股數，本公司應於股東會開會當日，依規定格式編造之統計表，於股東會場內為明確之揭示。
- 16.2 股東會決議事項，如有屬法令規定、臺灣證券交易所股份有限公司規定之重大訊息者，本公司應於規定時間內，將內容傳輸至公開資訊觀測站。

17.會場秩序維護

- 17.1 辦理股東會之會務人員應佩帶識別證或臂章。
- 17.2 主席得指揮糾察員或保全人員協助維持會場秩序。糾察員或保全人員在場協助維持秩序時，應佩戴「糾察員」字樣臂章或識別證。
- 17.3 會場備有擴音設備者，股東非以本公司配置之設備發言時，主席得制止之。
- 17.4 股東違反議事規則不服從主席糾正，妨礙會議之進行經制止不從者，得由主席指揮糾察員或保全人員請其離開會場。

18.休息、續行開會

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18.1 會議進行時，主席得酌定時間宣布休息，發生不可抗拒之情事時，主席得裁定暫時停止會議，並視情況宣布續行開會之時間。

18.2 股東會排定之議程於議事 (含臨時動議)未終結前，開會之場地屆時未能繼續使用，得由股東會決議另覓場地繼續開會。

18.3 股東會得依公司法第一百八十二條之規定，決議在五日內延期或續行集會。

19.實施與修訂

本規則經股東會通過後施行，修正時亦同。

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THE COMPANIES ACT (AS AMENDED)

COMPANY LIMITED BY SHARES

EIGHTH AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

Sports Gear Co., Ltd.

志強國際企業股份有限公司

(Adopted by a Special Resolution passed on May 30, 2023)

1. The name of the Company is Sports Gear Co., Ltd. 志強國際企業股份有限公司.
2. The Registered Office of the Company shall be at the offices of Portcullis (Cayman) Ltd. of The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, or at such other place as the Board may decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by the Companies Act (as amended).
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Act (as amended).
5. Nothing in the preceding articles shall be deemed to permit the Company to carry on the business of a Bank or Trust Company without being licensed in that behalf under the provisions of the Banks and Trust Companies Act (as amended), or to carry on Insurance Business from within the Cayman Islands or the business of an Insurance Manager, Agent, Sub-agent or Broker without being licensed in that behalf under the provisions of the Insurance Law (as amended), or to carry on the business of Company Management without being licensed in that behalf under the provisions of the Companies Management Law (as

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amended).

6. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this article shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
8. The authorized share capital of the Company is NT \$ 5,000,000,000 divided into 500,000,000 ordinary shares of a par value of NT \$ 10 each provided always that subject to the provisions of the Companies Act (as amended) and the Articles of Association, the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
9. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Act (as amended).

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THE COMPANIES ACT(AS AMENDED)

COMPANY LIMITED BY SHARES

SEVENTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

Sports Gear Co., Ltd.
志強國際企業股份有限公司

(Adopted by a Special Resolution passed on MAY 27, 2022)

INTERPRETATION

1.

The Regulations contained or incorporated in Table A of the First Schedule of the Companies Act (as amended) of the Cayman Islands shall not apply to this Company.

2.

(a) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires: -

Applicable Public Company Rules	the R.O.C. laws, regulations and rules affecting public companies or companies listed on any R.O.C. stock exchange or securities market, including , without limitation, the relevant provisions of the Company Law, the Securities Exchange Law, the Business Mergers and Acquisitions Act, the Act Governing Relations between Peoples of the Taiwan Area and the Mainland Area, and the regulations and rules promulgated by the competent authorities and the stock exchange (including, without limitation, the FSC, the Ministry of Economic Affairs, the TWSE, and the TPEx);
Articles	these Articles of Association of the Company as altered from time to time;
Audit	a committee of the Board, which shall comprise solely of

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Committee Board	Independent Directors of the Company; the board of Directors of the Company comprising all the Directors;
Book Closure Period	have the meaning ascribed in Article 45;
Capital Reserve	means (i) the premium paid on the issuance of an share, (ii) income from endowments received by the Company, and (iii) other items generated and treated as capital reserve pursuant to the Applicable Public Company Rules or generally accepted accounting principles;
Chairman	the Director elected amongst all the Directors as the chairman of the Board;
Company Designated Stock Market	Sports Gear Co., Ltd. 志強國際企業股份有限公司; the TWSE or the TPEX of the R.O.C.
Directors	the directors of the Company for the time being or, as the case may be, the directors assembled as a board or as a committee thereof, and shall include any and all Independent Directors;
Discount Transfer	have the meaning ascribed in Article 20(d);
Dividend	includes bonus;
Electronic Record	has the same meaning as in the Electronic Transactions Law;
Electronic Transactions Law	The Electronic Transactions Law (as amended) of the Cayman Islands;
Employees	Employees of the Company and/or any of the Subsidiaries, as determined by the Board from time to time in its sole discretion, and “Employees” shall mean any one of them;
ESM	the emerging stock market of TPEX in the R.O.C.;
Family Relationship within Second Degree of Kinship	in respect of a person, means another person who is related to the first person either by blood or by marriage of a member of the family and within the second degree shall include the parents, siblings, grandparents, children and grandchildren of the first person as well as the parents,

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FSC	siblings and grandparents of the first person's spouse; the Financial Supervisory Commission of the R.O.C.
Independent Directors	the Directors who are elected by Members as "Independent Directors" for the purpose of Applicable Public Company Rules
Law	The Companies Act of the Cayman Islands and any amendment or other statutory modification thereof and where in these Articles any provision of the Law is referred to, the reference is to that provision as modified by any law for the time being in force;
Market Observation Post System	Market Observation Post System of the R.O.C.
Member	a person who is registered in the Register of Members as the holder of any Share in the Company;
Memorandum	the memorandum of association of the Company adopted by the Members of the Company pursuant to the Law, as amended or re-stated from time to time
Merger	a transaction whereby (i)(A) all of the companies participating in such transaction are dissolved and consolidated into a newly incorporated company, which such new incorporated company generally assumes all rights and obligations of the consolidated companies; or (B) all of the companies participating in such transaction are merged into one of such companies as the surviving company, and the surviving company generally assumes all rights and obligations of the merged companies, and in each case the consideration for the transaction being the shares of the surviving or consolidated company or any other company, cash or other assets; or (ii) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Law or Applicable Public Company Rules;
Month	A calendar month;

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Ordinary Resolution	a resolution passed by a simple majority of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company;
Preferred Shares	have the meaning ascribed in Article 7;
Private Placement	means, for so long as the shares are traded on the ESM or listed on the TWSE in Taiwan, the private placement by the Company of shares or other securities of the Company as permitted by the Applicable Public Company Rules;
Registered Office	the registered office for the time being of the Company;
Register of Members	the register of Members to be kept by the Company in accordance with the Law;
Remuneration Committee	a committee of the Board as constituted in accordance with the Applicable Public Company Rules;
Restricted Shares	have the meaning ascribed in Article 13;
R.O.C.	Taiwan, the Republic of China;
Secretary	Any person appointed by the Directors to perform any of the duties of the secretary of the Company and including any assistant secretary;
Seal	the common seal of the Company and includes every duplicate seal;
Share	A share in the capital of the Company of any class including a fraction of such share;
Shareholder Services Agent	the agent licensed by the competent authorities of R.O.C. to provide certain shareholder services in accordance with the Applicable Public Company Rules;
Share Swap	a transaction whereby, in accordance with Business Mergers and Acquisitions Act, a company transfers all its issued shares to another company in exchange for shares, cash or other assets in that company as the consideration for shareholders of the transferring company;
signed	includes a signature or representation of a signature affixed by mechanical means
Special Reserve	shall bear the meaning given thereto in the Applicable

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	Public Companies Rules;
Special Resolution	subject to the Law, a resolution passed at a general meeting of the Company by a majority of at least two-thirds (2/3) of votes cast by such Members as, being entitled to do so, vote in person or by their proxy, or in the case of Members that are corporations or other non-natural person, by their duly authorized representatives by computing the number of votes to which each Member is entitled;
Spin-off	an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to shareholders of the transferor company;
Statutory Reserve	means a reserve set aside in an amount equal to ten percent (10%) of the annual profits of the Company under the Applicable Public Company Rules;
Subsidiary/Subsidiaries	means (i) a subordinate company in which the total number of voting shares or total share equity held by the Company represents more than one half of the total number of issued voting shares or the total share equity of such subordinate company; or (ii) a company in which the total number of shares or total share equity of that company held by the Company, its subordinate companies and its controlled companies, directly or indirectly, represents more than one half of the total number of issued voting shares or the total share equity of such company;
Supermajority Resolution	means (i) a resolution adopted by a majority vote of the Members at a general meeting attended by Members who represent two-thirds (2/3) or more of the total issued and outstanding shares of the Company; or (ii) if the total number of shares represented by the Members present at the general meeting is less than two-thirds (2/3) of the total issued and outstanding shares of the Company, but more than one half of the total issued and outstanding shares of

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	the Company, a resolution adopted at such general meeting by the Members who represent two-thirds (2/3) or more of the total number of shares entitled to vote on such resolution at such general meeting ;
TDCC	the Taiwan Depository & Clearing Corporation;
TPEX	the Taipei Exchange
Treasury Shares	Shares that have been repurchased by the Company and have not been canceled but have been held continuously by the Company in accordance with the Law and the Articles; and
TWSE	the Taiwan Stock Exchange Corporation.

(b)

Unless the context otherwise provides, words and expressions as defined in the Law shall have the same meanings in the Articles.

