



股票 Stock code  
代號 6768

# 志強國際企業股份有限公司

## SPORTS GEAR CO., LTD.

# 2025

## 股東常會 議事手冊

### 2025 Annual Shareholders' Meeting Meeting Agenda

**NOTE:**

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方式：實體股東會

日期：2025年5月23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：<https://www.sportsgear.com.tw>

公開資訊觀測站網址：<https://mops.twse.com.tw>

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**Chapter 1. Sports Gear Co., Ltd.**  
**2025 Annual Shareholders' Meeting Procedures**

- I. Call Meeting to Order
- II. Chairperson's Remarks
- III. Matters to Report
- IV. Matters for Ratification
- V. Matters for Discussion
- VI. Elections
- VII. Other Proposals
- VIII. Extraordinary Motions
- IX. Adjournment

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## **Chapter 2. Sports Gear Co., Ltd.**

### **2025 Annual Shareholders' Meeting Agenda**

**Meeting method:** Physical shareholders' meeting

**Meeting time:** May 23, 2025 (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) 2024 Business Report.
  - (II) 2024 Report by Audit Committee on Review of the Financial Statements.
  - (III) 2024 Employee and Director Remuneration Distribution Report.
  - (IV) 2024 Directors' Remuneration Report.
  - (V) Report on the execution of convertible corporate bonds.
- V. Matters for Ratification
  - (I) Ratify the 2024 Business Report and Consolidated Financial Report.
  - (II) Ratification of the 2024 Earnings Distributions.
- VI. Matters for Discussion
  - (I) Amendment to some articles of the Company's "Articles of Incorporation."
  - (II) Amendment to some articles of the "Procedures for Extending Loans to Others"
- VII. Election items: Full re-election of the Company's 4th Board of Directors.
- VIII. Other proposals: Proposal to lift the restrictions on non-competition of the new 4th term directors and their representatives.
- IX. Extraordinary Motions
- X. Adjournment

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## Chapter 3. Matters to Report

### First Proposal

Proposal: 2024 Business Report.

Description: For the Company's 2024 Business Report, please refer to Attachment 1 (pages 7-8).

### Second Proposal

Proposal: 2024 Report by Audit Committee on Review of the Financial Statements.

Description: For the Audit Committee Report, please refer to Attachment 2 (page 9).

### Third Proposal

Proposal: 2024 Employee and Director Remuneration Distribution Report.

Description:

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 and directors remuneration shall not be more than 2% of the profit when the Company's shares are traded in designated securities markets. The Company proposes allocating 2.12% of the net profit before tax (deducting benefits before distribution of employee and director remuneration), a total of NT\$44,194,270, as employee remuneration, and 0.69% amounting to NT\$14,300,000 as directors remuneration in 2024, which will be paid in cash.

### Fourth Proposal

Proposal: 2024 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:
  - (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 10).

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## **Fifth Proposal**

Proposal: Report on the execution of convertible corporate bonds.

Description:

- I. The Company's first domestic unsecured convertible corporate bonds were listed over-the-counter on October 31, 2024, with an issuance period of three years and a conversion price of NT\$101 at the time of issuance.
- II. A total of 10,000 bonds were issued. As of the transfer suspension date on March 25, 2025, a total of 4,090 corporate bonds were applied for conversion and 4,049,444 common shares had been converted.

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## Chapter 4. Matters for Ratification

### First Proposal

Proposal: Ratify the 2024 Business Report and Consolidated Financial Report. (Provided by the Board of Directors)

Description:

- I. The Company's 2024 Consolidated Financial Statements were approved by the Board of Directors, and were verified by accountants Amy Chiang and Rock Tseng and James Wu from Deloitte Taiwan.
- II. The 2024 Business Report and Consolidated Financial Report are included in Attachment 1 (pages 7-8) and Attachment 4 (pages 11-20), which are approved for ratification by the annual shareholders' meeting.

Resolution:

### Second Proposal

Proposal: Ratification of the 2024 Earnings Distributions. (Provided by the Board of Directors)

Description:

- I. The Company's net profit after tax and adjustment items attributable to the parent company in 2024 plus the undistributed earnings at the beginning of the period amounted to NT\$2,420,287,065, and a 10% statutory surplus reserve of NT\$159,653,076 was set aside, resulting in a distributable surplus of NT\$3,857,164,753. The proposed cash dividend is NT\$1,235,679,642 (based on the 199,789,131 shares issued by the Company entitled to participate in the distribution as of February 28, 2025, the dividend is NT\$6.18491925 per share).
- 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 21) for details on the 2024 Earnings Distributions.
- IV. The above matters have been approved for ratification by the annual shareholders' meeting.

Resolution:

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## Chapter 5. Matters for Discussion

### First Proposal

Proposal: Amendment to some articles of the Company's "Articles of Incorporation." (Provided by the Board of Directors)

Description:

- I. Pursuant to the Taiwan Stock Exchange Corporation's letter Tai-Zheng-Shang-Er-Zi No. 1131701804 dated May 2, 2024, it is proposed that a new Articles of Incorporation shall replace the existing Articles of Incorporation.
- II. A comparison table of the revised provisions is attached, as detailed in Attachment 6 (page 22).
- III. The matters above are approved for a vote by extraordinary resolution at the annual shareholders' meeting.

Resolution:

### Second Proposal

Proposal: Amendment to some articles of the "Procedures for Extending Loans to Others"

Description:

- I. In line with the Company's actual management, some provisions of the "Procedures for Lending Funds to Others" will be revised, and a comparison table of the revised provisions is attached in Appendix 7 (page 23).
- II. The matters above are approved for a vote by an ordinary resolution at the annual shareholders' meeting.

Resolution:

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## **Chapter 6. Elections**

Proposal: Full re-election of the Company's 4th Board of Directors. (Provided by the Board of Directors)

Description:

- I. The current 3rd term of directors (including independent directors) of the Company will expire on May 26, 2025. It is proposed that the 4th term of directors be elected at the 2025 annual shareholders' meeting. The term of the current directors shall expire at the completion of this annual shareholders' meeting.
- II. This full re-election includes 7 directors (3 of which are independent directors); the new directors will take office after being elected by the shareholders' meeting and will serve a term of 3 years, from May 23, 2025 to May 22, 2028.
- III. The re-election is conducted in accordance with the Company's "Regulations Governing the Election of Directors", adopts a director nomination system, with shareholders selecting directors from the list of candidates. The list of candidates for the election of directors (including independent directors) is provided in Attachment 8 (page 24).

Election results:

## **Chapter 7. Other Proposals**

Proposal: Proposal to lift the restrictions on non-competition of the new 4th term directors and their representatives. (Provided by the Board of Directors)

Description:

- I. Article 209, Paragraph 1 of the Company Act stipulates that directors should brief actions they are going to take within the scope of ASE's business operation for themselves or for others in the shareholders' meetings and obtain permission.
- II. The new 4th term directors of the Company and their legal person director representatives may engage in the investment or operation of a business entity whose scope of business is similar to that of the Company and act as a director or manager thereof. On the premise of partiality to the interests of the Company, it is proposed to request that the shareholders' meeting agree to lifting the restrictions on non-competition of new directors and their legal person director representatives.
- III. The content of the proposed request to lift the restrictions on non-competition of new directors and their legal person director representatives is shown in Attachment 9 (page 25). The matter has been approved for resolution.

Resolution:

## **Chapter 8. Extraordinary Motions**

## **Chapter 9. Adjournment**

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## 2024 Business Report

## I. Preface:

Looking back at 2024, as the inventory adjustment cycle of international brand customers and distributors came to an end, and the Paris Olympics and international events kicked off, demand clearly picked up and boosted orders. The Company delivered outstanding performance with the effort of the management team and all employees, with a consolidated sales of NT\$18.44 billion in 2024, an increase of 29.8%. The overall net profit after tax was NT\$1.59 billion, a 1.96 times increase year-on-year, and EPS set a record of NT\$8.15.

Looking ahead to 2025, the Company will continue to operate steadily to create continuous growth. However, with growing protectionism and implementation of additional tariffs, it may lead to uncertainty in the global economy, and may thus affect supply chain adjustment and impact the business. The Company shall actively respond to market changes, and through cooperation with customers in research and development and innovation, create a market niche with brand customers. The Company's 2024 operating performance and 2025 business plan are as follows:

## II. 2024 Business Report

## (I) Results of business plans

Unit: NT\$ thousand

Accounting items	2024	2023	Amount of increase (decrease)	Change ratio (%)
Net operating revenue	18,443,858	14,207,689	4,236,169	29.8%
Gross profit	3,817,104	2,366,728	1,450,376	61.3%
Net profit	1,607,399	480,052	1,127,347	234.8%
Net profit before tax	2,025,392	764,388	1,261,004	165.0%
Net profit after tax	1,596,027	539,460	1,056,567	195.9%

## (II) Analysis of financial gains and losses and profitability

Analysis items		2024	2023
Financial structure	Ratio of liabilities to assets (%)	35.37	31.79
	Ratio of long-term capital to real estate properties, plants and equipment (%)	301.44	312.74
Liquidity	Current ratio (%)	287.90	309.43
	Quick ratio (%)	241.05	273.32
Profitability	ROA (%)	7.61	3.10
	ROE (%)	11.07	3.89
	Net profit margin (%)	8.65	3.80
	earnings per share (EPS) (NTD)	8.15	2.78

(III) 2024 budget execution: The Company has not disclosed its 2024 financial forecast.

(IV) Production overview:

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The Group produced 35,595 thousand pairs of shoes in 2024, an increase of 19.7% from 2023, with Vietnam accounting for 61.3%, and Cambodia accounting for 38.7%. The main production strategies for each region in 2023 are as follows.

- 21,837 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, replace old equipment and increase the proportion of automated equipment used in the future.
- 13,758 thousand pairs produced in Cambodia: We will continue to improve our production process, thereby improving our production technology.
- The future production capacity will be in line with the global layout. With the new production plants in Portugal and Indonesia to be completed successively, new production lines will be established and production capacity continue to be expanded based on market demand.

(V) Research and development

While boosting operational performance, the Company also continues to invest in innovation in various processes, investing NT\$503,860 thousand in research and development in 2024, an increase from NT\$418,345 thousand in 2023, accounting for 2.73% of consolidated revenue. The research and development funds are mainly used for improvement in direct injection technology and various processes. Besides setting up dedicated research and development centers for the main brands, the Company also works closely with the brand customers during the product development to improve sample quality completion rate and delivery, providing them with better services and solutions.

(VI) Corporate Social Responsibility

Engaging in production activities will inevitably face environmental problems. Faced with the issues of the 2050 net zero emission and the carbon tariffs of various countries, how to reduce greenhouse gas emission has become an issue the Company has to face. Our goal is to increase energy efficiency and the use of renewable energy. Almost all of our factories at present are cooperating with their partners in setting up solar power generation facilities, and continuing to work towards the goal of purchasing renewable energy certificates (REC).

In May in 2024, the Company was included as a constituent stock in “TIP Customized Taiwan ESG High Dividend Equal Weight Index”, which is an affirmation of our current ESG related actions, and also became a pressure and support for us to continue to improve. In the future, we will also apply to participate in SBTi Science Based Targets initiative where appropriate and adopt “science-based net-zero emission actions”, providing guidelines, standards and carbon reduction recommendations for our setup based on our carbon emission targets, to help us set short-term and long-term carbon reduction targets and ensure they are consistent with the concept of climate science.

III. The Company's future development strategy, and the effect of external competition, the legal environment, and the overall business environment.

Looking back at the past few years, we faced difficulties such as the global pandemic, customers' inventory adjustment, high inflation and economic recession, and are more aware of the fact that we have to maintain financial soundness and strengthen production strength so as to be able to stand firm in adversity and take advantage of favorable situations.

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Looking ahead, we will continue to provide products with stable quality and compliance with international brand standards with the Company's professional management team. Besides continuing to cultivate existing customers, we will also actively attract new customers, leading the Company to continue to grow and strive.

The Company will also adhere to the laws and regulations. Besides regularly paying attention to the amendment of the relevant laws and regulations, it will also conduct internal training for legal compliance and other courses where necessary through the management system. In addition, in terms of the corporate social responsibility aspect, we will strengthen the communication mechanism with various stakeholders, and continue to promote the sustainable development of Sports Gear Co., Ltd.

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.

Convener of the Audit Committee: Long-I Liao

March 5, 2025

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Attachment 3-Individual Directors' Remuneration

December 31, 2024 Unit: NT\$ thousand

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)		Director remuneration (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	Wei-Chia Chen	0	0	0	0	6,500	6,500	60	60	6,560	0.41%	6,560	0.41%	0	10,615	0	0	0	0	0	0	6,560	0.41%	17,175	1.07%	0
Director	Chia Lai Development Co., Ltd	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0
	Representative: Thomas Wang	0	0	0	0	2,600	2,600	60	60	2,660	0.17%	2,660	0.17%	0	0	0	0	0	0	0	0	2,660	0.17%	2,660	0.17%	0
Director	Pure-Xu Real Estate Advertising Co., Ltd.	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0
	Representative: Thomas Lee	0	0	0	0	2,600	2,600	50	50	2,650	0.17%	2,650	0.17%	0	0	0	0	0	0	0	0	2,650	0.17%	2,650	0.17%	0
Director	Davis Cheng	0	0	0	0	2,600	2,600	50	50	2,650	0.17%	2,650	0.17%	0	0	0	0	0	0	0	0	2,650	0.17%	2,650	0.17%	0
Independent Director	Long-I Liao	1,200	1,200	0	0	0	0	50	50	1,250	0.08%	1,250	0.08%	0	0	0	0	0	0	0	0	1,250	0.08%	1,250	0.08%	0
Independent Director	Tzung-Chen Chen	1,200	1,200	0	0	0	0	60	60	1,260	0.08%	1,260	0.08%	0	0	0	0	0	0	0	0	1,260	0.08%	1,260	0.08%	0
Independent Director	Peter Shu	1,200	1,200	0	0	0	0	50	50	1,250	0.08%	1,250	0.08%	0	0	0	0	0	0	0	0	1,250	0.00%	1,250	0.08%	0

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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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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, 2024, is as follows:

**Cut-off of operating revenue recognition**

Operating revenue of the Group primarily arises from manufacture and sales of shoes-related products. Time point of revenue recognition is based on the determination of transferring control of goods in accordance with the transaction terms agreed with customers. As the revenue recognition procedures involve numerous manual controls, revenue might not be recorded in the correct period. Therefore, time point of revenue recognition is the key audit matter. Please refer to Note 4 to the financial statements for the accounting policies related to revenue recognition.

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

1. We understood and assessed the internal control relevant to audit risk in sales and collection cycles, and the design and operating effectiveness.
2. We verified the transaction documents related to operating revenue before and after a certain period from the balance sheet date, to ensure the sales transactions are recorded in the correct period.

**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 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, 2024 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, 2025.

