

Stock Code: 4571



**KHGEARS  
INTERNATIONAL  
LIMITED**

**2026 Annual Shareholders'  
Meeting Handbook**

Form of Shareholders' Meeting: Physical

Convening time: 9:00 a.m. on May 21, 2026 (Thursday)

Convene location: 3F., No. 1, Sec. 3, Zhongxiao E. Rd., Da'an Dist., Taipei City (Room 303, GIS Taipei Tech Convention Center)

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## Chapter I. Meeting Procedure

### Khgears International Limited Meeting Procedure for 2026 Annual Shareholders' Meeting

1. Chair Calls the Meeting to Order
2. Chair Remarks
3. Reporting Items
4. Acknowledged Items
5. Extemporaneous Motions
6. Adjournment of the Meeting

## Chapter II. Meeting Agenda

### Khgears International Limited

#### 2026 Annual Shareholders' Meeting Agenda

Date: 9:00 a.m. on May 21, 2026 (Thursday)

Venue: 3F., No. 1, Sec. 3, Zhongxiao E. Rd., Da'an Dist., Taipei City  
(Room 303, GIS Taipei Tech Convention Center)

1. Chair Calls the Meeting to Order
2. Chair Remarks
3. Reporting Items
  - (1) 2025 Business Report
  - (2) 2025 Audit Report of Auditing Committee
  - (3) 2025 Distribution Report of Remuneration to Directors
  - (4) 2025 Distribution Report of Remuneration to Employees
4. Acknowledged Items
  - (1) Proposal for the 2025 business report and consolidated financial statements
  - (2) Proposal for the 2025 earnings distribution
5. Extemporaneous Motions
6. Adjournment of the Meeting

## Reporting Items

### Proposal 1

Subject: 2025 business report is submitted for approval.

Description: Please refer to Attachment 1 Pages 5 to 8 of this Handbook for the Company's 2025 business report.

### Proposal 2

Subject: 2025 audit report of auditing committee is submitted for approval.

Description: Please refer to Attachment 2 Page 9 of this Handbook for Audit Committee's Review Report.

### Proposal 3

Subject: 2025 distribution report of remuneration to directors is submitted for approval.

Description:

- (1) The Company's Board of Directors approved a resolution on Mar. 12, 2026, to pay the director's remuneration amount of NT\$11,317,742 for 2025. All the above remuneration will be paid in cash.
- (2) For the remuneration of individual directors, remuneration policy, and the correlation with performance evaluation results, please refer to Attachment 3 Page 10 of this Handbook.

### Proposal 4

Subject: 2025 distribution report of remuneration to employees is submitted for approval.

Description: The Company's Board of Directors approved a resolution on Mar. 12, 2026, to pay the employee's remuneration amount of NT\$28,294,354 for 2025. All the above remuneration will be paid in cash.

## Acknowledged Items

### Proposal 1 (Made by Board of Directors)

Subject: 2025 Business report and consolidated financial statements are submitted for approval.

Description:

- (1) The Company's 2025 consolidated financial statements, including the consolidated balance sheet, consolidated income statement, consolidated statement of changes in shareholders' equity, consolidated statements of cash flow, etc., have been reviewed by CPAs Tsai, Yu-Ling and Chen, Chun-Hung of Deloitte Taiwan.
- (2) For the Company's 2025 Business report, CPA's audit report, and consolidated financial statements, please refer to Attachment 1 Pages 5 to 8, and Attachment 4 Pages 11 to 20 of this Handbook.

Resolution:

Proposal 2 (Made by Board of Directors)

Subject: 2025 earnings distribution is submitted for approval.

Description:

- (1) This earnings distribution is for the distributable earnings in 2025. The common share cash dividend is NT\$275,174,701, calculated based on the Company's outstanding shares of 51,919,755 shares on March 12, 2026 (excluding 1,097,360 treasury shares buyback), with an allotment of NT\$5.3 per share. Subsequently, if new shares are issued due to a cash capital increase, executed employee stock options, the buyback of the Company's shares, or the transfer and cancellation of treasury shares, resulting in changes to the dividend rate due to changes in the number of outstanding shares on the Company's dividend base date, the shareholders' meeting is proposed to authorize the Chairman to have full authority to handle the matter. (The actual exchange rate for cash dividends paid in U.S. dollars is based on the average of the closing prices of the spot foreign exchange rates for buying and selling U.S. dollars from the Bank of Taiwan on the dividend base date).
- (2) Please refer to Attachment 5 Page 21 of this Handbook for the 2025 earnings distribution schedule.

Resolution:

Extemporary Motions

Adjournment of the Meeting

## Attachment 1

Khgears International Limited  
2025 Business Report

## 1. 2025 Business outcome

- (1) Business plan implementation outcome: comparison of operating results (consolidated profit and loss)

Unit: NT\$ thousand

Item	2025	2024	Add (Less) Amount	Ratio of Changes (%)
Operating revenue	3,064,957	3,061,903	3,054	0.10%
Operating costs	2,060,545	2,115,426	(54,881)	(2.59)%
Gross profit from operations	1,004,412	946,477	57,935	6.12%
Operating expenses	472,642	463,531	9,111	1.97%
Operating income	531,770	482,946	48,824	10.11%
Non-operating income and expenses	33,900	99,456	(65,556)	(65.91)%
Profit before tax	565,670	582,402	(16,732)	(2.87)%
Profit after tax	497,981	476,674	21,307	4.47%

- (2) Budget execution: The Company has no publicly disclosed financial forecast for 2025, so it is not applicable.

- (3) Financial analysis of revenues, expenditures, and profitability (consolidated statements)

Item		2025	2024	
Financial structure analysis	Liabilities to assets ratio (%)	21.31%	24.98%	
	Ratio of long-term capital to property, plant and equipment (%)	344.09%	306.82%	
Analysis on solvency	Current ratio(%)	370.68%	313.60%	
	Quick ratio(%)	300.43%	238.37%	
Analysis on profitability	Return rate on assets (%)	12.61%	13.02%	
	Return rate on shareholders, equity (%)	16.39%	17.25%	
	Ratio in paid- in capital	Operating income (%)	100.30%	91.09%
		Net profit before tax (%)	106.70%	109.85%
	Net profit rate (%)	16.25%	15.57%	
Earnings per share (NT\$)	9.61	9.21		

- (4) Performance in research & development

Since its establishment, the Group has been constantly pursuing practicality, innovation, and progress. After more than ten years of unremitting efforts, it has provided design, manufacture, and sales services for shafts and gears required by many industries. It can manufacture bevel gears, cylindrical gears, powder metal gears, gearboxes, harmonic reducers, and more. Its serving industries include power tools, garden tools, industrial sewing machines, yacht industry, automobiles, medical machinery, and industrial robots. Specializing in the production of customized gears and harmonic reducers, it has grown into a major company in the industry. The Group's engineering R&D department participates in the design and R&D of customer parts, achieves a deeper connection with customers, and develops "tailored" designs based on customer needs, while providing customers with professional design solutions and one-to-one professional engineering and technical after-sales services, achieving mutual assistance and benefit, create a win-win situation, and increasing the added value of the Company's technical services. In 2020, it transferred investment to establish a Taiwan subsidiary, Khgears Limited, and set up an R&D center in Taichung to be responsible for the R&D and integration of a new product mid-drive motor. In 2025, the Group invested a total of NT\$127,595 thousand in R&D, accounting for 4.16% of its consolidated revenue. As of the end of 2025, the Group's R&D department comprised 80 talents. The Group acquired 13 new patents in 2025, and the intellectual property still valid as of the end of 2025 includes: 19 invention patents, 97 utility model patents, 1 design patent, 4 software copyrights, and 13 trademarks..

## 2. 2026 Business plan outline

### (1) Business strategy

Khgears Group has been deeply involved in the gear industry for many years. It adheres to the business philosophy of "integrity, professionalism, innovation, and meeting customer needs" and carefully selects customers and orders to enter various industries with the niche of high quality, short delivery time, and excellent prices. The supply chain of the mid-to-high-end product lines of major international brands is aimed at avoiding complete price competition for products, enabling better profits, and being able to invest more resources in the technology, equipment, and talents needed for the Company's future development, and strengthen our competitiveness. By providing customers with better products and services, the Group aims to foster a positive development of mutual benefit and win-win outcomes for both the Group and its customers.

### (2) Expected sales and basis of estimation

The Group mainly sells customized all-steel gears, powder metal gears, gearboxes, precision hardware, and harmonic reducers to customers. In order to meet the different needs of different customers and different products, product development, prototyping, and testing are often carried out in 6 to 18 months. The development and customer

testing of some products such as harmonic reducers take longer. Based on the global economic outlook, changes in the industrial operating environment, market supply, demand, and competition, as well as taking into account many factors such as the progress of existing customer businesses and the development progress of new products and new customers, it is estimated that product sales in 2026 will be higher than in 2025.

(3) Important production and marketing policies

- A. Continuously optimize the Company's production and supply chain system under the new economic background, and continuously evaluate and improve the quality of the supply system from aspects such as quality, cost, manufacturing process, and fixture optimization. Continuously improve the Company's internal production system from aspects such as efficiency, wisdom, and leanness to continue to satisfy and promote our business development.
- B. Continuously review and improve the Company's quality management, and strengthen the implementation of quality management in processes such as blank mold procurement, manufacturing processes, and more.
- C. We have business personnel who are familiar with the full range of products, as well as technical engineers who are proficient in product production, assembly, and testing. This allows us to provide in-depth services to customers through collaborative operations, assisting our business colleagues in obtaining customer orders and rapidly expanding the market.
- D. The Group's second production base was established in Vietnam to gradually meet customers' global supply needs.

3. Future development strategy

With many years of experience in gear design, manufacturing, and sales, and excellent customer service, the Group has successfully entered the high-end product line supply chain of major international brands in various industries. The Group will continue to deepen its efforts in existing fields, expand orders from existing customers, and develop new customer relationships. In addition to its existing products, the Group is actively developing new application fields for harmonic reducers, such as industrial robots and electric power-assisted bicycles (E-Bikes). It has established an R&D team in Taichung to collaborate and divide work with the existing R&D department in Zhuhai, entering the development of mid-drive motors. In 2025, the mid-drive motor HX200 was successfully developed and officially put into mass production and sales. The product has been favored by many manufacturers at home and abroad, and has begun to be incorporated into the development of new electric-assist bicycles for customers. In addition, in the field of robotics, the Group is also actively entering the Japanese market and seeking opportunities for strategic alliances, hoping to quickly increase the Group's sales of intelligent transmission products, making it another major product line for the company in the future, and making Khgears the world's most competitive manufacturer of core components for gear transmission applications and high-end intelligent

products.

4. The impact of external competition, the legal environment, and the overall business environment

(1) Impact of the external competitive environment

The Group has many years of professional experience in the industry, and its excellent products have been recognized by customers. It is currently operating in good condition and its revenue is growing year by year. The Group will continue to develop new products and improve process technology to respond to market demand and strengthen its competitiveness.

(2) Impact of regulatory

The country where the Company is registered is the Cayman Islands. As of the end of 2025, the countries and regions where the group companies are registered and operating include Samoa, Mainland China, Hong Kong, Taiwan, and Vietnam. The business of each company in the Group is operated in accordance with the important policies and legal regulations of the country and region where they are located, and they should pay attention to important policy development trends and legal changes at any time. If there are any changes, they should consult lawyers, CPAs, and other relevant units, or ask them to evaluate and plan response measures, so as to respond to changes in the market environment timely and take appropriate countermeasure.

(3) The impact of the overall business environment:

The Group's sales customers are located worldwide. Taking into account the long-term business strategy of globalization, the Company has established a subsidiary in Vietnam as the Group's second production base. With a global business layout, it can meet customer needs and diversify operational risks that may be caused by geopolitical, tariff and non-tariff issues.

Chairman:  
Kwok Hing Global Limited  
Representative: Ko, Kwok Hing

President:  
Tu, Chun-Hui

Head-Finance & Accounting:  
Chen, Kuo-Kang

## Audit Report of Audit Committee

The Board of Directors has examined the 2025 business report, consolidated financial statements, and earnings distribution proposals. Among them, the consolidated financial statements have been audited by CPAs Tsai, Yu-Ling and Chen, Chun-Hung of Deloitte Taiwan, and the audit report has been issued.

