



股票代號 Stock code  
6768

志強國際企業股份有限公司  
SPORTS GEAR CO., LTD.

# 2026

## 股東常會 議事手冊

2026 Annual Shareholders' Meeting  
Meeting Agenda

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方式：實體股東會

日期：2026年5月29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. 2026 Annual Shareholders' Meeting Procedures**

- I. Call Meeting to Order
- II. Chairperson's Remarks
- III. Matters to Report
- IV. Matters for Ratification
- V. Extraordinary Motions
- VI. Adjournment

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## CHAPTER 2. Sports Gear Co., Ltd. 2026 Annual Shareholders' Meeting Agenda

**Meeting method:** Physical shareholders' meeting

**Meeting time:** May 29, 2026 (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) 2025 Business Report.
  - (II) 2025 Report by Audit Committee on Review of the Financial Statements.
  - (III) 2025 Employee and Director Remuneration Distribution Report.
  - (IV) The Company's 2025 Directors' Remuneration Report.
  - (V) Report on the execution of convertible corporate bonds.
- V. Matters for Ratification
  - (I) Ratification of the 2025 Business Report and Consolidated Financial Report.
  - (II) Ratification of the 2025 Earnings Distributions.
- VI. Extraordinary Motions
- VII. Adjournment

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## CHAPTER 3. Matters to Report

### First Proposal

Proposal: 2025 Business Report.

Description: For the Company's 2025 Business Report, please refer to Attachment 1 (pages 5-6).

### Second Proposal

Proposal: 2025 Report by Audit Committee on Review of the Financial Statements.

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

### Third Proposal

Proposal: 2025 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% of the net profit before tax (deducting benefits before distribution of employee and director remuneration), a total of NT\$38,153,392, as employee remuneration, and 0.65% amounting to NT\$12,400,000 as directors remuneration in 2025, which will be paid in cash.

### Fourth Proposal

Proposal: The Company's 2025 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

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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 810).

### **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 31, 2026, a total of 4,090 corporate bonds were applied for conversion and 4,049,444 common shares had been converted.

## **CHAPTER 4. Matters for Ratification**

### **First Proposal**

Proposal: Ratification of the 2025 Business Report and Consolidated Financial Report. (Provided by the Board of Directors)

Description:

- I. The Company's 2025 Consolidated Financial Statements were approved by the Board of Directors, and were verified by accountants James Wu and Wegle Liu from Deloitte Taiwan.
- II. The 2025 Business Report and Consolidated Financial Report are included in Attachment 1 (pages 5-6) and Attachment 4 (pages 9-18), which are approved for ratification by the annual shareholders' meeting.

Resolution:

### **Second Proposal**

Proposal: Ratification of the 2025 Earnings Distributions. (Provided by the Board of Directors)

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Description:

- I. The Company's net profit after tax attributable to the parent company in 2025 plus the undistributed earnings at the beginning of the period amounted to NT\$3,973,598,942. A 10% statutory surplus reserve of NT\$135,211,383 and a special reserve of NT\$108,367,166 were set aside, resulting in a distributable surplus of NT\$3,730,020,393. The proposed cash dividend was NT\$1,031,515,220. (based on the 200,095,061 shares issued by the Company entitled to participate in the distribution as of February 28, 2026, the dividend is NT\$5.15512584 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 19) for details on the 2025 Earnings Distribution Statement.
- IV. The above matters have been approved for ratification by the annual shareholders' meeting.

Resolution:

## **CHAPTER 5. Extraordinary Motions**

## **CHAPTER 6. Adjournment**

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The Company's 2025 operating performance and 2026 business plan are as follows:

I. 2025 Business Report

(I) Results of business plans

Unit: NTS thousand

Accounting items	2025	2024	Amount of increase (decrease)	Change ratio (%)
Net operating revenue	20,373,969	18,443,858	1,930,111	10.46%
Gross profit	4,038,786	3,817,104	221,682	5.81%
Net profit	1,715,235	1,607,399	107,836	6.71%
Net profit before tax	1,850,654	2,025,392	-174,738	-8.63%
Net profit after tax	1,352,114	1,596,027	-243,913	-15.28%

(II) Analysis of financial gains and losses and profitability

Analysis items		2025	2024
Financial structure	Ratio of liabilities to assets (%)	31.62	35.37
	Ratio of long-term capital to real estate properties, plants and equipment (%)	258.90	301.44
Liquidity	Current ratio (%)	287.23	287.90
	Quick ratio (%)	237.53	241.05
Profitability	ROA (%)	6.18	7.61
	ROE (%)	8.93	11.07
	Net profit margin (%)	6.64	8.65
	earnings per share (EPS) (NTD)	6.77	8.15

(III) 2025 budget execution: Since the Company has not disclosed its 2025 financial forecast, this item will not be explained.

(IV) Production overview:

The Company produced 38.87 million pairs of shoes in 2025, an increase of

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9.18% from 2024, with Vietnam accounting for 58.38%, and Cambodia accounting for 41.34%. The main production strategies for each region in 2025 are as follows.

- 22.69 million pairs of shoes were produced in Vietnam, an increase of 3.93%. Vietnam will continue to be the Company's main production base in the future. We will continue improving production management, increasing the proportion of automation equipment used, and improving production efficiency.
- 16.07 million pairs of shoes were produced in Cambodia, an increase of 16.87%. We will continue to improve our production process, thereby improving our production technology.
- 110,000 pairs of shoes were produced in Indonesia and Portugal: Indonesia and Portugal both began production in the second half of 2025. In line with market conditions, we will continue establishing new production lines, building automated production facilities, and developing capabilities to produce mid and high end products, in order to steadily increase growth momentum.
- Expected production and sales volume for the future: In 2026, we will carefully plan how to allocate and expand our production capacity in response to market demand changes and the product orders received, in order to continue increasing sales.

(V) Research and development:

In 2025, the Company invested NT\$578,635 thousand into research and development, an increase from the NT\$503,860 thousand invested in 2024, and accounting for 2.84% of consolidated revenue. The Company has continued to invest in various innovative manufacturing processes and improvements to direct injection technologies. We have also accelerated the adoption of low-carbon processes, recycled materials, and digitalized management. This not only allows the Company to meet the ever-rising technological and compliance requirements from our brand partners, but also enhances our sustainable competitiveness, helping to support medium- and long-term industrial development.

(VI) Corporate Social Responsibility:

In order to implement sustainable development, the Company has established four major sustainability strategy directions, focused on: product, governance, environment, and society. Through continuous innovation and breakthroughs, we hope to become a company with sustainable operating values.