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SPORTS GEAR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	\$ 7,907,300	34	\$ 5,862,699	29
1110	Financial assets at fair value through profit or loss - current (Note 7)	2,500	-	-	-
1170	Accounts receivable, net (Notes 8, 18, and 24)	3,180,935	13	2,534,960	13
1200	Other receivables	32,018	-	47,741	-
1220	Current tax assets (Note 20)	27,030	-	27,075	-
130X	Inventories (Note 9)	2,613,819	11	1,537,782	8
1476	Other financial assets - current (Note 6)	1,314,024	6	2,458,969	12
1479	Other current assets	986,599	4	708,443	4
11XX	Total current assets	<u>16,064,225</u>	<u>68</u>	<u>13,177,669</u>	<u>66</u>
	NON-CURRENT ASSETS				
1600	Property, plant, and equipment (Notes 11 and 25)	5,969,716	25	5,009,498	25
1755	Right-of-use assets (Notes 12 and 24)	1,168,019	5	1,234,197	6
1780	Intangible assets	19,258	-	17,471	-
1840	Deferred income tax assets (Note 20)	125,570	1	112,333	1
1920	Refundable deposits	64,666	-	54,078	-
1980	Other financial assets - non-current (Notes 6 and 25)	11,811	-	225,712	1
1990	Other non-current assets	151,502	1	94,713	1
15XX	Total non-current assets	<u>7,510,542</u>	<u>32</u>	<u>6,748,002</u>	<u>34</u>
1XXX	TOTAL	<u>\$23,574,767</u>	<u>100</u>	<u>\$19,925,671</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term bank loans (Notes 13 and 25)	\$ 1,244,343	5	\$ 922,412	5
2150	Note payables	3,845	-	538	-
2170	Account payables	2,572,516	11	1,621,864	8
2200	Other payables (Note 15)	1,058,041	4	947,822	5
2230	Current tax liabilities (Note 20)	228,861	1	230,272	1
2280	Lease liabilities-current (Notes 12 and 24)	104,425	-	95,153	-
2320	Current portion of long-term bank loans (Notes 13 and 25)	364,481	2	384,570	2
2399	Other current liabilities	3,316	-	56,128	-
21XX	Total current liabilities	<u>5,579,828</u>	<u>23</u>	<u>4,258,759</u>	<u>21</u>
	NON-CURRENT LIABILITIES				
2530	Bond payables (Note 14)	934,046	4	-	-
2541	Long-term bank loans (Notes 13 and 25)	1,179,867	5	1,351,457	7
2560	Current tax liabilities - non-current (Note 20)	-	-	10,668	-
2570	Deferred tax liabilities (Note 20)	7,152	-	2,612	-
2580	Lease liabilities - non-current (Notes 12 and 24)	636,733	3	711,444	4
25XX	Total non-current liabilities	<u>2,757,798</u>	<u>12</u>	<u>2,076,181</u>	<u>11</u>
2XXX	Total liabilities	<u>8,337,626</u>	<u>35</u>	<u>6,334,940</u>	<u>32</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
3110	Share capital	1,960,456	8	1,960,456	10
3211	Capital surplus	8,174,093	35	7,954,196	40
	Retained earnings				
3310	Legal reserve	444,198	2	391,072	2
3350	Unappropriated earnings	4,016,819	17	3,218,387	16
3400	Other Equity	641,575	3	66,072	-
31XX	Total equity attributable to owners of the Company	<u>15,237,141</u>	<u>65</u>	<u>13,590,183</u>	<u>68</u>
36XX	Non-controlling interests	-	-	548	-
3XXX	Total equity	<u>15,237,141</u>	<u>65</u>	<u>13,590,731</u>	<u>68</u>
	TOTAL	<u>\$23,574,767</u>	<u>100</u>	<u>\$19,925,671</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

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SPORTS GEAR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

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

CODE		2024		2023	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 18 and 24)	\$ 18,443,858	100	\$ 14,207,689	100
5000	OPERATING COSTS (Notes 9 and 19)	<u>14,626,754</u>	<u>79</u>	<u>11,840,961</u>	<u>84</u>
5900	GROSS PROFIT	<u>3,817,104</u>	<u>21</u>	<u>2,366,728</u>	<u>16</u>
	OPERATING EXPENSES (Notes 19 and 24)				
6100	Selling and marketing expenses	396,064	2	288,209	2
6200	General and administrative expenses	1,309,622	7	1,181,125	8
6300	Research and development expenses	503,860	3	418,345	3
6450	Expected credit losses (Reversal gains)	<u>159</u>	<u>-</u>	<u>( 1,003 )</u>	<u>-</u>
6000	Total operating expenses	<u>2,209,705</u>	<u>12</u>	<u>1,886,676</u>	<u>13</u>
6900	PROFIT FROM OPERATIONS	<u>1,607,399</u>	<u>9</u>	<u>480,052</u>	<u>3</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 19 and 24)				
7010	Other income	25,103	-	36,594	-
7020	Other gains and losses	191,191	1	55,462	1
7050	Finance costs	<u>( 73,302 )</u>	<u>-</u>	<u>( 99,957 )</u>	<u>( 1 )</u>
7100	Interest income	<u>275,001</u>	<u>1</u>	<u>292,237</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>417,993</u>	<u>2</u>	<u>284,336</u>	<u>2</u>
7900	PROFIT BEFORE INCOME TAX	2,025,392	11	764,388	5
7950	INCOME TAX EXPENSE (Note 20)	<u>429,365</u>	<u>2</u>	<u>224,928</u>	<u>1</u>
8200	NET PROFIT FOR THE YEAR	<u>1,596,027</u>	<u>9</u>	<u>539,460</u>	<u>4</u>

(Continued)

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(Continued)

CODE		2024		2023	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8340	Exchange difference of translation to the presentation currency	\$ 414,249	2	(\$ 5,019)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences in translating the financial statements of foreign operations	<u>161,295</u>	<u>1</u>	<u>( 103,449 )</u>	<u>( 1 )</u>
8300	Other comprehensive income (loss)	<u>575,544</u>	<u>3</u>	<u>( 108,468 )</u>	<u>( 1 )</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,171,571</u>	<u>12</u>	<u>\$ 430,992</u>	<u>3</u>
	Net profit (loss) attributable to:				
8610	Owners of the company	\$ 1,598,113	9	\$ 544,986	4
8620	Non-controlling interest	<u>( 2,086 )</u>	<u>-</u>	<u>( 5,526 )</u>	<u>-</u>
8600		<u>\$ 1,596,027</u>	<u>9</u>	<u>\$ 539,460</u>	<u>4</u>
	Comprehensive income attributable to:				
8710	Owners of the company	\$ 2,173,616	12	\$ 437,597	3
8720	Non-controlling interest	<u>( 2,045 )</u>	<u>-</u>	<u>( 6,605 )</u>	<u>-</u>
8700		<u>\$ 2,171,571</u>	<u>12</u>	<u>\$ 430,992</u>	<u>3</u>
	EARNINGS PER SHARE (Note 21)				
9750	Basic	<u>\$ 8.15</u>		<u>\$ 2.78</u>	
9850	Dilution	<u>\$ 8.08</u>		<u>\$ 2.77</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

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SPORTS GEAR CO., LTD. AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company (Note 17)								
		Retained Earnings					Other Equity			
							Exchange differences in translation of the financial statements of foreign operations			
C O D E		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Total	Non-controlling Interests	Total Equity
A1	Balance on January 1, 2023	\$ 1,960,456	\$ 7,954,196	\$ 210,263	\$ 794,855	\$ 3,053,312	\$ 173,461	\$ 14,146,543	( \$ 6,576 )	\$ 14,139,967
B1	Appropriation of 2022 earnings									
B3	Legal Reserve	-	-	180,809	-	( 180,809 )	-	-	-	-
B5	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
B1	Appropriation of 2023 earnings									
B5	Legal Reserve	-	-	53,126	-	( 53,126 )	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	( 744,973 )	-	( 744,973 )	-	( 744,973 )
C5	Other changes in capital surplus:									
C5	Equity component of convertible bonds issued by the Company	-	207,817	-	-	-	-	207,817	-	207,817
C17	Other changes in capital surplus	-	12,080	-	-	-	-	12,080	-	12,080
D1	Net profit (loss) for the year ended December 31, 2024	-	-	-	-	1,598,113	-	1,598,113	( 2,086 )	1,596,027
D3	Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	575,503	575,503	41	575,544
D5	Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,598,113	575,503	2,173,616	( 2,045 )	2,171,571
M5	Differences between the prices and carrying amounts of actual acquisition or disposal of subsidiary’s equity	-	-	-	-	( 1,582 )	-	( 1,582 )	1,582	-
O1	Increase or decrease in non-controlling interests	-	-	-	-	-	-	-	( 85 )	( 85 )
Z1	Balance at December 31, 2024	\$ 1,960,456	\$ 8,174,093	\$ 444,198	\$ -	\$ 4,016,819	\$ 641,575	\$ 15,237,141	\$ -	\$ 15,237,141

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, 2024 and 2023

(In Thousands of New Taiwan Dollars)

CODE		2024	2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	\$ 2,025,392	\$ 764,388
A20010	Adjustments for:		
A20100	Depreciation expenses	664,533	717,555
A20200	Amortization expenses	8,035	9,269
A20300	Expected credit losses (reversal gains)	159	( 1,003 )
A20400	Net gains on financial assets at fair value		
	through profit or loss	( 1,200 )	-
A20900	Interest expenses	73,302	99,957
A21200	Interest income	( 275,001 )	( 292,237 )
A22500	Net losses on disposal of property, plant,		
	and equipment	3,887	8,898
A23700	Losses on impairment of goodwill	-	13,540
A23800	Impairment losses on non-financial		
	assets (reversal gains)	2,915	( 14,104 )
A24100	Net losses (gains) on foreign currency		
	exchange	( 161,405 )	9,517
A29900	Profit from lease modification	( 4,027 )	( 2 )
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	( 359,693 )	818,781
A31180	Other accounts receivable	( 3,435 )	( 2,926 )
A31200	Inventories	( 1,020,375 )	266,726
A31240	Other current assets	( 225,624 )	278,971
A32150	Accounts payable	873,277	6,535
A32180	Other payables	69,800	( 32,493 )
A32230	Other current liabilities	( 55,296 )	43,397
A33000	Cash generated from operations	1,615,244	2,694,769
A33100	Interest received	295,990	300,717
A33300	Interest paid	( 64,066 )	( 89,811 )
A33500	Income tax paid	( 495,301 )	( 629,748 )
AAAA	Net cash generated from operating		
	activities	<u>1,351,867</u>	<u>2,275,927</u>

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# CASH FLOWS FROM INVESTING ACTIVITIES

B02700	Acquisition of property, plant, and equipment	( 1,423,911 )	( 1,011,493 )
B02800	Proceeds from disposal of property, plant, and equipment	7,148	2,857

(Continued)

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(Continued)

C o d e		2024	2023
B03700	Increase in refundable deposits	( \$ 2,973 )	( \$ 319 )
B04500	Acquisition of intangible assets	( 9,714 )	( 4,165 )
B05350	Acquisition of right-of-use assets	-	( 42,848 )
B06500	Decrease (increase) in other financial assets	1,462,175	( 624,147 )
B06700	Increase in other non-current assets	( <u>34,411</u> )	( <u>20,793</u> )
BBBB	Net cash used in investing activities	( <u>1,686</u> )	( <u>1,700,908</u> )
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term bank loans	4,788,039	3,729,938
C00200	Decrease in short-term bank loans	( 4,692,020 )	( 3,590,775 )
C01200	Issuance of convertible bonds	1,136,779	-
C01600	Proceeds from long-term bank loans	510,390	1,455,951
C01700	Repayments of long-term bank loans	( 785,820 )	( 744,660 )
C04020	Repayment of the principal portion of lease liabilities	( 100,613 )	( 90,422 )
C04500	Dividends paid to owners of the Company	( 744,973 )	( 980,228 )
C09900	Execution of disgorgement	<u>12,080</u>	<u>-</u>
CCCC	Net cash generated from (used in) financing activities	<u>123,862</u>	( <u>220,196</u> )
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>570,558</u>	( <u>58,754</u> )
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	2,044,601	296,069
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,862,699</u>	<u>5,566,630</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,907,300</u>	<u>\$ 5,862,699</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

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Sports Gear Co., Ltd.  
Distribution of 2024 Earnings

Item	Unit: NTD
Unappropriated earnings at the beginning of the period	2, 420, 287, 065
Net profit for 2024	1, 598, 112, 776
Retained earnings from adjustment of investment under equity method	(1, 582, 012)
Current net profit plus adjustment	1, 596, 530, 764
10% provision of legal reserve	(159, 653, 076)
Unappropriated earnings accumulated until the end of 2024	3, 857, 164, 753
In the form of:	
Cash dividends to shareholders	( 1, 235, 679, 642)
Unappropriated earnings at the end of the period	2, 621, 485, 111

Note:

1. Number of shares issued is 199,789,131 shares. Number of outstanding shares is 199,789,131 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, or transfer of convertible bonds, 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

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Comparison Table of the amendment of the "Articles of Incorporation of Sports Gear Co., Ltd."

Articles	After amendment	Before amendment	Explanation of the amendment
4.(c)	本公司採行票面金額股者，不得轉換為無票面金額股；採行無票面金額股者，亦不得轉換為票面金額股。	[新增]	Amended pursuant to the Taiwan Stock Exchange Corporation's letter Tai-Zheng-Shang-Er-Zi No. 11317018041 dated May 2, 2024.
	The Company choosing to issue par value shares shall not convert its shares into no par value shares, and choosing to issue no par value shares shall not convert its shares into par value shares.	[New]	
92.(b)	於不違反本法之情形下，繼續六個月以上持有已發行股份總數百分之一以上之股東，得以書面請求審計委員會為本公司，向有管轄權之法院(包括臺灣臺北地方法院)，對董事提起訴訟。 <u>審計委員會</u> 自收受前述請求日起三十日內不提起訴訟時，於開曼群島法令允許之範圍內，該請求之股東得為本公司提起訴訟。	於不違反本法之情形下，繼續六個月以上持有已發行股份總數百分之一以上之股東，得以書面請求審計委員會之任一獨立董事為本公司，向有管轄權之法院(包括臺灣臺北地方法院)，對董事提起訴訟。 <u>該獨立董事</u> 自收受前述請求日起三十日內不提起訴訟時，於開曼群島法令允許之範圍內，該請求之股東得為本公司提起訴訟。	Amended pursuant to the Taiwan Stock Exchange Corporation's letter Tai-Zheng-Shang-Er-Zi No. 11317018041 dated May 2, 2024.
	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 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 the <u>Audit committee</u> 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.	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 <u>any Independent Director</u> 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 the <u>Independent Director</u> 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.	

## NOTE:

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Comparison Table of the amendment of "Sports Gear Co., Ltd.'s Procedures for Extending Loans to Others"

After amendment	Before amendment	Explanation
4.1 The financing period is limited to one year; However, for capital loans due to business dealings, the loan period may be extended after the resolution of the board of directors is passed for special circumstances. The extension period for each capital loan shall not exceed six months and is limited to one time. However, for capital loans between foreign companies in which the Company directly or indirectly holds 100% of the voting shares, the term of each capital loan shall not exceed three years. <del>If required, an extension may be applied upon approval by the board of directors.</del>	4.1 The financing period is limited to one year; However, for capital loans due to business dealings, the loan period may be extended after the resolution of the board of directors is passed for special circumstances. The extension period for each capital loan shall not exceed six months and is limited to one time. However, for capital loans between foreign companies in which the Company directly or indirectly holds 100% of the voting shares, the term of each capital loan shall not exceed three years. If required, an extension may be applied upon approval by the board of directors.	Amended the text according to the actual situation
5.1 The Company shall examine the necessity and rationality of lending funds to others based on the application (or official letter) issued by the company, and evaluate its use, purpose, and benefits, and sign an opinion on whether to lend the funds and inform the <del>Accounting Center</del> <b>Accounting Center</b> to propose the interest rate and term,.....	5.1 The Company shall examine the necessity and rationality of lending funds to others based on the application (or official letter) issued by the company, and evaluate its use, purpose, and benefits, and sign an opinion on whether to lend the funds and inform the Accounting Center to propose the interest rate and term,.....	Amended the text according to the actual situation
7.2 After the loan is disbursed, the loan case handler shall arrange the debt certificates such as the contract, promissory note, collateral documents, insurance policies, and correspondence documents in order, put them into a safekeeping bag, and write the contents of the safekeeping items and the name of the client on the bag before submitting it to the department head of the <del>Accounting Center</del> <b>Accounting Center</b> for inspection,....	7.2 After the loan is disbursed, the loan case handler shall arrange the debt certificates such as the contract, promissory note, collateral documents, insurance policies, and correspondence documents in order, put them into a safekeeping bag, and write the contents of the safekeeping items and the name of the client on the bag before submitting it to the department head of the Accounting Center for inspection,....	Amended the text according to the actual situation

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## Sports Gear Co., Ltd.