The above business report, consolidated financial statements, and earnings distribution proposals have been audited by the audit committee which was considered no discrepancy. Under relevant regulations of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the above reports are submitted for review.

Sincerely,

2026 Annual Shareholders' Meeting of the Company

Khgears International Limited Audit Committee

Convener: Chou, Tsung-Nan

March 12, 2026

Attachment 3. The Company's Directors' Remuneration for 2025

Remuneration Paid to Directors (Including Independent Directors) in the Most Recent Year (2025)

Unit: NT\$ thousand

Title	Name	Remuneration to directors								The sum of A, B, C and D as a percentage of after-tax profit		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit		Remuneration received from the invested companies other than the subsidiaries and the parent company				
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc. (E)		Pension (F)		Employee compensation (G)										
		The Company	All companies shown in the consolidated financial report	The Company	All companies shown in the consolidated financial report	The Company	All companies shown in the consolidated financial report	The Company	All companies shown in the consolidated financial report	The Company	All companies shown in the consolidated financial report	The Company	All companies shown in the consolidated financial report	The Company	All companies shown in the consolidated financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies shown in the consolidated financial report					
Chairman	Kwok Hing Global Limited Representative: Ko, Kwok-Hing	6,240	6,240	-	-	2,829	2,829	1,226	1,226	10,296	10,296	2.07%	2.07%	-	-	-	-	-	-	10,296	10,296	2.07%	2.07%	-		
Vice Chairman	Wu, Chin-Jung	-	-	-	-	2,829	2,829	186	186	3,015	3,015	0.61%	0.61%	5,325	6,525	-	-	3,943	-	3,943	-	12,284	13,484	2.47%	2.71%	-
Director	Chung, Chao-Wen	-	-	-	-	2,829	2,829	186	186	3,015	3,015	0.61%	0.61%	4,380	5,806	-	-	3,553	-	3,553	-	10,949	12,375	2.20%	2.49%	-
Director	Tu, Chun-Hui	-	-	-	-	2,829	2,829	186	186	3,015	3,015	0.61%	0.61%	4,205	5,816	-	-	3,553	-	3,553	-	10,774	12,385	2.16%	2.49%	-
Independent Director	Chou, Tsung-Nan	1,167	1,167	-	-	-	-	50	50	1,217	1,217	0.24%	0.24%	-	-	-	-	-	-	-	-	1,217	1,217	0.24%	0.24%	-
Independent Director	Huang, Sheng-Lung	718	718	-	-	-	-	50	50	768	768	0.15%	0.15%	-	-	-	-	-	-	-	-	768	768	0.15%	0.15%	-
Independent Director	Chou, Huei-Yu	718	438	-	-	-	-	50	50	768	768	0.15%	0.15%	-	-	-	-	-	-	-	-	768	768	0.15%	0.15%	-

Note: Directors' remuneration payment policy, standard, amount, and correlation with performance evaluation results:

- The Company has formulated the "Remuneration Measures for Directors and Managers" to standardize the remuneration of directors and managers. The salary structure includes a monthly fixed salary and a variable salary, among which variable salary is related to financial performance, talent cultivation, sustainable operation, and risk indicators. The remuneration changes will be determined based on the achievement of targets and submitted to the Company's Remuneration Committee for review and approval by the Board of Directors. In addition, under the provisions of the Company's Remuneration Committee Organizational Regulations, the Remuneration Committee must review the policies, systems, standards, and structures of remuneration and directors' performance evaluation every year, regarding director performance evaluation (evaluation items include: grasping of Company goals and tasks, directors' responsibilities, degree of participation in the Company's operations, internal relationship management and communication, director's professional and continuing education, internal control) results. After reviewing the degree of participation and contribution of each director in the company's operation, suggestions are submitted to the Board of Directors for discussion and resolution. These link operating performance and future risks to remuneration fairly and reasonably.
- The results of the 2025 annual performance evaluation showed the average performance score of the overall Board of Directors is 4.96 points (out of 5.0 points), the average performance score of individual director members is 4.96 points, the average performance score of the Audit Committee is 4.97 points, the average performance score of the Remuneration Committee is 4.97 points, the overall performance evaluation and the performance evaluations of individual directors are all excellent, the directors of the Company have performed relevant functions, and the remuneration of the directors is reasonable.

## Attachment 4. CPA's Audit Report and 2025 Consolidated Financial Statements

### CPA's Audit Report

Khgears International Limited:

#### Opinion

We have audited the accompanying consolidated financial statements of Khgears International Limited and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of Dec. 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the related 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 Dec. 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 (FSC) of the Republic of China (ROC).

#### **Basis for the Audit 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 R.O.C. 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 R.O.C., 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 Dec. 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.

Key audit matters for the Group's consolidated financial statements for the year ended Dec. 31, 2025 are stated as follows:

The sales revenue of specific customers

The sales revenue growth from specific customers of Khgears International Limited and its subsidiaries is greater than that of other customers in 2025. Given the substantial amount involved, the authenticity of sales to specific customers is listed as a key audit matter.

Please refer to Note 4 for sales revenue accounting policies and relevant information.

Responsive audit procedures are as follows:

1. Understand the relevant operating procedures and internal controls of the Company's sales transactions, and test the design and implementation of these controls.
2. Obtain the sales revenue transaction details of specific customers, check the customer's original order, delivery receipt or customer pickup information, issued invoice and other relevant vouchers for sales revenue recognition, as well as check the actual payment, in order to confirm the authenticity of sales revenue recognition.

**Responsibilities of Management and Governing Units for Consolidated Financial Statements**

The responsibility of management is to prepare properly represented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by FSC of the R.O.C., and maintain the necessary internal control related to the preparation of the consolidated financial statements to ensure no significant misrepresentation are contained in the consolidated financial statements resulting from 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 concern 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.

The Group's governance units (including the Audit Committee) are responsible for overseeing the financial reporting process.

**CPA's 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 generally accepted in the R.O.C. will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements 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.

As part of an audit in accordance with auditing standards, we exercise professional judgment and 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's 2025 consolidated financial statements 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.

Deloitte & Touche

CPA Tsia, Yu-Ling

CPA Chen, Chun-Hung

Approved for recordation by Financial  
Supervisory Commission

Approved for recordation by Financial  
Supervisory Commission

Jin-Guan-Zheng-Shen-Zi No. 1100356048

Jin-Guan-Zheng-Shen-Zi No. 0990031652

Mar. 30, 2026

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

Khgears International Limited and Its Subsidiaries

Consolidated Balance Sheet

Dec. 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

Code	Assets	Dec. 31, 2025		Dec. 31, 2024	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 871,725	22	\$ 755,554	19
1136	Financial assets measured at amortized cost - current (Notes 4, 7 and 28)	481,879	12	314,565	8
1150	Notes receivable (Notes 4 and 8)	69,740	2	35,127	1
1170	Accounts receivable (Notes 4 and 8)	827,998	20	898,006	23
1200	Other receivables (Note 4)	71,549	2	76,869	2
1310	Inventories (Notes 4, 5 and 9)	575,986	14	625,871	16
1470	Other current assets (Note 14)	82,397	2	96,311	3
11XX	Total current assets	<u>2,981,274</u>	<u>74</u>	<u>2,802,303</u>	<u>72</u>
	<b>Non-current assets</b>				
1600	Property, plant and equipment (Notes 4, 11 and 28)	933,794	23	975,700	25
1755	Right-of-use assets (Notes 4, 13 and 28)	65,484	2	70,640	2
1780	Intangible assets (Notes 4 and 12)	10,110	-	3,124	-
1840	Deferred tax assets (Notes 4 and 20)	2,156	-	3,810	-
1915	Prepayments for equipment (Note 11)	23,822	1	30,999	1
1920	Refundable deposits paid	741	-	692	-
15XX	Total non-current assets	<u>1,036,107</u>	<u>26</u>	<u>1,084,965</u>	<u>28</u>
1XXX	Total assets	<u>\$ 4,017,381</u>	<u>100</u>	<u>\$ 3,887,268</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2130	Contract liabilities	\$ 7,647	-	\$ 4,019	-
2170	Accounts payable	324,940	8	383,963	10
2200	Other payables (Note 16)	295,977	8	291,384	8
2230	Current tax liabilities (Notes 4 and 20)	10,394	-	16,767	1
2250	Refund liability	143,414	4	162,438	4
2280	Current lease liabilities (Notes 4, 13 and 24)	14,282	-	14,337	-
2313	Deferred income (Notes 4 and 23)	5,373	-	11,088	-
2320	Long-term borrowings due within one year (Notes 4, 15 and 24)	-	-	8,047	-
2399	Other current liabilities	2,246	-	1,560	-
21XX	Total current liabilities	<u>804,273</u>	<u>20</u>	<u>893,603</u>	<u>23</u>
	<b>Non-current liabilities</b>				
2570	Deferred tax liabilities (Notes 4 and 20)	35,200	1	54,384	2
2580	Non-current lease liabilities (Notes 4, 13 and 24)	7,312	-	8,660	-
2630	Long-term deferred income (Notes 4 and 23)	8,998	-	14,313	-
2645	Guarantee deposits received	136	-	91	-
25XX	Total non-current liabilities	<u>51,646</u>	<u>1</u>	<u>77,448</u>	<u>2</u>
2XXX	Total liabilities	<u>855,919</u>	<u>21</u>	<u>971,051</u>	<u>25</u>
	<b>Equity attributable to owners of the Company (Notes 4, 18 and 22)</b>				
3110	Share capital	530,171	13	530,171	13
3200	Capital surplus	1,172,101	29	1,159,292	30
	<b>Retained earnings</b>				
3310	Legal reserve	221,800	6	174,133	4
3320	Special reserve	52,624	1	141,658	4
3350	Unappropriated earnings	1,342,241	33	1,071,817	28
3300	Total retained earnings	<u>1,616,665</u>	<u>40</u>	<u>1,387,608</u>	<u>36</u>
	<b>Other equity</b>				
3410	Exchange differences on translation of foreign financial statements	(66,185)	(1)	(52,622)	(1)
3500	Treasury shares	(91,290)	(2)	(108,232)	(3)
3XXX	Total equity	<u>3,161,462</u>	<u>79</u>	<u>2,916,217</u>	<u>75</u>
	<b>Total liabilities and equity</b>	<u>\$ 4,017,381</u>	<u>100</u>	<u>\$ 3,887,268</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Kwok Hing Global Limited  
Representative: Ko, Kowk-Hing

General Manager: Du, Chun-Hui

Head-Finance & Accounting: Chen, Guo-Gang

Khgears International Limited and Its Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended Dec. 31, 2025 and 2024

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

Code		2025		2024	
		Amount	%	Amount	%
4100	Net sales revenue (Notes 4 and 31)	\$ 3,064,957	100	\$ 3,061,903	100
5110	Cost of sales (Notes 4, 9, 17 and 19)	<u>2,060,545</u>	<u>67</u>	<u>2,115,426</u>	<u>69</u>
5900	Gross profit from operations	<u>1,004,412</u>	<u>33</u>	<u>946,477</u>	<u>31</u>
	Operating expenses (Notes 17 and 19)				
6100	Selling expenses	118,233	4	116,926	4
6200	Administrative expenses	226,815	8	207,987	7
6300	Research and development expenses	<u>127,594</u>	<u>4</u>	<u>138,618</u>	<u>4</u>
6000	Total operating expenses	<u>472,642</u>	<u>16</u>	<u>463,531</u>	<u>15</u>
6900	Net operating income	<u>531,770</u>	<u>17</u>	<u>482,946</u>	<u>16</u>
	Non-operating income and expenses				
7100	Interest income (Note 4)	19,492	1	19,064	-
7010	Other income (Notes 4, 19 and 23)	39,752	1	64,227	2
7020	Other gains and losses (Notes 4 and 19)	( 25,073 )	( 1 )	21,094	1
7050	Finance costs (Notes 4 and 19)	( <u>271</u> )	<u>-</u>	( <u>4,929</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>33,900</u>	<u>1</u>	<u>99,456</u>	<u>3</u>
7900	Profit before tax	565,670	18	582,402	19
7950	Income tax expenses (Notes 4 and 20)	( <u>67,689</u> )	( <u>2</u> )	( <u>105,728</u> )	( <u>4</u> )
8200	Net income	<u>497,981</u>	<u>16</u>	<u>476,674</u>	<u>15</u>