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As part of our product sustainability strategy, the Company has continued to expand the use of recycled materials in our products. We also use ISCC Plus-certified raw materials in our supply chain. With regard to sustainable governance, we have established the Sustainable Development Committee for the second year, which holds meetings where the heads of the Company's business units can exchange opinions and ideas with committee members, building a consensus on how sustainable management can be integrated into the core of the Company's business. With regard to sustainability for the environment and society, the Company has responded to the impact of greenhouse gases on climate change by formally submitting our application to participate in the Science-Based Reduction Targets initiative (SBTi), adopting scientific methods to help guide the Company in planning suitable greenhouse gas reduction targets and actions.

Apart from being included as a component of the Taiwan Index Plus Corporation (TIP) Taiwan ESG Sustainable High Dividend Equal Weight Index, the Company's sustainability accolades also include the external ESG awards received by our factories in Vietnam and Cambodia. In the future, the Company will continue ensuring that further progress towards ESG goals are made by obtaining or participating in external ESG certifications and projects.

## II. Future Development Strategies of the Company and the Impact of External Competition, Legal Environment, and Overall Business Environment

US import tariff policies have undoubtedly been one of the most uncertain variables affecting the Company in 2025. Together with the significant exchange rate fluctuations, this has caused the Company to face numerous operational challenges. However, our core business demand has continued to grow steadily, and efforts to expand into further markets have yielded successful results. The Company's consolidated revenue reached a record high in 2025 by exceeding NT\$20 billion for the first time.

Looking to the future, the Company will continue monitoring industry trends and policy developments against a backdrop of increasingly fierce external competition, stricter regulatory requirements, and uncertainty across the overall economic environment. The Company will place a greater focus on risk management, operational flexibility, and enhancing our core competitive strengths, while at the same time adjusting our operational strategies to maintain competitive advantages and ensure sustainable development.

Chairman: Patrick Chen

Manager: David Ma

Head of Accounting: Vincent Kang

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## Audit Committee Report

**Attachment 2**

The Board of Directors has prepared the Company's 2025 Business Report, Financial Statements and Earnings Distribution Statement, of which the Financial Statements have been audited by CPAs James Wu and Wegle Liu of Deloitte, Taiwan, and an Audit Report has been submitted.

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

To:

Sports Gear Co., Ltd. 2026 Annual Shareholders' Meeting

Convener of the Audit Committee: Grace Chen

March 23, 2026

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Attachment 3 - Individual Directors' Remuneration

**Attachment 3**

December 31, 2025 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		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	
Chairman	Patrick Chen	0	0	0	0	5,636	5,636	60	60	5,696	0.42	5,696	0.42	0	10,595	0	0	0	0	0	0	5,696	0.42	16,291	1.20	None
Director	Thomas Wang (Note)	0	0	0	0	2,255	2,255	60	60	2,315	0.17	2,315	0.17	0	0	0	0	0	0	0	2,315	0.17	2,315	0.17	None	
Director	Davis Cheng	0	0	0	0	2,255	2,255	60	60	2,315	0.17	2,315	0.17	0	0	0	0	0	0	0	2,315	0.17	2,315	0.17	None	
Director	Peter Shu (Note)	500	500	0	0	1,315	1,315	60	60	1,875	0.14	1,875	0.14	0	0	0	0	0	0	0	1,875	0.14	1,875	0.14	None	
Independent Director	Tzung-Chen Chen	1,200	1,200	0	0	0	0	60	60	1,260	0.09	1,260	0.09	0	0	0	0	0	0	0	1,260	0.09	1,260	0.09	None	
Independent Director	Leo Hong (Note)	700	700	0	0	0	0	40	40	740	0.05	740	0.05	0	0	0	0	0	0	0	740	0.05	740	0.05	None	
Independent Director	Grace Chen(Note)	700	700	0	0	0	0	40	40	740	0.05	740	0.05	0	0	0	0	0	0	0	740	0.05	740	0.05	None	
Director	Chia Lai Development Co., Ltd (Note)	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0	0	0	0	0	0	0	0.00	0	0.00	None	
	Representative: Thomas Wang (Note)	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0	0	0	0	0	0	0	0.00	0	0.00	None	
Director	Pure-Xu Real Estate Advertising Co., Ltd. (Note)	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0	0	0	0	0	0	0	0.00	0	0.00	None	
	Representative: Thomas Lee (Note)	0	0	0	0	939	939	20	20	959	0.07	959	0.07	0	0	0	0	0	0	0	959	0.07	959	0.07	None	
Independent Director	Long-I Liao (Note)	500	500	0	0	0	0	30	30	530	0.04	530	0.04	0	0	0	0	0	0	0	530	0.04	530	0.04	None	

(Note) Following a full re-election at the shareholders' meeting on May 23, 2025, Director Thomas Wang, representative of Chia Lai Development Co., Ltd, Director Thomas Lee, representative of Pure-Xu Real Estate Advertising Co., Ltd., and Independent Director Long-I Liao stepped down, while Director Thomas Wang, Director Peter Shu, Independent Director Leo Hong, and Independent Director Grace Chen took office.

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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, 2025 and 2024, 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, 2025 and 2024, 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, 2025. 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, 2025, is as follows:

**Authenticity of operating revenue recognition**

Operating revenue of the Group primarily arises from manufacture and sales of shoes-related products. As the operating revenue from part of the customers grew significantly, the authenticity of operating revenue from those customers is identified as 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 selected samples from the details of operating revenue from those customers, and verified the documents receipt vouchers related to revenue recognition, to confirm the authenticity of the revenue recognition.

**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, 2025 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 James Wu and Wegle Liu.

March 23, 2026.