## List of director (including independent director) candidates (board of directors nomination)

Date: March 25, 2025; Unit: Shares

No.	Category	Name	Experience (educational background)	Current position	Number of shares held
1	Director	Wei-Chia Chen	Chairman of the Company Department of Business Administration, Fu Jen Catholic University	Chairman of the Company Director of Sports Gear Samoa, Elephant, Fongyuan, and All Wells Chairman and CEO of Silk Invest, Chi Hung, All Wells, Can Sports Cambodia, Can Sports Vietnam, Dai Hoa Vietnam, August Sports Vietnam, Fireman, Sports Gear (Myanmar) Commissioner of PT Can Sports Industrial Indonesia Director of SGP Director of FiL Chairman of Sports Gear SG Private Ltd. Chairman of Spread Idea Co., Ltd. Director of X Man Footwear International Co., Ltd. Legal Person Director's Representative of Match Sports International Co., Ltd. Director of Mu Mu Sports International Limited Director of Lu Lu Sports International Limited Director of Lesson 1 Company Limited Director of Power Rich International Ltd. Legal Person Director's Representative of Pauian Archiland Co., Ltd. Director of Nanshan Senior High School Chairman of Sports Gear Social Welfare Foundation	
2	Director	Thomas Wang	Director of the Company Department of Economics, National Taiwan University	Director of the Company Legal Person Director's Representative of Interactive Digital Technologies Inc.	
3	Director	Davis Cheng	Director of the Company Department of Electrical Engineering, National Taipei Institute of Technology (renamed to National Taipei University of Technology) Chairman of Interactive Digital Technologies Inc. Chairman of Hitron Technologies Co., Ltd. Independent director of Taiwan IC Packaging Corporation	Director of the Company Chairman of Artmo Inc. Director of Transcend Information, Inc. Independent director of TPK Holding Co., Ltd.	
4	Director	Peter Shu	Independent Director of the Company Bachelor's Degree in Electro-mechanical Engineering, National Cheng Kung University Project manager, HP	Independent Director of the Company Chairman and CEO of Transcend Information, Inc. Chairman of Taiwan IC Packaging Corporation Director of C-Tech Corporation President of Transcend Information Trading GmbH	
5	Independent Director	Tzung-Chen Chen	Independent Director of the Company Bachelor's Degree in Law, National Taiwan University Director General of the Judicial Yuan Judge and President of Taiwan Shilin District Court Judge and President of the Taichung Branch of the High Court of Taiwan Judge and President of the High Court of Taiwan	Independent Director of the Company	

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No.	Category	Name	Experience (educational background)	Current position	Number of shares held
			Judge and President of the Supreme Court		
6	Independent Director	Leo Hong	Independent Director of the Company Master of Business, Graduate School of Business and Finance, Waseda University, Japan Manager, Yuanlin Branch, Mega International Commercial Bank Manager, Fengyuan Branch, Mega International Commercial Bank Senior VP, Mega International Commercial Bank Headquarters; Director of the Central Region Credit Management Center Senior VP, Mega International Commercial Bank Headquarters; Manager of International Business Group Chief Auditor of Mega International Commercial Bank	-	
7	Independent Director	Chen Jun-Man	Master of Accountancy, University of North Texas EMBA, National Yang Ming Chiao Tung University Certified Public Accountant of Chuan Zhi Accounting Firm Certified Public Accountant of KPMG Taiwan	Independent Director of MSIG Mingtai Insurance Co., Ltd Independent Director of Sinon Corporation	

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**Restrictions on Non-competition of New Directors and Their Legal Person Director Representatives**

Type of nomination	Name	Current position
Director	Wei-Chia Chen	Director of Sports Gear Samoa, Elephant, Fongyuan, and All Wells Chairman and CEO of Silk Invest, Chi Hung, All Wells, Can Sports Cambodia, Can Sports Vietnam, Dai Hoa Vietnam, August Sports Vietnam, Fireman, Sports Gear (Myanmar) Commissioner of PT Can Sports Industrial Indonesia Director of SGP Director of FiL Chairman of Sports Gear SG Private Ltd. Chairman of Spread Idea Co., Ltd. Director of X Man Footwear International Co., Ltd. Legal Person Director's Representative of Match Sports International Co., Ltd. Director of Mu Mu Sports International Limited Director of Lu Lu Sports International Limited Director of Lesson 1 Company Limited Director of Power Rich International Ltd. Legal Person Director's Representative of Pauian Archiland Co., Ltd. Director of Nanshan Senior High School Chairman of Sports Gear Social Welfare Foundation
Director	Thomas Wang	Legal Person Director's Representative of Interactive Digital Technologies Inc.
Director	Davis Cheng	Chairman of Artmo Inc. Director of Transcend Information, Inc. Independent director of TPK Holding Co., Ltd.
Director	Peter Shu	Chairman and CEO of Transcend Information, Inc. Chairman of Taiwan IC Packaging Corporation Director of C-Tech Corporation President of Transcend Information Trading GmbH
Independent Director	Tzung-Chen Chen	-
Independent Director	Leo Hong	-
Independent Director	Chen Jun-Man	Independent Director of MSIG Mingtai Insurance Co., Ltd Independent Director of Sinon Corporation

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**Sports Gear Co., Ltd.**  
**Rules of Procedure for the Shareholders' Meeting**

**1. Purpose**

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

**2. Scope**

The rules of procedures for the Company's shareholders meetings, except as otherwise provided by laws and regulations or the Articles of Incorporation, shall be as provided in these Rules.

**3. Convention and notice of shareholders' meetings**

- 3.1 Unless otherwise specified by law or Articles of Incorporation, shareholders' meetings shall be convened by the Board of Directors.
- 3.2 The Company shall prepare an electronic file that contains the meeting notice, a proxy form, a detailed description of various agenda items to be acknowledged or discussed during the meeting, and notes on re-election or dismissal of directors, and post it onto the Market Observation Post System (MOPS) at least 30 days before an annual shareholders' meeting, or 15 days before an extraordinary shareholders' meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS at least 21 days before the date of the annual shareholders meeting or at least 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
- 3.3 The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- 3.4 Matters pertaining to election or dismissal of directors, amendment to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, capitalization of profits, capitalization of capital reserve, dissolution, merger, spin-off, or any matters as set forth in Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as special motions.
- 3.5 Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

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- 3.6 A shareholder holding 1% or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any Subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Shareholders may submit proposals for urging the Company to promote public interests or fulfill its social responsibilities. The procedures shall be based on related regulations in Article 172-1 of the Company Act. Each shareholder may only submit one proposal. If a shareholder submits more than one proposal, the proposal shall not be included in the agenda.
- 3.7 Prior to the book closure date before a general shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- 3.8 Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. Shareholders who have successfully proposed agenda items shall attend the general meeting of shareholders in person or through proxy attendance and participate in the discussion.
- 3.9 The Company shall notify the proposing shareholders of the outcome of their proposed agenda items before the date the meeting notice is sent. Meanwhile, agenda items that satisfy the conditions listed in this Article shall be included as part of the meeting notice. The board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda at the shareholders meeting.

#### **4. Proxy Form**

- 4.1 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- 4.2 Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must arrive at the Company at least five days before the shareholders' meeting. In the event that multiple proxy forms are issued, the proxy form that arrives first shall prevail. However, exception shall be granted if the shareholder issues a declaration to withdraw the previous proxy arrangement.
- 4.3 After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### **5. Venue and time of shareholders' meetings**

Shareholders' meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings shall not begin earlier than 9 AM or later than 3 PM. The opinions of independent directors shall be fully considered when deciding the location and time of the meetings.

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## **6. Preparation of attendance logs etc.**

- 6.1 The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
- 6.2 The time during which shareholder attendance registrations will be accepted, as stated in 6.1, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
- 6.3 Shareholders or proxies (hereinafter referred to as shares) shall present an attendance pass, an attendance card or other proof of attendance when entering a shareholders' meeting. The Company may not add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- 6.4 The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- 6.5 The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
- 6.6 When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

## **7. Shareholders' Meeting Chairman and Attendees**

- 7.1 Shareholders' meetings that are convened by the chairman shall be chaired by the chairman. If the chairman is unable to perform such duties due to leave of absence or any reason, the vice chairman shall act on the chairman's behalf. If the vice chairman is also unavailable or is non-existent, the chairman may appoint a standing director to act on his behalf. Where the Chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.
- 7.2 When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.
- 7.3 It is advisable that shareholders meetings convened by the board of directors be chaired by the chairman of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
- 7.4 If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- 7.5 The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at the shareholders' meeting.

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## **8. Audio and video recording**

- 8.1 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
- 8.2 The recorded materials of the shareholders' meeting referred to in the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

## **9. Number of shares in attendance**

- 9.1 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- 9.2 The chair shall call the meeting to order at the appointed meeting time, and simultaneously announce information in relation to the number of shares that are not entitled to vote and the number of shares in attendance. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
- 9.3 If the quorum is not met after two postponements as referred to in Article 9.2, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.
- 9.4 When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

## **10. Discussion of agenda items**

- 10.1 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
- 10.2 The provisions of Article 10.1 apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.
- 10.3 The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of Article 10.1 and 10.2 (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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- 10.4 The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

## **11. Shareholder's Speech**

- 11.1 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
- 11.2 A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- 11.3 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- 11.4 When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
- 11.5 When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
- 11.6 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

## **12. Calculation of voted shares**

- 12.1 Voting at a shareholders meeting shall be calculated based the number of shares.
- 12.2 With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- 12.3 When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- 12.4 The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- 12.5 With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

## **13. Exercise of voting rights**

- 13.1 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

- 13.2 When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. Shareholders who exercise voting rights in writing or electronically are deemed to have attended the shareholders' meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.
- 13.3 Where shareholders exercise their voting rights in writing or electronically according to Article 13.2, their expression of intention shall be delivered to the Company two days before the convening of the shareholders' meeting. If there are any duplications of said expression of intention, the first delivered shall prevail. However, this is not applicable to those who have expressed their intentions before the declaration is revoked.
- 13.4 After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the Article 13.3 shall be made known to the Company, by the same means by which the voting rights were exercised, two business days before the date of the shareholders meeting. If the retraction notice is submitted after that time, votes by way of a written ballot or electronic transmission shall prevail. Where a shareholder has exercised voting rights in writing or electronically and entrusts an agent to attend the shareholders' meeting with a power of attorney, the voting rights exercised by that agent shall prevail.
- 13.5 Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
- 13.6 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- 13.7 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.
- 13.8 Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

## **14. Elections**

- 14.1 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, as well as the names of those not elected as Directors and the numbers of votes they received.

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- 14.2 The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

## **15. Shareholders' meeting minutes**

- 15.1 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
- 15.2 The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
- 15.3 The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. Minutes of the shareholders' meetings shall be kept indefinitely for as long as the Company is in existence.

## **16. Public announcements**

- 16.1 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.
- 16.2 If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

## **17. Maintaining order at the meeting place**

- 17.1 The meeting personnel handling the General Shareholders' Meeting shall bear identification cards or armbands.
- 17.2 The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- 17.3 At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
- 17.4 When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

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## **18. Recess and resumption of meeting**

- 18.1 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- 18.2 If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
- 18.3 A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

## **19. Implementation and revision**

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

**Sports Gear Co., Ltd.**  
**Rules Governing the Election of Directors**

**1. Purpose**

To establish a sound directors nomination system, sound supervisory function and strengthen management mechanism for the Company, the Regulations are adopted pursuant to Article 21 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”.

**2. Scope**

Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.

**3. Description****3.1 Election of directors**

3.1.1 The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration, except that the number of the Company's directors serving as managers should not exceed one third of the board, and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

3.1.1.1 Basic requirements and values: Gender, age, nationality, culture, etc.

3.1.1.2 Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

3.1.1.3 Ability to make business judgment.

3.1.1.4 Accounting and financial analysis ability.

3.1.1.5 Management skills.

3.1.1.6 Crisis management skills.

3.1.1.7 Industry knowledge.

3.1.1.8 International market perspective.

3.1.1.9 Leadership.

3.1.1.10 Decision-making skills.

3.2.2 A spousal or familial relationship within the second degree kinship may not exist among more than half of the board of Directors' seats. The board of Directors shall consider adjusting its composition based on the results of the performance evaluations.

**3.3 Election of independent directors**

3.3.1 The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. There shall be at least one independent director with expertise in accounting or finance.

3.3.2 The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

3.4 Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in the Company's Articles of Incorporation.

3.5 If the number of Directors falls below seven due to the removal of one or more Directors of the Company for any reason, the Company shall elect new Directors to fill such vacancies at its next shareholders' meeting. When the number of directors falls short by one third of the total number prescribed in the Company's Articles of Incorporation, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

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- 3.6 When the number of independent directors falls below that required under the provision of Paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the next shareholders' meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- 3.7 The cumulative voting method shall be used for election of the Company's directors. Each share will have voting rights equal to the number of directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- 3.8 The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- 3.9 The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- 3.10 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

#### **4. Invalid ballot papers**

A ballot is deemed void if any of the following circumstances apply:

- 4.1 The ballot was not prepared by a person with the right to convene.
- 4.2 Any blank ballot is cast.
- 4.3 Any ballot with illegible writing rendering it unrecognizable; or any ballot with corrections, is cast.
- 4.4 The candidate whose name is entered in the ballot does not conform to the director candidate list.
- 4.5 Other words or marks are entered in addition to the number of voting rights allotted.

#### **5. Counting and saving ballots**

- 5.1 The voting rights shall be calculated onsite immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair onsite.
- 5.2 The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### **6. Certificate of election**

The Board of Directors of the Company shall issue notifications to the persons elected as directors.

#### **7. Implementation and revision**

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

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**Cayman Islands Companies (Amendment) Act****The eighth amendment and restated Articles of Association****Sports Gear Co., Ltd.**

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

1. The name of the Company is Sports Gear Co., Ltd.
2. The registered office the Company is the location of Portcullis (Cayman) Ltd, which is, Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, or any other place as decided by the board of directors in the future.
3. The purpose of establishment of the Company is not restricted and the Company has the rights to engage in any business not prohibited by the Cayman Islands Companies Act (and its amendment).
4. The Company has the rights to engage in all the acts which a natural person with full capacity may perform in accordance with the Cayman Islands Companies Act (and its amendment).
5. Notwithstanding the foregoing, the Company shall not engage in banking or trust business before obtaining the relevant licenses under the Banks and Trust Companies (and its amendment) Act, shall not engage in insurance business or insurance manager, agent or broker business in the Cayman Islands before obtaining the relevant licenses under the Insurance Law (and its amendments), and shall not engage in company management business before obtaining the relevant licenses under the Cayman Islands Companies Act (and its amendment).
6. The Company shall not transact business with any person, firm or company in the Cayman Islands other than in furtherance of the Company's business carried on outside the Cayman Islands; Provided that nothing in this Article shall be construed as restricting the Company from entering into contracts in the Cayman Islands and from exercising in the Cayman Islands all powers necessary for the conduct of its business outside the Cayman Islands.
7. The obligations of each shareholder to the Company are limited to unpaid share capital.
8. The authorized capital of the Company is NT\$5,000,000,000, divided into 500,000,000 common shares, with a par value of NT\$10 per share. The Company shall have the power to redeem or repurchase shares, to divide or consolidate shares, and to issue all or part of the original, repurchased, increased or reduced capital as shares with or without preferential, special, deferred rights or restrictions in accordance with

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the Cayman Islands Companies Act (and its amendments) or the Company's Articles of Incorporation. Unless otherwise expressly provided in the terms of issue of shares, the shares issued, whether ordinary shares or preferred shares, shall have the same rights as shares previously issued by the Company.

9. If the Company is registered as an exempted company, its operations shall be governed by Section 174 of the Cayman Islands Companies Act (and its amendments).

**Cayman Islands Companies Act**  
**Co., Ltd.**  
**Sports Gear Co., Ltd.**  
**The eighth amendment and restated Articles of Association**

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

**INTERPRETATION**

1.

The Company is not subject to the rules set out in Schedule A to Appendix I to Cayman Islands Companies Act (and its amendments).

2.