(c)

In these Articles unless the content otherwise provides:

- (i) words importing the singular number shall include the plural number and vice-versa;
- (ii) words importing the masculine gender only shall include the feminine gender; and
- (iii) words importing persons only shall include companies, partnerships, trusts, associations or bodies of persons whether incorporated or not.
- (iv) a notice provided for herein shall be in writing unless otherwise specified, and all reference herein to “in writing” and “written” shall include printing, lithography, photography and other modes of representing or reproducing words in permanent visible form including in the form of an Electronic Record;
- (v) in these Articles, Sections 8 and 19 of the Electronic Transactions Law shall not apply; and
- (vi) “may” shall be construed as permissive and “shall” be construed as imperative.

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(d)

Headings used herein are intended for convenience only and shall not affect the construction of these Articles.

SHARES

3.

(a)

The Company may issue Shares without printing share certificates. A person whose name is entered as a member in the Register of Members is entitled to obtain a certificate in the form determined by the Board if the Board resolves that a share certificate shall be issued. Such certificates may be affixed by Seal or with the authorized signature(s) affixed by mechanical process. All certificates for shares shall be consecutively numbered or otherwise identified and shall specify the shares to which they relate. All certificates surrendered to the Company for the purpose of transfer shall be cancelled subject to the Articles. No new certificate(s) shall be issued until the former certificate(s) representing the identical serial number shall have been surrendered and cancelled.

(b)

For so long as the Shares are traded on the Designated Stock Market, Shares of the Company shall be issued in uncertificated/scripless form unless the issuance of share certificate is required by the provisions of the Applicable Public Company Rules.

(c)

When the Company shall issue share certificates pursuant to Article 3(a), the Company shall deliver the share certificates to the subscribers within thirty (30) days from the date such share certificates may be issued pursuant to the Law, the Memorandum, the Articles, and the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.

(d)

Where the Company shall issue the Shares in uncertificated/scripless form, the Company shall comply with the Law and the Applicable Public Company Rules to handle relevant matters, and shall deliver the Shares to the subscribers by book-entry transfer within thirty (30) days after the Company is permitted to issue such Shares and make a public announcement prior to the delivery.

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4.

(a)

The Company shall not issue bearer Shares.

(b)

The Company shall not issue any unpaid Shares or partial paid-up Shares to any person.

5.

If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Board may prescribe, and (in the case of defacement or wearing out) upon delivery of the old share certificate.

6.

(a)

Subject to these Articles and any resolution of the Members to the contrary, the Board may, in respect of all Shares for the time being unissued:

- (i) offer, issue and allot of such Shares to such persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine, but no Share shall be issued at a discount, except in accordance with the provisions of the Law and the Applicable Public Company Rules; and
- (ii) grant options, warrants and other rights, renounceable or otherwise in respect to Shares in accordance with the provisions of the Law and, for so long as the Shares are traded on the Designated Stock Market, the Applicable Public Company Rules, and the Board may reserve an appropriate number of unissued Shares for the foregoing purpose.

(b)

Unless otherwise provided in the Articles, the issue of new Shares shall be approved by a majority of the Directors at a meeting attended by two-thirds (2/3) or more of the total number of the Directors. The issue of new Shares shall at all times be subject to the sufficiency of the authorized share capital of the Company.

7.

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Subject to Article 8 and the sufficiency of the authorized share capital of the Company, the Company may issue Shares of different classes with rights which are preferential or inferior to those of ordinary Shares issued by the Company (“Preferred Shares”) with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors.

8.

(a)

Where the Company is to issue Preferred Shares, the following shall be expressly set out in these Articles:

- (i) the order, fixed amount or fixed ratio of allocation of dividends, bonuses and other distributions on such Preferred shares;
- (ii) the order, fixed amount or fixed ratio of allocation of surplus assets of the Company, upon its liquidation, to the holders of the Preferred Shares;
- (iii) the order of or restrictions on voting right(s) (including, where applicable, a statement that such Preferred Shares have no voting rights whatsoever) of the holders of such Preferred Shares;
- (iv) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
- (v) the other matters concerning rights and obligations incidental to the Preferred Shares.

(b)

Subject to the Law, the Memorandum and these Articles shall be amended with the sanction of a Special Resolution to stipulate the rights, benefits and restrictions of such Preferred Shares and the number of the Preferred Shares the Company is authorized to issue.

9.

For so long as the Shares are traded on the Designated Stock Market:

- (i) the Board may reserve no more than fifteen percent (15%) of the new Shares for subscription by the Employees pursuant to the Law and the Applicable Public Company Rules; and
- (ii) where the Company issues new Shares for cash consideration, after the Board reserving certain percentage of the new Shares for subscription by the Employees pursuant to subsection (i) of this

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Article, the Company shall allocate ten percent (10%) (or such greater percentage as the Company by an Ordinary Resolution determines) of the total number of the new Shares to be issued for offering in the R.O.C. to the public unless the Applicable Public Company Rules provide otherwise or the FSC, the TPEx or TWSE (where applicable) considers such public offering unnecessary or inappropriate.

10.

(a)

For so long as the Shares are traded on the Designated Stock Market, unless otherwise resolved by the Members in general meeting by an Ordinary Resolution, upon each issuance of new Shares for cash consideration, the Company shall, after reserving the portion of new Shares for subscription by the Employees and public offering in the R.O.C. pursuant to Article 9, offer subscription of the remaining new Shares, by a public announcement and a written notice to each existing Member respectively, stating that each Member has pre-emptive right to subscribe remaining Shares in proportion to the number of Share(s) held by him. Where any Share(s) held by a Member is fractional in proportion and insufficient to subscribe for one new Share, such Shares being held by several Members may be combined for joint subscription of new Shares or for subscription of new Shares in the name of a single Member. If the total number of the new shares to be issued has not been fully subscribed for by the Members within the prescribed period, the unsubscribed new Shares may be offered to the public or to specific person(s).

(b)

Where the Company increases its issued share capital by issuing new Shares for cash and in the event the deadline of the subscription payment is less than one month from the date of the subscription and a subscriber delays payment for such new Shares so subscribed, the Company shall give the subscriber at least one month notice requesting for the delayed payment and specifying that the subscription right of such subscriber shall be forfeited in the event of non-payment. Notwithstanding the preceding sentence, in the event that the original deadline of the subscription payment is one month or more from the date of the subscription and that such subscriber fails to pay the subscription price according to the original deadline, the subscription right thereunder will be forfeited upon the expiration of the original deadline. Any Share not yet subscribed because

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of the forfeited subscription may be provided by the Company for future subscription under Applicable Public Company Rules.

11.

The preceding Article 10 shall not apply whenever the new Shares are issued for the following purpose:

- (i) in connection with a Merger, Spin-off, or pursuant to any reorganization of the Company;
- (ii) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the Employees;
- (iii) in connection with meeting the Company's obligation under convertible bonds or corporate bonds which are vested with rights to acquire Shares;
- (iv) in connection with meeting the Company's obligation under share subscription warrant or Preferred Shares vested with rights to acquire Shares;
- (v) in connection with any Private Placement conducted pursuant to Article 12;
- (vi) in connection with any Share Swap arrangement entered into by the Company;
- (vii) in connection with the issue of Restricted Shares pursuant to Article 13; or
- (viii) in connection with the issue of shares in accordance with Article 124 or 130 hereof.

12.

(a)

For so long as the Shares are traded on the Designated Stock Market and subject to the Applicable Public Company Rules, the Company may, with the sanction of a Special Resolution, conduct a Private Placement with any of the following persons in the R.O.C.:

- (i) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal entity or institutions approved by the FSC;
- (ii) natural persons, legal entity, or funds meeting the conditions prescribed by the FSC; or
- (iii) directors, supervisors, officers and managers of the Company or its

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affiliated enterprises.

(b)

Subject to the preceding paragraph, the Board may resolve by a majority of the Directors presents at a meeting attended by two-thirds (2/3) or more of the total number of the Directors that a Private Placement of ordinary corporate bonds be carried out by installments within one year of the date from such resolution.

13.

For so long as the Shares are traded on the Designated Stock Market, the Company may issue new shares with restricted rights ("Restricted Shares") to Employees with the sanction of a Supermajority Resolution, provided that Article 9 and Article 10 shall not apply in respect of the issue of such Restricted Shares. In respect of the issuance of Restricted Shares, the number of Restricted Shares so issued, issue price, issue conditions, restrictions and other matters shall be subject to the Law and the Applicable Public Company Rules.

14.

(a)

Notwithstanding Article 13, the Company may, upon approval by a majority of the Directors presents at a meeting attended by two-thirds (2/3) or more of the total number of the Directors, adopt one or more employee incentive programmes and may issue shares or options, warrants or other similar instruments, to Employees, and for the avoidance of doubt, resolution of the Members is not required.

(b)

Options, warrants or other similar instruments issued in accordance with Article 14(a) above are not transferable save by inheritance.

(c)

The Company may enter into agreements with Employees in relation to the incentive programme approved pursuant to Article 14(a) above, whereby employees may subscribe for, within a specific period, a specific number of Shares. The terms and conditions of such agreement shall be no less restrictive on the relevant Employee than the terms specified in the applicable incentive programme.

(d)

Directors of the Company and its Subsidiaries shall not be eligible for Restricted Shares pursuant to Article 13 or the incentive programmes pursuant to Article

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14, provided that directors who are also employees of the Company or its Subsidiaries may subscribe for Restricted Shares or participate in an incentive programme in their capacity as an employee and not as a director of the Company or its Subsidiaries.

15.

(a)

The Company may by a Special Resolution reduce its share capital in the manner authorized, and subject to any conditions prescribed, by the Law and the Applicable Public Company Rules.