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Code		2025		2024	
		Amount	%	Amount	%
	Other comprehensive income (loss) (Note 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8341	Translation differences from functional currency to presentation currency	\$ 9,720	1	\$ 88,778	3
8360	Components of other comprehensive income that will be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	( 23,283 )	( 1 )	258	-
8300	Other comprehensive income (net amount after tax)	( 13,563 )	-	89,036	3
8500	Total net comprehensive income	<u>\$ 484,418</u>	<u>16</u>	<u>\$ 565,710</u>	<u>18</u>
	Earnings per share (Note 21)				
9750	Basic earnings per share	<u>\$ 9.61</u>		<u>\$ 9.21</u>	<u>-</u>
9850	Diluted earnings per share	<u>\$ 9.57</u>		<u>\$ 9.18</u>	<u>-</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman:

Kwok Hing Global Limited

Representative: Ko, Kowk-Hing

General Manager:

Tu, Chun-Hui

Accounting Manager:

Chen, Kou-Kang

Khgears International Limited and Its Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended Dec. 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

Code		Share capital (Note 18)		Capital surplus (Notes 4, 18 and 22)	Retained earnings (Note 18)			Other equity (Note 4)		Treasury shares (Note 18)	Total equity
		Shares held (in thousands)	Amount		Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unearned remuneration to employees (Note 22)		
A1	Balance as of Jan. 1, 2024	53,109	\$ 531,090	\$ 1,164,842	\$ 146,743	\$ 86,259	\$ 838,258	(\$ 141,658)	(\$ 711)	(\$ 13,812)	\$ 2,611,011
	Appropriation of 2023 earnings										
B1	Legal reserve	-	-	-	27,390	-	( 27,390 )	-	-	-	-
B3	Special reserve	-	-	-	-	55,399	( 55,399 )	-	-	-	-
B5	Cash dividends	-	-	-	-	-	( 160,326 )	-	-	-	( 160,326 )
N1	Share-based payment transaction	-	-	-	-	-	-	-	( 5,758 )	-	( 5,758 )
T1	Cancellation of restricted stock awards	( 92 )	( 919 )	( 5,550 )	-	-	-	-	6,469	-	-
L1	Treasury shares buyback	-	-	-	-	-	-	-	-	( 94,420 )	( 94,420 )
D1	Consolidated net income in 2024	-	-	-	-	-	476,674	-	-	-	476,674
D3	Consolidated other comprehensive income in 2024	-	-	-	-	-	-	89,036	-	-	89,036
D5	Consolidated total comprehensive income in 2024	-	-	-	-	-	476,674	89,036	-	-	565,710
Z1	Balance as of Dec. 31, 2024	53,017	530,171	1,159,292	174,133	141,658	1,071,817	( 52,622 )	-	( 108,232 )	2,916,217
	Appropriation of 2024 earnings										
B1	Legal reserve	-	-	-	47,667	-	( 47,667 )	-	-	-	-
B3	Special reserve reversed	-	-	-	-	( 89,034 )	89,034	-	-	-	-
B5	Cash dividends	-	-	-	-	-	( 268,924 )	-	-	-	( 268,924 )
N1	Treasury shares transferred to employees	-	-	12,809	-	-	-	-	-	16,942	29,751
D1	Consolidated net income in 2025	-	-	-	-	-	497,981	-	-	-	497,981
D3	Consolidated other comprehensive income in 2025	-	-	-	-	-	-	( 13,563 )	-	-	( 13,563 )
D5	Consolidated total comprehensive income in 2025	-	-	-	-	-	497,981	( 13,563 )	-	-	484,418
Z1	Balance as of Dec. 31, 2025	53,017	\$ 530,171	\$ 1,172,101	\$ 221,800	\$ 52,624	\$ 1,342,241	(\$ 66,185)	\$ -	(\$ 91,290)	\$ 3,161,462

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Kwok Hing Global Limited  
Representative: Ko, Kowk-Hing

General Manager: Tu, Chun-Hui

Accounting Manager: Chen, Kou-Kang

Khgears International Limited and Its Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended Dec. 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

Code		2025	2024
	Cash flows from operating activities		
A10000	Profit before tax	\$ 565,670	\$ 582,402
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	147,156	147,106
A20200	Amortization expense	1,419	1,652
A20300	Expected credit impairment losses	37	945
A20900	Finance costs	271	4,929
A21200	Interest income	( 19,492)	( 19,064)
A21900	Remuneration cost of treasury shares	12,809	-
A21900	Cost of restricted stock awards remuneration	-	( 5,758)
A22500	Losses on disposal and scrapping of property, plant and equipment	996	356
A23700	Loss on decline in market value and obsolete and slow-moving inventories	8,927	11,190
A29900	Deferred revenue amortization	( 10,730)	( 22,618)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 34,613)	( 10,657)
A31150	Accounts receivable	69,964	( 282,225)
A31180	Other receivables	5,320	( 1,145)
A31200	Inventories	40,739	22,527
A31240	Other current assets	13,914	27,752
A32125	Contract liabilities	3,628	( 6,313)
A32150	Accounts payable	( 59,023)	128,004
A32180	Other payables	3,830	39,906
A32200	Refund liability	( 19,024)	( 3,325)
A32230	Other current liabilities	686	1,165
A32250	Deferred income	-	1,648
A33000	Cash inflows generated from operating activities	732,484	618,477
A33100	Interest received	19,492	19,064
A33300	Interest paid	( 271)	( 4,929)
A33500	Income taxes paid	( 90,306)	( 85,915)
AAAA	Net cash generated from operating activities	<u>661,399</u>	<u>546,697</u>

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Code		2025	2024
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 167,314)	(\$ 313,591)
B02700	Purchase of property, plant and equipment	( 91,364)	( 29,586)
B02800	Proceeds from disposal of property, plant and equipment	20,491	2,750
B03700	Increase in refundable deposits	( 47)	( 238)
B07100	Increase in prepayments for equipment	( 42,889)	( 49,606)
BBBB	Net cash flows used in investing activities	( 281,123)	( 390,271)
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	-	( 63,473)
C01700	Repayments of long-term borrowings	( 7,878)	( 15,840)
C04020	Repayment of the principal portion of lease liabilities	( 2,469)	( 1,895)
C04500	Cash dividends	( 268,924)	( 160,326)
C04900	Cost of treasury shares buyback	-	( 94,420)
C05100	Transfer of treasury shares to employees	16,942	-
CCCC	Net cash used in financing activities	( 262,329)	( 335,954)
DDDD	Effect of exchange rate changes on cash and equivalents	( 1,776)	53,972
EEEE	Net increase (decrease) in cash and cash equivalents	116,171	( 125,556)
E00100	Opening balance of cash and cash equivalents	755,554	881,110
E00200	Ending balance of cash and cash equivalents	<u>\$ 871,725</u>	<u>\$ 755,554</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman:	General Manager:	Accounting Manager:
Kwok Hing Global Limited	Tu, Chun-Hui	Chen, Kou-Kang
Representative: Ko, Kowk-Hing		

Attachment 5. 2025 Earnings Distribution Schedule

Khgears International Limited  
2025 Earnings Distribution Schedule

Unit: NT\$

Unappropriated earnings at the beginning of a period	844,260,191
Add: Current net income	497,980,635
Less: Legal reserve	(49,798,064)
Add: Reversal of Special reserve	(13,561,793)
Current appropriable earnings	1,278,880,969
Distribution items	
Cash dividend (NT\$5.3 per share) (Note)	(275,174,701)
Unappropriated earnings at the end of a period	1,003,706,268
<p>Note:</p> <p>Note 1: The 2025 earnings distribution proposal is calculated based on the Company's number of outstanding common shares on March 12, 2026. Each share is planned to be allotted NT\$5.3 (calculated to NT\$1, the amount below NT\$1 is rounded off, and the total amount of its decimal is included in the Company's other income), totaling cash dividends of NT\$275,174,701.</p> <p>Note 2: This cash dividend is calculated based on the Company's outstanding shares of 51,919,755 shares on March 12, 2026 (excluding the buyback of 1,097,360 treasury shares). Subsequently, if new shares are issued due to a cash capital increase, executed employee stock options, the buyback of the Company's shares, or the transfer and cancellation of treasury shares, resulting in changes to the dividend rate due to changes in the number of outstanding shares on the Company's dividend base date, the shareholders' meeting is proposed to authorize the Chairman to have full authority to handle the matter.</p> <p>Note 3: The cash dividend will be distributed at NT\$5.3 per share. Once approved by the shareholders' meeting, the Chairman will be authorized to set a new base date for dividend distribution and other related matters to handle the distribution.</p>	

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THE CAYMAN ISLANDS  
THE COMPANIES ACT (AS REVISED)  
COMPANY LIMITED BY SHARES

**EIGHTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**

**OF**

**KHGEARS INTERNATIONAL LIMITED**  
**鈞興機電國際股份有限公司**

(as adopted by a Special Resolution passed on 22 day of May, 2025)

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1. The name of the Company is KHGEARS INTERNATIONAL LIMITED 鈞興機電國際股份有限公司.
2. The Registered Office of the Company shall be situated at the offices of Portcullis (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands or such other place within the Cayman Islands as the Board may from time to time decide, being the registered office of the Company.
3. Subject to the following provisions of this Memorandum of Association, the objects for which the Company is established are unrestricted, and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Act (As Revised).
4. Subject to the following provisions of this Memorandum of Association, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Act (As Revised).
5. Nothing in this Memorandum of Association shall permit the Company to carry on a business of a bank or trust company without being licensed in that behalf under the Banks and Trust Companies Act (as revised) or to carry on insurance business from within the Cayman Islands or the business of an insurance manager, agent, sub-agent or broker without being licensed in that behalf under the Insurance Law (as revised) or to carry on the business of company management without being licensed in that behalf under the Companies Management Act (as revised).
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation

except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

7. When conducting business, the Company shall comply with the laws and regulations as well as business ethics, and may take actions that will promote public interests in order to fulfil its social responsibilities.
8. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
9. The share capital of the Company is NT\$2,000,000,000 divided into 200,000,000 ordinary shares of a nominal or par value of NT\$10 each with power for the Company, subject to the provisions of the Companies Act (As Revised) and the Articles of Association, to redeem or purchase any of its shares and to sub-divide, increase or reduce the said capital and to issue any part of its capital, original, redeemed, increased or reduced, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that, unless the condition of issue shall otherwise expressly declare, every issue of shares, whether declared to be ordinary, preference or otherwise, shall be subject to the power hereinbefore contained. Notwithstanding the foregoing, the Company shall reserve a number of 20,000,000 unissued ordinary shares of a nominal or par value of NT\$10 each for the purpose of issue of stock warrant, preferred shares with warrants, and bonds with warrant, and such reserved amount of shares may be issued in installments upon approval by a majority of the Directors present at a meeting of the Board attended by two-thirds or more of the total number of Directors.
10. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company and the interpretations section of the Articles of Association of the Company shall apply to this Memorandum of Association.