(a) Unless otherwise provided in the Articles of Incorporation, the terms used in the Articles of Incorporation shall be defined as follows:

Applicable Public Company Laws and Regulations	Refers to laws, orders, and rules of the Republic of China that regulate public listed companies and companies listed on Taiwan Stock Exchange Corporation or the securities market (OTC), including but not limited to the Company Act, Securities and Exchange Act, Business Mergers and Acquisition Act, Act Governing Relations between the People of the Taiwan Area and the Mainland Area, as well as orders and rules formulated by the relevant competent authorities and exchanges (including: but not limited to the Financial Supervisory Commission, Ministry of Economic Affairs of Taiwan, Taiwan Stock Exchange, Taipei Exchange) in accordance with the law.
The Articles	Refers to the Articles of Incorporation of the Company or any amendment thereto.
Audit Committee	Refers to a committee of the board of directors, composed of the Company's independent directors.
Board of Directors	Refers to the board of directors consisting of all directors of the Company.
Capital surplus	Refers to the Company's (i) premium from the issuance of shares, (ii) proceeds from gift, and (iii) other capital reserve items recognized in accordance with the applicable public company laws and regulations or generally accepted accounting principles.
Chairman	Refers to the director elected amongst all the directors as the chairman of the board.
the Company	Refers to Sports Gear Co., Ltd.

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Designated Securities Market	Refers to Taiwan Stock Exchange or Taipei Exchange.
Director	Refers to the current directors of the Company or, as the case may be, the directors constituting the board of directors or a committee thereof, and shall include any and all independent directors;
Book closure period	Refers to the term as defined in Article 45 of the Articles.
Dividend	Including bonuses.
Electronic Record	Has the same meaning as in the Electronic Transactions Law;
Electronic Transactions Law	Refers to the "Electronic Transactions Law" (based on the content of the latest revision) of the Cayman Islands.
Employees	Refers to employees of the Company and/or any of its subsidiaries, the scope of which shall be determined by the board of directors;
Emerging Stock Exchange	Refers to the emerging stock market established by the Taipei Exchange in the Republic of China.
Relatives within the second degree of kinship	In relation to any one person, it means another person who is related to that person by blood or marriage, and the relationship is within the second degree of kinship, including the parents, brothers and sisters, grandparents, children, grandchildren of that person, and the parents, siblings, and grandparents of the spouse of that person.
FSC	Refers to the Financial Supervisory Commission of the Republic of China
Independent Director	Refers to directors who are elected as independent directors by the shareholders' meeting in compliance with applicable public company laws and regulations.
The Act	Refers to the Cayman Islands Companies Act and additions or any relevant amendments thereto, and where any provision of the Act is referenced in the Articles, it refers to the latest provision as amended by the law.
Market Observation Post System	Refers to the Market Observation Post System of Taiwan Stock Exchange Corporation.
Shareholder	Refers to a person registered as a shareholder in the Company's shareholder register;
Overview of the Articles of Association	Refers to the Overview of the Articles of Incorporation approved by the shareholders of

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the Company in accordance with the Act, and any amendments or replacements thereto at any time.

Merger

Refers to a transaction whereby:

(i) (A) all the companies involved in the transaction are dissolved and merged into a newly formed company, with the newly formed company assuming all rights and obligations of the merged companies, or (B) all the companies involved in the transaction are merged into one of them to become the surviving company, with the surviving company assuming all rights and obligations of the merged companies, and in either case, the consideration is the shares, cash or other assets of the surviving company, the newly formed company or other companies; or

(ii) any other type of merger or acquisition as defined in this Act or applicable public company laws and regulations.

Month

Refers to a calendar month.

Ordinary Resolution

Refers to a resolution made by shareholders with voting rights in person or through proxies (if delegation is allowed) at the Company's shareholders' meeting by a simple majority vote. (Shareholders who have attended but have not exercised their voting rights will be deemed to have abstained from exercising their voting rights, but they will still be counted in the number of voting rights in attendance at the meeting.)

Preferred Shares

Refers to the definition given in Article 7 of the Articles.

Private Placement

Refers to the private placement of shares or other securities of the Company by the Company in accordance with the applicable public company laws and regulations during the period when the shares are listed on the Emerging Stock Board or TWSE of the Republic of China.

Registered Office

Refers to the office where the Company is currently registered at.

Register of Shareholders

Refers to the shareholder register maintained by the Company pursuant to the Act.

Remuneration Committee

Refers to a committee of the board of directors, established in accordance with applicable public company laws and

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Restricted Shares	regulations. Refers to the definition given in Article 13 of the Articles.
Republic of China	Refers to Taiwan, the Republic of China.
Secretary	Refers to any person appointed by the directors to perform the duties of Company Secretary and includes any Assistant Secretary.
Company Seal	Refers to the Company's seal and includes every duplicate seal.
Shares	Refers to any type of shares issued in respect of the capital of the Company, including fractional shares.
Stock Agency	Refers to an agent who has been issued a license by the competent authority of the Republic of China and is allowed to provide specific stock services in accordance with applicable public company laws and regulations.
Share Swap	Refers to the act of a company transferring all of its issued shares to another company in accordance with the Business Mergers and Acquisitions Act of the Republic of China, and the other company paying the company's shareholders with shares, cash or other property as consideration.
Signature	Include signature or a mechanically stamped signature.
Special Reserve	Refers to the definition prescribed by the laws and regulations of public companies.
Special Resolution	Subject to the law, means a resolution passed at a general meeting of the Company by a majority of at least two-thirds of the votes cast by such shareholders who, being entitled to do so, vote in person or by their proxies, or, in the case of shareholders that are corporations or other non-natural person, by their duly authorized representatives by computing the number of votes to which each shareholder is entitled; (Shareholders who have attended but have not exercised their voting rights will be deemed to have abstained from exercising their voting rights, but they will still be counted in the number of voting rights in attendance at the meeting.)
Demerger	Refers to the act of a company transferring all or any of its independently operated businesses to another existing or newly

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established company, and the existing or newly established transferee company issues new shares to the transferring company or its shareholders as consideration.

Statutory surplus reserve

Refers to the surplus reserve of 10% of the Company's profit for the current year in accordance with the provisions of the applicable public company laws and regulations.

Subsidiary

Refers to (i) a company which the Company owns more than half its total issued shares with voting rights or share capital; A company in which the Company, its subsidiaries and controlling companies directly or indirectly hold more than half of its total number of issued voting shares or total capital.

Supermajority Resolution

Refers to (i) a resolution passed by shareholders representing two-thirds or more of the total issued shares of the Company at the shareholders' meeting, and more than half of the voting rights of the shareholders present; or (ii) where the total number of shares represented by the shareholders attending the shareholders' meeting is less than two-thirds of the total issued shares of the Company but exceeds half of the total issued shares of the Company, the shareholders' meeting shall express its approval for a resolution by two-thirds or more of the voting rights of the shareholders in attendance at the meeting. (Shareholders who have attended but have not exercised their voting rights will be deemed to have abstained from exercising their voting rights, but they will still be counted in the number of voting rights in attendance at the meeting.)

TDCC

Refers to Taiwan Depository & Clearing Corporation.

TPEx

Refers to Taipei Exchange.

Treasury Shares

Refers to the shares of the Company that have been repurchased by the Company in accordance with the Act and the Articles of Incorporation but have not been canceled and continue to be held.

TSE

Refers to Taiwan Stock Exchange Corporation.

(b)

Unless otherwise provided herein, words or expressions defined by the Act shall bear the same meaning in

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these Articles.

(c)

Unless otherwise provided in the Articles:

- (i) Words denoting the singular shall include the plural and vice versa;
- (ii) Words denoting only the masculine gender include the feminine gender;
- (iii) Words denoting a person include any company, partnership, trust, corporation or association, regardless whether it is incorporated;
- (iv) Unless otherwise provided, notices in the Articles shall be in writing, and all references to "in writing" or "written" shall include printing, photocopying and other means of permanently visible display or reproduction of text, including electronic records;
- (v) Articles 8 and 19 of the Electronic Transactions Act are not applicable to the provisions of the Articles; and
- (vi) "May" shall be interpreted as permissible, and "shall" shall be interpreted as mandatory.

(d)

The headings used in these Articles are for reference only and shall not affect the interpretation of these Articles.

### **Share Issuance**

3.

(a)

The Company may not print share certificates when issuing shares. If the board of directors resolves to print stock certificates, persons recorded as shareholders in the shareholder register shall have the right to obtain stock certificates in the form determined by the board of directors. Share certificates may be stamped with the Company's seal or machine-stamped authorized signature. All share certificates shall be numbered or otherwise identified consecutively and the number of shares shall be specified on the certificates. All shares submitted to the Company for transfer purposes shall be canceled. No new share certificates shall be issued until the old share certificates bearing the same number as the shares denoted have been surrendered and canceled.

(b)

During the period when the shares are traded on the designated securities market, the shares of the Company shall be issued in non-physical form, except where share certificates are to be issued in accordance with the applicable public company laws and regulations.

(c)

When the Company issues share certificates in accordance with Article 3(a) of the Articles of Incorporation, the Company shall deliver the share certificates to the subscribers within 30 days from the date such share certificates may be issued in accordance with the Act, Memorandum of Incorporation, the Articles, applicable public company laws and regulations, and make a public announcement prior to the delivery of such share certificates pursuant to the applicable public company laws and regulations.

(d)

When the Company issues dematerialized stock certificates, relevant matters shall be handled in accordance with the Act and the applicable public company laws and regulations, and dematerialized stock certificates shall be delivered to subscribers by book-entry transfer within 30 days from the date on which the shares may be issued, and shall be announced prior to delivery.

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4.

(a)

Shares may not be issued in bearer form.

(b)

The Company may not issue any unpaid shares or partly paid-up shares.

5.

If a stock certificate is smudged, worn, lost or destroyed, the shareholder may issue a new stock certificate by providing proof, compensating for the loss and paying the reasonable expenses incurred by the Company in the process of investigating the evidence. The relevant expenses shall be determined by the board of directors and (in the case of smudges or wear) shall be paid when the old stock certificate is delivered.

6.

(a)

Except as otherwise provided in the Articles or otherwise resolved by a general meeting of shareholders, the board of directors may, with respect to all unissued shares of the Company:

- (i) offer, issue and allot such shares to others for subscription in such manner, at such time, with such rights or restrictions as it deems appropriate; however, except as provided for in the Act and the applicable public company laws and regulations, the shares of the Company shall not be issued at a discount; and
- (ii) granting stock options, issuing stock warrants or similar certificates in accordance with the Act and applicable public company laws and regulations (during the period when the shares are traded on the designated securities market); and for the aforesaid purpose, the board of directors may retain an appropriate number of unissued shares.

(b)

Unless otherwise provided in the Articles, the Company may issue new shares with the approval of a majority of the directors present at a meeting of the board of directors and the attendance of more than two-thirds of the directors, and limited to the authorized capital of the Company.

7.

Without violating the provisions of Article 8 of the Articles and within the authorized capital of the Company, the Company may, with the approval of a majority of the directors present at a meeting of the board of directors and the attendance of more than two-thirds of the directors, issue shares of different classes (hereinafter referred to as "Special Shares"), the rights of which may be senior or subordinate to those of the ordinary shares issued by the Company.

8.

(a)

Where the Company is to issue special shares, the following provisions shall be included in its Articles of Incorporation:

- (i) Order, fixed amount or fixed ratio of allocation of dividends and bonus on special shares;
- (ii) order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
- (iii) order of or restriction on (including no voting right) on the exercise of voting power by special shareholders;
- (iv) when the Company authorizes or compulsorily redeems the special shares, the method of

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redemption, or a statement that the Company has no mandatory right to redeem the special shares; and

- (v) other matters concerning rights and obligations incidental to special shares.

(b)

Except as otherwise provided in the Act, the rights, benefits and restrictions of the special shares and the number of shares that may be issued as stipulated in the Memorandum of Incorporation and the Articles of Incorporation shall be amended by special resolution.

9.

During the trading period of the Company's shares on the designated securities market:

- (i) The board of directors may reserve not more than 15% of the total number of new shares issued for subscription by employees of the Company and its subsidiaries in accordance with this Act and the applicable public company laws and regulations; and
- (ii) When the Company issues new shares by way of cash capital increase, after the board of directors reserves shares for priority subscription by employees in accordance with the preceding paragraph, the Company shall set aside 10% of the total amount of new shares issued (or a higher proportion determined by ordinary resolution of the shareholders' meeting) for public offering within the territory of the Republic of China, unless otherwise provided for by the applicable public company laws and regulations, or the Financial Supervisory Commission, Taipei Exchange, or Taiwan Stock Exchange (as applicable) deems it unnecessary or inappropriate to issue them to the public.

10.

(a)

During the trading period of the Company's shares on the designated securities market, unless otherwise decided by a general meeting of shareholders pursuant to an ordinary resolution, when the Company issues new shares for cash capital increase, in addition to reserving employee priority subscription in accordance with the provisions of the preceding article and shares issued publicly within the territory of the Republic of China, it shall announce and notify the original shareholders separately, and they may subscribe for the remaining shares in priority according to the original shareholding ratio. If the shares held by the original shareholders are insufficient to subscribe for one new share in proportion, they may jointly subscribe for the shares or combine the shares for one person to subscribe for the shares. If the original shareholders fail to fully subscribe within the aforementioned period, the unsubscribed new shares may be publicly issued or negotiated for subscription by specific persons.

(b)

When the Company issues new shares in cash and sets a payment period of less than one month for subscription, if a person who has subscribed for the Company's new shares issued in cash defaults on the payment of the share money, the Company shall set a deadline of more than one month to urge the subscriber to pay the payment and state that if the subscriber fails to pay the share money due within the deadline, the Company may determine that the subscriber has lost his subscription right. Notwithstanding the foregoing provisions, if the Company's original payment period for share capital is more than one month and the subscriber fails to pay the share capital within the original payment period, he shall lose his subscription rights when the original payment period expires. With respect to the unsubscribed shares for which the subscribers have lost their subscription rights, the Company may provide subscription for the shares in accordance with the method prescribed by the applicable public company laws and regulations.

11.

The preceding article shall not apply to the issuance of new shares by the Company for the following

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purposes:

- (i) In connection with a merger, demerger, or pursuant to any reorganization of the Company;
- (ii) in connection with the Company's performance of obligations regarding employee stock options and/or stock warrants;
- (iii) in connection with the performance of obligations regarding convertible bonds or corporate bonds with equity warrants
- (iv) in connection with the performance of obligations regarding exercise of stock warrants or preferred shares with stock warrants;
- (v) in connection with private placement of the securities issued by the Company in accordance with Article 12;
- (vi) in connection with share swap.
- (vii) in connection with the issue of restricted shares in accordance with Article 13; or
- (viii) in connection with the issue of shares in accordance with Article 124 or Article 130 of the Articles of Incorporation.

12.

(a)

During the period of trading on the designated securities market, and subject to compliance with the applicable public company laws and regulations, the Company may, by special resolution of its shareholders' meeting, conduct a private placement of securities within the territory of the Republic of China to the following persons:

- (i) Banking, bill and securities, trust, insurance, securities, or other legal persons or institutions approved by the Financial Supervisory Commission;
- (ii) a natural person, legal person, or foundation that meets the conditions set by the Financial Supervisory Commission; or
- (iii) a director, supervisor or manager of the Company or its affiliates.

(b)

In accordance with the preceding paragraph, the private placement of ordinary corporate bonds of the Company may be conducted in installments within one year from the date of the resolution of the board of directors with the attendance of more than two-thirds of the directors and the consent of a majority of the directors present.

13.

The Company may, during designated securities market trading period, pass a resolution at a general meeting of shareholders to issue new restricted employee shares ("hereinafter referred to as "restricted shares") to employees of the Company and its subsidiaries, and Article 9 and 10 of the Articles do not apply. Regarding the issuance of restricted stocks, the issuance quantity, issuance price, issuance conditions, restrictions and other matters shall comply with the provisions of the Act and the applicable public company laws and regulations.

14.