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SPORTS GEAR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Note 6)	\$ 5,366,890	25	\$ 7,907,300	34
1110	Financial assets at fair value through profit or loss - current (Note 7)	1,148	-	2,500	-
1170	Accounts receivable, net (Notes 8 and 19)	3,121,438	14	3,180,935	13
1200	Other receivables	26,762	-	32,018	-
1220	Current tax assets (Note 21)	29,396	-	27,030	-
130X	Inventories (Note 9)	2,377,765	11	2,613,819	11
1476	Other financial assets - current (Note 6)	1,486,691	7	1,314,024	6
1479	Other current assets (Note 13)	<u>1,330,202</u>	<u>6</u>	<u>986,599</u>	<u>4</u>
11XX	Total current assets	<u>13,740,292</u>	<u>63</u>	<u>16,064,225</u>	<u>68</u>
	<b>NON-CURRENT ASSETS</b>				
1600	Property, plant, and equipment (Notes 11 and 27)	6,641,615	30	5,969,716	25
1755	Right-of-use assets (Notes 12 and 26)	1,172,690	5	1,168,019	5
1780	Intangible assets	42,746	-	19,258	-
1840	Deferred income tax assets (Note 21)	183,680	1	125,570	1
1920	Refundable deposits	63,297	-	64,666	-
1980	Other financial assets - non-current (Notes 6 and 27)	13,951	-	11,811	-
1990	Other non-current assets (Note 13)	<u>120,847</u>	<u>1</u>	<u>151,502</u>	<u>1</u>
15XX	Total non-current assets	<u>8,238,826</u>	<u>37</u>	<u>7,510,542</u>	<u>32</u>
1XXX	<b>TOTAL</b>	<u>\$21,979,118</u>	<u>100</u>	<u>\$23,574,767</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term bank loans (Notes 14 and 27)	\$ 688,938	3	\$ 1,244,343	5
2150	Note payables	5,484	-	3,845	-
2170	Account payables	2,413,930	11	2,572,516	11
2200	Other payables (Note 16)	1,107,634	5	1,058,041	4
2230	Current tax liabilities (Note 21)	272,079	1	228,861	1
2280	Lease liabilities-current (Notes 12 and 26)	83,086	1	104,425	-
2320	Current portion of long-term bank loans (Notes 14 and 27)	199,831	1	364,481	2
2399	Other current liabilities	<u>12,701</u>	<u>-</u>	<u>3,316</u>	<u>-</u>
21XX	Total current liabilities	<u>4,783,683</u>	<u>22</u>	<u>5,579,828</u>	<u>23</u>
	<b>NON-CURRENT LIABILITIES</b>				
2530	Bond payables (Note 15)	565,403	3	934,046	4
2541	Long-term bank loans (Notes 14 and 27)	1,044,234	5	1,179,867	5
2560	Current tax liabilities - non-current (Note 21)	35,170	-	-	-
2570	Deferred tax liabilities (Note 21)	4,807	-	7,152	-
2580	Lease liabilities - non-current (Notes 12 and 26)	514,426	2	636,733	3
2600	Other non-current liabilities	<u>1,390</u>	<u>-</u>	<u>-</u>	<u>-</u>
25XX	Total non-current liabilities	<u>2,165,430</u>	<u>10</u>	<u>2,757,798</u>	<u>12</u>
2XXX	Total liabilities	<u>6,949,113</u>	<u>32</u>	<u>8,337,626</u>	<u>35</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
3110	Share capital	2,000,951	9	1,960,456	8
3211	Capital surplus	8,559,970	39	8,174,093	35
	Retained earnings				
3310	Legal reserve	603,852	3	444,198	2
3350	Unappropriated earnings	3,973,599	18	4,016,819	17
3400	Other Equity	<u>(108,367)</u>	<u>(1)</u>	<u>641,575</u>	<u>3</u>
3XXX	Total equity	<u>15,030,005</u>	<u>68</u>	<u>15,237,141</u>	<u>65</u>
	<b>TOTAL</b>	<u>\$21,979,118</u>	<u>100</u>	<u>\$23,574,767</u>	<u>100</u>

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

Chairman: Patrick Chen      Manager: David 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, 2025 and 2024

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

CODE		2025		2024	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 19 and 26)	\$ 20,373,969	100	\$ 18,443,858	100
5000	OPERATING COSTS (Notes 9 and 20)	<u>16,335,183</u>	<u>80</u>	<u>14,626,754</u>	<u>79</u>
5900	GROSS PROFIT	<u>4,038,786</u>	<u>20</u>	<u>3,817,104</u>	<u>21</u>
	OPERATING EXPENSES (Notes 20 and 26)				
6100	Selling and marketing expenses	336,830	2	396,064	2
6200	General and administrative expenses	1,408,049	7	1,309,622	7
6300	Research and development expenses	578,635	3	503,860	3
6450	Expected credit losses (Note 8)	<u>37</u>	<u>-</u>	<u>159</u>	<u>-</u>
6000	Total operating expenses	<u>2,323,551</u>	<u>12</u>	<u>2,209,705</u>	<u>12</u>
6900	PROFIT FROM OPERATIONS	<u>1,715,235</u>	<u>8</u>	<u>1,607,399</u>	<u>9</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 20 and 26)				
7010	Other income	23,815	-	25,103	-
7020	Other gains and losses	( 34,695 )	-	191,191	1
7050	Finance costs	( 70,145 )	-	( 73,302 )	-
7100	Interest income	<u>216,444</u>	<u>1</u>	<u>275,001</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>135,419</u>	<u>1</u>	<u>417,993</u>	<u>2</u>
7900	PROFIT BEFORE INCOME TAX	1,850,654	9	2,025,392	11
7950	INCOME TAX EXPENSE (Note 21)	<u>498,540</u>	<u>2</u>	<u>429,365</u>	<u>2</u>
8200	NET PROFIT FOR THE YEAR	<u>1,352,114</u>	<u>7</u>	<u>1,596,027</u>	<u>9</u>

(Continued)

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(Continued)

CODE		2025		2024	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR				
8310	Items that will not be reclassified subsequently to profit or loss:				
8340	Exchange difference of translation to the presentation currency	\$ -	-	\$ 414,249	2
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences in translating the financial statements of foreign operations	( <u>749,942</u> )	( <u>4</u> )	<u>161,295</u>	<u>1</u>
8300	Other comprehensive income (loss) for the year	( <u>749,942</u> )	( <u>4</u> )	<u>575,544</u>	<u>3</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 602,172</u>	<u>3</u>	<u>\$ 2,171,571</u>	<u>12</u>
	Net profit (loss) attributable to:				
8610	Owners of the company	\$ 1,352,114	7	\$ 1,598,113	9
8620	Non-controlling interest	<u>-</u>	<u>-</u>	( <u>2,086</u> )	<u>-</u>
8600		<u>\$ 1,352,114</u>	<u>7</u>	<u>\$ 1,596,027</u>	<u>9</u>
	Comprehensive income attributable to:				
8710	Owners of the company	\$ 602,172	3	\$ 2,173,616	12
8720	Non-controlling interest	<u>-</u>	<u>-</u>	( <u>2,045</u> )	<u>-</u>
8700		<u>\$ 602,172</u>	<u>3</u>	<u>\$ 2,171,571</u>	<u>12</u>
	EARNINGS PER SHARE (Note 22)				
9750	Basic	<u>\$ 6.77</u>		<u>\$ 8.15</u>	
9850	Dilution	<u>\$ 6.63</u>		<u>\$ 8.08</u>	