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THE CAYMAN ISLANDS  
THE COMPANIES ACT (AS REVISED)  
COMPANY LIMITED BY SHARES

**EIGHTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION**

**OF**

**KHGEARS INTERNATIONAL LIMITED**  
**鈞興機電國際股份有限公司**

(as adopted by a Special Resolution passed on 22 day of May, 2025)

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**INTERPRETATION**

1. The Regulations contained or incorporated in Table A of the First Schedule of the Companies Act (As Revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time) shall not apply to this Company.
2. (1) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:

Applicable Listing Rules	the relevant laws, regulations, rules and codes as amended, from time to time, applicable as a result of the original and continued trading or listing of any shares on any Taiwan stock exchange or securities market, including, without limitation the relevant provisions of the Securities and Exchange Act of the R.O.C., the Company Act of the R.O.C., the Business Mergers And Acquisitions Act of the R.O.C., the Act Governing Relations Between Peoples of the Taiwan Area and the Mainland Area, and any similar laws, statutes and the rules and regulations of the R.O.C. authorities thereunder, and the rules and regulations promulgated by the Financial Supervisory Commission, the TPEX and the TWSE (where applicable);
Articles	these Articles of Association of the Company in their present form, as amended, substituted or supplemented from time to time by a Special Resolution;
Auditors	the certified public accountant (if any) retained by the Company to audit the accounts of the Company, to audit and/or certify the financial statements of the

	Company or to perform other similar duties as assigned or requested by the Company for the time being;
Board	the board of Directors of the Company comprising all the Directors;
Capital Reserve	means (1) the Share Premium Account, (2) income from endowments received by the Company and (3) other items generated and treated as capital reserve pursuant to the Applicable Listing Rules or generally accepted accounting principles;
Chairman	has the meaning given thereto in Article 69;
Class or Classes	any class or classes of Shares as may from time to time be issued by the Company in accordance with these Articles;
Commission	the Financial Supervisory Commission of the R.O.C. or any other authority for the time being administering the Securities and Exchange Act of the R.O.C.;
Company	KHGEARS INTERNATIONAL LIMITED 鈞興機電國際股份有限公司;
Consolidation	the combination of two or more constituent companies into a consolidated company which is the new company that results from the consolidation of the constituent companies and the vesting of the undertaking, property and liabilities of such companies in the consolidated company within the meaning of the Law and the Applicable Listing Rules;
Director	a director of the Company or an Independent Director (if any) for the time being who collectively form the Board, and “Directors” means 2 or more of them (including any and all Independent Director(s));
Discount Transfer	has the meaning set out in Paragraph (4) of Article 23;
Electronic	shall have the meaning given to it in the Electronic Transactions Law (as revised) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force including every other law incorporated therewith or substituted therefore;
Emerging Market	the emerging market board of the TPEx in Taiwan;
Employees	employees of the Company and/or any of the Subordinate Companies of the Company, as determined by the Board from time to time in its sole

	discretion, and “Employee” shall mean any one of them;
Financial Statements	has the meaning set out in Article 104;
Independent Directors	those Directors designated as "Independent Directors" who are elected by the Members at a general meeting and appointed as "Independent Directors" for the purpose of these Articles and the requirements of the Applicable Listing Rules, and “Independent Director” means any one of them;
Juristic Person	a firm, corporation or other organization which is recognised by the Law and the Applicable Listing Rules as a legal entity;
Law	the Companies Act (As Revised) of the Cayman Islands and any amendment or other statutory modification thereof and every other act, order, regulation or other instrument having statutory effect (as amended from time to time) for the time being in force in the Cayman Islands applying to or affecting the Company, the Memorandum and/or these Articles, 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;
Member or Shareholder	a Person who is duly registered as the holder of any Share or Shares in the Register for the time being, including persons who are jointly so registered and “Members” or “Shareholders” means 2 or more of them;
Memorandum	the memorandum of association of the Company, as amended or substituted from time to time;
Merger	the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company within the meaning of the Law and the Applicable Listing Rules;
Month	a calendar month;
NTD	New Taiwan Dollars;
Ordinary Resolution	a resolution:-  (a) passed by a simple majority of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Members being Juristic Persons, by their respective duly

authorised representatives or, where proxies are allowed, by proxy, present at a general meeting of the Company held in accordance with these Articles;

- (b) at any time other than during the Relevant Period, approved 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 (or being Juristic Persons by their duly authorized representatives); or
- (c) where the Company has only one Member, approved in writing by such Member signed by such Member and the effective date of the resolution so adopted shall be the date on which the instrument is executed;

Person	any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
Preferred Shares	has the meaning given thereto in Article 4;
Private Placement	an offer by the Company of its Shares, bonds and other securities approved by the Commission to specific persons pursuant to the Applicable Listing Rules;
Register	the register of Members of the Company maintained in accordance with the Law at such place within or outside the Cayman Islands;
Registered Office	the registered office of the Company for the time being as required under the Law;
Relevant Period	the period commencing from the date on which any of the securities of the Company first become public offering or registered or listed on the Emerging Market, the TPEX, the TWSE or any Taiwan stock exchange or securities market to and including the date immediately before the day on which none of such securities are so registered or listed (and so that if at any time registration or listing of any such securities is suspended for any reason whatsoever and for any length of time, they shall nevertheless be treated, for the purpose of this definition, as registered or listed);
R.O.C. or Taiwan	the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;

R.O.C. Courts	the Taiwan Taipei District Court or any other competent courts in the R.O.C.;
Seal	the common seal of the Company;
Secretary	any Person for the time being appointed by the Directors to perform any of the duties of the secretary of the Company and including any assistant, deputy, acting or temporary secretary;
Share	any share in the capital of the Company. All references to "Shares" herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression "Share" shall include a fraction of a Share;
Share Premium Account	the share premium account of the Company established in accordance with these Articles and the Law;
Shareholder Service Agent	the agent licensed by the R.O.C. authorities and having its offices in the R.O.C. to provide shareholder services, in accordance with the Applicable Listing Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C. (as revised), to the Company;
signed	bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with the intent to sign the electronic communication;
Special Reserve	has the meaning set out in Article 95;
Special Resolution	a special resolution of the Company passed in accordance with the Law, being a resolution: <ul style="list-style-type: none"> <li>(a) passed by a majority of at least two-thirds of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Members being Juristic Persons, by their respective duly authorised representatives or, where proxies are allowed, by proxy, present at a general meeting of the Company held in accordance with these Articles, of which notice, specifying (without prejudice to the power contained in these Articles to amend the same)</li> </ul>

the intention to propose the resolution as a Special Resolution, has been duly given;

- (b) at any time other than during the Relevant Period, approved 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 (or being Juristic Persons by their duly authorized representatives); or
- (c) where the Company has only one Member, approved in writing by such Member signed by such Member and the effective date of the special resolution so adopted shall be the date on which the instrument is executed.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Articles;

Spin-off	an act wherein a transferor company transfers all of its independently operated business or any part of it to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to give shares, cash or other assets to the transferor company or to shareholders of the transferor company;
Statutory Reserve	a reserve set aside in an amount equal to ten percent (10%) of the total amount of after-tax net profit for the period and other items adjusted to the then-current year's undistributed earnings other than after-tax net profit for the period as calculated by the Company under the Applicable Listing Rules;
Subordinate Company	any company (a) of which a majority of the total outstanding voting shares or the total amount of the capital stock is held by the Company; (b) in which the Company has a direct or indirect control over the management of the personnel, financial or business operation of that company; (c) of which a majority of directors in such company are contemporarily acting as directors in the Company; or (d) of which a majority of the total outstanding voting shares or the total amount of the capital stock of such companies and that of the Company are held by the same Members;
TDCC	the Taiwan Depository & Clearing Corporation;
TPEX	the Taipei Exchange in Taiwan;

Treasury Shares	Shares that have been purchased by the Company and have not been cancelled but have been held continuously by the Company since they were purchased in accordance with the Law; and
TWSE	the Taiwan Stock Exchange Corporation.
Vice Chairman	has the meaning given thereto in Article 69.

- (2) Unless the context otherwise requires, expressions defined in the Law and used herein shall have the meanings so defined.
- (3) In these Articles unless the context otherwise requires:
  - (a) words importing the singular number shall include the plural number and vice-versa;
  - (b) words importing the masculine gender shall include the feminine gender and neuter genders;
  - (c) 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; and
  - (d) "may" shall be construed as permissive and "shall" shall be construed as imperative.
- (4) Headings used herein are intended for convenience only and shall not affect the construction of these Articles.

## SHARES

3. 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:
  - (a) 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 so that no Share shall be issued at a discount, except in accordance with the provisions of the Law and, if during the Relevant Period, the Applicable Listing Rules; and
  - (b) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto, in accordance with the provisions of the Law and, if during the Relevant Period, the Applicable Listing Rules; and, for such purposes, the Board may reserve an appropriate number of Shares for the time being unissued.
4. Subject to Article 5 and the sufficiency of the authorised 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.

5. (1) Where the Company is to issue Preferred Shares, the following shall be expressly set out in these Articles:
  - (a) the total number of Preferred Shares that have been authorised to be issued and the numbers of the Preferred Shares already issued;
  - (b) the order, fixed amount or fixed ratio of allocation of dividends, bonuses and other distributions on such Preferred Shares;
  - (c) 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;
  - (d) the order of or restrictions on the voting right(s) (including, where applicable, a statement that such Preferred Shares have no voting rights whatsoever) of the holders of such Preferred Shares;
  - (e) other matters concerning rights and obligations incidental to the Preferred Shares; and
  - (f) the method by which the Company is authorised or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply.
- (2) 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 authorised to issue.
6. During the Relevant Period, subject to the sufficiency of the authorised share capital of the Company and these Articles, the issue of new ordinary Shares in the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors.
7. (1) The Company shall issue Shares without printing share certificates, provided that the Register shall be conclusive evidence of the entitlement of a Person to Shares recorded against his/her/its name. During the Relevant Period, whenever the Company issues Shares, the Company shall, in compliance with the Law and the Applicable Listing Rules and subject to receipt of the subscription price from each subscriber, deliver or cause the Shareholder Service Agent to deliver Shares by advising TDCC to record the number of Shares against the name of each subscriber within thirty (30) days from the date the Board resolves to issue Shares. The Company shall make a public announcement in accordance with the Applicable Listing Rules prior to the delivery of such Shares.
- (2) When the total number of Shares in every issuance has been subscribed to in full, the Company shall immediately request each of the subscribers for payment. Where the Company issues Shares at a premium, the amount in excess of par value shall be collected at the same time with the payment for Shares. Where a subscriber delays payment for Shares as mentioned above, the Company shall prescribe a period of not less than one (1) month and call upon each subscriber to pay up, declaring that in

case of default of payment within that prescribed period the subscriber's right shall be forfeited. After the Company have made the aforesaid call, the subscribers who fail to pay accordingly shall forfeit their rights and the Shares subscribed to by them shall be otherwise sold. Under such circumstances, the Company may hold the subscriber liable for compensating the damage, if any, resulting from such default in payment.