(a)

Notwithstanding the provisions of Article 13, the Company may, with the attendance of more than two-thirds of the directors and the approval of a majority of the directors present, approve one or more employee incentive measures and may issue shares or options, stock warrants or other similar securities to employees;

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For the avoidance of doubt, the above matters do not require approval by the shareholders' meeting.

(b)

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

(c)

With regards to the agreement entered by the Company with its employees regarding the incentive measures set forth in Article 14(a), the employees may subscribe for a specific number of shares of the Company within a specific period. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive program.

(d)

The directors of the Company and its subsidiaries are not eligible for the restricted stocks specified in Article 13 and the incentive measures specified in Article 14 above. However, if a director is also an employee of the Company or its subsidiaries, the director may subscribe for restricted stocks or participate in incentive measures based on his/her employee status (rather than as a director).

15.

(a)

The Company may, by special resolution of the general meeting of shareholders, reduce its capital in accordance with the procedures and conditions prescribed by the Act and the applicable public company laws and regulations.

(b)

During the trading period of the Company's shares on the designated securities market, the issuance, conversion or cancellation of the Company's shares or other equity securities (including warrants, options or corporate bonds), as well as capital increase and stock affairs, shall comply with the provisions of the Act, the applicable public company laws and regulations and the Regulations Governing the Administration of Shareholder Services of Public Companies (and its amendments).

### **Redemption and Buy Back of Shares**

16.

(a)

Shares redeemed, repurchased, or acquired (due to abandonment of shares or otherwise) by the Company shall be immediately canceled or held as treasury shares in accordance with such period, manner, and conditions as the board of directors deems appropriate.

(b)

All matters concerning the repurchase and redemption of shares by the Company during the period of trading on the designated securities market shall comply with the Act and the applicable public company laws and regulations.

17.

(a)

Without violating the law, the Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a shareholder. Every share certificate relating to redeemable share shall indicate that the share is redeemable.

(b)

The Company has the right 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 purpose in accordance with the Act.

(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)

During the period of trading on the designated securities market, without violating this Act, the applicable public company laws and regulations, the Memorandum of Incorporation, or the Articles of Incorporation, the Company may repurchase its own shares (including redeemable shares) under the conditions and in the manner determined by a meeting of the board of directors attended by two-thirds of the directors and approved by a majority of the directors present, and hold them as treasury shares by the Company in accordance with the provisions of the applicable public company laws and regulations. However, if the Company intends to repurchase shares from all shareholders and cancel them immediately, such repurchase shall be approved by an ordinary resolution of the shareholders' meeting, and except as otherwise provided in the Act or the applicable public company laws and regulations, the cancellation of repurchased shares shall be based on the proportion of each shareholder's shareholding on the date of cancellation (rounded to the nearest integer determined by the board of directors).

(b)

The repurchase and cancellation of the Company's shares may be made by ordinary resolution of the general meeting of shareholders, and the repurchase price may be paid in any manner permitted by the Act, including cash or other property; However, when other property is used to pay for the repurchase of shares, the value of such property shall (i) be submitted to a certified public accountant of the Republic of China for review and certification before the board of directors submits the resolution to the shareholders' meeting as the basis for the ordinary resolution authorizing the repurchase and cancellation of the Company's shares, and (ii) be agreed to by all shareholders who receive the other property as payment for the repurchase of shares.

(c)

If the Company resolves to repurchase shares listed on the Taiwan Stock Exchange in accordance with the provisions of the Article, it shall report the resolution of the board of directors and the implementation status at the most recent shareholders' meeting in accordance with the provisions of the applicable public company laws and regulations; the same applies to those who fail to repurchase shares listed on the Taiwan Stock Exchange for some reason.

19.

During the designated securities market trading period:

- (i) The proportion of shares repurchased by the Company shall not exceed 10% of the total number of shares issued by the Company at the time of repurchase, and the total amount of shares repurchased shall not exceed the amount of retained earnings plus the premium on the issuance of shares and realized capital reserves.
- (ii) The resolution of the board of directors to repurchase shares and the implementation of the resolution (including the repurchase of shares that cannot be made in accordance with the aforementioned board meeting (if any) for some reason) shall be reported to the shareholders at the most recent shareholders' meeting.
- (iii) The timing, price and other conditions of the repurchase shall be determined by the board of directors at its sole discretion, provided that:
  - (a) The relevant repurchase transactions shall be conducted in accordance with the securities laws and regulations and applicable public company laws and regulations of

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the Republic of China; and

- (b) the relevant repurchase transactions shall comply with the Act.

20.

(a)

The Company shall be registered in the shareholder register as the holder of treasury shares. However, unless otherwise provided in the Act, during the period during which the treasury shares are held with the Company:

- (i) The Company shall not be treated as a shareholder for any purpose and any rights in respect of treasury shares may not be exercised and any attempt to exercise such rights shall be void;
- (ii) Treasury shares may not be pledged or secured in any manner;
- (iii) For the purposes of the Articles of Incorporation or the Act, treasury shares shall not be entitled to vote, directly or indirectly, at any meeting of the Company and shall not be counted in calculating the total number of issued shares of the Company. and
- (iv) Treasury shares may not be subject to the distribution or payment of dividends or bonuses or any distribution (whether in cash or otherwise) out of the assets of the Company (including any residual property distributed to the shareholders upon dissolution).

(b)

Except as otherwise provided by the Act and the Articles, all or part of the treasury stock may be transferred to any person (including, subject to the provisions of paragraph (e) of this Article, employees whose qualifications shall be determined by the board of directors). The board of directors may determine the deadline and conditions for this transfer (including restricting employees from transferring treasury shares acquired pursuant to this provision within a maximum period of two years).

(c)

The consideration (if any) received by the Company from the transfer of treasury stock shall be recorded in the account in accordance with the provisions of the Act.

(d)

Without violating the provisions of Paragraph (e) of the Article, the Company may, by resolution of the most recent shareholders' meeting, transfer treasury shares to employees at less than the average actual share repurchase price (hereinafter referred to as "discounted transfer"), but shall have listed the following matters in the notice of reasons for that shareholders meeting; it may not raise the matter by means of an extraordinary motion:

- (i) The exercise price, the valuation percentage, the bases of calculations, and the reasonableness thereof determined by the board of directors;
- (ii) the number of shares to be transferred, the purpose, and the reasonableness thereof;
- (iii) qualification requirements for employees subscribing to shares, and the number of shares they are allowed to subscribe for; as well as
- (iv) matters that the board of directors deems may affect shareholders' interests, including (x) the expensable amount, and dilution of the Company's earnings per share in accordance with the applicable public company laws and regulations, and (y) the financial burden imposed on the Company in accordance with the applicable public company laws and regulations.

(e)

For all successive instances where share transfers to employees as provided for in the preceding paragraph have been approved and the shares have been transferred, the cumulative number of shares thus

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transferred may not exceed 5% of the total issued shares of the Company, and the cumulative number of shares thus subscribed by any single employee may not exceed 0.5% of the total issued shares of the Company.

### **Register of Shareholders**

21.

The Company shall keep a register of its shareholders. The board of directors shall keep a copy or multiple copies of the register of shareholders of the Company at a suitable place, either within or outside the Cayman Islands.

22.

(a)

Notwithstanding any other provision of these Articles of Incorporation, subject to the laws of the Cayman Islands, the details of the holders of the non-physical shares traded on the designated securities market shall be provided to the Company by the Taiwan Depository and Clearing Corporation and the persons listed in the records shall be the shareholders, and such records shall constitute part of the Company's shareholder register. After receiving notification from the Taiwan Depository and Clearing Corporation of the aforementioned records, the Company shall update the shareholder register in accordance with such records.

(b)

Except as otherwise provided by law, (i) the Company is not required to recognize any person holding a share on trust, and (ii) the Company is not required to recognize any person other than a shareholder as having any rights in respect of a share.

23.

In order to determine the shareholders who are entitled to receive the notice of the shareholders' meeting or the adjourned shareholders' meeting, or the shareholders who are entitled to vote at the shareholders' meeting or the adjourned shareholders' meeting, or the shareholders who are entitled to receive dividends, or for other purposes, the board of directors shall determine the period for which the shareholder register shall be closed, and such period shall not be less than the minimum period before the convening of the shareholders' meeting prescribed by the applicable public company laws and regulations.

24.

Subject to the restrictions set forth in Article 23, except for the suspension of changes in the shareholder register, or to replace the suspension of changes to the shareholder register, the board of directors may designate a specific date in advance or later as base date for determining the list of shareholder lists entitled to receive notice of shareholders' meeting or to vote at a shareholders' meeting or adjourned meeting, or determining the list of shareholders entitled to receive dividend, or for any other purposes. When the board of directors designates a base date pursuant to Article 24, such base date shall be the day before the shareholders' meeting, and the board of directors shall announce such base date through the Market Observation Post System in accordance with the applicable public company laws and regulations.

25.

The rules and procedures for implementing the suspension period of the shareholder register, including the notification of the suspension period to shareholders, shall be based on the policy adopted by the board of directors (which may be changed by the board of directors), which shall be in accordance with the provisions of the Act, the Memorandum of Incorporation, the Articles of Incorporation and the applicable public company laws and regulations.

### **Share Transfer**

26.

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Without violating the Act and the applicable public company laws and regulations, shares issued by the Company may be freely transferable. However, the Company may, at the discretion of the board of directors, restrict the employees from transferring the shares reserved for purchase by the employees for a certain period of time, but the longest period may not exceed two years.

27.

Without violating the Articles of Incorporation and the applicable public company laws and regulations, shareholders may transfer all or part of their shares. The share transfer document shall be signed by the transferor or his representative, and the transferor shall be deemed to be the shareholder before the name of the transferee is registered in the Company's shareholder register.

28.

The registration of share transfer may be suspended when the shareholder register stops registering transfers in accordance with Article 23 of the Articles of Incorporation.

29.

All transfers of shares which are in certificated form may be effected by an instrument of transfer in writing in any usual form. The Board may refuse to recognize any instrument of transfer with respect to shares in certificated form unless it is accompanied by the certificate with respect to the related shares and 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 the laws of Cayman Islands, transfers of unlisted shares traded on a designated stock market may be effected in such manner as the designated stock market or applicable public company laws and regulations deem appropriate.

### **Share Transfer**

31.

In the case of the death of a shareholder, the survivor or survivors where the deceased shareholder was a joint holder, and the legal personal representatives of the deceased shareholder where the deceased shareholder was a sole holder, shall be the only persons recognized by the Company as having any title to the deceased shareholder's interest in the shares. Nothing herein contained 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 shareholder with other persons. Subject to the provisions of Article 39 of the Act, for the purpose of the Article, legal personal representative refers to the executor or administrator of a deceased shareholder 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 shareholder.

32.

Any person becoming entitled to a share in consequence of the death or bankruptcy of any shareholder may be registered as a shareholder upon such evidence as the board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share.

33.

On the presentation of the evidence to the board of directors, as the board may require to prove the title of the transferor, the transferee shall be registered as a shareholder. 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 shareholder before such shareholder's death or bankruptcy, as the case may be.

34.

Where two or more persons are registered as joint holders of a share or shares, then in the event of the

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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 holders.

### **Variation of Rights Attaching to Shares**

35.

If, at any time, the share capital 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 in liquidation, be varied or canceled with the sanction of a special resolution passed at a general meeting of the holders of the shares of the class. Notwithstanding the foregoing, if any modification or alteration in the Articles is prejudicial to the preferential rights of any class of shares, such modification or alteration shall be adopted by a special resolution passed at a shareholders' meeting and shall also be adopted by a special resolution passed at a separate meeting of shareholders of that class of shares. The provisions of the Articles of Incorporation relating to shareholders' meetings shall apply mutatis mutandis to meetings of holders of each class of shares.

36.

The rights of shareholders holding shares issued with preferred or other rights shall not be deemed changed by the creation or issuance of other shares with the same priority as their shares, unless otherwise expressly provided in the issuance conditions of such shares.

### **Shareholders' Meeting**

37.

Shareholders' meetings other than the annual general meetings shall be called extraordinary general meetings.

38.

The Company shall have its Board of Directors convene an annual shareholders' meeting within six months after the end of each fiscal year, and shall specify in the meeting notice that the meeting is an annual shareholders' meeting.

39.

Except as otherwise provided in Article 38, the board of directors may convene a shareholders' meeting when necessary. During the period when the Company's shares are traded on the designated securities market, an extraordinary general meeting of shareholders may also be convened by written request by a shareholder who holds not less than 3% of the total number of issued shares at the time on the date of the shareholder's request and has held such shares for at least one year.

40.

The shareholder's request as provided for in Article 39 shall be in writing, stating the proposed matters and reasons. If the board of directors fails to make notification of the extraordinary shareholders' meeting within 15 days after the shareholder's request, the shareholder who made the request may convene the extraordinary shareholders' meeting in accordance with the applicable public company laws and regulations.

41.

During the period when the Company's shares are traded on the designated securities market, shareholders may convene an extraordinary shareholders' meeting, provided that such shareholders have held a majority of the Company's issued and outstanding shares for at least three consecutive months. The number of the shares held by a shareholder and the period during which a shareholder holds such shares, shall be calculated and determined based on the information in the shareholder register as of the first day

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of the period that the shareholder register is closed for transfers.

42.

[Deleted]

43.

(a)

During the period when the shares of the Company are traded on the designated securities market, unless otherwise provided for in the Act, shareholders' meetings shall be held within the territory of the Republic of China.

(b)

During the period when the shares of the Company are traded on the designated securities market, if the board resolves to hold a shareholders meeting outside the Republic of China, the Company shall apply for the approval of the TPEX/TWSE thereof within two days after the board adopts such resolution. Where a shareholders meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration of such shareholders meeting (including but not limited to the handling of the voting of proxies submitted by shareholders).

### **Shareholders' Meeting Notice**

44.

(a)

During the period when the shares of the Company are traded on the designated securities market, the convening of a regular shareholders' meeting shall be notified to all shareholders thirty days in advance; a notice to convene a special meeting of shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. For shareholders holding less than 1,000 shares, the Company may notify them by public notice. The date of mailing of the notice and the date of convening the meeting shall not be included in the aforementioned period. The aforementioned notice shall be in writing and shall specify the place, date, time, agenda and reason for the meeting, and shall be delivered in accordance with the provisions of these Articles of Incorporation, or by electronic communication with the prior consent of shareholders and without violating the Act and the applicable public company laws and regulations.

(b)

During the period when the shares of the Company are not traded on the designated securities market, the convening of a shareholders' meeting shall be notified to all shareholders in writing seven days in advance, but such notice may be waived with the consent of all shareholders before or during the meeting, and such notice or consent may be delivered by email, telegram or fax.

45.

During the period when the Company's shares are traded on the designated securities market, the board of directors shall, in accordance with the applicable public company laws and regulations, select a base date to determine the shareholders who may receive notices of the shareholders' meeting and vote, and shall accordingly suspend changes to the shareholder register. The board of directors shall decide on the period during which the registration of share transfers in the shareholder register shall be suspended (hereinafter referred to as the "book closure period").

46.

(a)

During the trading period of the Company's shares on the designated securities market, the Company shall, at least thirty days before a regular shareholders' meeting or at least fifty days before an

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extraordinary shareholders' meeting, announce the notice of the shareholders' meeting, the form of proxy, the proposals for approval, discussion, and matters related to the election or dismissal of the directors, and the explanation of the proposals.

(b)

During the trading period of the Company's shares on the designated securities market, when shareholders exercise their voting rights in writing or electronically in accordance with the Articles of Incorporation, the Company shall mail the preceding information and the voting rights exercise form to the shareholders.

47.

(a)

The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extempore motion:

- (i) Election or dismissal of directors;
- (ii) Change to the Articles of Incorporation;
- (iii) Company dissolution, merger, share conversion, or demerger;
- (iv) Enter into, amend, or terminate any contract for lease of the business in whole, or for entrusted business, or for regular joint operation with others;
- (v) transfer the whole or any essential part of the business or assets; or
- (vi) accept the transfer of another's whole business or assets, which has significant impact on the business operation of the Company;
- (vii) lifting the non-competition clause for directors' activities that are in the same business scope as the Company;
- (viii) distribution of all or part of dividends, bonuses or other share related distributions by issuing new shares;
- (ix) distribution of legal reserve, share premium and/or the capital surplus from income derived from gift received by the Company to the original shareholders by issuing new shares or cash;
- (x) Private Placement of any equity-related securities to be issued by the Company.
- (xi) Transfer of shares to employees pursuant to Article 20(d) of the Articles of Incorporation;
- (xii) Capital reduction; and
- (xiii) Application to stop the public offering.