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

Chairman: Patrick Chen    Manager: David 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, 2025 and 2024

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company (Note 18)							
Code		Retained Earnings				Other Equity	Total	Non-controlling Interests	Total Equity
		Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange differences in translation of the financial statements of foreign operations			
A1	Balance on January 1, 2024	\$ 1,960,456	\$ 7,954,196	\$ 391,072	\$ 3,218,387	\$ 66,072	\$ 13,590,183	\$ 548	\$ 13,590,731
	Appropriation of 2023 earnings								
B1	Legal Reserve	-	-	53,126	( 53,126 )	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	( 744,973 )	-	( 744,973 )	-	( 744,973 )
	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
	Appropriation of 2024 earnings								
B1	Legal Reserve	-	-	159,654	( 159,654 )	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	( 1,235,680 )	-	( 1,235,680 )	-	( 1,235,680 )
C17	Other changes in capital surplus	-	42,760	-	-	-	42,760	-	42,760
D1	Net profit for the year ended December 31, 2025	-	-	-	1,352,114	-	1,352,114	-	1,352,114
D3	Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	( 749,942 )	( 749,942 )	-	( 749,942 )
D5	Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	1,352,114	( 749,942 )	602,172	-	602,172
I1	Corporate bonds transferred into common shares (Note 15)	40,495	343,117	-	-	-	383,612	-	383,612
Z1	Balance at December 31, 2025	\$ 2,000,951	\$ 8,559,970	\$ 603,852	\$ 3,973,599	( \$ 108,367 )	\$ 15,030,005	\$ -	\$ 15,030,005

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

Chairman: Patrick Chen    Manager: David 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, 2025 and 2024  
(In Thousands of New Taiwan Dollars)

CODE		2025	2024
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	\$ 1,850,654	\$ 2,025,392
A20010	Adjustments for:		
A20100	Depreciation expenses	658,777	664,533
A20200	Amortization expenses	9,586	8,035
A20300	Expected credit losses	37	159
A20400	Net losses (gains) on financial assets at fair value through profit or loss	1,352	( 1,200)
A20900	Interest expenses	70,145	73,302
A21200	Interest income	( 216,444)	( 275,001)
A22500	Net losses on disposal of property, plant, and equipment	31,156	3,887
A23800	Inventory valuation losses	29,386	2,915
A24100	Net losses (gains) on foreign currency exchange	( 359)	( 161,405)
A29900	Profit from lease modification	( 225)	( 4,027)
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	( 68,863)	( 359,693)
A31180	Other accounts receivable	( 8,376)	( 3,435)
A31200	Inventories	45,084	( 1,020,375)
A31240	Other current assets	( 294,025)	( 225,624)
A32130	Notes payables	1,639	3,307
A32150	Accounts payables	( 34,624)	869,970
A32180	Other payables	201,612	4,061
A32230	Other current liabilities	9,514	( 55,296)
A33000	Cash generated from operations	2,286,026	1,549,505
A33100	Interest received	227,828	295,990
A33300	Interest paid	( 59,386)	( 64,066)
A33500	Income tax paid	( 477,661)	( 495,301)
AAAA	Net cash generated from operating activities	<u>1,976,807</u>	<u>1,286,128</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B02700	Acquisition of property, plant, and equipment	( 1,571,135)	( 1,358,172)
B02800	Proceeds from disposal of property, plant, and equipment	70,538	7,148
B03700	Increase in refundable deposits	( 2,436)	( 4,082)

(Continued)

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(Continued)

<u>C o d e</u>		<u>2025</u>	<u>2024</u>
B03800	Decrease in refundable deposits	\$ 411	\$ 1,109
B04500	Acquisition of intangible assets	( 33,006 )	( 9,714 )
B05350	Acquisition of right-of-use assets	( 180,993 )	-
B06500	Decrease (increase) in other financial assets	( 253,747 )	1,462,175
B06700	Increase in other non-current assets	( 13,946 )	( 31,596 )
B07100	Increase in prepayments for equipment	( <u>17,193</u> )	( <u>2,815</u> )
BBBB	Net cash generated from (used in) investing activities	( <u>2,001,507</u> )	<u>64,053</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term bank loans	2,651,216	4,788,039
C00200	Decrease in short-term bank loans	( 3,139,248 )	( 4,692,020 )
C01200	Issuance of convertible bonds	-	1,136,779
C01600	Proceeds from long-term bank loans	337,883	510,390
C01700	Repayments of long-term bank loans	( 568,753 )	( 785,820 )
C04020	Repayment of the principal portion of lease liabilities	( 111,205 )	( 100,613 )
C04500	Dividends paid to owners of the Company	( 1,235,680 )	( 744,973 )
C09900	Execution of disgorgement	<u>42,760</u>	<u>12,080</u>
CCCC	Net cash generated from (used in) financing activities	( <u>2,023,027</u> )	<u>123,862</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	( <u>492,683</u> )	<u>570,558</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 2,540,410 )	2,044,601
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,907,300</u>	<u>5,862,699</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,366,890</u>	<u>\$ 7,907,300</u>

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

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Sports Gear Co., Ltd.  
Distribution of 2025 Earnings

Item	Unit: NTD
Unappropriated earnings at the beginning of the period	2, 621, 485, 111
Net profit for 2025	1, 352, 113, 831
Current net profit plus adjustment	1, 352, 113, 831
10% provision of legal reserve	(135, 211, 383)
Provision of special reserve	(108, 367, 166)
Unappropriated earnings accumulated until the end of 2025	3, 730, 020, 393
In the form of:	
Cash dividends to shareholders	(1, 031, 515, 220)
Unappropriated earnings at the end of the period	2, 698, 505, 173

Note:

1. Number of shares issued is 200,095,061 shares. Number of outstanding shares is 200,095,061 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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**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

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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

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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

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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

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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.
- 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

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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.

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- 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**

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- 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.
- 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**

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- 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.

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THE COMPANIES ACT(AS AMENDED)

COMPANY LIMITED BY SHARES

**NINTH AMENDED AND RESTATED**

**ARTICLES OF ASSOCIATION**

**OF**

**Sports Gear Co., Ltd.**

**志強國際企業股份有限公司**

(Adopted by a Special Resolution passed on MAY 23, 2025)

**INTERPRETATION**

1.

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

2.