- (3) The Company shall not issue bearer Shares.
  - (4) The Company shall not issue any unpaid Shares or partial paid-up Shares to any Person. For the avoidance of doubt, a subscriber who fails to pay up the Shares pursuant to Paragraph (2) of this Article will not be considered a Member until the Shares to be subscribed are paid in full, and only if the Shares the subscriber subscribed have been paid in full may the subscriber's name be entered in the Register.
  - (5) The Company shall neither issue Shares without par value nor convert its Shares from Shares with par value to Shares without par value.
8. During the Relevant Period:
- (a) upon each issuance of new Shares, the Board may reserve not more than fifteen percent (15%) of the new Shares for subscription by the Employees pursuant to the Law and the Applicable Listing Rules; and
  - (b) 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 Subparagraph (a) 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 (i) the Commission, the TPEX and/or the TWSE (where applicable) considers such public offering unnecessary or inappropriate or (ii) the Applicable Listing Rules provide otherwise.
9. During the Relevant Period, subject to 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 8, first offer such remaining new Shares, by a public announcement and a written notice to each existing Member respectively, stating that in case any such existing Member fails to confirm his/her/its subscription within the prescribed period his/her/its subscription right shall be forfeited, for the subscription of each such existing Member in proportion to the number of Share(s) held by him/her/it, provided that:
- (a) where any fractional Share held by a Member is insufficient to subscribe for one new Share, the fractional Shares being held by several Members may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Member;
  - (b) the existing Member(s) may assign and transfer his subscription right to other Persons independently of his original Shares; and

- (c) new Shares left unsubscribed may be offered to the public or to specific Persons through negotiation.
10. (1) Subparagraph (a) of Article 8 and Article 9 shall not apply whenever the new Shares are issued due to the following reasons:
- (a) in connection with a Merger or a Consolidation of the Company or a Spin-off of the Company's business, or pursuant to any reorganisation of the Company save as otherwise provided by these Articles;
  - (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the Employees;
  - (c) in connection with distribution of the Employees' compensation;
  - (d) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;
  - (e) in connection with meeting the Company's obligation under share subscription warrant or Preferred Shares vested with rights to acquire Shares; or
  - (f) in connection with issuance of new Shares to the existing Members by capitalisation of the Company's reserves in accordance with these Articles.
- (2) Article 8 and Article 9 shall not apply to any of the following circumstances;
- (a) the Company, as the surviving company, issues new Shares for a Merger, or the Company issues new shares for the Merger between its subsidiary and other companies;
  - (b) all new Shares are issued as consideration for being acquired by the other company with the intention of takeover;
  - (c) all new Shares are issued as consideration for the acquisition of issued shares, business, or assets of other companies;
  - (d) new Shares are issued for the share exchange entered into by the Company,
  - (e) new Shares are issued for a Spin-off effected by the transferor company;
  - (f) new Shares are issued in connection with any Private Placement conducted pursuant to Article 13; or
  - (g) new Shares are issued in connection with any other event otherwise prohibited, limited, restricted or exempted to so apply pursuant to the Law and/or the Applicable Listing Rules.
- (3) New Shares issued for any of the circumstances in the preceding Paragraph may be paid up in cash or assets as required for the business of the Company.
11. During the Relevant Period, subject to the Applicable Listing Rules, the Company may, upon adoption of a resolution passed by a majority of the Directors present at a meeting of the Board attended by two-thirds or more of the total number of Directors, enter into a share subscription right agreement with the Employees whereby such Employees may subscribe,

within a specific period of time, for a specific number of Shares of the Company at an agreed subscription price. Upon execution of the said agreement, the Company shall issue to each of such Employees a share subscription warrant. Such issued share subscription warrant shall be non-assignable, except for transfer by inheritance or intestacy.

12. During the Relevant Period, the Company may issue new Shares with restricted rights to Employees of the Company and/or its Subordinate Companies, subject to approval of Shareholders at a general meeting by a majority of the Shareholders present who represent two-thirds or more of the total issued and outstanding Shares, and in the event the total number of shares represented by the Shareholders present at a general meeting is less than the percentage of the total issued and outstanding Shares required in the preceding sentence, a resolution related thereto may be adopted by two-thirds of the voting rights exercised by the Shareholders present at the general meeting who represent a majority of the total issued and outstanding Shares, provided that Articles 8 and 9 shall not apply. In respect of the issuance of Shares to Employees in the preceding sentence, the number of Shares to be issued, issue price, issue conditions, restrictions and other matters shall be subject to the Applicable Listing Rules and the Law.
13. (1) During the Relevant Period and subject to the Applicable Listing 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.:
  - (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other Juristic Persons or institutions approved by the Commission;
  - (b) natural persons, Juristic Persons, or funds meeting the conditions prescribed by the Commission; or
  - (c) directors, supervisors, officers and managers of the Company or its affiliated enterprises.
- (2) Subject to the preceding Paragraph, the Board may resolve by a majority of the Directors presents at a meeting attended by two-thirds or more of the total numbers of the Directors that a Private Placement of ordinary corporate bonds be carried out by installments within one year of the date of such resolution.
14. The Company may by a Special Resolution reduce its share capital in the manner authorised, and subject to any conditions prescribed, by the Law and the Applicable Listing Rules.
15. During the Relevant Period, any issuance, conversion or cancellation of the Shares or any other equity securities (including but not limited to warrants, options or bonds), capitalisation and shareholder services, shall comply with the Law, the Applicable Listing Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C. (as revised).

## MODIFICATION OF RIGHTS

16. Whenever the share capital of the Company is divided into different Classes of Shares, including where Preferred Shares are issued, subject to Article 46 and in addition to a Special Resolution, the special rights attached to any Class shall be varied or abrogated with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of such Class. To every such separate general meeting and all adjournments thereof, all the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply.
17. 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 materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of Shares of any Class by the Company.

## REGISTER

18. Subject to the Law, the Board shall cause to be kept the Register at such place within or outside the Cayman Islands as it deems fit. During the Relevant Period, the Register shall be entered therein the particulars required under the Law and the Applicable Listing Rules, and shall be made available at its Shareholder Service Agent's office in the R.O.C. The Board or any other authorized conveners of general meetings of the Company may request that the Company or the Company's Shareholder Service Agent provide a copy of the Register for inspection.
19. Notwithstanding anything contained in these Articles and subject to the Law, during the Relevant Period, the relevant information of the Members shall be recorded by TDCC, and the Company shall recognize each person identified in the records provided by TDCC to the Company as a Member and such records shall form part of the Register as at the date of receipt of such records by the Company.

## REDEMPTION AND REPURCHASE OF SHARES

20. (1) Subject to the Law and these Articles, Shares may be issued on the terms that they are, or at the option of the Company or the holder are, to be redeemed on such terms and in such manner as the Company, before the issue of the shares, may by Special Resolution determine.
  - (2) All Preferred Shares may be redeemed in accordance with the provisions of the Law, provided that the privileges accorded to holders of the Preferred Shares by these Articles shall not be impaired under the Law and the Applicable Listing Rules.
21. (1) Subject to the Law, the Applicable Listing Rules and these Articles, upon the approval of a majority of the Directors present at a Board meeting attended by two-thirds or more of Directors, the Company may purchase its own Shares.
  - (2) During the Relevant Period:
    - (a) The number of Shares to be purchased by the Company from time to time shall not exceed ten 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.

- (b) Such resolutions of the Board approving purchases of Shares and the implementation thereof (including the failure of any purchase of Shares as approved by such resolutions, if any) shall be reported to the Shareholders at the next general meeting of the Company.
22. (1) Shares repurchased, redeemed 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.
- (2) During the Relevant Period, all matters relating to the Company's redemption and repurchase of Shares shall be subject to the Law and the Applicable Listing Rules.
23. (1) 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:
- (a) 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;
  - (b) the Treasury Shares shall not be pledged or encumbered in any manner whatsoever;
  - (c) 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
  - (d) 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.
- (2) Subject to the Law and these Articles, any or all Treasury Shares may at any time be canceled or transferred to any person (including the Employees; the qualifications of such employees shall be determined by the Board, subject to Paragraph (5) 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 Paragraph (2) for a term of up to two (2) years) of such transfer.

- (3) A sum equal to the consideration (if any) received by the Company pursuant to the transfer of Treasury Share(s) shall be credited in accordance with the Law.
  - (4) Subject to Paragraph (5) 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:
    - (a) 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;
    - (b) the amount of the Treasury Shares to be transferred pursuant to, and the purpose of, the Discount Transfer, and the basis of such determination;
    - (c) 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;
    - (d) matters that the Board is of the opinion that may affect Shareholders' equity, including:
      - (i) any expenses that may be incurred and dilution of per share profit, if any, due to the Discount Transfer in accordance with the Applicable Listing Rules; and
      - (ii) any burden on the Company caused by the Discount Transfer in accordance with the Applicable Listing Rules.
  - (5) The total aggregate amount of the Treasury Shares to be transferred to the Employees pursuant to the Discount Transfer in accordance with Paragraph (4) 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.
24. (1) Notwithstanding anything to the contrary contained in these Articles but subject to the Law, the Company may carry out a compulsory purchase and cancellation of its Shares on a pro rata basis (rounded up or down to the nearest whole number) among the Shareholders in proportion to the number of Shares held by each such Shareholder subject to approval by a Special Resolution. The purchase price payable to the Shareholders in connection with a purchase of Shares described in the preceding sentence may be paid in cash or in kind. Where any purchase price is paid in kind, the type of such payment in kind and the corresponding amount of such substitutive distribution shall be subject to approval by a Special Resolution as well

as individual consent by the Shareholder(s) receiving such payment in kind. Prior to convening the general meeting for approving such purchase of Shares, the Board shall determine the monetary equivalent value of any purchase price to be paid in kind and have such value audited and certified by a certified public accountant in the R.O.C.

- (2) For the avoidance of doubt, where the proposed purchase and cancellation of Shares is not on a pro rata basis, such purchase and cancellation shall be made only at any time other than during the Relevant Period, and subject to the Law and the Applicable Listing Rules, the Board is empowered to authorize and carry out such repurchase and cancellation without approval by Special Resolution in accordance with the preceding Paragraph.

### **TRANSFER AND TRANSMISSION OF SHARES**

25. Subject to the Law and the Applicable Listing Rules and unless otherwise provided by these Articles, the Shares shall be freely transferable.
26. The Company shall not be obligated to recognize any transfer or assignment of Shares unless the name/title and residence/domicile of the transferor and transferee have been recorded in the Register. The registration of transfers may be suspended when the Register is closed in accordance with Article 28.

### **NON-RECOGNITION OF TRUSTS**

27. Except as required by Law or the Applicable Listing Rules, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not, unless required by Law or the Applicable Listing Rules, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or actual interest in any Share (except only as otherwise provided by these Articles, the Law or the Applicable Listing Rules otherwise requires or under an order of a court of competent jurisdiction) or any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

### **CLOSING REGISTER OR FIXING RECORD DATE**

28. (1) The Board may fix in advance the record date(s) for (a) determining the Members entitled to receive any dividend/bonus, distribution or issue; (b) determining the Members entitled to receive notices of, attend or vote at any general meeting or any adjournment thereof in person, by proxy, way of a written ballot or by way of electronic transmission; and (c) any other purposes as determined by the Board. In the event the Board designates the record date(s) for (b) in accordance with this Article, such record date(s) shall be date(s) prior to the general meeting.
- (2) During the Relevant Period, subject to the Law, for the purposes of (a) determining the Members entitled to receive any dividend/bonus, distribution or issue; and (b) determining the Members entitled to receive notices of, attend or vote at any general meeting or any adjournment thereof, the Board shall fix the period that the Register shall be closed for transfers (the “**Book Closure Period**”) at least for a period of

sixty (60) days before the date of each annual general meeting, thirty (30) days before the date of each extraordinary general meeting and five (5) days before the target date for a dividend, bonus or other distribution. For the purpose of calculating the Book Closure Period, the respective convening date of the general meeting or the relevant target date shall be included.

## **GENERAL MEETINGS**

29. The Company shall in each year hold a general meeting as its annual general meeting, and the day and the time of an annual general meeting shall be determined by the Board PROVIDED HOWEVER that during the Relevant Period, an annual general meeting shall be convened within six months after close of each financial year or such other period as may be permitted by the Commission, the TPEX or the TWSE (where applicable). The annual general meeting shall be convened by the Board.
30. All general meetings other than annual general meetings shall be called extraordinary general meetings. The Board may, whenever they think fit, convene an extraordinary general meeting of the Company.
31. During the Relevant Period, all general meetings shall be held in the R.O.C. At any time other than during the Relevant Period, the Board may convene any general meeting at such place as it deems fit.
32.
  - (1) Any one or more Member(s) may, by depositing the requisition notice specifying the proposals to be resolved and the reasons thereof, request the Board to convene an extraordinary general meeting, provided that such Member or Members continuously holds at least three percent (3%) of the issued Shares of the Company as at the date of deposit of the requisition notice for a period of at least one year immediately prior to that date. If the Board does not give notice to Members to convene such meeting within fifteen (15) days after the date of the requisition notice, the proposing Member(s) may convene a general meeting.
  - (2) Any one or more Member(s) continuously holding more than half of the total issued Shares of the Company for a period of no less than three (3) months may convene an extraordinary general meeting. The number of Shares held by such Member or Members and the holding period of which such Member or Members hold such Shares shall be calculated and determined based on the Register as of the first day of the Book Closure Period.
33. During the Relevant Period, the Company shall engage a Shareholder Service Agent within the R.O.C. to handle the administration of general meetings, including but not limited to, the voting matters.

## **NOTICE OF GENERAL MEETING**

34.
  - (1) During the Relevant Period, 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 subject to the Law and the Applicable Listing Rules, 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 day 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 Listing Rules.