(b)

The major content of the above matters shall be announced at the website designated by the securities authority or the Company, and the link to the website shall be specified in the notice of convening the shareholders' meeting.

48.

During the trading period of the Company's shares on the designated securities market, the Company shall prepare a shareholder meeting handbook for shareholders' meetings and shall, in accordance with the applicable public company laws and regulations, publish the manual and other meeting-related materials on the website designated by the Financial Supervisory Commission, Taipei Exchange or the Stock Exchange (if applicable) thirty days before the convening of a regular or extraordinary shareholders' meeting.

49.

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The accidental omission of sending the notice of convening a shareholders' meeting or the failure of shareholders to receive the notice shall not affect the validity of the proceedings of the shareholders' meeting.

### **Procedures of Shareholders' Meeting**

50.

No resolution may be passed unless a quorum is present at the shareholders' meeting. Unless otherwise provided for in the Articles, shareholders present in person or by proxy, representing more than one-half of the total issued shares of the Company entitled to vote, shall constitute a quorum for any general meeting.

51.

(a)

During the trading period of the Company's shares on the designated securities market, shareholder(s) holding 1% or more of the Company's total issued shares prior to the relevant book close period, may propose to the Company in writing or any electronic means designated by the Company one matter for discussion at an annual general meeting.

(b)

During the trading period of the Company's shares on the designated securities market, the Company shall, during the book closure period before a general shareholders meeting is convened, publicly announce the location and period for submission of shareholder proposals; the period for submission may not be less than 10 days.

(c)

Shareholders who have successfully proposed agenda items shall attend the general meeting of shareholders in person or through proxy attendance and participate in the discussion.

(d)

Except in any of the following circumstances, the board of directors shall include the proposals put forward by shareholders in the agenda of the general meeting of shareholders:

- (i) The proposal is not a resolution of the shareholders' meeting in accordance with the Act, the applicable public company laws and regulations, or the Articles of Incorporation;
- (ii) the proposing shareholder holds less than 1% of the shares at the beginning of the book closure period;
- (iii) those who submit more than one proposal;
- (iv) proposals with more than 300 Chinese characters;
- (v) the proposal was not made during the period announced for accepting proposals.

Where a shareholder proposal is a suggestion to urge the Company to promote the public interest or fulfill its social responsibilities, the board of directors may still include it in the proposal.

(e)

The Company shall notify the proposing shareholders of the outcome of their proposed agenda items before sending the meeting notice, and the agenda items that satisfy the conditions listed in the Article shall be included in the meeting notice. The board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda at the shareholders meeting.

52.

Unless otherwise expressly provided in the Articles of Incorporation and not in violation of the applicable public company laws and regulations, if the number of shareholders representing shares present at the start

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of the time designated for the shareholders' meeting does not constitute a quorum, or if the number of shareholders representing shares present during the shareholders' meeting does not constitute a quorum, the chairman may announce a postponement of the meeting, but the number of postponements is limited to two times and the total postponement time shall not exceed one hour. If the shareholders' meeting is postponed twice but the number of shares represented by shareholders in attendance still does not constitute a quorum, the chairman shall declare the meeting canceled. If there is still a need to convene a shareholders' meeting, a new shareholders' meeting shall be convened in accordance with the provisions of the Articles of Incorporation.

53.

If the shareholders' meeting is convened by the board, the chairman of the board shall preside over the meeting. If the chairman is unable to perform his duties due to leave of absence or for any other reason, the chairman shall designate a director to act on the chairman's behalf. In the absence of such a designation, or if the designated person is unable to perform his duties for any reason, the other directors shall elect from among themselves an acting chairman. If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

54.

Unless otherwise provided in this Act, voting on resolutions of a shareholders' meeting shall be decided by poll.

55.

The Company's shares are traded on the designated securities market. Subject to the permission of this law, the contents of the Articles of Incorporation may not prevent any filing of lawsuits or seeking of appropriate remedy from any court with jurisdiction within 30 days after the conclusion of the shareholders' meeting where the convening procedure or resolution method violate law or regulations or the Articles of Incorporation. The Taipei District Court of Taiwan shall be the court of first instance for disputes arising from the foregoing.

56.

Unless otherwise expressly required by the Act, the Memorandum of Incorporation, any matter which has been presented for resolution, approval, confirmation or adoption by the shareholders at any general meeting may be passed by an ordinary resolution.

57.

The rules and procedures of shareholders' meetings shall be established by the board of directors and approved by ordinary resolution of the shareholders' meeting, and such rules and procedures shall be formulated in accordance with this Act, the Articles of Incorporation, and the applicable public company laws and regulations.

58.

Subject to the Act, the Company may from time to time by ordinary resolution, alter the following matters of its Articles of Incorporation to:

- (i) Increase capital into shares of different types and denominations;
- (ii) consolidate and re-divide all or part of the shares into shares of a greater par value than those issued;
- (iii) divide all or part of the existing shares into shares of a lesser par value than the shares already issued, but the paid-up and unpaid (if any) amount on each subdivided share shall be reduced in the same proportion as the shares in which the subdivision took place, and the Company may by ordinary resolution grant such subdivided shares preferential, deferred or other rights or such

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other restrictions as the Company may impose on unissued shares or new shares;

- (iv) cancel any shares which have not been subscribed or agreed to be subscribed on the date of the relevant resolution and reduce the capital accordingly;
- (v) for the purpose of par conversion, the conversion of all or part of the paid shares into paid shares of any par value.

59.

Subject to the Act, the Company may from time to time by special resolution:

- (i) Change the Company name;
- (ii) amend the Articles of Incorporation;
- (iii) amend the purpose, authority or other matters specified in the Memorandum of Incorporation;
- (iv) reduce its share capital and any capital redemption reserve fund with any ways permitted by law; or
- (v) merge under the Act.

60.

Without violating the Act, the following actions of the Company shall be subject to the approval of a major resolution of shareholders:

- (i) enter into, amend, or terminate any contract for lease of the business in whole, or for entrusted business, or for regular joint operation with others;
- (ii) Transfer of the whole or any essential part of the Company's business or assets;
- (iii) accept the transfer of another's whole business or assets, which has significant impact on the business operation of the Company;
- (iv) discharge of directors;
- (v) lift the prohibition on directors competing with the Company for themselves or others;
- (vi) in accordance with Article 130 of the Articles of Incorporation, the distributable dividends and/or bonuses and/or other funds shall be used as capital by issuing new shares;
- (vii) demerger,
- (viii) carry out a merger, however, only a special resolution is required if it meets the definition of "merger and/or amalgamation" under this Act; or
- (ix) Share Swap.

61.

Except as otherwise provided in this Act or the applicable public company laws and regulations, if the Company is dissolved after participating in a merger, or if the Company ceases to be listed publicly or over-the-counter due to a general assignment, share conversion or split, and the surviving, existing, newly established or assigned company is not listed publicly nor over-the-counter (including a listed (OTC) company on the Taiwan Stock Exchange/Taipei Exchange), the consent of shareholders of not less than two-thirds of the total number of issued shares of the Company shall be obtained.

62.

Without violating the Act, the Company may be dissolved voluntarily in accordance with the following provisions:

- (i) Dissolved voluntarily by an ordinary resolution where it is not because the Company is unable

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to pay off its due debts; or

- (ii) in case of any cause other than that mentioned in Article 62(i), voluntary dissolution shall be effected by a special resolution of the general meeting of shareholders.

63.

Notwithstanding any contrary provision in these Articles of Incorporation, a written resolution (including a special resolution or a major resolution) signed by all shareholders entitled to receive notice and attend the shareholders' meeting to exercise their voting rights (one or multiple copies) when the Company's shares are not traded on the designated securities market shall have the same effect as a resolution legally passed by the shareholders' meeting.

### **Voting Rights of Shareholders**

64

Subject to any rights or restrictions then attached to any share, each shareholder present in person or by proxy shall have one vote for each share held. When a shareholder holds shares for another person, the shareholder may claim to exercise voting rights separately. The qualifications, applicable scope, exercise method, operating procedures and other matters for the separate exercise of voting rights shall be handled in accordance with the provisions of the applicable public company rules and regulations.

65.

(a)

In the case of joint shareholders, the joint shareholders shall elect a representative from among themselves to exercise their shareholder rights, and the voting rights exercised by the representative (in person or by proxy) shall be accepted to the exclusion of the other joint shareholders from exercising their voting rights.

(b)

When a shareholder is a legal person, it may, by resolution of its board of directors or other management unit, authorize a natural person it deems suitable to act as its representative and to represent it in attending any shareholders' meeting or shareholders' meeting of a class of shares of the company.

66.

A shareholder who is mentally insane or has been adjudged to be mentally insane by a court of competent jurisdiction may have his or her guardian or other person appointed by the court to act as a guardian exercise voting rights, and such guardian or other person may have an agent exercise voting rights on his or her behalf.

67.

Unless a person is registered as a shareholder of the Company on the base date, and has paid the relevant call money or other payment, the person shall not be entitled to exercise voting rights at any shareholders' meeting.

68.

Except as otherwise provided in this Act, during the trading period of the Company's shares on the designated securities market, the Company shall provide shareholders with the ability to exercise their voting rights electronically, except that when a shareholders' meeting is held outside the Republic of China or when required by applicable public company laws and regulations, the Company shall provide shareholders with the ability to exercise their voting rights by written voting or electronic means. The method for exercising such voting power shall be described in the shareholders meeting notice to be given to the shareholders if the voting power may be exercised by way of a written ballot or electronic transmission. Any shareholder who intends to exercise the voting power by way of a written ballot or by

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way of electronic transmission shall serve the Company with the voting decision at least two days prior to the date of such shareholders meeting. Where more than one voting decision is received from the same shareholder by the Company, the first voting decision shall prevail, unless a statement is made to revoke the previous voting decision in the later-received voting decision. A shareholder who exercises the voting power at a shareholders meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the shareholders meeting as proxy to vote such shareholders' shares at the shareholders meeting only in the manner directed in the written instrument or electronic document. The chairman of the shareholders meeting as proxy shall not have the power to exercise the voting rights of such shareholder 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 shareholders meeting. For avoidance of doubt, shareholders voting in such manner shall be deemed to have waived their voting rights with respect to any extempore motions or amendments to resolution(s) proposed at such shareholders meeting.

69.

In the event any shareholder 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 hereof later intends to attend the general meetings in person, he shall, at least two 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 shareholder fails to revoke his voting decision before the prescribed time.

70.

A shareholder 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 these 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.

71.

In addition to not being able to exercise voting rights, the following shares shall not be counted in the total number of issued shares (i.e. they shall not be counted for quorum and shall not be counted in the number of votes of shareholders present):

- (i) Share(s) of the Company that are held by the Company itself in accordance with the laws;
- (ii) by any subordinate in which the Company owns, legally or beneficially, more than fifty percent of its total issued and voting share or share capital; or
- (iii) by any entity in which the Company, together with the holding company of the Company and/or any subsidiary of the holding company of the Company or the Company owns, legally or beneficially, directly or indirectly, more than fifty percent of its issued and voting share or share capital;

72.

(a)

A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, may not exercise the voting right, and such shares shall not be counted in determining the number of votes of the shareholders present at the said meeting. However, for the purpose of calculating the statutory attendance threshold, such shares shall still be counted as the number of shares

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represented by the shareholders attending the meeting. The aforementioned shareholder may also not vote on behalf of any other shareholder.

(b)

When a director uses a pledge of shares to exceed one-half of the number of shares of the Company held at the time of election, the excess shares may not exercise voting rights and will not be counted as the number of voting rights of shareholders in attendance, but shall still be counted as the number of shares represented by the shareholders attending the meeting.

### **Proxy Form**

73.

(a)

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A proxy need not be a shareholder of the Company.

(b)

During the trading period of the Company's shares on the designated securities market, unless otherwise provided for in the Act or the Articles of Incorporation, the proxy form shall be issued by the Company and shall state the following matters: (i) instructions for filling out the form, (ii) matters concerning the exercise of voting rights by proxy by shareholders or matters concerning the exercise of voting rights by proxy, and (iii) basic information of the shareholders, the proxy and the solicitor (if any), and shall be sent to all shareholders on the same day as the notice of convening the shareholders' meeting.

74.

A shareholder may only authorize one person by issuing one proxy form, and shall submit it to the Company or its shareholder affairs agent in accordance with the provisions of the preceding article five days before the shareholders' meeting. In case of duplicate proxy form, the first one served shall prevail, however, this restriction shall not apply if the later one was served five days before the shareholders' meeting and stated that the proxy form was revoked.

75.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

76.

A shareholder who exercises his voting rights in writing or electronically in accordance with Article 68 may appoint a proxy to attend the shareholders' meeting in accordance with the provisions of the Articles of Incorporation. In such circumstances, the voting rights exercised by the proxy shall be deemed as the shareholder's withdrawal of the voting rights previously exercised by him to the Company, and the Company shall only count the voting rights exercised by the expressly designated proxy attending the shareholders' meeting.

77.

During the period when the shares of the Company are traded on the designated securities market, except for a trust enterprise established under the laws of the Republic of China, a stock affairs agency approved by the securities regulatory authority of the Republic of China, or the chairman of a shareholders' meeting who is deemed to be a proxy pursuant to Article 68 of the Articles, when a person is authorized by two or more shareholders at the same time, the voting rights of the proxy shall not exceed 3% of the voting rights of the total number of issued shares; If the number of votes exceeds the limit, the excess votes shall not be

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counted in the number of votes cast for or against the relevant resolution, nor shall they be counted in the number of voting shares voted on for that resolution, but shall be counted in the total number of shares present at the shareholders' meeting. In the event of the above-mentioned exclusion of voting rights, the exclusion shall be made in proportion to the number of shares with voting rights excluded and the number of shares with voting rights represented by the proxy.

78.

The use or solicitation of proxies shall comply with the Act and applicable public company laws and regulations (particularly Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies (and any amendments, supplements or modifications thereto)).

### **Shareholders' Meeting Minutes**

79.

The resolutions of the shareholders' meeting shall be recorded in the minutes, which shall specify the year, month, day, location of the meeting, the main points and results of the proceedings, the name of the chairman and the method of resolution, the number of shareholders present, and the number of shares represented. The minutes shall be signed or stamped by the chairman of the shareholders' meeting and announced in the form of a public notice. Minutes referred to in the preceding paragraph shall be kept indefinitely for as long as the Company is in existence.

### **Dissenting Shareholder's Appraisal Right**

80.

(a)

In the event of the following resolutions being passed by a shareholders' meeting, any shareholder who expresses his or her objection in writing before or during the shareholders' meeting where the resolution is made, or whose oral objection is recorded and who votes against or abstains from voting, may request the Company to purchase all of his or her shares at a fair price at that time:

- (i) The Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or for entrusted business, or for regular joint operation with others;
- (ii) the Company transfers the whole or an essential 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 assumes the whole business or assets of another person, which has a material effect on the operation of the Company; or
- (iv) the Company undertakes a demerger, merger or share swap.

80.

(b)

The number of shares for which voting is abstained from under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

81.

During the trading period of the designated securities market, without violating the Act or the applicable public company laws and regulations, a shareholder shall submit a request under Article 80 in writing within 20 days from the date of the shareholders' meeting resolution and specify the requested purchase price. If the Company and the shareholder agree on a purchase price, the Company shall make the payment within 90 days from the date of the resolution passed at the general meeting.

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82.