(b)

For so long as the Shares are traded on the Designated Stock Market, any issuance, conversion or cancellation of the Shares or any other equity-type securities (including but not limited to warrants, options or bonds), capitalization and shareholder services, shall comply with the Law, the Applicable Public Company Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C. (as revised).

16.

(a)

Shares redeemed, repurchased or acquired (by way of surrender or otherwise) by the Company shall be cancelled immediately or held as Treasury Shares, upon such terms and manner and subject to such conditions as the Board thinks fit.

(b)

For so long as the Shares are traded on the Designated Stock Market, all matters relating to the Company's redemption and repurchase of Shares shall be subject to the Law and the Applicable Public Company Rules.

17.

(a)

Subject to the Law, the Company is authorized to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member. Every share certificate relating to redeemable share shall indicate that the share is redeemable.

(b)

The Company is authorized to make payments in respect of the redemption of its shares out of capital or out of any other account or fund authorized for this

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purpose in accordance with the Law.

(c)

The redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Board at or before the time of issue.

18.

(a)

For so long as the Shares are traded on the Designated Stock Market, subject to the provisions of the Law, the Applicable Public Company Rules, the Memorandum and the Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds (2/3) or more of the total number of the Directors, purchase its own Shares (including any redeemable shares) on such terms and such manner as the Board may determine and hold them as Treasury Shares in accordance with the Applicable Public Company Rules; provided that if any purchase of the Company's own Shares from all the Members involves any immediate cancellation of Shares, such repurchase of Shares is subject to approval by the Members by way of an Ordinary Resolution and the number of Shares to be cancelled shall be effected based on the then prevailing percentage of shareholding of all the Members as of the date of such cancellation on a pro rata basis (as rounded up or down to the nearest whole number as determined by the Board), unless otherwise provided for in the Law or the Applicable Public Company Rules.

(b)

Upon approval by Members by way of an Ordinary Resolution to repurchase and cancel shares of the Company, the repurchase price may be paid in any manner authorized by the Law, including in cash or in kind, provided that where any repurchase price is to be paid in kind, the monetary equivalent value of such payment in kind shall be (i) assessed by an R.O.C. certified public accountant before being submitted by the Board to the Members for approval as part of the Ordinary Resolution authorizing the repurchase and cancellation of the Shares; and (ii) agreed to individually by each Member who will be receiving the repurchase price in kind.

(c)

In the event that the Company proposes to purchase any share listed on the TWSE in the R.O.C. pursuant to this Article 18, the resolution of the Board approving such proposal and the implementation thereof should be reported

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to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its shares listed on the TWSE in the R.O.C. for any reason.

19.

For so long as the Shares are traded on the Designated Stock Market:

- (i) The number of Shares to be purchased by the Company from time to time shall not exceed then percent (10%) of the total number of issued and outstanding Shares and the total amount of the Shares to be purchased by the Company shall not exceed the aggregate amount of retained profits, premium on capital stock and realized Capital Reserve.
- (ii) Such resolution of the Board approving purchases of Shares and the implementation thereof (including the failure of any purchase of Shares as approved by such resolutions, if any) shall be reported to the Shareholders at the next general meeting of the Company.
- (iii) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:
 - (a) such purchase transactions shall be in accordance with the applicable R.O.C. securities laws and regulations and the Applicable Public Company Rules; and
 - (b) such purchase transactions shall be in accordance with the Law.

20.

(a)

Subject to the Law, for so long as the Company holds Treasury Shares, the Company shall be entered in the Register as the holder of the Treasury Shares, provided that:

- (i) the Company shall not treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
- (ii) the Treasury Shares shall not be pledged or encumbered in any manner whatsoever;
- (iii) a Treasury Share shall not be voted, directly or indirectly, at any

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meeting of the Company and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of these Articles or the Law; and

- (iv) no dividend/bonus may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up) may be made to the Company, in respect of a Treasury Shares.

(b)

Subject to the law and these Articles, any or all Treasury Shares may at any time be cancelled or transferred to any person (including the Employees; the qualifications of such employees shall be determined by the Board, subject to the subsection (e) of this Article upon such terms and manner and subject to such conditions as the Board thinks fit). The Board may determine, at its discretion, the terms and conditions (including a lock-up period restricting the transfer of any Treasury Shares transferred to the Employees pursuant to this subsection (b) for a term of up to two (2) years) of such transfer.

(c)

A sum equal to the consideration (if any) received by the Company pursuant to the transfer of Treasury Shares(s) shall be credited in accordance with the Law.

(d)

Subject to subsection (e) of this Article and the Law, the Company may, by way of a Special Resolution passed at the next general meeting of the Company, transfer the Treasury Shares to the Employees for a price that is below the average price that the Company has paid to purchase such Treasury Shares (the "Discount Transfer"); provided that the following matters shall be specified in the notice of such general meeting with the description of their major contents, and shall not be proposed as ad hoc motions:

- (i) the transfer price of the Treasury Shares as determined by the Board, the discount rate used for the Discount Transfer, and the calculation basis of the Discount Transfer, and the basis of such determination;
- (ii) the amount of the Treasury Shares to be transferred pursuant to and the purpose of, the Discount Transfer, and the basis of such determination;
- (iii) the qualification and terms of the Employees to whom the Treasury Shares are transferred and the amount of Treasury Shares for which

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- such Employees may subscribe pursuant to the Discount Transfer;
- (iv) matters that the Board is of the opinion that may affect Shareholders' equity, including (x) any expenses that may be incurred and dilution of per share profit, if any, due to the Discount Transfer in accordance with the Applicable Public Company Rules, and (y) any burden on the Company caused by the Discount Transfer in accordance with the Applicable Public Company Rules.

(e)

The total aggregate amount of the Treasury Shares to be transferred to the Employees pursuant to the Discount Transfer in accordance with subsection (d) of this Article shall not exceed five percent (5%) of the total number of issued and outstanding Shares of the Company, and each Employee shall not subscribe for more than point five percent (0.5%) of the total issued and outstanding Shares of the Company in aggregate.

REGISTER OF MEMBERS

21.

The Company shall maintain a Register of Members. The Board shall cause to be kept in one or more books a Register of Members which may be kept within or outside the Cayman Islands at such place as it deems fit.

22.

(a)

Notwithstanding anything contained in the Articles and subject to the law of the Cayman Islands, the holders of uncertificated Shares which are traded on the Designated Stock Market shall be recorded by TDCC, and the Company shall recognize as a Member each person identified as a holder of a Share in the records provided by TDCC. Upon receipt of any records of Members from TDCC, the Company shall update the Register of Members in accordance with such records.

(b)

Except as required by law, (i) no person shall be recognized by the Company as holding any share on any trust, and (ii) no person other than the Member shall be recognized by the Company as having any right in a Share.

23.

For the purpose of determining Members entitled to notice of, or to note at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend, or in order to make a determination of

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Members for any other purpose, the Directors shall determine the period that the Register of Members shall be closed for transfers and such period shall not be less than the minimum period of time immediately preceding the general meeting, as prescribed by the Applicable Public Company Rules.

24.

Subject to Article 23 hereof, in lieu or, or apart from, closing the Register of Members, the Board may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or in order to make a determination of Members for any other purpose. In the event the Board designate a record date in accordance with this Article 24, such record date shall be a date prior to the general meeting, and the Board shall make a public announcement of such record date via the Market Observation Post System in accordance with the Applicable Public Company Rules.

25.

The rules and procedures governing the implementation of book closed periods, including notices to Members in regard to book closed periods, shall be in accordance with policies adopted by the Board from time to time, which policies shall be in accordance with the Law, the Memorandum, the Articles and the Applicable Public Company Rules.

TRANSFER OF SHARE

26.

Subject to the Law and the Applicable Public Company Rules, Shares issued by the Company shall be freely transferable, provided that any shares reserved for subscription of the employees of the Company may be subject to transfer restrictions for a period of no longer than two (2) years, in which case the Board may determine in its discretion.

27.

Subject to the Articles and the Applicable Public Company Rules, a Member may transfer all or any of his Shares by an instrument of transfer. The instrument of transfer of any share shall be in writing and shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

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28.

The registration of transfers may be suspended when the Register of Members is closed in accordance with Article 23 hereof.

29.

All transfers of Shares which are in certificated form may be effected by an instrument of transfer in writing in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor. The board may refuse to recognize any instrument of transfer in respect of Shares in certificated form unless it is accompanied by the certificate in respect of the Shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

30.

Subject to the requirements of applicable laws of the Cayman Islands, transfers of uncertificated Shares which are traded on the Designated Stock Market may be effected by any method of transferring or dealing in securities introduced by the Designated Stock Market or operated in accordance with the Applicable Public Companies Rules as appropriate.

TRANSMISSION OF SHARES

31.

In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognized by the Company as having any title to the deceased Member's interest in the Shares. Nothing contained herein shall release the estate of a deceased joint holder from any liability in respect of any Share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorized to deal with the Shares of a deceased Member.

32.

Any person becoming entitled to a Share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some

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person to be registered as a transferee of such Share.

33.

On the presentation of the evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member.

Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

34.

Where two (2) or more persons are registered as joint holders of a Share or Shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said Share or Shares and the Company shall recognize no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holder.

VARIATION OF RIGHTS OF SHARES

35.

If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class. Notwithstanding the foregoing, if any modification or alteration in these Articles is prejudicial to the preferential rights of any class of Shares, such modification or alteration shall be adopted by a Special Resolution of the Company and shall also be adopted by a Special Resolution passed at a separate meeting of Members of that class of Shares. The provisions of these Articles relating to general meetings shall apply *mutatis mutandis* to every such general meeting of the holders of the same class of Shares.

36.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

GENERAL MEETING

37.

All general meetings other than annual general meetings shall be called as

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extraordinary general meetings, which shall be called by the Board.