- (2) At any time other than the Relevant Period, at least seven (7) days' notice in writing shall be given of an annual general meeting or any other general meeting PROVIDED HOWEVER that notice may be waived by all the Member either at or before the meeting is held PROVIDED FURTHER that notice or waiver thereof may be given by email, telex or telefax. At any time other than the Relevant Period, a general meeting may be convened by such shorter notice with the consent of a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five percent (95%) in nominal value of the Shares giving that right.
35.
  - (1) During the Relevant Period, the Company shall make public announcements with regard to notice of general meeting, proxy form, summary information and details about items 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.
  - (2) During the Relevant Period, 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 Article 57, 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.
36. The following matters shall not be considered, discussed or proposed for approval at a general meeting unless they are specified in the notice of general meeting with the description of their major contents; the major contents may be posted on the website designated by the R.O.C. competent authorities or the Company, and such website shall be indicated in the notice:
  - (a) any election or removal of Director(s);
  - (b) any alteration of the Memorandum and/or these Articles;
  - (c) any capital reduction or compulsory purchase and cancellation of Shares pursuant to Paragraph (1) of Article 24;
  - (d) applying for the approval of ceasing the status as a public company;
  - (e) any dissolution, voluntary winding-up, Merger, share exchange, Consolidation or Spin-off of the Company;
  - (f) entering into, amending, or terminating any contract for lease, management or regular joint operation of the Company's whole business;
  - (g) the transfer of the whole or any material part of the Company's business or assets;
  - (h) the acquisition of the whole business or assets of a Person, which has a material effect

- on the operation of the Company;
- (i) carrying out a Private Placement of any equity-type securities issued by the Company;
  - (j) granting a waiver to a Director's non-competition obligation or approving a Director to engage in activities in competition with the Company;
  - (k) 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; and
  - (l) capitalisation of the Company's 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.
37. During the Relevant Period, 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 Commission, the TPEX or the TWSE (where applicable) twenty-one (21) days prior to the scheduled date of the relevant annual general meeting and fifteen (15) days prior to the scheduled date of the relevant extraordinary general meeting pursuant to the Applicable Listing Rules. However, in the event the Company's total paid-in capital as of the close of the most recent financial year reaches NT\$2 billion or more, or when the aggregate number of Shares held by the foreign investors and Mainland Chinese investors reached thirty percent (30%) or more as recorded in the Register at the time of holding of the general meeting in the most recent financial year, the Company shall upload the electronic files of the abovementioned manual and relevant materials thirty (30) days prior to the scheduled date of the relevant annual general meeting.
38. 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**

39. No business, other than the appointment of a chairman of the meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, at least two Members present in person or by proxy or (in the case of a Member being a corporation) by its duly authorised representative representing more than one-half of the total issued and outstanding Shares with voting rights shall be a quorum of Members for all purposes.
40. (1) During the Relevant Period, one or more Member(s) holding one percent (1%) or more of the total issued Shares of the Company may submit to the Company not more than one proposal in writing or by way of electronic transmission for resolution at an annual general meeting.
- (2) During the Relevant Period, prior to the commencement of the period in which the Register is closed for transfers before an annual general meeting, the Company shall make a public announcement of the place and the period for Members to submit proposals; provided that the period for submitting such proposals shall not be less than ten (10) days.

- (3) The Member who has submitted a proposal shall attend, in person or by a proxy, such general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
  - (4) The Board shall include a proposal submitted by Member(s) unless:
    - (a) the proposal involves matters which cannot be settled or resolved at a general meeting under the Law, the Applicable Listing Rules and these Articles;
    - (b) the number of Shares held by the proposing Member(s) is less than one percent (1%) of the total issued Shares in the Register upon commencement of the Book Closure Period before the relevant annual general meeting of the Company;
    - (c) the proposal contains more than one matter;
    - (d) the proposal contains more than three hundred (300) words; or
    - (e) the proposal is submitted after the expiration of the specified period announced by the Company for submitting proposals.
  - (5) If a proposal submitted by Member(s) is intended to urge the Company to promote public interests or fulfil its social responsibilities, the Board may include the proposal notwithstanding that the circumstances set forth in the Subparagraph (a) of the preceding Paragraph (4) of this Article applies.
  - (6) The Company shall, prior to the despatch 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 reasons for excluding any proposal submitted by Members.
41. The Chairman shall preside as chairman at every general meeting of the Company convened by the Board. For a general meeting convened by any Person other than the Board, such Person shall act as the chairman of that meeting; provided that if there are two or more Persons jointly convening such meeting, the chairman of the meeting shall be elected from those Persons.
  42. If at any general meeting the Chairman is not present or is unwilling to act as chairman, he shall appoint one of the Directors to act on his behalf. In the absence of such appointment, the Directors present may choose one of them to be the chairman of that general meeting.
  43. A general meeting may be adjourned by the Company by an Ordinary Resolution from place to place within five (5) days, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for more than five (5) days, notice of the time and location of the adjourned meeting shall be given as in the case of an original meeting.
  44. At any general meeting, a resolution put to the vote of the meeting shall be decided on a poll.
  45. Unless otherwise expressly required by the Law, the Applicable Listing Rules or these Articles, any matter proposed for approval by the Members at a general meeting shall be

passed by an Ordinary Resolution.

46. (1) Subject to the Law and the Applicable Listing Rules, the Company may by a Special Resolution:
- (a) enter into, amend, or terminate any contract for lease, management or regular joint operation of its whole business;
  - (b) transfer the whole or any material part of its business or assets;
  - (c) acquire the whole business or assets of a Person, which has a material effect on the operation of the Company;
  - (d) distribute dividends, bonuses or other distributions in whole or in part by way of issuance of new Shares;
  - (e) effect any Spin-off of the Company;
  - (f) enter into any share exchange;
  - (g) authorise a plan of Merger or Consolidation involving the Company;
  - (h) resolve that the Company be wound up voluntarily for reasons other than the reason provided in Article 47;
  - (i) carry out a Private Placement;
  - (j) grant a waiver to a Director's non-competition obligation, or approve a Director to engage in activities in competition with the Company;
  - (k) change its name;
  - (l) change the currency denomination of its share capital;
  - (m) increase the share capital by such sum, to be divided into new Shares of such Classes of such par value, as the resolution shall prescribe;
  - (n) consolidate and divide all or any of its share capital into Shares of a larger par value than its existing Shares;
  - (o) subdivide its existing Shares, or any of them, into Shares of a smaller par value than is fixed by the Memorandum;
  - (p) cancel any Shares that, at the date 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;
  - (q) subject to these Articles (including without limitation Articles 16 and 17), alter or amend the Memorandum or these Articles, in whole or in part;
  - (r) reduce its share capital and any fund of the capital redemption reserve in any manner authorised by the Law and the Applicable Listing Rules;

- (s) appoint an inspector to examine the affairs of the Company under the Law;
  - (t) [*Intentionally Deleted*]; and
  - (u) apply for the approval of ceasing the status as a public company.
- (2) Notwithstanding anything contained in these Articles, unless otherwise provided by the Law and the Applicable Listing Rules, in case the Company is dissolved after participating in the merger/consolidation or the Company is delisted from the TPEX or TWSE due to the general transfer (or the assignment of all rights and delegation of all duties of the Company), the transfer of business or assets of the Company, any share exchange 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 votes cast by the Members of the Company.
47. Subject to the Law and the Applicable Listing Rules, the Company may by an Ordinary Resolution resolve that the Company be wound up voluntarily if the Company is unable to pay its debts as they fall due.
48. (1) Subject to the compliance with the Law, in the event any of the resolutions with respect to the matter(s) as set out in Subparagraph (a), (b) or (c) of Paragraph (1) of Article 46 is adopted at a general meeting, a Member who has notified the Company in writing of his objection to such proposal prior to that meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Member shall have the abovementioned appraisal right if the resolution to be adopted is in relation to the matter(s) set out in Subparagraph (b) of Paragraph (1) Article 46 and at the same meeting the resolution for the winding up of the Company is also adopted.
- (2) Subject to the compliance with the Law, in the event that the Company resolves to carry out any Spin-Off, Consolidation, Merger, acquisition or share exchange (collectively, the "**Merger and Acquisition**"), a Member expressing his dissent in accordance with the Applicable Listing Rules may request the Company to purchase all of his Shares at the then prevailing fair price.
- (3) Without prejudice to the Law, a Member who votes against or waives his voting right at the meeting may request the Company to repurchase all of his Shares pursuant to Paragraphs (2) of this Article. In the event the Company and such Member fail to reach an agreement on the purchase price within sixty (60) days following the date of the resolution, the Company shall, within thirty (30) days after such sixty (60) days period, file a petition against all Members who fail to reach such an agreement (collectively, the "**Dissenting Members**") with the R.O.C. Courts for a ruling on the appraisal price, and may designate Taiwan Taipei District Court of the R.O.C. as the court of first instance. Any and all votes waived by a Member referred to in this Paragraph shall not be counted toward the number of votes represented by the Members present at a general meeting.
- (4) Without prejudice to the Law, a Member making a request pursuant to Paragraphs (1) or (2) of this Article shall make such request in writing within twenty(20) days after

the date of the general meeting adopting resolutions with respect to the matter(s) as set out in Subparagraph(a), (b) or (c) of Paragraph (1) of Article 46 or the Merger and Acquisition, and specify the repurchase price. If the Member and the Company reach an agreement on the repurchase price, the Company shall pay for the Shares to be repurchased within ninety (90) days after the date of the general meeting adopting such resolutions. In case no agreement is reached, the Company shall pay the fair repurchase price determined at its discretion to the Dissenting Members with whom the Company fail to reach an agreement within ninety (90) days after the date of the general meeting adopting such resolutions. If the Company fails to pay the price, it shall be considered to have accepted the repurchase price proposed by such Dissenting Members.

- (5) Notwithstanding Paragraphs (2), (3) and (4) of this Article, nothing under this Article shall restrict or prohibit a Member from exercising his right under section 238 of the Companies Act (As Revised) of the Cayman Islands and any amendment or other statutory modification thereof to payment of the fair value of his shares upon dissenting from a Consolidation or Merger.
49. In case the procedure for convening a general meeting in which a resolution is adopted or the method of adopting a resolution is in violation of the Law, the Applicable Listing Rules or these Articles, a Member may, if and to the extent permitted under the Law, within thirty (30) days from the date of the resolution, submit a petition to the Taiwan Taipei District Court of the R.O.C., as applicable, for an appropriate remedy, including but not limited to, requesting the court to invalidate and cancel the resolution adopted therein.
50. Notwithstanding anything to the contrary provided for in these Articles, at any time other than during the Relevant Period, a resolution (including a Special 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 (or being Juristic Persons by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.
51. The proceedings regarding general meetings and the voting in general meetings not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Company by an Ordinary Resolution from time to time; during the Relevant Period, such internal rules shall be in compliance with the Law and the Applicable Listing Rules.

## **VOTES OF MEMBERS**

52. Subject to any rights and restrictions as to voting for the time being attached to any Share by or in accordance with these Articles, at any general meeting, every Member present in person (or in the case of a Member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his/her/its name in the Register.
53. In the case of joint Members, the joint Members shall select a representative among them to exercise their voting powers and the vote cast by such representative, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Members.
54. A Shareholder who holds Shares for the 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 Share he holds for himself. The qualifications, scope, methods of exercise, operating procedures and other requirements

for separate votes shall be in compliance with the Applicable Listing Rules.