Notwithstanding the provisions of the preceding Article, provided that it does not violate the provisions of the Act, if a shareholder requests the Company to purchase all of its shares pursuant to the reasons set forth in Article 80(iv) but fails to reach an agreement on the purchase price within 60 days from the date of the shareholders' meeting resolution, the Company shall, within 30 days after the expiration of such period, file a request with the Taiwan Taipei District Court for a ruling on a fair price, with all shareholders who have not reached an agreement as counterparties, in accordance with the Business Mergers and Acquisitions Act, and the Company shall pay the shareholders who have not reached an agreement the price it deems to be fair within 90 days from the date of the resolution. If the fair price determined by Taiwan Taipei District Court is higher than the fair price considered by the Company, the Company shall also pay the difference and interest (if applicable) to such shareholders.

### **Directors and the Board of Directors**

83.

(a)

The number of directors of the Company (including independent directors) shall not be less than seven and not more than nine. The number of seats for each board of directors shall be stated in the notice of convening the shareholders' meeting for electing that board of directors.

(b)

The term of office for each director shall not exceed a period of 3 years, and the directors may be eligible for re-election. When there is a vacancy in the board of directors, the term of office of the new director elected by the shareholders' meeting shall fulfill the unexposed term of office of the original director.

84.

Except with approval from the designated securities market, the number of directors who are spouses or relatives within the second degree of kinship shall be less than half of the total number of directors.

85.

In the event that 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 with the lowest 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 be automatically discharged from his office.

86.

(a)

During the period when the shares of the Company are traded on the designated securities market, unless otherwise permitted by the applicable public company laws and regulations, the Company shall have independent directors, the number of which may not be less than three, and the number of independent directors shall not be less than one-fifth of the total number of directors. To the extent required by the applicable public company laws and regulations, at least one of the independent directors shall be domiciled in the territory of the Republic of China and at least one of them shall have accounting or financial expertise. Before the Company's shares are listed on the Emerging Stock Board or in the Republic of China, the board of directors may resolve that the Company shall elect independent directors at the shareholders' meeting.

(b)

During the trading period of the Company's shares on the designated securities market, the directors

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(including independent directors and non-independent directors) shall be nominated by adopting the candidate nomination system in accordance with the applicable public company laws and regulations.

(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 laws and regulations.

### **Election of Directors**

87.

(a)

The Company may at a general meeting elect any person to be a director, whose vote shall be calculated in accordance with Article 88 of the Articles of Incorporation. Shareholders 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 juristic person (or other legal entity) which is a shareholder may appoint one or more people as its representative to be elected as a director. When there are several representatives, they may be elected separately.

88.

Directors shall be elected by shareholders using the following cumulative voting method:

- (i) During the election of directors, the numbers of votes attached to each voting share held by a shareholder 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 shareholder(s) may vote all or part of their cumulated votes in respect of one or more director (including independent director or and non-independent director) candidates;
- (iii) such number of director candidates receiving the highest number of votes in the same category of directors (independent or non-independent director) to be elected shall be appointed; and
- (iv) where two or more director candidates of the same category of directors receive the same number of votes and as a result the total number of new directors 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 the number required by the Articles due to the resignation or removal of such independent directors for any reason, the Company shall hold an election of independent directors at the next following general meeting. If all of the independent directors are resigned or removed, the board shall hold, within 60 days from the date of occurrence, an extraordinary meeting to elect succeeding independent directors to fill the vacancies.

90.

If the number of Directors falls below five due to the removal of one or more Directors of the Company for any reason, the Company shall elect new Directors to fill such vacancies at its next shareholders' meeting. When the number of directors falls short by one third of the total number, the Company shall call

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a board meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

### **Discharge of Director and Disqualification**

91.

(a) The Company may from time to time by supermajority resolution remove any director from office, whether or not appointing another in his stead.

(b)

If all directors of the Company are re-elected before the expiration of their term of office, and if there is no resolution to remove the original directors only after the expiration of their term of office, they shall be deemed to have been removed earlier at the time of re-election or on such other date as may be resolved by the shareholders' meeting. The aforementioned re-election shall be attended in person or by proxy by shareholders representing more than half of the total number of issued shares. 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)

During the trading period of the Company's shares on the designated securities 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 the Act and/or the Articles, but has not been removed by a supermajority resolution, the shareholder(s) holding 3% or more of the total number of issued shares of the Company may, within 30 days after such general meeting, to the extent permissible under the applicable public company laws and regulations, institute a lawsuit to remove such director. The Taiwan Taipei District Court, R.O.C., may be the court of jurisdiction for this matter.

(b)

So long as this law is not violated, shareholders who hold more than 1% of the total issued shares continuously for more than six months may make a written request for any independent director of the audit committee to file a lawsuit for the company against a director at a court with jurisdiction (including the Taiwan Taipei District Court). If the independent director does not file a lawsuit within 30 days of the date of receipt of the aforementioned written request, the requesting shareholder may, within the scope permitted by the laws of the Cayman Islands, file a lawsuit for the Company.

93.

(a)

During the period when the shares of the Company are traded on the designated securities market, a person who is under any of the following circumstances shall not act as a director. If he has been appointed as such, he shall, ipso facto, be discharged:

- (i) is removed from office pursuant to the Articles;
- (ii) death of director;
- (iii) the director is discharged ipso facto from his office in accordance with Article 84;
- (iv) the director resigns his office by notice in writing to the Company;
- (v) is dismissed by a court ruling pursuant to Article 92(a) of the Articles;
- (vi) has been adjudicated bankrupt or the court has declared a liquidation process in connection with such Director, and such Director has not been reinstated to his rights and privileges;
- (vii) an order is made by the court of jurisdiction or the competent authority on the grounds that he

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has no legal capacity, or his legal capacity is restricted according to applicable laws;

- (viii) has been adjudicated of the commencement of assistantship (as defined under the Taiwan Civil Code) or similar declaration and such assistantship/declaration has not been revoked yet;
- (ix) has committed an offense as specified in the ROC 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 years, or (D) was pardoned for less than five years;
- (x) has committed an offense involving fraud, breach of trust or misappropriation and subsequently has been punished with imprisonment for a term of more than one year 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 two years, or (D) was pardoned for less than two years;
- (xi) has been adjudicated guilty by a final judgment for committing offenses under the Taiwan Anti-Corruption Act, 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 two years, or (D) was pardoned for less than two years; or
- (xii) been rejected for transaction due to unlawful use of credit instruments, and the term of such sanction has not expired yet;

(b)

During the period when the Company's shares are traded on the designated securities market, if a director (except independent directors) transfers shares exceeding one-half of the number of shares of the Company held at the time of election during his term of office, he shall ipso facto be dismissed and his dismissal shall take effect immediately without the need for the consent of the shareholders' meeting.

(c)

During the period when the Company's shares are traded on the designated securities market, if a director (except independent directors), after being elected, transfers more than one-half of the Company's shares held at the time of election before taking office, the consent of the shareholders' meeting is not required and his election will be invalid.

### **Compensation of Directors**

94.

During the trading period of the Company's shares on the designated securities market, the board of directors shall, in accordance with the applicable public company laws and regulations, establish a Remuneration Committee composed of at least three members, one of whom shall be an independent director. The professional qualifications, exercise of designated powers and other related matters of the Remuneration Committee shall comply with the applicable public company laws and regulations. Upon the establishment of the Remuneration Committee, the board of directors shall pass a resolution to adopt a charter for the Remuneration Committee, and the charter shall be consistent with the applicable public company laws and regulations. Before the Company's shares begin trading on the designated securities market, the board of directors may resolve to establish a Remuneration Committee.

95.

(a)

The remuneration mentioned in the preceding Article shall include the remuneration, stock option and other incentive payments of directors and managers of the Company.

(b)

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Directors' remuneration may differ. Regardless of the Company's profit or loss, the board of directors will refer to the recommendations of its remuneration committee (if one has been established) each year, and based on the following factors, determine (i) the extent of its involvement in the Company's operations; (ii) The value of its contribution to the Company; (iii) Considering the industry standards; and (iv) 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. The directors are entitled to distribution of profit of the Company in accordance with Cayman Islands Companies Act, applicable public company laws and regulations, service agreement or other similar contracts signed with the Company.

### **Authority and Responsibility of Directors**

96.

The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the board of directors may exercise all rights of the Company within the scope of the Articles, the Act and instructions during the shareholders' meeting, unless those that are required to be exercised by the Company at shareholders' meeting as required by the Act or the Articles.

97.

(a)

Subject to this Act and the applicable public company laws and regulations, a director may personally or through his company provide professional services to the Company, and the director or his company may receive remuneration for the professional services provided as if he were not a director; However, the Article does not constitute an authorization for the directors or their companies to serve as the auditors of the Company.

(b)

Notwithstanding anything to the contrary contained in Article 97 of the Articles, a director who has direct or indirect interest in a matter discussed at a board meeting or in a contract, proposed contract or agreement with the Company, shall in accordance with applicable laws, explain the nature and essential content of his or her interest in the relevant board meetings. In the merger and acquisition by the Company, a director who has a personal interest in the transaction of merger and acquisition shall explain to the board meeting and the general meeting the essential contents of such personal interest and the cause of approval or dissent to the resolution of merger or acquisition. The Company shall state the essential contents of a director's personal interest and the cause of approval or dissent to the resolution of merger or acquisition in the notice to convene a meeting of shareholders. The essential contents may be posted on the website designated by the competent 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 laws and regulations.

(c)

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

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Notwithstanding anything to the contrary contained in Article 97 of the Articles, 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 shareholders in a general meeting the essential contents of such conduct and seek their approval by supermajority resolution.

98.

(a)

The board of directors may appoint any person (whether or not he is a director) as manager or agent to manage the affairs of the Company and to perform such duties as it deems appropriate. Such a person appointed by the board of directors may be removed by the board of directors. The remuneration of managers shall be determined by the board of directors, but during the period when the Company's shares are traded on the designated securities market, the amount of such remuneration shall be determined by the Remuneration Committee.

(b)

The board of directors may appoint a company secretary (and an Assistant Secretary if necessary) and determine his or her appropriate term of office, remuneration and working conditions. The board of directors may dismiss the company secretary or assistant secretary at any time. The company secretary shall attend shareholders' meetings and prepare the minutes correctly. Unless otherwise provided for in the applicable public company laws and regulations, the company secretary shall perform his duties in accordance with the Act or the resolution of the board of directors.

99.

All checks, promissory notes, bills, drafts and other negotiable instruments of payment and receipts payable to the Company shall be signed, issued, accepted, endorsed or otherwise endorsed in the manner determined by resolution of the board of directors.

100.

The board of directors may exercise all the powers of the Company, mortgage or encumber the Company's business, property and unpaid capital or any part thereof, and issue corporate bonds, debentures and other securities as security for any liabilities, obligations or duties of the Company or any third party.

101.

Subject to the Act and the applicable public company laws and regulations (during the period when the shares of the Company are traded on the designated securities market), the board of directors may delegate a committee composed of its members to exercise its powers; Each committee shall comply with the relevant regulations promulgated by the board of directors when exercising its powers. Without violating the principles and rules set by the board of directors, the meetings and procedures of each committee shall comply with the provisions of the Articles regarding the meetings and procedures of the board of directors.

102.

The board of directors may at any time designate by power of attorney or otherwise any company, firm, individual or group (whether nominated directly or indirectly by the board of directors) to act as the Company's agent, with such powers, authorizations and discretions (but not exceeding the powers possessed or exercisable by the board of directors pursuant to the Articles of Incorporation) under such conditions and for such period as the board of directors deems appropriate. Such authorization may include such terms as the board deems appropriate to protect or facilitate the conduct of the agent's affairs and may authorize the agent to sub-delegate its powers, authorities and discretions.

103.

(a)

The directors and managers 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, 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 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 money 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. However, this shall not apply if the violation is caused by fraud, dishonesty or violation of Article 104 of the Articles by the above-mentioned personnel.

(b)

The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability incurred by him in his capacity as a Director or Officer of the Company or indemnifying such Director or 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 Officer may be guilty in relation to the Company or any Subsidiary thereof.

104.

Without prejudice to and without violating the general duties owed by directors to the Company and the shareholders under the common laws of the Cayman Islands, the directors shall have the loyalty and shall exercise the due care of a good administrator in conducting the business operation of the Company; and if he/she has acted contrary to this provision, shall be liable for the damages to be sustained by the Company there-from. If a director obtains any benefit for himself or others due to his violation of the above provisions, the Company shall, with the approval of an ordinary resolution of the shareholders' meeting, take all appropriate actions and steps to transfer such benefits from the director to the Company to the maximum extent permitted by law. When a director of the Company conducts business operations, if a violation of a law or order causes the Company to be liable for any compensation or damages to any person, that director shall be liable for joint and several compensation for damages with the Company; and if for any reason the director is not required to be jointly and severally liable for compensation with the Company, that director shall compensate the Company for any losses suffered by the Company as a result of the breach of responsibilities. The managers shall have the same liability for damages as the directors of the Company within the scope of the performance of their duties.

### **Procedures for Board of Directors Meeting**

105.

The Chairman may call a meeting of the board 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 board meetings at least once a quarter; The Company's shares shall be traded during the designated securities market period and in accordance with the applicable public company laws and regulations.

107.

The Chairman may convene a meeting of the board of directors at any time, but the Secretary shall convene a meeting of the board of directors at any time upon the request of the Chairman.

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108.

Before the Company's shares are traded on the designated securities market, all directors shall be notified at least 48 hours in advance of the convening of the board meeting. However, in case of emergency with the consent of more than half of the directors, the meeting may be convened with shorter notice, after notifying each director, or without prior notice with the consent of each director. During the trading period of the Company's shares on the designated securities 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 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 laws and regulations. For the purposes of the Article, notices of meetings may be sent electronically with the consent of 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.

The directors may participate in any meeting of the board by means of video conference or other communication facilities, as permitted by the applicable public company laws and regulations, 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 put to the vote at a meeting of the board shall be carried by the affirmative votes of a majority of the votes cast by the attending directors, and in the case of an equality of votes the resolution shall fail. For this purpose, a director who is present at the meeting and may exercise his voting rights but does not vote on a proposal shall be deemed to have opposed the proposal.

112.

A director may appoint another person in writing to attend any board meeting on his behalf. A proxy shall constitute the calculation of attendance for all purposes, and the vote of the proxy shall be deemed as the vote of the director.

113.

(a)

The method of appointing a proxy shall be in writing approved by the board of directors, and the appointment may be revoked in the same manner at any time. The notification method for appointment or revocation of proxy is the same.

(b)

The proxy is limited to directors and they can only represent one director in attending the board of directors.

114.

Unless otherwise provided in the Articles of Incorporation, vacancies on the board of directors shall not affect the incumbent directors from continuing to perform their duties.

115.

Notwithstanding anything to the contrary in the Articles of Incorporation, during the period when the Company's shares are not traded on the designated securities market, a resolution in writing (including one or more copies signed in duplicate or by email, telegram or fax) signed by all the directors in office or all the members of a committee shall have the same effect as a resolution legally passed at a meeting of the board of directors or a committee.

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116.

If the Chairman is present at the board meeting, he or she shall chair the meeting. If the Chairman is absent, a Chairperson of the meeting shall be appointed or elected in accordance with the applicable public company laws and regulations.

117.

No regulation or alteration to these 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.

### **Remuneration, Dividends and Capitalization**

118.

The board of directors, following an ordinary resolution in the shareholders' meeting or under conditions specified in Article 60(vi) of the Articles of Incorporation, shall adopt a special resolution to distribute dividends to shareholders based on their shareholding percentage in compliance with the Articles of Incorporation and the instructions of the shareholders' meeting. The dividends may be paid in cash, stocks or, subject to Article 119 of the Articles, in whole or in part in various types of assets. No unpaid Dividend shall bear interest as against the Company.

119.

Without violating the Act or the applicable public company laws and regulations, except for the Company's realized or unrealized profits, premium share account or reserves, provision or other funds for paying dividends permitted by the Act, or other allocations, the Company may not distribute dividends or other allocations. All dividends and other allocations shall be calculated based on shareholders' shareholding ratios unless otherwise stated in the rights attached to shares. If the conditions for the issuance of shares requires the calculation of dividends to start from a specific date, the dividends for such shares shall be calculated accordingly.