38.

The Company shall hold an annual general meeting in each year within six (6) months following the end of each fiscal year and shall specify the meeting as such in the notices calling it.

39.

Except otherwise provided in Article 38, the Board may, whenever it thinks fit, convene a general meeting of the Company. For so long as the Shares are traded on the Designated Stock Market, extraordinary general meetings may also be convened on the written requisition of any Member or Members holding at the date of deposit of the requisition not less than three percent (3%) of the total number of the outstanding Shares at the time of requisition and whose Shares shall have been held by such Member(s) for at least one (1) year.

40.

The requisition provided in Article 39 above must state in writing the objects of the meeting and the reason therefor. If the Board does not within fifteen (15) days from the date of the deposit of the requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting in accordance with the Applicable Public Company Rules.

41.

For so long as the Shares are traded on the Designated Stock Market, any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more than fifty percent (50%) of the total issued Shares of the Company for a continuous period of no less than three (3) months. The number of the Shares held by the Member(s) and the period of which the Member(s) hold such Shares, shall be calculated and determined based on the Register of Members as of the first day of the Book Closure Period.

42.

[Deleted]

43.

(a)

For so long as the shares are traded on the Designated Stock Market, unless otherwise provided by the Law, the general meetings shall be held in the

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R.O.C.

(b)

For so long as the shares are traded on the Designated Stock Market, if the Board resolves to hold a general meeting outside the R.O.C., the Company shall apply for the approval of TPEx/TWSE within two (2) days after the Board adopts such resolution. Where a general meeting is to be held outside the R.O.C., the Company shall engage a professional Shareholder Services Agent in the R.O.C. to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).

NOTICE OF GENERAL MEETING

44.

(a)

For so long as the Shares are traded on the Designated Stock Market, at least thirty (30) days' notice of an annual general meeting and fifteen (15) days' notice of an extraordinary general meeting shall be given to each Member, and the Company may make a public announcement of a notice of general meeting to Members holding less than 1,000 Shares instead of delivering the same to each Member. The Period of notice shall be exclusive of the day on which it is served and of the day on which the general meeting is to be held. Such notice shall be in writing, shall specify the place, the date and the time of meeting and the agenda and the proposals to be resolved at the general meeting and shall be given in the manner hereinafter described or be given via electronic communications if previously consented by the Members and permitted by the Law and the Applicable Public Company Rules.

(b)

Any time other than the period when the Shares are traded on the Designated Stock Market, at least seven (7) days' notice in writing shall be given of an annual general meeting or any other general meeting; provided that the notice may be waived by all the members either at or before the meeting is held; provided further that notice or waiver thereof may be given by email, telex or telefax.

45.

For so long as the Shares are traded on the Designated Stock Market, the Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company pursuant to the

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Applicable Public Company Rules and close its Register of Members accordingly in accordance with the Applicable Public Company Rules. The Board shall fix the period that the Register of Members shall be closed for transfers (the “Book Closure Period”).

46.

(a)

For so long as the Shares are traded on the Designated Stock Market, the Company shall make public announcement with regard to notice of general meeting, proxy form, agendas and materials regarding matters to be proposed at the meeting for approval, discussion, election or dismissal of Directors at least thirty (30) days prior to any annual general meeting or at least fifteen (15) days prior to any extraordinary general meeting.

(b)

For so long as the Shares are traded on the Designated Stock Market, if the Company allows the Shareholders to exercise the votes and cast the votes in writing or by way of electronic transmission in accordance with these Articles, the Company shall also send to the Shareholders the information and documents as described in the preceding paragraph, together with the voting right exercise forms.

47.

(a)

The following matters shall be stated in the notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion:

- (i) election or discharge of Directors;
- (ii) amendment to these Articles;
- (iii) dissolution, Merger, Share Swap or Spin-off of the Company;
- (iv) entry into, amendment to, or termination of any contract for lease of its business in whole, or the delegation of management of the Company’s business to others, or regular joint operation of the Company with others;
- (v) the transfer of the whole or any material part of its business or assets;
- (vi) taking over another’s whole business or assets, which will have a material effect on the business operation of the Company;
- (vii) ratification of any action of Director(s) who engage(s) in business for

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- him/herself or on behalf of another person that is within the scope of the Company's business;
- (viii) distributing dividends, bonuses or other distributions payable on or in respect of the Share in whole or in part by way of issuance of new Shares;
 - (ix) distribution of the Statutory Reserve, the share premium account and/or the income from endowments received by the Company in the Capital Reserve, by issuing new Shares and/or cash to its existing Members.
 - (x) the Private Placement of any equity-type securities issued by the Company;
 - (xi) transfer shares to the employees under Article 20(d) ;
 - (xii) capital deduction; and
 - (xiii) application to terminate the public offering of the Shares.

(b)

The major content of the above matters can be announced at the website designated by the securities authority or by the Company, and the Company shall specify the link to the website in the notice of the relevant general meeting.

48.

For so long as the Shares are traded on the Designated Stock Market, the Company shall prepare a manual for each general meeting and such manual and relevant materials shall be published on the website designated by the FSC, the TPEX or the TWSE (where applicable) thirty (30) days prior to the scheduled date of the relevant annual general meeting and extraordinary general meeting pursuant to the Applicable Public Company Rules.

49.

The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any Member entitled to receive notice shall not invalidate the proceedings of that general meeting.

PROCEEDINGS AT GENERAL MEETINGS

50.

No resolutions shall be adopted at any general meeting unless a quorum of Members is present. Unless otherwise provided in the Articles, Members present in person or by proxy representing more than one-half of the total outstanding Shares, shall constitute a quorum for any general meeting.

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51.

(a)

For so long as the Shares are traded on the Designated Stock Market, one or more Member(s) holding one percent (1%) or more of the total issued shares of the Company may submit to the Company one proposal in writing or by any electronic means designated by the Company for discussion at an annual meeting prior to the relevant Book Closure Period.

(b)

For so long as the Shares are traded on the Designated Stock Market, prior the commencement of the Book Closure Period before an annual general meeting, the Company shall make a public announcement of the place and the period for Members to submit proposals; provided that the period for submitting such proposals shall not be less than ten (10) days.

(c)

The Member who has submit a proposal shall attend, in person or by proxy, such general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

(d)

The Board shall include a proposal submitted by Member(s) in the agenda of the annual general meeting unless:

- (i) the proposal involves matters which cannot be settled or resolved a general meeting under the Law, the Applicable Public Company Rules and the Articles;
- (ii) the number of Shares held by the proposing Member(s) is less than one percent (1%) of the total issued and outstanding Shares in the Register of Members upon commencement of the Book Closure Period before the relevant annual general meeting of the Company;
- (iii) the proposal contains more than one matter;
- (iv) the proposal contains more than three hundred (300) Chinese words; or
- (v) the proposal is submitted outside the period announced by the Company for submitting proposals.

If the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibilities, the Board may accept such proposal to be discussed in general meeting.

(e)

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The Company shall, prior to the dispatch of a notice of the relevant annual general meeting, inform all the proposing Members of whether their proposals are accepted or not, and shall list in the notice of the relevant annual general meeting all the accepted proposals. The Board shall explain at the relevant annual general meeting the reason for excluding any proposal submitted by the Members.

52.

Unless otherwise expressly provided herein and subject to the Applicable Public Company Rules, if a quorum is not present at the time appointed for the general meeting or if during such a general meeting a quorum ceases to be present, the Chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed for two times, but at the postponed general meeting a quorum is still not present, the Chairman shall declare the general meeting is dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with the Articles.

53.

In a general meeting is convened by the Board, the Chairman of the Board shall preside as the chair of such general meeting. In the event that the Chairman is on a leave of absence, or is unable to exercise his powers and authorities, the Chairman shall designate a director to chair such general meeting. If the Chairman does not designate a proxy or if such chairman's proxy cannot exercise his powers and authorities, the directors who are present at the general meeting shall elect one from among themselves to act as the chair at such general meeting in lieu of the Chairman. If a general meeting is convened by any person(s) other than the Directors, the person(s) who has convened the meeting shall preside as the chairman of such general meeting; and if there is more than one person who has convened a general meeting, such persons shall elect one from among themselves to act as the chair of such general meeting.

54.

Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll.

55.

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For so long as the Shares are traded on the Designated Stock Market, if and to the extent permitted under the Law, nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the convening of any general meeting or the passage of any resolution in violation of applicable laws or regulations or the Articles within thirty (30) days after passing of such resolution. The Taiwan Taipei District Court, may be the court for adjudicating any disputes arising out of the foregoing.

56.

Unless otherwise expressly required by the Law, the Memorandum or the Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an Ordinary Resolution.

57.

The rules and procedures of general meeting shall be established by the Board and approved by an Ordinary Resolution, and such rules and procedures shall be in accordance with the Law, the Articles and the Applicable Public Company Rules.

58.

Subject to the Law, the Company may from time to time by Ordinary Resolution alter the conditions of its Memorandum to:

- (i) increase its share capital by new shares of such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing Shares;
- (iii) sub-divide its existing Shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be same as it was in case of the share from which the reduced share is derived, and the Company may by Ordinary Resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;

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- (iv) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled; or
- (v) convert all or any of its paid up Shares into stock and reconvert that stock into paid up shares of any denomination for the purpose of redenominating its share capital.

59.

Subject to the Law, the Company may from time to time by Special Resolution:

- (i) change its name;
- (ii) alter or add to these Articles;
- (iii) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;
- (iv) reduce its share capital and any capital redemption reserve in any manner authorized by law; or
- (v) effect a Merger under the Law.

60.