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

Applicable Public Company Rules	the R.O.C. laws, regulations and rules affecting public companies or companies listed on any R.O.C. stock exchange or securities market, including , without limitation, the relevant provisions of the Company Law, the Securities Exchange Law, the Business Mergers and Acquisitions Act, the Act Governing Relations between Peoples of the Taiwan Area and the Mainland Area, and the regulations and rules promulgated by the competent authorities and the stock exchange (including, without limitation, the FSC, the Ministry of Economic Affairs, the TWSE, and the TPEX);
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Articles	these Articles of Association of the Company as altered from time to time;
Audit Committee	a committee of the Board, which shall comprise solely of Independent Directors of the Company;
Board	the board of Directors of the Company comprising all the Directors;
Book Closure Period	have the meaning ascribed in Article 45;
Capital Reserve	means (i) the premium paid on the issuance of an share, (ii) income from endowments received by the Company, and (iii) other items generated and treated as capital reserve pursuant to the Applicable Public Company Rules or generally accepted accounting principles;
Chairman	the Director elected amongst all the Directors as the chairman of the Board;
Company Designated Stock Market	Sports Gear Co., Ltd. 志強國際企業股份有限公司; the TWSE or the TPEX of the R.O.C.
Directors	the directors of the Company for the time being or, as the case may be, the directors assembled as a board or as a committee thereof, and shall include any and all Independent Directors;
Discount Transfer	have the meaning ascribed in Article 20(d);
Dividend	includes bonus;
Electronic Record	has the same meaning as in the Electronic Transactions Law;
Electronic Transactions Law	The Electronic Transactions Law (as amended) of the Cayman Islands;
Employees	Employees of the Company and/or any of the Subsidiaries, as determined by the Board from time to time in its sole discretion, and “Employees” shall mean any one of them;
ESM	the emerging stock market of TPEX in the R.O.C.;
Family Relationship	in respect of a person, means another person who is related to the first person either by blood or by marriage of

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

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

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

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the general meeting is less than two-thirds (2/3) of the total issued and outstanding shares of the Company, but more than one half of the total issued and outstanding shares of the Company, a resolution adopted at such general meeting by the Members who represent two-thirds (2/3) or more of the total number of shares entitled to vote on such resolution at such general meeting ;

TDCC	the Taiwan Depository & Clearing Corporation;
TPEX	the Taipei Exchange
Treasury Shares	Shares that have been repurchased by the Company and have not been canceled but have been held continuously by the Company in accordance with the Law and the Articles; and
TWSE	the Taiwan Stock Exchange Corporation.

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(b)

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

(c)

In these Articles unless the content otherwise provides:

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

(d)

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

## **SHARES**

3.

(a)

The Company may issue Shares without printing share certificates. A person whose name is entered as a member in the Register of Members is entitled to obtain a certificate in the form determined by the Board if the Board resolves that a share certificate shall be issued. Such certificates may be affixed by Seal or with the authorized signature(s) affixed by mechanical process. All certificates for shares shall be consecutively numbered or otherwise identified

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and shall specify the shares to which they relate. All certificates surrendered to the Company for the purpose of transfer shall be cancelled subject to the Articles. No new certificate(s) shall be issued until the former certificate(s) representing the identical serial number shall have been surrendered and cancelled.

(b)

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

(c)

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

(d)

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

4.

(a)

The Company shall not issue bearer Shares.

(b)

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

(c)

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.

5.

If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of

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such expenses reasonably incurred by the Company in investigating evidence, as the Board may prescribe, and (in the case of defacement or wearing out) upon delivery of the old share certificate.

6.

(a)

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

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

(b)

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

7.

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

8.

(a)

Where the Company is to issue Preferred Shares, the following shall be

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expressly set out in these Articles:

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

(b)

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

9.

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

- (i) the Board may reserve no more than fifteen percent (15%) of the new Shares for subscription by the Employees pursuant to the Law and the Applicable Public Company Rules; and
- (ii) where the Company issues new Shares for cash consideration, after the Board reserving certain percentage of the new Shares for subscription by the Employees pursuant to subsection (i) of this Article, the Company shall allocate ten percent (10%) (or such greater percentage as the Company by an Ordinary Resolution determines) of the total number of the new Shares to be issued for offering in the R.O.C. to the public unless the Applicable Public Company Rules provide otherwise or the FSC, the TPEX or TWSE (where applicable) considers such public offering unnecessary or inappropriate.

10.

(a)

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

(b)

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

11.

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

in connection with a Merger, Spin-off, or pursuant to any reorganization of the Company;

in connection with meeting the Company's obligation under Share subscription

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warrants and/or options granted to the Employees;  
in connection with meeting the Company's obligation under convertible bonds or corporate bonds which are vested with rights to acquire Shares;  
in connection with meeting the Company's obligation under share subscription warrant or Preferred Shares vested with rights to acquire Shares;  
in connection with any Private Placement conducted pursuant to Article 12;  
in connection with any Share Swap arrangement entered into by the Company;  
in connection with the issue of Restricted Shares pursuant to Article 13; or  
in connection with the issue of shares in accordance with Article 124 or 130 hereof.

12.

(a)

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

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

(b)

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

13.

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

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matters shall be subject to the Law and the Applicable Public Company Rules.

14.

(a)

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

(b)

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

(c)

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

(d)

Directors of the Company and its Subsidiaries shall not be eligible for Restricted Shares pursuant to Article 13 or the incentive programmes pursuant to Article 14, provided that directors who are also employees of the Company or its Subsidiaries may subscribe for Restricted Shares or participate in an incentive programme in their capacity as an employee and not as a director of the Company or its Subsidiaries.

15.

(a)

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

(b)

For so long as the Shares are traded on the Designated Stock Market, any issuance, conversion or cancellation of the Shares or any other equity-type securities (including but not limited to warrants, options or bonds), capitalization and shareholder services, shall comply with the Law, the

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Applicable Public Company Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C. (as revised).

16.

(a)

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

(b)

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

17.

(a)

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

(b)

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

(c)

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

18.

(a)

For so long as the Shares are traded on the Designated Stock Market, subject to the provisions of the Law, the Applicable Public Company Rules, the Memorandum and the Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds (2/3) or more of the total number of the Directors, purchase its own Shares (including any redeemable shares) on such terms and such manner as the Board may determine and hold them as Treasury Shares in accordance with the Applicable Public Company Rules; provided that if any purchase of the

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Company's own Shares from all the Members involves any immediate cancellation of Shares, such repurchase of Shares is subject to approval by the Members by way of an Ordinary Resolution and the number of Shares to be cancelled shall be effected based on the then prevailing percentage of shareholding of all the Members as of the date of such cancellation on a pro rata basis (as rounded up or down to the nearest whole number as determined by the Board), unless otherwise provided for in the Law or the Applicable Public Company Rules.