120.

Except as otherwise provided in the Act, the Articles of Incorporation or the rights attached to the shares, the Company's profit distribution shall be distributed in accordance with the profit distribution proposal approved by the board of directors and approved by ordinary resolution of the shareholders at a regular meeting.

121.

During the trading period of the Company's shares in the designated securities market, unless otherwise provided by the Act, the applicable public company laws and regulations or the Articles of Incorporation, if the Company makes a profit during the year, it shall allocate no less than 2% of the profit as employee remuneration (hereinafter referred to as "employee remuneration"). The remuneration shall be distributed to employees of the Company and affiliated companies who meet certain conditions determined by the Company's board of directors. The Company can allocate no more than 2% of the preceding profit as remuneration of directors (excluding independent directors) (hereinafter referred to as "director remuneration"). Employee remuneration and directors' remuneration distribution proposal shall be carried out by the resolution of two-thirds or more of the directors of the Board of Directors in attendance and more than half of the attending directors, and shall be reported to the shareholders' meeting. However, when the Company still has accumulated losses, it shall reserve the amount for compensating such losses in advance, and then allocate employee remuneration and director remuneration in accordance with the aforementioned proportions. The term "profit" in this Article refers to the profits before tax from which employee remuneration and director remuneration have not yet been deducted.

122.

In deciding on the Company's dividend policy, the board understands that the business operated by the

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Company is in a growth stage. Regarding the proposals for shareholders to approve dividends or other allocations (if any) in each fiscal year, the board of directors may:

- (i) 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) in addition to the provision of employee remuneration and director remuneration in accordance with Article 121 of the Articles of Incorporation, the following shall be included in the net profit for the current period: (i) Payment of tax reserves for the respective fiscal year; (ii) Covering losses; (iii) Statutory surplus reserve (unless the statutory surplus reserve has reached the Company's paid-up capital), and (iv) The special surplus reserve required by the competent authority for securities in the Republic of China issued by the board of directors, or the reserve determined by Article 128 of the Articles of Incorporation.

123.

During the trading period of the Company's shares on the designated securities market, without violating the Act and after setting aside employee remuneration and directors' remuneration in accordance with Article 121 of the Articles and an appropriate amount determined by the board of directors based on the dividend distribution policy in accordance with Article 122 of the Articles, the directors shall set aside no less than 10% of distributable amount of surplus of previous year (excluding accumulated profit from previous years) as dividends, and distribute it upon approval in the shareholders' meeting.

124.

The board of directors may decide to use cash, the undistributed shares paid for with the cash amount, or both for the distribution of dividends for shareholders and compensation for employees. However, the cash dividends distributed to shareholders shall be no less than 10% of the total dividends.

125.

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

126.

For the purpose of determining shareholders entitled to receive payment of any dividend or other distributions, the board may decide that no changes to the register of shareholders shall be made within five days before the relevant base date, or within such other period as may be required by the applicable public company laws and regulations and the Cayman Islands Companies Act.

127.

The Company shall not bear any interest on dividends, bonuses or other distributions, or other payables in connection with the shares.

128.

The board may, before declaring a dividend distribution, 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 of directors either be employed in the business of the Company or invested in such investment as the board of directors may from time to time think fit, and need not be kept separate from other assets of the Company. The board of directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.

129.

Subject to any direction from the Company in general meeting, the board of directors may on behalf of the

NOTE:

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Company, exercise all the powers and options conferred on the Company by the Cayman Islands Companies Act with regards to the capital reserve. The board of directors may, in accordance with the provisions of the Cayman Islands Companies Act, use the capital reserves to make up for accumulated losses and distribute surpluses on behalf of the Company.

130.

Subject to the Act, the applicable public company laws and regulations and Article 60(vi) of the Articles, 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 shareholders.

131.

The board of directors may set off against any dividend, bonus or other payable in respect of any share any amount then due from any member to the Company (if any).

132.

Any dividends, bonuses or other payables related to shares may be paid by wire transfer to the bank account designated by the shareholder, or by directly mailing a check or money order to the shareholder's registered address, or to the person or address designated by the holder in writing. In the case of joint shareholding, all holders are eligible to receive dividends, bonuses or other payables related to the shares.

### **Company Accounting**

133.

(a)

The board of directors shall keep proper books 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 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.

The books of account shall be kept for at least 5 years from the date they are prepared.

(b)

The books of account shall be kept. If the books of accounts necessary to accurately and fairly reflect the affairs of the Company and to explain relevant transactions are not kept at such places as the board of directors deems appropriate, it shall be deemed that the books of accounts have not been properly kept for the above matters.

(c) The board of directors shall determine whether the accounts and books of accounts of the Company or any part thereof shall be open to inspection by the shareholders of the Company other than the board of directors and shall determine the scope, time and place of such inspection and the conditions or regulations upon which such inspection may be conducted; Furthermore, shareholders of the Company (other than directors) shall not have the right to inspect any accounts, accounting books or documents of the Company except the right of inspection granted by this Act or the applicable public company laws and regulations or authorized by the board of directors or the shareholders' meeting of the Company.

134.

The board of directors may prepare profit and loss statements, balance sheets, group consolidated financial statements (if any) and other reports and books of account for shareholders' meetings in accordance with

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the requirements of the Act.

135.

Proxies and documents and forms/statements and information in electronic media prepared in accordance with the Articles shall be kept for at least one year. However, if a shareholder institutes a suit, and the litigation lasts more than a year, the proxies and documents and forms/statements and information in electronic media shall be kept until the conclusion of the litigation.

136.

During the period when the shares of the Company are traded on the designated securities market, the board of directors shall, in accordance with the requirements of the applicable public company laws and regulations, submit the business report, financial statements and the resolution on profit distribution or loss appropriation prepared for the annual general meeting of shareholders for approval by the shareholders. After approval by the general meeting of shareholders, the board of directors shall, in accordance with the applicable public company laws and regulations, distribute a copy of the approved financial statements and the resolution on profit distribution or loss appropriation to each shareholder or announce it.

137.

(a)

During the period when the shares of the Company are traded on the designated securities market, the board of directors shall, 10 days prior to the regular shareholders' meeting, place copies of the annual business report, financial statements and the report prepared by the Audit Committee (if any) at the office of the stock affairs agent, and shareholders may inspect them at any time during the normal business hours of the stock affairs agent.

(b)

If the general meeting is convened by the board and other persons entitled to convene a general meeting in accordance with the Articles or any applicable Laws, the board and such person may request the Company or the Company's stock affairs agent to provide the register of shareholders. Upon request, the Company shall (and shall instruct the Company's stock agent) provide the shareholder register.

138.

The board of directors shall keep the Articles of Incorporation, minutes of all previous shareholders' meeting minutes, financial statements, shareholder registers, and stubs of corporate bonds issued by the Company at the Company's registration agency (if applicable) and the office of the Company's stock agent located within the Republic of China. Shareholders may request, by submitting document(s) evidencing his interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. If the relevant documents are kept by the Company's stock affairs agent, upon the request of such shareholder, the Company shall order the Company's stock affairs agent to provide such shareholder with the requested documents.

### **Audit Committee**

139.

During the period when the Company's shares are traded on the designated securities market, the board of directors shall establish an Audit Committee. The Audit Committee may only be composed of independent directors, and all independent directors shall be members of the Audit Committee. The Audit Committee shall comprise of not less than 3 members, and one of which shall be the convener to convene meetings of the Audit Committee from time to time, and at least one shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its shareholders. The board of directors may resolve to establish an Audit Committee before the Company's shares are traded on the designated securities market.

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140.

(a)

The Audit Committee (if established) shall have the responsibilities and powers as specified under the applicable public company laws and regulations. Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee shareholders 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) Appointment, dismissal, or remuneration for the certifying CPAs.
- (ix) the appointment or discharge of a financial, accounting, or internal auditing officer;
- (x) Approval of annual and half-year/second quarter financial reports (if applicable under the applicable public company laws and regulations); and
- (xi) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

(b)

With the exception of item (x), any other matter that has not been approved with the consent of one-half or more of all Audit Committee shareholders may be undertaken upon the consent of two-thirds or more of the shareholders of the Board, and the resolution of the Audit Committee shall be recorded in the minutes of the Directors meeting.

141.

Without violating the Act and the applicable public company laws and regulations, and to the extent permitted by Cayman Islands laws, members of the Audit Committee who are independent directors shall oversee the business operations of the Company and may, whenever deemed necessary, inspect the business and financial status of the Company, audit the ledgers and documents, and may request the board of directors or managers to provide relevant reports. Without violating the Act and the applicable public company laws and regulations, and within the scope permitted by the laws of the Cayman Islands, when the independent directors of the Audit Committee exercise their powers pursuant to this Article, the board of directors may authorize the independent directors of the Audit Committee to appoint accountants or lawyers to review on behalf of the Company.

142.

Members of the Audit Committee shall check the various documents for use at the shareholders' meeting prepared by the board of directors and report its opinions on such documents to the shareholders' meeting.

142-1.

(a)

Without violating the Act or the applicable public company laws and regulations, the Audit Committee

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shall examine the fairness and reasonableness of the merger and acquisition plans and transactions before convening the board meeting and shareholders' meeting to decide on the merger and acquisition, and shall submit the review results to the board meeting and shareholders meeting.

(b)

When the Audit Committee conducts the review, it shall engage an independent expert to issue an opinion on the fairness of the share exchange ratio, cash consideration or other assets to be offered to the shareholders.

(c)

During the designated securities market trading period, and without violating the Act and applicable public company laws and regulations, the review results of the Audit Committee and the independent expert opinion shall be distributed to the shareholders, along with the notice of the shareholders' meeting. The above mentioned documents to be distributed to the shareholders shall be deemed to have been distributed to the shareholders if the same have been uploaded onto the website designated by the competent authority for securities and made available to the shareholders for their inspection and review at the venue of the general meeting.

### **Tender Offer**

143.

Within 15 days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigious and non-litigious agent appointed by the Company pursuant to the applicable public company laws and regulations, the board shall resolve to recommend to the shareholders whether to accept or object to the tender offer and make a public announcement of the following:

- (i) the types and number of the shares held by the directors and the shareholders holding more than 10% of the total issued shares in their own names or in the names of other persons.
- (ii) recommendations to the shareholders 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 offer or its affiliates held by the Directors and the shareholders holding more than 10% of the total number of issued shares held in their own names or in the name of other persons.

### **Corporate Records**

144.

The directors shall keep written records of the following matters:

- (i) The name of each director present at the meeting of the board or committee of the board; and
- (ii) all resolutions and proceedings of shareholders' meetings, board meetings, and meetings of committees appointed by the board.

145.

The directors shall prepare a register of mortgages and guarantees in accordance with the Act. The register of mortgages and guarantees shall be open to inspection by shareholders and creditors in accordance with the Act, at the registered office on every business day in the Cayman Islands, subject to such reasonable restrictions as the board may impose. However, the time available for inspection should be no less than two (2) hours for every business day.

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## **Winding-Up**

146.

If the Company is to be liquidated, the liquidator may, with the consent of a special resolution of the Company and any other permission required by this Act and in compliance with the applicable public company laws and regulations, distribute the whole or any part of the property of the company (whether property of the same nature or not) among the members in proportion to their shares, and for that purpose may value any property and determine how to divide it among the members or members holding different classes of shares. With the consent and permission of the aforementioned resolution, the liquidator may, if he deems it appropriate, place all or part of such property on trust for the benefit of the shareholders. However, no shareholder may be forced to accept any shares, securities or property that are subject to debt.

147.

If the Company is to be liquidated and the assets available for distribution to the shareholders are insufficient to pay off all share capital, the property shall be distributed so that the shareholders may bear the losses in proportion to their shareholdings. If, during the liquidation process, the property available for distribution among shareholders is sufficient to offset all share capital at the start of liquidation, the remaining property shall be distributed to each shareholder in proportion to the shares held by each shareholder at the start of liquidation. The provisions of this Article shall not affect the rights of shareholders whose shares are issued pursuant to special conditions.

## **Notice**

148.

Except as otherwise provided in the Articles of Incorporation, notices or documents may be delivered by the Company or a person entitled to give notice in person, by fax, by return mail or by reliable courier service with all fees paid, to the address registered in the shareholder register, or, where permitted by applicable laws and regulations, by electronic communication to the email number or address confirmed in writing by the shareholder for receipt of such notice. Where shares are jointly held by several persons, all notices shall be given to the person listed as the representative of the co-owners in the shareholder register, and such notice shall be sufficient to be deemed as notice given to all co-owners.

149.

All shareholders attending any meeting of the Company, whether in person or by proxy, shall be deemed to have lawfully received the notice of the holding of such meeting and, if necessary, the notice of the purpose for which the meeting was convened.

150.

Any notice or document (a) sent by post shall be deemed to have been delivered when the letter is posted; (b) for fax delivery, delivery is deemed to have taken place when the fax machine prints out a fax report confirming that all documents have been sent to the recipient's fax number; (c) if sent by courier service, it is deemed to have been delivered upon sending the document; or (d) if sent by email, it is deemed to have been delivered upon sending the email. If a notice or document is correctly addressed and sent by post or mail, it shall be sufficient proof that the notice or document has been served by post or courier service.

151.

Any notice or document delivered, mailed or left at a shareholder's registered address in accordance with the provisions of the Articles of Incorporation shall be deemed to have been legally served on the shares registered under that shareholder's name (either individually or jointly), even if that shareholder is dead or bankrupt at that time (regardless of whether the Company receives notice of his death or bankruptcy), unless the name of that shareholder has been removed from the list of shareholders when the notice or document is served. Service thus made shall be deemed sufficient upon all persons having an interest in

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such shares (whether jointly with such shareholder or requested by such shareholder).

152.

Notice of each shareholders' meeting shall be given in the manner described above: (i) to the persons recorded as shareholders in the shareholder register on the base date determined; (ii) where the shares are transferred to the legal representative or bankruptcy administrator due to the death or bankruptcy of the shareholder, to the legal representative or bankruptcy administrator. No other person has the right to receive notices of shareholders' meetings.

### **Amendment of Articles of Incorporation**

153.

Without violating the Act and the Articles of Incorporation, the Company may at any time by special resolution change or amend all or part of these Articles of Incorporation.

### **Other**

154.

During the period when the Company's shares are traded on the designated securities market, the Company shall appoint litigation and non-litigation agents in accordance with applicable laws to serve as the Company's responsible person in the Republic of China under the Securities and Exchange Act of the Republic of China to handle matters prescribed by the Securities and Exchange Act of the Republic of China and the rules and regulations related to the Securities and Exchange Act of the Republic of China. The aforementioned litigation and non-litigation agents have to be natural persons who have residence or domicile in the Republic of China.

155.

During the period when the Company's shares are traded on the designated securities market, the qualifications, composition, election, dismissal, exercise of authority, and other matters to be complied with by the directors, independent directors, remuneration committee, or audit committee shall comply with the provisions of the securities laws of the Republic of China applicable to the Company.

156.

When the Company conducts the business, the Company shall comply with the 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 otherwise determined by the board of directors, the Company's fiscal year shall end on December 31 of each year and begin on January 1 of each year after the year in which the Company is established.

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## Sports Gear Co., Ltd.

## Shareholdings of All Directors

Book closure date: March 25, 2025

Title	Name	Number of shares registered in the shareholder register	Shareholding ratio
Chairman	Wei-Chia Chen	1,991,000	0.99%
Director	Chia Lai Development Co., Ltd Representative: Thomas Wang	100,000	0.05%
Director	Pure-Xu Real Estate Advertising Co., Ltd. Representative: Thomas Lee	1,723,371	0.86%
Director	Davis Cheng	368,000	0.18%
Independent Director	Long-I Liao	-	-
Independent Director	Tzung-Chen Chen	-	-
Independent Director	Peter Shu	-	-
Total		4,182,371	2.09%

Note: 1. Number of shares issued as of the book closure date: 199,903,423 shares.  
2. The Company is not subject to Article 26 of the Securities and Exchange Act.

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