Subject to the Law, the following actions by the Company shall from time to time require the approval of the Members by Supermajority Resolution:

- (i) enter into, amend , or terminate any agreement for lease of the Company's whole business, or for delegation of management of the Company's business, or for regular joint operation with others;
- (ii) transfer its business or assets, in whole or in any essential part;
- (iii) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation;
- (iv) discharge or remove any Director;
- (v) approve any action by one or more Director(s) who is engaging in business conduct for him/herself or on behalf of another person that is within the scope of the Company's business;
- (vi) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 130 hereof by issuing new shares;
- (vii) Spin-off;
- (viii) effect any Merger of the Company, provided that any Merger which falls within the definition of "merger and/or consolidation" under the Law [requires the approval of the Company by Special Resolution](#)

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only; or

- (ix) Share Swap.

61.

Subject to the Law and the Applicable Public Company Rules, in case the Company is dissolved after participating in the merger and/or consolidation or the Company is delisted from the TPEX or TWSE due to the general transfer, any share exchange arrangement or any Spin-off entered into or carried out by the Company while the surviving, transferee, existing or newly incorporated company is not a listed company (including TWSE/TPEX listed company), any such action aforementioned shall be approved by the affirmative vote of at least two-thirds (2/3) of the total issued votes cast by the Members of the Company.

62.

Subject to the Law, the Company may be wound up voluntarily:

- (i) if the Company resolves by Ordinary Resolution that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
- (ii) if the Company resolves by Special Resolution that it be wound up voluntarily for reasons other than set out in Article 62 (a) above.

63.

Notwithstanding anything to the contrary provided for in the Articles, at any time other than during the period when the Shares are traded on the Designated Stock Market, a resolution (including a Special Resolution or a Supermajority Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

VOTES OF MEMBERS

64.

Subject to any rights or restrictions for the time being attached to any Shares, every Member who is present in person or by proxy at a general meeting shall have one vote for each Share of which he is the holder. A Member who holds Shares for benefit of others, need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of Shares he holds for himself. The qualification, scope, methods of exercise, operating procedures and other matters with respect to exercising voting power separately shall

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comply with the Applicable Public Company Rules.

65.

(a)

In the case of joint holders, the joint holders shall select among them a representative for the exercise of their shareholder's right and the vote of their representative who tenders a vote where in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.

(b)

Any corporation which is a Member of the Company may, by resolution of its board or other governing body, authorize such natural persons as it thinks fit to act as its representative at any general meeting or at any meeting of a class of members of the Company.

66.

A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction as lunacy, may vote, by his guardian or other person in the nature of a guardian appointed by that court, and any such guardian or other persons may vote by proxy.

67.

No Member shall be entitled to vote at any general meeting unless he is registered as a Member of the Company on the record date for such meeting nor unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

68.

Subject to the Law, for so long as the shares are traded on the Designated Stock Market, the Company shall provide the Members with a method for exercising their voting power by way of electronic transmission; provided, however, that the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission if a general meeting is to be held outside the R.O.C. or otherwise required under the Applicable Public Company Rules. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two (2)

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days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived their voting rights with respect to any extemporaneous matters or amendment to resolution(s) proposed at the general meeting.

69.

In the event any Member who intended to exercise his voting power by way of a written ballot or electronic transmission and has served his voting decision on the Company pursuant to Article 68 later intends to attend the general meetings in person, he shall, at least two (2) days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous voting decision. Such separate notice shall be sent to the Company in the same manner (e.g., by courier, registered mail or electronic transmission, as applicable) as the previous voting decision under Article 68 was given to the Company. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke his voting decision before the prescribed time.

70.

A Member who has served the Company with his voting decision in accordance with Article 68 for the purpose of exercising his voting power by way of a written ballot or by way of electronic transmission may appoint a person as his proxy to attend the meeting in accordance with the Articles, in which case the vote cast by such proxy shall be deemed to have revoked his previous voting decision served on the Company and the Company shall only

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count the vote(s) cast by such expressly appointed proxy at the meeting.

71.

No vote may be exercised with respect to any of the following Shares nor may the following Shares be counted in the total number of issued shares (i.e., not counted in the quorum of Members present at the general meeting nor in determining the number of votes of the Members present at the said general meeting):

- (i) the Share held by the Company itself in accordance with the applicable laws;
- (ii) the Shares held by any Subsidiaries of the Company, where the total number of issued and voting shares or total share equity held by the Company in such a such Subsidiary represents more than one-half of the total number of issued and voting shares or the total share equity of such Subsidiary; or
- (iii) the Shares held by another company, where the total number of the shares or total share equity of that company directly or indirectly held by the Company, its Subsidiaries, the holding company of the Company and the Subsidiaries of the holding company of the Company represents more than one-half of the total number of issued and voting shares or the total share equity of such a company.

72.

(a)

A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with and impair those of the Company, shall abstain from voting such Member's Shares in regard to such motion and such shares shall not be counted in determining the number of votes of the Members present at the said meeting. However, such Shares may be counted in determining the number of Shares of the Members present at such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member.

(b)

In the event that the creation of a pledge on the Company's Shares held by a Director exceeds one-half of the number of Shares held by the Director when he was elected, the exceeded number of the pledged Shares shall not be counted in the number of votes of Members present at the general meeting but shall be counted for the purpose of determining the quorum.

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PROXY

73.

(a)

A Member may appoint a proxy to attend a general meeting on his behalf by executing a proxy form produced by the Company stating therein the scope of power authorized to the proxy. A proxy need not be a Member.

(b)

For so long as the Shares are traded on the Designated Stock Market, unless otherwise provided by the Law or in these Articles, forms of instrument of proxy for use at a general meeting shall be produced by the Company specifying therein (i) the instructions for filling out the form, (ii) the matters to be entrusted by the Member or to be voted upon pursuant to such proxy, and (iii) the basic information of the Members as appointor, the proxy and the proxy solicitor (if any) and shall be sent out together with the notice of general meeting to all Members on the same day.

74.

A Member may only appoint one proxy for each general meeting irrespective of how many Shares he holds and shall serve and executed proxy in compliance with the preceding Article 73 to the Company or its Shareholder Services Agent as the case may be no later than five (5) days prior to the date of the general meeting. In case the Company receives two or more proxies from one Member, the one received first by the Company shall prevail unless an explicit statement by the Member to revoke such proxy is made in the subsequent proxy and such subsequent proxy is received no later than five (5) days prior to the date of the general meeting.

75.

In case a Member who has served a proxy intends to attend the relevant general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of the general meeting, revoke such proxy by serving a separate written notice to the Company or its Shareholder Services Agent. Otherwise, the votes cast by the proxy at the general meeting shall prevail.

76.

A Member who has served the Company with his voting decision in accordance with Article 68 for the purpose of exercising his voting power by way of a written ballot or by way of electronic transmission may appoint a

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person as his proxy to attend the meeting in accordance with the Articles, in which case the vote cast by such proxy shall be deemed to have revoked his previous voting decision served on the Company and the Company shall only count the vote(s) cast by such expressly appointed proxy at the meeting.

77.

For so long as the Shares are traded on the Designated Stock Market, except for trust enterprises of shareholder service agencies duly licensed under the R.O.C. competent authorities or the chairman of a general meeting who is deemed appointed as proxy pursuant to Article 68, where a Person acts as a proxy for two or more Members, the number of voting Shares that the proxy may vote in respect thereof shall not exceed three percent (3%) of the total number of issued and outstanding voting Shares; otherwise, such number of voting Shares in excess of the aforesaid threshold shall not be counted towards the number of votes cast for or against the relevant resolution or the number of voting Shares present at the relevant general meeting but shall be included in the quorum. Upon such exclusion, the number of voting Shares being excluded and attributed to each Member represented by the same proxy shall be determined on a pro-rata basis based on the total number of voting Shares being excluded and the number of voting Shares that such Members have appointed the proxy to vote for.

78.

The use and solicitation of proxies shall be governed by the Law and the Applicable Public Company Rules (in particular, the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of R.O.C. Public Companies (as amended, supplemented or otherwise modified from time to time)).

MINUTES

79.

All resolutions of the general meeting shall be recorded in meeting minutes stating the date, month, and year of the meeting, place of the meeting, a brief description of the process of the meeting and its result, the name of the chairman of the meeting, number of Member present, number of shares represented, and shall be signed by or affixed the seal of the chairman of the meeting. The meeting minutes shall be announced by means of public announcement. The meeting minutes shall be properly kept by the Company during the existence of the Company.

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80.

(a)

In the event any of the following matter is resolved and adopted at general meetings, any Member who has notified the Company in writing of his objection to such matter prior to or on the meeting or has orally raised again his objection at the meeting with written record, and has voted against or abstained from voting, may request the Company to buy back all of his Shares at the then prevailing fair price:

- (i) The Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to other or the regular joint operation of the Company with others;
- (ii) The Company transfers the whole or a material part of its business or assets, provided that , the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;
- (iii) The Company accepts the transfer of the whole business or assets of another person, which has a material effect on the Company's business operations; or
- (iv) Spin-off, Merger, or Share Swap.

(b)

The Shares that has abstained from voting according to the preceding paragraph may not be counted in determining the number of votes of the Members present at the general meeting.

81.

For so long as the Shares are traded on the Designated Stock Market, subject to the provisions of the Law, the Applicable Public Company Rules, Member(s) filing a request under Article 80 shall make such request in writing within 20 days since the resolution of the general meeting was made specifying the price of the repurchase. If the Company and Member reach an agreement on the price of repurchase within 90 days, the Company shall pay for the Shares within 90 days since the resolution of the general meeting is made.

82.