55. Any corporation which is a Member of the Company may, by resolution of its board or other governing body, authorise such natural person as it thinks fit to act as its representative at any general meeting or at any meeting of a Class of Members of the Company.
56. (1) Subject to the Law and the Applicable Listing Rules, Shares held by the following persons shall not be counted in the total number of issued Shares of the Company which are entitled to vote for when calculating the quorum at a general meeting and Members belonging to the following persons shall abstain from voting in respect of all Shares held by them:
- (a) the Company itself (if such holding is permitted by the Law);
  - (b) any entity in which the Company is legally or beneficially interested in more than fifty percent (50%) of its issued and voting share capital or equity capital; or
  - (c) any entity in which the Company and (i) its holding company, and (ii) its Subordinate Company are legally or beneficially, directly or indirectly, interested in more than fifty percent (50%) of its issued and voting share capital or equity capital.
- (2) Any Member who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a general meeting shall abstain from voting in respect of all the Shares that such Member should otherwise be entitled to vote, on his behalf or as a proxy or corporate representative, with respect to the said matter. Any and all votes cast by such Member(s) shall not be counted in determining the number of votes for or against such matter.
- (3) Where any Director, who is also a Shareholder of the Company, creates or has created any charge, mortgage, encumbrance or lien in respect of Shares held by such Director (the "**Charged Shares**") exceeding fifty percent (50%) of total Shares held by such Director at the time of his/her latest appointment as Director, such Director shall refrain from exercising its voting rights on the Shares representing the difference between the Charged Shares and fifty percent (50%) of total Shares held by such Director at the time of his/her latest appointment as Director, and such Shares shall not carry the voting rights and shall not be counted toward the number of votes represented by the Shareholders present at a general meeting but shall be included in the quorum.
57. To the extent permitted by the Law, the Board may resolve that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission. 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. Notwithstanding the foregoing, during the Relevant Period, subject to the Applicable Listing Rules, the Company shall adopt the electronic transmission as one of the methods for exercising the voting power of a Member. 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, impromptu proposal and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.

58. In case a Member who has cast his votes by a written instrument or by way of electronic transmission intends to attend the relevant general meeting in person, he shall, at least two (2) day prior to the date of the general meeting, revoke such votes by serving a notice in the same manner as he cast such votes. In the absence of a timely revocation of such votes, such votes shall remain valid.

### **PROXY**

59. (1) 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.
- (2) During the Relevant Period, subject to the Law and unless otherwise provided in these Articles, forms of instrument of proxy for use at a general meeting shall be produced by the Company specifying therein (a) the instructions for filling out the form, (b) the matters to be entrusted by the Member or to be voted upon pursuant to such proxy, and (c) the basic information of the Member 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.
60. A Member may only appoint one proxy for each general meeting irrespective of how many Shares he holds and shall serve an executed proxy in compliance with the preceding Article to the Company or its Shareholder Service 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, provided this subsequent proxy is received no later than five (5) days prior to the date of the general meeting.
61. 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 Shareholder Service Agent. Otherwise, the votes cast by the proxy at the general meeting shall prevail.
62. A Member who has served the Company with his voting decision in accordance with Article 57 for the purpose of exercising his voting power by way of a written ballot or by way of electronic transmission may appoint a person as his proxy to attend the meeting in accordance with these Articles, in which case the vote cast by such proxy shall be deemed to have revoked his previous voting decision served on the Company and the Company shall only count the vote(s) cast by such expressly appointed proxy at the meeting.

63. During the Relevant Period, except for trust enterprises or 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 57, where a Person acts as a proxy for two or more Members, the number of voting Shares that the proxy may vote in respect thereof shall not exceed three percent (3%) of the total number of issued and outstanding voting Shares; otherwise, such number of voting Shares in excess of the aforesaid threshold shall not be counted towards the number of votes cast for or against the relevant resolution or the number of voting Shares present at the relevant general meeting but shall be included in the quorum. Upon such exclusion, the number of voting Shares being excluded and attributed to each Member represented by the same proxy shall be determined on a pro-rata basis based on the total number of voting Shares being excluded and the number of voting Shares that such Members have appointed the proxy to vote for.
64. The use and solicitation of proxies not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Board from time to time, which shall be in compliance with the Law and the Applicable Listing 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)).

### **DIRECTORS AND THE BOARD**

65. (1) The Board shall consist of not less than five (5) Directors (including Independent Directors). Subject to the foregoing, the number of Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Directors will be held.
- (2) A Director can be a natural person or a Juristic Person. Where a Director is a Juristic Person, it shall designate a natural person as its authorized representative to exercise, on its behalf, the powers of a Director and may replace such representative from time to time so as to fulfil its remaining term of the office. A Director shall not be required to hold any Shares in the Company.
- (3) Directors shall be elected by Members at general meetings. Any Juristic Person which is a Member shall be entitled to appoint a natural person or natural persons as its representative(s) to be nominated for election as Director in accordance with these Articles.
- (4) The principle of cumulative voting shall apply in any election of Directors pursuant to this Article. Each Member entitled to vote in such election shall have a number of votes equal to the product of (a) the number of votes conferred by such Member's Shares and (b) the number of Directors to be elected at the general meeting. Each Member may divide and distribute such Member's votes, as so calculated, among any one or more candidates for the directorships to be filled, or such Member may cast such Member's votes for a single candidate. At such election, the candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected. Notwithstanding anything to the contrary in these Articles, at any time other than the Relevant Period, the Company may by Ordinary Resolution appoint any Person to be a Director or remove any Director from office.
- (5) The proceedings and the voting regarding the election of Directors not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and

amended by an Ordinary Resolution from time to time, which shall be in compliance with the Law and the Applicable Listing Rules.

66. The Company may, whenever it thinks fit, adopt and apply a candidate nomination mechanism for election of any of the Directors in accordance with the Applicable Listing Rules. Notwithstanding the foregoing, during the Relevant Period, a candidate nomination mechanism shall be adopted for election of all Directors. Upon adoption of candidate nomination mechanism, the Directors and Independent Directors shall be elected by the Members at a general meeting from among the nominees listed in the respective rosters of director candidates and independent director candidates. Subject to the Law and the Applicable Listing Rules, the Board may establish detailed rules and procedures for such candidate nomination.
67. Subject to these Articles, each Director shall be appointed to a term of office not exceeding three (3) years and is eligible for re-election. In case no election of new Directors is effected prior to the expiration of the term of office of existing Directors, the term of office of such existing Directors shall be extended until the time such Directors are re-elected or new Directors are duly elected and assume their office subject to these Articles. In the event of any vacancy in the Board, the new Director elected in the general meeting shall fill the vacancy for the residual term of office.
68. (1) Unless otherwise provided by these Articles, a Director may be removed from office at any time by a Special Resolution adopted at a general meeting.  
(2) Without prejudice to other provisions of these Articles, the Directors may be put up for re-election at any time before the expiration of the term of office of such Directors. In the event where all Directors are subject for re-election at a general meeting before the expiration of the term of office of such Directors, subject to the successful election of the new Directors at the same meeting, the term of office of all current Directors is deemed to have expired on the date of the re-election if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office or any other date as otherwise resolved by the Members at the general meeting.
69. A chairman of the Board (the “**Chairman**”) shall be elected from among the Directors and appointed in term by a majority of the Directors present at a Board meeting attended by at least two-thirds of all of the Directors then in office, and a vice chairman of the Board (the “**Vice Chairman**”) may also be elected and appointed in the same manner. The Chairman shall externally represent the Company and internally preside as the chairman at every Board meeting and at every general meeting convened by the Board. In the event the Chairman is not present at a meeting or cannot or will not exercise his power and authority for any cause, the Vice Chairman shall act on his behalf. In case there is no Vice Chairman or the Vice Chairman is also unable to present at a meeting or cannot or will not exercise such power and authority for any cause, the Chairman shall designate one of the Directors to act on his behalf. In the absence of such designation, the Directors present at the meeting shall elect from among themselves an acting chairman.
70. The remuneration of a Director may differ from other Directors, and shall be determined by the Board, regardless of the Company profits or losses of respective years, based on (a) the extent of a Director's involvement with the operations of the Company, (b) the contribution of a Director to the Company, (c) the prevailing industry standard and (d) such other relevant factors.

71. When the number of Directors then in office falls below five (5) due to any Director(s) vacating his office for any reason, the Company shall hold an election for such number of Directors at the next general meeting to fill the vacancy for the remainder of the term of such outgoing Director(s). When the number of Directors then in office falls short by one-third of the total number of Directors initially constituting the existing Board, the Company shall convene an extraordinary general meeting within sixty (60) days of the occurrence of that fact for the purposes of electing such number of Directors to fill the casual vacancy.
72. Subject to these Articles, a Director other than an Independent Director may hold any other office (except that of Auditor) or place of profit under the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.
73. (1) Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Law, the Directors shall assume fiduciary duties to the Company and without limitation, the due care of a good administrator, exercise due care and skill and act in the best interest of the Company in conducting the business operation of the Company, including matters in connection with Spin-off, Consolidation, Merger, or acquisition of the Company. A Director may be liable to the Company if he acts contrary to his duties. In circumstances where a Director breaches any of such duties and acts for his/her or other Person's interest, the Company may, with the sanction 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 any and all earnings derived from such act as if such misconduct is done for the benefit of the Company.
- (2) If a Director violates any law in the course of conducting the business of the Company, he shall be jointly and severally liable with the Company for the damages resulting from such violation.
- (3) The preceding two Paragraphs of this Article shall apply, mutatis mutandis, to the officers of the Company who are authorised to act on its behalf in a senior management capacity.
74. Subject to these Articles, a Director other than an Independent Director may act by himself or his firm in a professional capacity for the Company (except that of Auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
75. To the extent permitted by the Law, the Company may pay, or agree to pay, a premium in respect of a contract insuring each of the following persons against risks determined by the directors, other than liability arising out of that person's negligence and/or dishonestly: an existing or former director (including alternate director), secretary or officer or Auditor of: the Company; a company which is a subsidiary of the Company; and a company in which the Company has or had an interest (whether direct or indirect).
76. During the Relevant Period, the qualifications, election, removal, power, authority and other requirements for Directors (including Independent Directors), which are not covered by these Articles, shall be in compliance with the Applicable Listing Rules.

## **INDEPENDENT DIRECTORS**

77. (1) During the Relevant Period, the number of Independent Directors of the Company shall not be less than three (3) or one-third of the total number of Directors at any time, whichever is greater. Two (2) of the Independent Directors shall have resident status of the R.O.C. (such resident status being registered with local government authorities) PROVIDED HOWEVER that the number of Independent Directors of the Company shall not be less than four (4) when the Chairman is also the general manager or holds an office equivalent to the general manager or when a spousal relationship or a familial relationship within the first degree of kinship as defined under the Civil Code of Taiwan exists between the Chairman and the general manager of the Company or between the Chairman and an officer equivalent to the general manager of the Company.
- (2) Subject to the foregoing, the number of Independent Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Independent Directors will be held. When an Independent Director ceases to act, resulting in a number of Independent Directors then in office lower than the prescribed minimum number, an election for an Independent Director shall be held at the next general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election of Independent Directors within sixty (60) days from the date on which the situation arose.
78. Independent Directors shall possess professional knowledge and shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions held by the Independent Directors shall be as prescribed by the Applicable Listing Rules, and the assessment of independence of such Independent Directors shall be in compliance with the Applicable Listing Rules. The Board or other Persons calling a general meeting at which an election for Independent Directors is proposed shall ensure that the requirements of this Article have been satisfied and complied with in relation to any candidate for Independent Director.

## **POWERS AND DUTIES OF THE BOARD**

79. (1) Subject to the Law, these Articles, the Applicable Listing Rules and any resolutions passed in a general meeting, the business of the Company shall be managed by the Board in such manner as it shall think fit, which may pay all reasonable expenses in connection with business management, including but not limited to expenses incurred in forming and registering the Company and may exercise all powers of the Company.
- (2) If the Board fails to comply with the Applicable Listing Rules, these Articles and any resolutions passed in a general meeting in dealing with matters in connection with Spin-off, Consolidation, Merger, or acquisition of the Company, as a result of which the Company suffers damages, any Director involved in decision-making related thereto shall be liable to the Company in respect of the damages suffered by the Company. However, a Director may be exempted from the liability if the minutes of the Board meeting or written statement demonstrates such Director's dissent.
- (3) Except as otherwise provided by these Articles, the compensation to be paid to the Directors shall be determined by the Board in accordance with the standard prevalent in

the industry by reference to recommendation made by the remuneration committee (if established). Such compensation shall be deemed to accrue from day to day, and the Directors shall also be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from Board meetings of the Directors, or any committee established under Article 82, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Board from time to time, or a combination partly of one such method and partly the other.