(b)

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

(c)

In the event that the Company proposes to purchase any share listed on the TWSE in the R.O.C. pursuant to this Article 18, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its shares listed on the TWSE in the R.O.C. for any reason.

19.

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

- (i) The number of Shares to be purchased by the Company from time to time shall not exceed then percent (10%) of the total number of issued and outstanding Shares and the total amount of the Shares to be purchased by the Company shall not exceed the aggregate amount of retained profits, premium on capital stock and realized Capital Reserve.
- (ii) Such resolution of the Board approving purchases of Shares and the implementation thereof (including the failure of any purchase of

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Shares as approved by such resolutions, if any) shall be reported to the Shareholders at the next general meeting of the Company.

(iii) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:

(a) such purchase transactions shall be in accordance with the applicable R.O.C. securities laws and regulations and the Applicable Public Company Rules; and

(b) such purchase transactions shall be in accordance with the Law.

20.

(a)

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

(i) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;

(ii) the Treasury Shares shall not be pledged or encumbered in any manner whatsoever;

(iii) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of these Articles or the Law; and

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

(b)

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

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(c)

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

(d)

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

- (i) the transfer price of the Treasury Shares as determined by the Board, the discount rate used for the Discount Transfer, and the calculation basis of the Discount Transfer, and the basis of such determination;
- (ii) the amount of the Treasury Shares to be transferred pursuant to and the purpose of, the Discount Transfer, and the basis of such determination;
- (iii) the qualification and terms of the Employees to whom the Treasury Shares are transferred and the amount of Treasury Shares for which such Employees may subscribe pursuant to the Discount Transfer;
- (iv) matters that the Board is of the opinion that may affect Shareholders' equity, including (x) any expenses that may be incurred and dilution of per share profit, if any, due to the Discount Transfer in accordance with the Applicable Public Company Rules, and (y) any burden on the Company caused by the Discount Transfer in accordance with the Applicable Public Company Rules.

(e)

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

## **REGISTER OF MEMBERS**

21.

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

22.

(a)

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

(b)

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

23.

For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend, or in order to make a determination of Members for any other purpose, the Directors shall determine the period that the Register of Members shall be closed for transfers and such period shall not be less than the minimum period of time immediately preceding the general meeting, as prescribed by the Applicable Public Company Rules.

24.

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

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25.

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

#### **TRANSFER OF SHARE**

26.

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

27.

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

28.

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

29.

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

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30.

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

#### **TRANSMISSION OF SHARES**

31.

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

32.

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

33.

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

34.

Where two (2) or more persons are registered as joint holders of a Share or Shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said Share

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or Shares and the Company shall recognize no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holder.

#### **VARIATION OF RIGHTS OF SHARES**

35.

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

36.

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

#### **GENERAL MEETING**

37.

All general meetings other than annual general meetings shall be called as extraordinary general meetings, which shall be called by the Board.

38.

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

39.

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

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and whose Shares shall have been held by such Member(s) for at least one (1) year.

40.

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

41.

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

42.

*[Deleted]*

43.

(a)

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

(b)

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

#### **NOTICE OF GENERAL MEETING**

44.

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(a)

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

(b)

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

45.

For so long as the Shares are traded on the Designated Stock Market, the Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company pursuant to the Applicable Public Company Rules and close its Register of Members accordingly in accordance with the Applicable Public Company Rules. The Board shall fix the period that the Register of Members shall be closed for transfers (the "Book Closure Period").

46.

(a)

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

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(b)

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

47.

(a)

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

- (i) election or discharge of Directors;
- (ii) amendment to these Articles;
- (iii) dissolution, Merger, Share Swap or Spin-off of the Company;
- (iv) entry into, amendment to, or termination of any contract for lease of its business in whole, or the delegation of management of the Company's business to others, or regular joint operation of the Company with others;
- (v) the transfer of the whole or any material part of its business or assets;
- (vi) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
- (vii) ratification of any action of Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business;
- (viii) distributing dividends, bonuses or other distributions payable on or in respect of the Share in whole or in part by way of issuance of new Shares;
- (ix) distribution of the Statutory Reserve, the share premium account and/or the income from endowments received by the Company in the Capital Reserve, by issuing new Shares and/or cash to its existing Members.
- (x) the Private Placement of any equity-type securities issued by the Company;
- (xi) transfer shares to the employees under Article 20(d) ;

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- (xii) capital deduction; and
- (xiii) application to terminate the public offering of the Shares.

(b)

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

48.

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

49.

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

#### **PROCEEDINGS AT GENERAL MEETINGS**

50.

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

51.

(a)

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

(b)

For so long as the Shares are traded on the Designated Stock Market, prior the commencement of the Book Closure Period before an annual general meeting, the Company shall make a public announcement of the place and the period for Members to submit proposals; provided that the period for submitting

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such proposals shall not be less than ten (10) days.

(c)

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

(d)

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

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

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

(e)

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

52.

Unless otherwise expressly provided herein and subject to the Applicable Public Company Rules, if a quorum is not present at the time appointed for the general meeting or if during such a general meeting a quorum ceases to be present, the Chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may

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be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed for two times, but at the postponed general meeting a quorum is still not present, the Chairman shall declare the general meeting is dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with the Articles.

53.

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

54.

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

55.

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

56.

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

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passed by an Ordinary Resolution.

57.

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

58.

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

- (i) increase its share capital by new shares of such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing Shares;
- (iii) sub-divide its existing Shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be same as it was in case of the share from which the reduced share is derived, and the Company may by Ordinary Resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;
- (iv) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled; or
- (v) convert all or any of its paid up Shares into stock and reconvert that stock into paid up shares of any denomination for the purpose of redenominating its share capital.

59.

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

- (i) change its name;
- (ii) alter or add to these Articles;
- (iii) alter or add to the Memorandum with respect to any objects,

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- powers or other matters specified therein;
- (iv) reduce its share capital and any capital redemption reserve in any manner authorized by law; or
- (v) effect a Merger under the Law.

60.

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

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

61.

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

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62.

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

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

63.

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

#### **VOTES OF MEMBERS**

64.

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

65.

(a)

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

(b)

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

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of members of the Company.

66.

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

67.

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

68.