Notwithstanding Article 81, subject to the Law, in the event a Member requests the Company to repurchase all of his Shares in accordance with Article 80(iv) but no agreement is reached (between the Company and such Member(s)) within 60 days since the resolution of the general meeting was

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made, the Company shall file a petition to Taiwan Taipei District Court against all the dissenting Member(s) within 30 days immediately thereafter for a determination of the fair price of the relevant Shares in accordance with the Business Mergers and Acquisitions Act, and in the event that no agreement is reached between the Company and such Member(s) within 90 days since the resolution of the general was made, the Company shall pay, in its discretion, the fair price to those Member(s) who fail to reach an agreement with the Company within 90 days since the resolution of the general meeting was made. In the event that the fair price determined by the Taiwan Taipei District Court is higher than the fair price determined by the Company in its discretion, the Company shall also pay to those Member(s) such difference and interests (if applicable).

83.

(a)

The Board shall consist of not less than seven (7) and no more than nine (9) Directors (including Independent Directors). Subject to the foregoing, the number of Directors to be elected shall be stated in the notice of the general meeting in which an election of Directors will be held.

(b)

The term of office for each Director shall not exceed a period of three (3) years. Directors may be eligible for re-election. In the event of any vacancy in the Board, the new Director elected in the general meeting shall serve the residual term of office of the former Director.

84.

Unless otherwise approved by the Designated Stock Market, no more than half of the total number of Directors shall have a spousal relationship or familial relationship within the second degree of kinship with any other Directors.

85.

In the event where the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 84 hereof, the non-qualifying Director(s) who was elected within the fewer number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 84 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his position of Director.

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automatically.

86.

(a)

For so long as the Shares are traded on Designated Stock Market, unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors accounting for not less than one-fifth (1/5) of the total number of Directors. To the extent required by the Applicable Public Company Rules, at least one (1) of the Independent Directors shall be domiciled in the R.O.C. and at least one of them shall have accounting or financial expertise. Before the shares are listed on the TPEX or the TWSE in the R.O.C., the Board may resolve that the Company shall hold an election of Independent Director(s) at the general meeting.

(b)

For so long as the Shares are traded on Designated Stock Market, the Directors (including Independent Directors and Directors other than Independent Directors) shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules.

(c)

Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be consistent with the Applicable Public Company Rules.

87.

(a)

The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 88. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to elect one or more Directors

(b)

Any corporation (or other legal entity) which is a Member shall be entitled to appoint such person or persons as its representative to be elected as a Director. If there are more than one authorized representatives, each of them may be nominated for election at a general meeting.

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88.

The Director(s) shall be elected by Members upon a poll vote by way of cumulative voting in the following manner:

- (i) on an election of Directors, the numbers of votes attached to each voting share held by a Member shall be cumulative and correspond to the number of Directors (including the Independent Directors and non-independent Directors) nominated for appointment at the general meeting;
- (ii) the Member(s) may vote all or part of their cumulated votes in respect of one or more Director or non-independent Director candidates;
- (iii) such number of Director candidates receiving the highest number of votes in the same category (namely, independent or non-independent) of Directors to be elected shall be appointed; and
- (iv) where two or more Director candidates in the same category receive the same number of votes and as a result the total number of new Directors in such category intended to be appointed is exceeded, there shall be a draw by such Director candidates receiving the same number of votes to determine who shall be appointed; the chairman of the meeting shall draw for a Director nominated for appointment who is not present at the general meeting.

89.

If the number of Independent Directors is less than number set forth in the Articles due to the resignation or removal of any of the Independent Directors or any other reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors have resigned or removed or otherwise vacated office, the Board shall hold, within sixty (60) days, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.

90.

If the number of Directors is less than five persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board of the Company equals to one third (1/3) of the total number of Directors elected, the Board shall hold, within sixty days from the date of the occurrence of vacancy, a general meeting to elect succeeding Directors to fill in

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the vacancies.

REMOVAL AND DISQUALIFICATION OF DIRECTORS

91.

(a)

The Company may from time to time, with or without cause, by Supermajority Resolution remove any Director from office.

(b)

Where re-election of all Directors is effected prior to the expiration of the term of office of existing Directors, the term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for re-election, their term of office shall continue and be extended to such time when new Directors are elected or re-elected in the next general meeting and they commence their office.

92.

(a)

For so long as the Shares are traded on the Designated Stock Market, in case a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or is in serious violation of applicable laws, regulations and/or the Articles, but has not been removed by a Supermajority Resolution, the Member(s) holding three per cent or more of the total number of issued shares of the Company may, within thirty days after such general meeting, to the extent permissible under Law and the Applicable Public Company Rules, institute a lawsuit to remove such Director. The Taiwan Taipei District Court, may be the court for this matter.

(b)

Subject to the Law, one or more Members holding one percent (1%) or more of the total number of the outstanding Shares continuously for a period of more than six months may request in writing any Independent Director of the Audit committee to file, on behalf of the Company, an action against a Director with a competent court, including the Taiwan Taipei District Court. In case

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the Independent Director fails to file such action within thirty (30) days after receipt of such request, to the extent permitted under the laws of Cayman Islands, the Members making such request may file the action for the Company.

93.

(a)

For so long as the Shares are traded on the Designated Stock Market, a person who is under any following circumstances shall not act as a Director of the Company; if he has already held office of a Director, he shall cease to act as a Director and be removed from the position of Director automatically, without the sanction of Supermajority Resolution:

- (i) if the Director dies;
- (ii) if the Director is automatically discharged from his office in accordance with Article 84;
- (iii) if the Director resigns his office by notice in writing to the Company;
- (iv) if the Director is the subject of a court order for his removal in accordance with Article 92(a);
- (v) the Director has been adjudicated bankrupt or the court has declared a liquidation process in connection with the Director, and such Director has not been reinstated to his rights and privileges;
- (vi) an order is made by any competent court or authorities on the grounds that the Director has no legal capacity, or his legal capacity is restricted according to applicable laws;
- (vii) the Director has been adjudicated of the commencement of assistantship (as defined under the Civil Code of the R.O.C.) or similar declaration and such assistantship/declaration has not been revoked yet;
- (viii) the Director has committed an offence as specified in the R.O.C. statute of prevention of organizational crimes and subsequently has been adjudicated guilty by a final judgment, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five (5) years, or (D) was pardoned for less than five (5) years;
- (ix) the Director has committed an offence in terms of fraud, breach of trust or misappropriation and subsequently has been punished with

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imprisonment for a term of more than one (1) year by a final judgement, and (A) has not started serving the sentence, or (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two (2) years, or (D) was pardoned for less than two (2) years;

(x) the Director has been adjudicated guilty by a final judgment for committing offenses under the Taiwan Anti-Corruption Act during the time of his public service, and (A) has not started serving the sentence, or (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two (2) years, or (D) was pardoned for less than two (2) years; or

(xi) the Director has been dishonored for use of credit instruments, and the term of such sanction has not expired yet.

(b)

For so long as the Shares are traded on the Designated Stock Market, in case a Director (other than an Independent Director) has, during the term of office as a Director (other than an Independent Director), transferred more than one half of the Company's shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and in such case no approval from the Members shall be required.

(c)

For so long as the Shares are traded on the Designated Stock Market, the election of a newly elected Director (other than an Independent Director) shall be forthwith invalidated if said Director, before assuming office, transferred more than one half of the shares being held by him at the time of his election as a Director, or if said Director, during the Book Closure Period prior to a general meeting, has transferred more than one half of the shares being held by him.

REMUNERATION OF DIRECTORS

94.

For so long as the Shares are traded on the Designated Stock Market, the Board shall, in accordance with the Applicable Public Company Rules, establish a Remuneration Committee comprised of at least three (3) members, more

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than half of whom shall be an Independent Director. The professional qualifications of the members of the Remuneration Committee, the responsibilities, powers and other related matters of the Remuneration Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Remuneration Committee, the Board shall, by a resolution, adopt a charter for the Remuneration Committee the provisions of which shall be consistent with the Applicable Public Company Rules. Before the Shares are traded on the Designated Stock Market, the Board may resolve to establish a Remuneration Committee.

95.

(a)

The compensation referred in the preceding Article shall include the compensation, stock option and other incentive payments of Directors and managers of the Company.

(b)

The remuneration of a Director may differ from other Directors. The remuneration of the Directors shall be decided by the Board by reference to recommendation made by the Remuneration Committee (if established), regardless of the Company profits or losses of respective years, based on (i) the extent of a Director's involvement with the operation of the Company; (ii) the contribution of a Director to the Company; (iii) the prevailing industry standard; and (iv) such other relevant factors. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to distribution of profits of the Company if permitted by the Law, the Applicable Public Company Rules, the service agreement or other similar contract that he has entered into with the Company.

POWERS AND DUTIES OF THE DIRECTORS

96.

The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Law or by the Articles, required to be exercised by the Company in general meeting subject, nevertheless, to the Articles, the provisions of the Law, and to such directions as may be prescribed

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by the Company in general meeting.

97.

(a)

Subject to the Law and the Applicable Public Company Rules, a Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director ; provided that nothing contained herein shall authorize a Director or his firm to act as auditor to the Company.

(b)

Notwithstanding anything to the contrary contained in this Article 97, a Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors as required by the Applicable Law. In a Merger transaction by the Company, a Director who has personal interest in the Merger transaction shall explain in the Board meeting and the general meeting (where applicable) the essential contents of such personal interest and the cause of approval or dissent to the board and members' resolution regarding the Merger transaction. and the Company shall itemize the essential contents of a Director's personal interest and the cause of approval or dissent to the resolution of merger/consolidation or acquisition in the notice to convene a meeting of Shareholders; the essential contents may be posted on the website designated by the R.O.C authority in charge of securities affairs or the Company, and the address of such website shall be indicated in the above notice. Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.