Subject to the Law, for so long as the shares are traded on the Designated Stock Market, the Company shall provide the Members with a method for exercising their voting power by way of electronic transmission; provided, however, that the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission if a general meeting is to be held outside the R.O.C. or otherwise required under the Applicable Public Company Rules. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two (2) days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s)

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proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived their voting rights with respect to any extemporaneous matters or amendment to resolution(s) proposed at the general meeting.

69.

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

70.

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

71.

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

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

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- the total number of issued and voting shares or the total share equity of such Subsidiary; or
- (iii) the Shares held by another company, where the total number of the shares or total share equity of that company directly or indirectly held by the Company, its Subsidiaries, the holding company of the Company and the Subsidiaries of the holding company of the Company represents more than one-half of the total number of issued and voting shares or the total share equity of such a company.

72.

(a)

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

(b)

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

#### **PROXY**

73.

(a)

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

(b)

For so long as the Shares are traded on the Designated Stock Market, unless otherwise provided by the Law or in these Articles, forms of instrument of proxy for use at a general meeting shall be produced by the Company specifying therein (i) the instructions for filling out the form, (ii) the matters to be entrusted by the Member or to be voted upon pursuant to such proxy, and

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(iii) the basic information of the Members as appointor, the proxy and the proxy solicitor (if any) and shall be sent out together with the notice of general meeting to all Members on the same day.

74.

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

75.

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

76.

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

77.

For so long as the Shares are traded on the Designated Stock Market, except for trust enterprises of shareholder service agencies duly licensed under the R.O.C. competent authorities or the chairman of a general meeting who is deemed appointed as proxy pursuant to Article 68, where a Person acts as a proxy for two or more Members, the number of voting Shares that the proxy may vote in respect thereof shall not exceed three percent (3%) of the total number of issued and outstanding voting Shares; otherwise, such number of

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voting Shares in excess of the aforesaid threshold shall not be counted towards the number of votes cast for or against the relevant resolution or the number of voting Shares present at the relevant general meeting but shall be included in the quorum. Upon such exclusion, the number of voting Shares being excluded and attributed to each Member represented by the same proxy shall be determined on a pro-rata basis based on the total number of voting Shares being excluded and the number of voting Shares that such Members have appointed the proxy to vote for.

78.

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

#### **MINUTES**

79.

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

80.

(a)

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

- (i) The Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to other or the regular joint operation of the Company with others;

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- (ii) The Company transfers the whole or a material part of its business or assets, provided that , the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;
- (iii) The Company accepts the transfer of the whole business or assets of another person, which has a material effect on the Company's business operations; or
- (iv) Spin-off, Merger, or Share Swap.

(b)

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

81.

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

82.

Notwithstanding Article 81, subject to the Law, in the event a Member requests the Company to repurchase all of his Shares in accordance with Article 80(iv) but no agreement is reached (between the Company and such Member(s)) within 60 days since the resolution of the general meeting was made, the Company shall file a petition to Taiwan Taipei District Court against all the dissenting Member(s) within 30 days immediately thereafter for a determination of the fair price of the relevant Shares in accordance with the Business Mergers and Acquisitions Act, and in the event that no agreement is reached between the Company and such Member(s) within 90 days since the resolution of the general was made, the Company shall pay, in its discretion, the fair price to those Member(s) who fail to reach an agreement with the Company within 90 days since the resolution of the general meeting was made. In the event that the fair price determined by the Taiwan Taipei District Court is higher than the fair price determined by the Company in its discretion, the Company shall also pay to those Member(s) such difference and interests (if applicable).

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83.

(a)

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

(b)

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

84.

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

85.

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

86.

(a)

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

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(b)

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

(c)

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

87.

(a)

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

(b)

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

88.

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

- (i) on an election of Directors, the numbers of votes attached to each voting share held by a Member shall be cumulative and correspond to the number of Directors (including the Independent Directors and non-independent Directors) nominated for appointment at the general meeting;
- (ii) the Member(s) may vote all or part of their cumulated votes in respect of one or more Director or non-independent Director candidates;
- (iii) such number of Director candidates receiving the highest number of

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- votes in the same category (namely, independent or non-independent) of Directors to be elected shall be appointed; and
- (iv) where two or more Director candidates in the same category receive the same number of votes and as a result the total number of new Directors in such category intended to be appointed is exceeded, there shall be a draw by such Director candidates receiving the same number of votes to determine who shall be appointed; the chairman of the meeting shall draw for a Director nominated for appointment who is not present at the general meeting.

89.

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

90.

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

#### **REMOVAL AND DISQUALIFICATION OF DIRECTORS**

91.

(a)

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

(b)

Where re-election of all Directors is effected prior to the expiration of the term of office of existing Directors, the term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their

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present term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for re-election, their term of office shall continue and be extended to such time when new Directors are elected or re-elected in the next general meeting and they commence their office.

92.

(a)

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

(b)

Subject to the Law, one or more Members holding one percent (1%) or more of the total number of the outstanding Shares continuously for a period of more than six months may request in writing 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 Audit committee fails to file such action within thirty (30) days after receipt of such request, to the extent permitted under the laws of Cayman Islands, the Members making such request may file the action for the Company.

93.

(a)

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

- (i) if the Director dies;
- (ii) if the Director is automatically discharged from his office in

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- accordance with Article 84;
- (iii) if the Director resigns his office by notice in writing to the Company;
  - (iv) if the Director is the subject of a court order for his removal in accordance with Article 92(a);
  - (v) the Director has been adjudicated bankrupt or the court has declared a liquidation process in connection with the Director, and such Director has not been reinstated to his rights and privileges;
  - (vi) an order is made by any competent court or authorities on the grounds that the Director has no legal capacity, or his legal capacity is restricted according to applicable laws;
  - (vii) the Director has been adjudicated of the commencement of assistantship (as defined under the Civil Code of the R.O.C.) or similar declaration and such assistantship/declaration has not been revoked yet;
  - (viii) the Director has committed an offence as specified in the R.O.C. statute of prevention of organizational crimes and subsequently has been adjudicated guilty by a final judgment, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five (5) years, or (D) was pardoned for less than five (5) years;
  - (ix) the Director has committed an offence in terms of fraud, breach of trust or misappropriation and subsequently has been punished with imprisonment for a term of more than one (1) year by a final judgement, and (A) has not started serving the sentence, or (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two (2) years, or (D) was pardoned for less than two (2) years;
  - (x) the Director has been adjudicated guilty by a final judgment for committing offenses under the Taiwan Anti-Corruption Act during the time of his public service, and (A) has not started serving the sentence, or (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two (2) years, or (D) was pardoned for less than two (2) years; or

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

(b)

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

(c)

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

#### **REMUNERATION OF DIRECTORS**

94.

For so long as the Shares are traded on the Designated Stock Market, the Board shall, in accordance with the Applicable Public Company Rules, establish a Remuneration Committee comprised of at least three (3) members, more than half of whom shall be an Independent Director. The professional qualifications of the members of the Remuneration Committee, the responsibilities, powers and other related matters of the Remuneration Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Remuneration Committee, the Board shall, by a resolution, adopt a charter for the Remuneration Committee the provisions of which shall be consistent with the Applicable Public Company Rules. Before the Shares are traded on the Designated Stock Market, the Board may resolve to establish a Remuneration Committee.

95.

(a)

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

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managers of the Company.

(b)

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

#### **POWERS AND DUTIES OF THE DIRECTORS**

96.

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

97.

(a)

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

(b)

Notwithstanding anything to the contrary contained in this Article 97, a Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential

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

(c)

Notwithstanding anything to the contrary contained in this Article 97, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the Board meeting.

(d)

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

98.

(a)

The Board may from time to time appoint any person, whether or not a Director, to be a manager/officer or agent for managing the affairs of the

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Company, and with such powers and duties as the Board may think fit. Any person so appointed by the Board may be removed by the Board. The remuneration of the managers shall be determined by the Board; provided that for so long as the Shares are traded on the Designated Stock Market, the amount of such remuneration shall be determined by the Remuneration Committee.

(b)

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

99.

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

100.

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

101.

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

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102.

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

103.

(a)

The Directors and managers/officers of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, manager/officer or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud, dishonesty or breach of duties provided under Article 104 which may attach to any of the said persons.

(b)

The Company may purchase and maintain insurance for the benefit of any Director or manager/officer of the Company against any liability incurred by

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

104.

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

105.

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

106.

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

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Rules.

107.

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

108.

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

109.

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

110.

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

111.

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

112.

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

113.

(a)

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

(b)

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

114.

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

115.

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

116.

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

117.

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

118.

The Board may, subject to approval by the Members by way of Ordinary Resolution or, in the case of Article 60(vi), Supermajority Resolution and subject to the Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of

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shares held by them, and such dividend may be paid in cash, shares or, subject to Article 119, wholly or partly in specie. No unpaid dividend shall bear interest as against the Company.

119.

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

120.

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

121.

For so long as the Shares are traded on the Designated Stock Market, unless otherwise provided in the Law, the Applicable Public Company Rules or the Articles, upon the final settlement of the Company's accounts where the Company has annual profits, the Company shall set aside no less than two percent (2%) as compensation to employees ("Employees' Compensations") and Employees' Compensations may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications determined by the Board. The Company shall, from the surplus profit, set aside no more than two percent (2%) as remuneration for the Directors (excluding the Independent Directors) ("Directors' Remuneration"). The distribution proposals in respect of Employees' Compensation and Directors' Remuneration shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and submitted to the shareholders' meeting for report. However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses before proceeding with the abovementioned distributions and allocation. The annual profits as used herein shall mean the

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annual profits for such year before tax without deduction the amount of compensation distributed to the Employees and Directors as prescribed in this Article.

122.

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

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

123.

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

124.

Dividends to the Members and the Employees' Compensation may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of

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both for allocation and distribution to Employees or the Members, provided that, in the case of a distribution to Members, no less than ten percent (10%) of the total amount of such dividend shall be paid in cash.

125.

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

126.

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

127.

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

128.

The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such sum as it thinks proper as a reserve to be used to meet contingencies or for meeting the deficiencies for implementing dividend distribution plans or for any other purpose to which those funds may be properly applied. Pending application, such sums may be in the absolute discretion of the Board either be employed in the business of the Company or invested in such investment as the Board may from time to time think fit, and need not be kept separate from other assets of the Company. The Board may also, without placing the same to reserve, carry forward any profit which it decides not to distribute.

129.

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

130.

Subject to the Law, the Applicable Public Company Rules, and Article 60(vi),

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the Board may capitalize any sum for the time being standing to the credit of the Capital Reserve or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

131.

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

132.

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

#### **ACCOUNTS**

133.

(a)

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

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

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

(b)

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

(c)

The Directors shall from time to time determine whether and to what extent

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

134.

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

135.

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

136.

For so long as the Shares are traded on the Designated Stock Market, the Board of Directors shall submit business reports, financial statements and proposals for distribution of profits or [allocation of](#) losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members as required by the Applicable Public Company Rules. After ratification by the general meeting, the Board of Directors shall distribute copies of the ratified financial statements and the Company's resolution on the distribution of profits or [allocation of](#) losses, to each Member or make public announcement in accordance with the Applicable Public Company Rules.

137.

(a)

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

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(b)

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

138.

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

#### **AUDIT COMMITTEE**

139.

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

140.

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

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Audit Committee members and be submitted to the Board for resolution:

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

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

141.

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

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Committee to appoint on behalf of the Company, a practicing lawyer and independent auditors to conduct the examination.

142.

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

142-1

(a)

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

(b)

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

(c)

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

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

## **TENDER OFFER**

143.

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

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announcement of the following:

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

#### **CORPORATE RECORD**

144.

The Directors shall make book records of:

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

145.

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

#### **WINDING-UP**

146.

If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Law and subject to the Applicable Public Company Rules, divide amongst the

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

147.

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

#### **NOTICE**

148.

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

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149.

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

150.

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

151.

Any notice or document delivered or sent by post to or left at the registered address of any Member in accordance with the terms of the Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons (whether jointly with or as claiming through or under him) having interests in the Share.

152.

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

#### **ALTERATION TO ARTICLES**

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**NOTE:**

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153.

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

#### **OTHERS**

154.

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

155.

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

156.

When the Company conducts the business, the Company shall comply with the laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities.

157.

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

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**Appendix 3**

## Sports Gear Co., Ltd.

## Shareholdings of All Directors

Book closure date: March 30, 2026

Title	Name	Number of shares registered in the shareholder register	Shareholding ratio
Chairman	Patrick Chen	1,991,000	0.99%
Director	Thomas Wang	0	0
Director	Davis Cheng	368,000	0.18%
Director	Peter Shu	2,130,000	1.06%
Independent Director	Tzung-Chen Chen	0	0
Independent Director	Leo Hong	0	0
Independent Director	Grace Chen	0	0
Total		4,489,000	2.23%

Note: 1. Number of shares issued as of the book closure date:  
200,095,061 shares.

2. The Company is not subject to Article 26 of the Securities and Exchange Act.

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SPORTS  
GEAR  
CO.LTD