(c)

Notwithstanding anything to the contrary contained in this Article 97, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another

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Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the Board meeting.

(d)

Notwithstanding anything to the contrary contained in this Article 97, a Director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek their approval by Supermajority Resolution.

98.

(a)

The Board may from time to time appoint any person, whether or not a Director, to be a manager/officer or agent for managing the affairs of the Company, and with such powers and duties as the Board may think fit. Any person so appointed by the Board may be removed by the Board. The remuneration of the managers shall be determined by the Board; provided that for so long as the Shares are traded on the Designated Stock Market, the amount of such remuneration shall be determined by the Remuneration Committee.

(b)

The Board may appoint a Secretary (and if needed, an assistant Secretary or assistant Secretaries) who shall hold office and determine his term, remuneration and duties and powers as the Board thinks fit. Any Secretary or assistant Secretary so appointed by the Board may be removed by the Board. The Secretary shall attend all general meetings and shall keep correct minutes of such meetings. Subject to the Applicable Public Company Rules, the Secretary shall also perform such other duties as prescribed by the Law or the Board.

99.

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time determine by resolution.

100.

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or

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any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

101.

Subject to the provisions of the Law and the Applicable Public Company Rules (for so long as the Shares are traded on the Designated Stock Market), the Board may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any directions that may be imposed on it by the Board. Subject to any directions or regulations made by the Board for this purpose, the meetings and proceedings of any such committee shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Board.

102.

The Board may from time by power of attorney appoint any company, firm, or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorize any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

103.

(a)

The Directors and managers/officers of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, manager/officer or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be

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answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud, dishonesty or breach of duties provided under Article 104 which may attach to any of the said persons.

(b)

The Company may purchase and maintain insurance for the benefit of any Director or manager/officer of the Company against any liability incurred by him in his capacity as a Director or manager/officer of the Company or indemnifying such Director or manager/officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or manager/officer may be guilty in relation to the Company or any Subsidiary thereof.

104.

Without prejudice and subject to the general directors' duties that a Director owe to the Company and the Members under common law principals and the laws of the Cayman Islands, a Director shall perform his fiduciary duties of loyalty and due care of a good administrator in the course of conducting the Company's business, and shall indemnify the Company, to the maximum extent legally permissible, from any loss incurred or suffered by the Company arising from breach of his fiduciary duties. If a Director has made any profit for the benefit of himself or any third party as a result of any breach of his fiduciary duties, the Company shall, if so resolved by the Members by way of an Ordinary Resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to recover such profit from such relevant Director. If a Director has, in the course of conducting the Company's business, violated any laws or regulations that causes the Company to become liable for any compensation or damages to any person, such Director shall become jointly and severally liable for such compensation or damages with the Company and if any reason such Director is not made jointly

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and severally liable with the Company, such Director shall indemnify the Company for any loss incurred or suffered by the Company caused by a breach of duties by such Director. The Officers, in the course of performing their duties to the Company, shall assume such duties and obligations to indemnify the Company in the same manner as if they are Directors.

105.

Board meetings shall be convened by the Chairman, and the Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit.

106.

The Company shall hold regular meetings of the Board at least on a quarterly basis and for so long as the Shares are traded on Designated Stock Market, such meetings shall be held in compliance with the Applicable Public Company Rules.

107.

The Chairman may, and the Secretary on the requisition of the Chairman shall, at any time summon a meeting of the Board.

108.

Before the Shares are traded on the Designated Stock Market, at least forty-eight (48) hours prior notice shall be given for any meeting of the Board provided that in the case of urgent circumstances as agreed by a majority of the Directors, a meeting of the Board may be convened on short notice, or be held any time after notice has been given to every Director or be convened without prior notice if all Directors agree. For so long as the shares are traded on the Designated Stock Market, to convene a meeting of the Board, a notice setting forth therein the matters to be considered and if appropriate, approved at the meeting shall be given to each Director no later than seven (7) days prior to the scheduled meeting date. However, in the case of emergency as agreed by a majority of the Directors, the meeting may be convened with a shorter notice period in a manner consistent with the Applicable Public Company Rules. For the purpose of this Article, a notice may be sent via electronic means if so agreed to by the Directors.

109.

The quorum for a meeting of the Board shall be more than one-half of the total number of the Directors.

110.

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Directors may participate in any meeting of the Board by means of video conference or other communication facilities, as permitted by the Law and Applicable Public Company Rules, where all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

111.

A resolution shall be passed by a majority vote of the Directors present at the meeting and entitled to vote on such resolution, and in the case of equality of votes the resolution shall fail. For these purposes, where Directors present and entitled to vote at the meeting do not cast a vote at the meeting, such Directors will be deemed to vote against the resolution.

112.

A Director may be represented at any meetings of the Board by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

113.

(a)

The instrument appointing a proxy shall be in writing in such form as the Board may approve and may at any time be revoked in like manner, and notice of every such appointment or revocation in like manner.

(b)

A proxy must be a Director and can only act on behalf of one appointing Director at a meeting of the Board.

114.

Subject to the Articles, the continuing Directors may act notwithstanding any vacancy in their body.

115.

Notwithstanding anything to the contrary provided for in the Articles, at any time other than during the period when the Shares are traded on the Designated Stock Market, a resolution in writing signed by all the Directors then in office or all of the members of a committee of Directors, including a resolution signed in counterparts or signed by way of email, telex or telefax transmission, shall be as valid and effective as if it had been passed at a Board meeting or a meeting of a committee of Directors duly called and constituted.

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116.

The Chairman, if there be one, shall act as chairman at all meetings of the Board at which such person is present. In his absence a chairman shall be appointed or elected in accordance with the Applicable Public Company Rules.

117.

No regulation or alteration to the Articles made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

118.

The Board may, subject to approval by the Members by way of Ordinary Resolution or, in the case of Article 60(vi), Supermajority Resolution and subject to the Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of shares held by them, and such dividend may be paid in cash, shares or, subject to Article 119, wholly or partly in specie. No unpaid dividend shall bear interest as against the Company.

119.

Subject to the Law and the Applicable Public Company Rules, no dividends or other distribution shall be paid except out of profits of the Company, realized or unrealized, out of share premium account or any reserve, fund or account as otherwise permitted by the Law. Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the number of the shares that a Member holds. If any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividends accordingly.

120.

Subject to the Law and the Articles and except as otherwise provided by the rights attached to any Shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings.

121.

For so long as the Shares are traded on the Designated Stock Market, unless otherwise provided in the Law, the Applicable Public Company Rules or the Articles, upon the final settlement of the Company's accounts where the Company has annual profits, the Company shall set aside no less than two

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percent (2%) as compensation to employees ("Employees' Compensations") and Employees' Compensations may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications determined by the Board. The Company shall, from the surplus profit, set aside no more than two percent (2%) as remuneration for the Directors (excluding the Independent Directors) ("Directors' Remuneration"). The distribution proposals in respect of Employees' Compensation and Directors' Remuneration shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and submitted to the shareholders' meeting for report. However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses before proceeding with the abovementioned distributions and allocation. The annual profits as used herein shall mean the annual profits for such year before tax without deduction the amount of compensation distributed to the Employees and Directors as prescribed in this Article.

122.

In determining the Company's dividend policy, the Board recognizes that the Company is in the growth stage. In determining the amount, if any, of the dividend or other distribution it recommends to Members for approval in any financial year, the Board:

- (i) may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and
- (ii) shall set aside out of the profits of the Company for each financial year in addition to the allocation in accordance with Article 121: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) Statutory Reserve (unless the Statutory Reserve has reached the total paid-up capital of the Company), and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules or a reserve as determined by the Board pursuant to Article 128.

123.

For so long as the Shares are traded on the Designated Stock Market, subject

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to compliance with the Law and after setting aside the amounts for Employees' Compensations and Directors' Remuneration in accordance with Article 121 and such amounts as the Board deems fit in accordance with the dividend policy set out in Article 122, the Board shall recommend to Members for approval to distribute no less than ten percent (10%) of the earnings generated from the immediately preceding financial year (exclusive of those accumulated from previous years) out of the distributable amount as dividend to the Members and the allocation will be made upon the passing of the resolution by the Members.

124.

Dividends to the Members and the Employees' Compensation may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of both for allocation and distribution to Employees or the Members, provided that, in the case of a distribution to Members, no less than ten percent (10%) of the total amount of such dividend shall be paid in cash.

125.

The Board shall fix any date as the record date for determining the Members entitled to receive any dividend or other distribution.

126.

For the purpose of determining Members entitled to receive payment of any dividend or other distributions, the Board may provide that the Register of Members be closed for transfers five days before the relevant record date or such other period consistent with the Applicable Public Company Rules subject to compliance with the Law.

127.

No dividend, bonus or other distribution or other money payable by the Company on or in respect of any Share shall bear interest against the Company.

128.

The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such sum as it thinks proper as a reserve to be used to meet contingencies or for meeting the deficiencies for implementing dividend distribution plans or for any other purpose to which those funds may be properly applied. Pending application, such sums may be in the absolute discretion of the Board either be employed in the business of the Company or

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invested in such investment as the Board may from time to time think fit, and need not be kept separate from other assets of the Company. The Board may also, without placing the same to reserve, carry forward any profit which it decides not to distribute.

129.

Subject to any direction from the Company in general meeting, the Board may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to the Capital Reserve. Subject to compliance with the Law, the Board may on behalf of the Company set off accumulated losses against credits standing in the Capital Reserve and make distributions out of the Capital Reserve.

130.

Subject to the Law, the Applicable Public Company Rules, and Article 60(vi), the Board may capitalize any sum for the time being standing to the credit of the Capital Reserve or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

131.

The Board may deduct from the dividends, bonuses or any other amount payable to the Member in respect of the Shares any amount (if any) due by such Member to the Company on account of calls or otherwise in relation to the Share.

132.

Any dividend, bonus or other monies payable on or in respect of the Shares may be paid by wire transfer to the bank account nominated by the Member or by cheque or draft sent through a post to the registered address of the Member, or to such person and to such address as holder may nominate in writing. In the case of joint Members, any of them may give a valid receipt for the dividend, bonus or other monies payable on or in respect of the Share.

ACCOUNTS

133.

(a)

The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:

- (i) all sums of money received and expended by the Company and the

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- matters in respect of which the receipt and expenditure relates;
- (ii) all sales and purchases of goods by the Company; and
- (iii) all assets and liabilities of the Company.

Such books of account shall be kept for at least five years from the date they are prepared.

(b)

Such records of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

(c)

The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Law or the Applicable Public Company Rules or authorized by the Directors or by the Company in general meeting.

134.

The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

135.

The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant rules and regulations shall be kept for at least one year. However, if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information mentioned herein, they shall be kept until the conclusion of the litigation if longer than one (1) year.

136.

For so long as the Shares are traded on the Designated Stock Market, the Board of Directors shall submit business reports, financial statements and proposals for distribution of profits or [allocation of](#) losses prepared by it for the purposes of annual general meetings of the Company for ratification by

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the Members as required by the Applicable Public Company Rules. After ratification by the general meeting, the Board of Directors shall distribute copies of the ratified financial statements and the Company's resolution on the distribution of profits or [allocation of](#) losses, to each Member or make public announcement in accordance with the Applicable Public Company Rules.

137.

(a)

For so long as the Shares are traded on the Designated Stock Market, the Board of Directors shall keep copies of the annual business report, financial statements, and the report prepared by the Audit Committee (if any) at the office of its Shareholder Services Agent ten (10) days before the annual general meeting and any of its Members is entitled to inspect and [review](#) such documents during normal business hours of such agent.

(b)

If the general meeting is convened by the Board and other person entitled to convene a general meeting in accordance with these Articles or any applicable law, the Board and such person may request the Company or the Company's Shareholder Services Agent to provide the Register of Members. Upon the request, the Company shall (and shall order the Company's Shareholder Services Agent to) provide the Register of Members.

138.

The Board of Directors shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's registrar (if applicable) and the Company's Shareholder Services Agent located in R.O.C. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, inspect, review, transcribe or make copies of the foregoing documents. If the relevant documents are kept by the Company's Shareholder Services Agent, upon the request of any Member, the Company shall order the Company's Shareholder Services Agent to provide such Member with the request documents.

AUDIT COMMITTEE

139.

For so long as the Shares are traded on the Designated Stock Market, the

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Board shall set up an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and all Independent Directors shall be members of the Audit Committee. The number of Audit Committee members shall not be less than three (3). One 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 of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members. Before the Shares are traded on the Designated Stock Market, the Board may resolve to establish an Audit Committee.

140.

The Audit Committee (if established) shall have the responsibilities and powers as specified under the Applicable Public Company Rules. Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board for resolution:

- (i) adoption of or amendment to an internal control system;
- (ii) assessment of the effectiveness of the internal control system;
- (iii) 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, extension of monetary loans to others, or endorsements or guarantees for others;
- (iv) any matter relating to the personal interest of the Directors;
- (v) a material asset or derivatives transaction;
- (vi) a material monetary loan, endorsement, or provision of guarantee;
- (vii) the offering, issuance, or Private Placement of any equity-related securities;
- (viii) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (ix) the appointment or discharge of a financial, accounting, or internal auditing officer;
- (x) approval of annual and semi-annual/second quarter financial reports (if applicable under the Applicable Public Company Rules); and
- (xi) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

With the exception of item (x), any other matter that has not been approved

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with the consent of one-half or more of all Audit Committee members may be undertaken upon the consent of two-thirds or more of the members of the Board, and the resolution of the Audit Committee shall be recorded in the minutes of the Directors meeting.

141.

Subject to the Law and the Applicable Public Company Rules, to the extent permitted under the laws of the Cayman Islands, the Independent Directors of the Audit Committee shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, examine the accounting books and documents, and request the Board or managers/officers to report on matters referred to above. Subject to the Law and the Applicable Public Company Rules and to the extent permitted under the laws of the Cayman Islands, the Board may authorize any Independent Director of the Audit Committee to appoint on behalf of the Company, a practicing lawyer and independent auditors to conduct the examination.

142.

The Audit Committee shall audit the various financial statements and records prepared by the Board for submission to the general meeting, and shall report their findings and opinions at such meeting.

142-1

(a)

Subject to the Law and the Applicable Public Company Rules, before any resolution of Merger is to be approved by the board of directors of the Company and the members of the Company, the Company shall have the Audit Committee to review the fairness and reasonableness of the plan and transaction of the Merger, and then report the review results to the Board and the general meeting of the Company

(b)

When reviewing the plan and transaction of the Merger, the Audit Committee shall seek opinions from independent expert(s) on the reasonableness of the share exchange ratio or distribution of cash or other assets.

(c)

For so long as the Shares are traded on the Designated Stock Market, subject to the provisions of the Law, the Applicable Public Company Rules, the review results of Audit Committee and the opinions of independent expert(s) shall be

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issued to the Members along with the notice of general meeting. Notwithstanding the preceding sentence, if the Company announced the same content as in those documents on a website designated by the competent securities authority and those documents are prepared at the venue of the general meeting by the Company, those documents shall be deemed as having been sent to the Members.

TENDER OFFER

143.

Within fifteen (15) days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Public Company Rules, the Board of Directors shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:

- (i) The types and amount of Shares held by the Directors and the Members holding more than ten percent (10%) of the outstanding Shares in its own name or in the name of other persons.
- (ii) Recommendations to the Members on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefor.
- (iii) Whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any.
- (iv) The types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the outstanding Shares held in its own name or in the name of other persons.

CORPORATE RECORD

144.

The Directors shall make book records of:

- (i) the names of Directors present at each meeting of the Board of Directors and or any committee appointed by the Board of Directors; and
- (ii) all resolutions and proceedings at all general meetings, meetings of the Board of Directors, and meetings of committees appointed by

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the Board of Directors.

145.

The Directors shall cause to be kept the Register of Mortgages and Charges required by the Law. The Register of Mortgages and Charges shall be open to inspection by Members and creditors in accordance with the Law, at the Registered Office on every business day in the Cayman Islands, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each such business day be allowed for inspection.

WINDING-UP

146.

If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Law and subject to the Applicable Public Company Rules, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

147.

If the Company shall be wound up, and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the Share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the Share capital, at the commencement of the winding up on the Shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the Share capital at the commencement of the winding up, the excessive assets shall be distributed amongst the Members in proportion to the Share capital at the commencement of the winding up on the Shares held by them respectively. This Article is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

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NOTICE

148.

Except as provided in the Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognized courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members, or to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic mail number or address such Members may have positively confirmed in writing for the purpose of such service of notices. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands as their representative in the Register of Members in respect of the joint holding, and notice so given shall be deemed as sufficient notice to all the joint holders.

149.

Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and where necessary, of the purposes for which such meeting was convened.

150.

Any notice or other document, if served by (a) post, shall be deemed to have been served at the time when the letter containing the same is posted; (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient; (c) courier service, shall be deemed to have been served at the time when the letter containing the same is delivered to the courier service; or (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail. In proving service by post or courier service, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

151.

Any notice or document delivered or sent by post to or left at the registered address of any Member in accordance with the terms of the Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have

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been duly served in respect of any Share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons (whether jointly with or as claiming through or under him) having interests in the Share.

152.

Notice of every general meeting shall be given in any manner herein : (i) to every person shown as a Member in the Register of Members as of the record date for such meeting; (ii) for every person whose ownership of a share devolves by reason of his death or bankruptcy, to his legal representative or a bankruptcy trustee; and no other person shall be entitled to receive notices of general meetings.

ALTERATION TO ARTICLES

153.

Subject to the Law and the Articles, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

OTHERS

154.

For so long as the shares are traded on the Designated Stock Market, the Company shall appoint a litigious and non-litigious agent pursuant to the Law and Applicable Public Company Rules to act as the Company's responsible person in the R.O.C. under the Securities and Exchange Law of the R.O.C. to handle matters stipulated in the Securities and Exchange Law of the R.O.C. and the relevant rules and regulations thereto. The litigious and non-litigious agent shall be an individual who has a residence or domicile in the R.O.C.

155.

For so long as the shares are traded on the Designated Stock Market, the qualifications, composition, appointment, removal, exercise of functions and other matters with respect to the Directors, Independent Directors, Remuneration Committee and Audit Committee which are required to be followed by the Company shall comply with the applicable R.O.C. securities laws and regulations.

156.

When the Company conducts the business, the Company shall comply with the

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laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities.

157.

Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

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Sports Gear Co., Ltd.**Shareholdings of All Directors****Book Closure Date: March 26,2024**

Positions	Names	Shares held	Percentage
Chairman	Wei-Chia Chen	1,991,000	1.02%
Director	Jialai Development Co., Ltd Thomas Wang	100,000	0.05%
Director	Pure-Xu Real Estate Advertising Co., Ltd. Thomas Lee	1,793,371	0.91%
Director	Davis Cheng	210,000	0.11%
Independent director	Long-I Liao	-	-
Independent director	Tzung-Chen Chen	-	-
Independent director	Peter Shu	-	-
Total shares held by the Directors		4,093,371	2.09%

Note :

1. The total issued share as of March 26,2024 is 196,045,617 shares.
2. Article 26 of Securities and Exchange Act does not apply to the Company.

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