80. The Board may from time to time appoint any Person to hold such office in the Company as the Board may think necessary for the management of the Company, including but not limited to officers and managers, and for such term and at such remuneration as the Board may think fit. Any Person so appointed by the Board may be removed by the Board.
81. The Board may appoint a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such 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 Listing Rules, the Secretary shall also perform such other duties as are prescribed by the Law or as may be prescribed by the Board.

## COMMITTEES

82. Subject to the Law and the Applicable Listing Rules, the Board may, or the Company may by an Ordinary Resolution, establish any committee(s) and delegate any of their powers, authorities and discretions to such committee(s) (including but not limited to an audit committee and a remuneration committee) consisting of such member or members of their body or any other Persons as the Board thinks fit. Any committee(s) so formed shall, in the exercise of the powers, authorities and discretions so delegated, and in conducting its proceedings, conform to any regulations that may be imposed on it by the Board pursuant to the Applicable Listing Rules. If no regulations are imposed by the Board, the proceedings of a committee with two (2) or more members shall be, as far as is practicable, governed by these Articles regulating the proceedings of the Board.
  - 82.1(1) During the Relevant Period, unless otherwise provided by the Law and the Applicable Listing Rules, the Company shall establish an audit committee; regulations governing the professional qualifications for its members, the formation of audit committee, the exercise of their powers of office, and related matters shall be prescribed and amended from time to time by the Board in accordance with the Applicable Listing Rules.
  - (2) The audit committee of the Company shall be composed of all the Independent Directors. The audit committee shall not be fewer than three Persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. A resolution of the audit committee shall have the concurrence of one-half or more of the members of the audit committee.
  - (3) The following matters shall be subject to the consent of one-half or more of all members of the audit committee of the Company and shall be thereafter submitted to the Board for a resolution:
    - (a) Adoption or amendment of an internal control system.

- (b) Assessment of the effectiveness of the internal control system.
  - (c) Adoption or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
  - (d) A matter bearing on the personal interest of a Director.
  - (e) A material asset or derivatives transaction.
  - (f) A material monetary loan, endorsement, or provision of guarantee.
  - (g) The offering, issuance, or Private Placement of any equity-type securities.
  - (h) The hiring or dismissal of an Auditor, or the compensation given thereto.
  - (i) The appointment or discharge of a financial, accounting, or internal auditing officer.
  - (j) Annual and semi-annual financial reports.
  - (k) Any other material matter so required by the Company or the competent authority.
- (4) With the exception of Subparagraph (j) above, any matter under a subparagraph of the preceding Paragraph that has not been approved with the consent of one-half or more of all members of the audit committee of the Company may be undertaken upon the approval of two-thirds or more of the Directors, without regard to the restrictions of the preceding Paragraph, and such resolution of the audit committee of the Company shall be recorded in the minutes of the Board meeting.

82.2(1) During the Relevant Period, unless otherwise provided by the Law and the Applicable Listing Rules, the Company shall establish a remuneration committee; regulations governing the professional qualifications for its members, the formation of remuneration committee, the exercise of their powers of office, and related matters shall be prescribed and amended from time to time by the Board in accordance with the Applicable Listing Rules. Remuneration referred to in this Paragraph shall include salary, stock options, and any other substantive incentive measures for Directors and managerial officers under the Law or the Applicable Listing Rules.

- (2) The members of the remuneration committee of the Company shall be appointed by the Board and shall not be fewer than three members, a majority of whom shall be the Independent Directors.
- (3) The remuneration committee of the Company shall exercise the care of a good administrator and in good faith when performing the official powers listed below, and shall submit its recommendations for deliberation by the Board:
  - (a) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for Directors and officers.
  - (b) Periodically evaluate and prescribe the remuneration of Directors and officers.

- (c) Any other material matter so required by the Company or the competent authority.
- 82.3(1) During the Relevant Period, prior to any resolution of the Merger and Acquisition by the Board, the audit committee of the Company shall review the fairness and reasonableness of the plan and transaction of the Merger and Acquisition, and then submit review results to the Board and the general meeting of the Company. However, the audit committee of the Company may elect not to submit the aforesaid review results to the Members at a general meeting if the Law provides that the Merger and Acquisition to be resolved requires no approval by the Members.
- (2) When reviewing the abovementioned matters, the audit committee of the Company shall seek opinions from an independent expert on the reasonableness of the share exchange ratio or the distribution of cash or other assets.
  - (3) The Company shall send the review results of the audit committee of the Company and opinions of independent experts to all Members together with the notice of general meeting in which the Merger and Acquisition is to be resolved. However, the Company shall report the Merger and Acquisition to the Members at the most recent general meeting if the Law provides that the Merger and Acquisition to be resolved requires no approval by the Members.
  - (4) If the Company posted the aforesaid review results and opinions of independent experts on a website designated by the R.O.C. competent authorities and arranged for the same documents to be made available at the venue of the general meeting of the Company for inspection by Members, those documents shall be deemed as having been sent to all Members.

#### **DISQUALIFICATION AND VACATION OF OFFICE OF DIRECTORS**

83. (1) During the Relevant Period, a person who is under any of the 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:
- (a) commits a felony (including but not limiting to an offence under Statute for Prevention of Organizational Crimes of the R.O.C.) and has been convicted thereof, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than five (5) years;
  - (b) has been imposed a final sentence involving imprisonment for a term of more than one year for commitment of fraud, breach of trust or misappropriation, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two (2) years;
  - (c) has been imposed a final sentence due to violation of the Anti-corruption Act, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two (2) years;

- (d) becomes bankrupt or is adjudicated of commencement of liquidation proceeding by a court under the laws of any jurisdiction, and has not been reinstated to his rights and privileges;
  - (e) has allowed cheques and other negotiable instruments to be dishonoured and the records thereof have not been cancelled or expunged by the relevant regulatory authorities;
  - (f) dies or an order has been made by any competent court or authority on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and such order has not been revoked, or his legal capacity is restricted according to the applicable laws;
  - (g) ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under any provisions of the Law and/or Applicable Listing Rules;
  - (h) ceases to be a Director by virtue of Article 84;
  - (i) resigns his office by notice in writing to the Company;
  - (j) is removed from office pursuant to these Articles; or
  - (k) has been ordered to be removed from office by the R.O.C. Courts on the grounds that such Director, in the course of performing his duties, committed serious violations of the Law, Applicable Listing Rules or these Articles, or acts resulting in material damage to the Company, upon a petition by the Company or Member(s) to the R.O.C. Courts.
- (2) During the Relevant Period, in case a Director (other than Independent Director) has transferred some or all his Shares during the term of his office as a Director, such that the remaining Shares held by him are less than one half of the Shares being held by him at the time he was elected, he shall, ipso facto, cease to act as a Director and be removed from the position of Director automatically.
- (3) During the Relevant Period, if a Director (other than Independent Director), (a) after having been elected and before his inauguration of the office of a Director, has transferred some or all his Shares held by him such that the remaining Shares are less than one half of the Shares held by such Director at the time of his election or, (b) within the Book Closure Period fixed by the Board in accordance with Paragraph (2) of Article 28 prior to the general meeting for the election of such Director, has transferred some or all his Shares held by him such that the remaining Shares are less than one half of the Shares held at the commencement of the Book Closure Period, his election as a Director shall be deemed invalid and void.
84. Except as approved by the Commission, the TPEX or the TWSE (where applicable), the following relationships shall not exist among half or the majority of the Directors: (a) a spousal relationship; or (b) a familial relationship within the second degree of kinship as defined under the Civil Code of Taiwan. If any of the foregoing relationships exists among half or the majority of the elected Directors, the election with respect to the one who received the lowest number of votes among those related Directors shall be deemed invalid and void;

and 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. For the remaining Directors, if the foregoing requirements are still not satisfied, the same procedure set out above shall be applied again to the remaining related Directors, until such time as the foregoing requirements can be complied with.

85. In case a Director has, in the course of performing his/her/its duties, committed any act resulting in material damage to the Company or in serious violation of the Law, the Applicable Listing Rules or these Articles, but has not been removed from office by a resolution in a general meeting, one or more Members holding three percent (3%) or more of the total number of issued Shares of the Company may, within thirty (30) days after that general meeting, submit a petition to a competent court, including the Taiwan Taipei District Court of the R.O.C., but only if and to the extent permitted under the Law and the Applicable Listing Rules, for removing such Director from office.
86. Subject to the Law, one or more Members holding one percent (1%) or more of the total number of the issued Shares continuously for a period of six months or a longer time may request in writing the audit committee to file, on behalf of the Company, an action against a Director who has, in the course of performing his/her duties, committed any act resulting in damage to the Company or in violation of the Law, the Applicable Listing Rules or these Articles, with a competent court, including the Taiwan Taipei District Court of the R.O.C. 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 the Cayman Islands, the Members making such request may file the action for the Company.

## **PROCEEDINGS OF THE BOARD**

87. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate and shall from time to time establish internal rules in this regard, which shall be in compliance with the Law and the Applicable Listing Rules. During the Relevant Period, the Board meetings shall be held at least once in each quarter or within such period and frequency as may be prescribed by the Applicable Listing Rules. The quorum necessary for the transaction of the business of the Board shall be a majority of the Directors. Subject to the Law, the Applicable Listing Rules and these Articles, any matter proposed for consideration and approval at a Board meeting shall be decided by a majority of votes entitled so to do.
88. A Director may, and the Secretary on the requisition of a Director shall, summon a Board meeting by, during the Relevant Period, at least seven (7) days' notice in writing, or at any time other than during the Relevant Period, at least forty eight hours' notice in writing, to every Director which notice shall set forth the general nature of the business to be considered PROVIDED HOWEVER, without prejudice to the prescribed notice, in the event of emergency, as determined by the Board in its sole discretion, a Board meeting may be called at any time upon a written notice given in accordance with the Applicable Listing Rules. Notwithstanding the foregoing, at any time other than during the Relevant Period, a notice of Board meeting may be waived by all the Directors at, before or retrospectively after the relevant Board meeting is held. Any notice or waiver thereof may be given by email, telex or telefax.

89. A Director may participate in a meeting of Board, or of any committee appointed by the Board of which such Director is a member, by means of visual communication facilities which permit all Persons participating in the meeting to see and communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute presence in person at the meeting.
90. A Director may appoint another Director as his proxy to attend a meeting of the Board in writing with regard to a particular meeting, and state therein the scope of authority with reference to the subjects to be discussed at such meeting, in which event the presence and vote of the proxy shall be deemed to be that of the Director appointer. No Director may act as proxy for two (2) or more other Directors. Subject to these Articles, if a Director attends a Board meeting on his behalf and as the proxy of another Director, he is entitled to vote both as a proxy and for his own.
91. A Director who is in any way, whether directly or indirectly, interested in a matter discussed, considered or proposed in a meeting of the Board shall declare the nature of his interest and its essential contents at such relevant meeting. When the Company conducts any Spin-Off, Consolidation, Merger, or acquisition, a Director who bears any interest in the transaction shall explain the essential contents of such personal interest and the reason of approval or disapproval of the resolution in connection with the transaction in a meeting of the Board and the general meeting of the Company. The Company shall specify in the notice of general meeting with descriptions of the essential contents of a Director's personal interest and the reason of approval or disapproval of the resolution in connection with the transaction. The essential contents may be posted on the website designated by the R.O.C. competent authorities or the Company, and such website shall be indicated in the above notice. Where the spouse, a blood relative within the second degree of kinship of a Director as defined under the Civil Code of Taiwan, or any company which has a controlling or subordinate relation with a Director bear any interest in the matter under discussion at a Board meeting, such Director shall be deemed to bear a personal interest in the matter. Any Director who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a meeting of Board shall abstain from voting, on his own behalf or as a proxy or corporate representative, with respect to the said matter. Any and all votes cast by such Director(s) shall not be counted in determining the number of votes for or against such matter.
92. Subject to these Articles, the continuing Directors may act notwithstanding any vacancy in their body.
93. Notwithstanding anything to the contrary provided for in these Articles, at any time other than during the Relevant Period, a resolution in writing signed by all of the Directors then in office or all of the members of a committee of Directors, including a resolution signed in counterpart or by way of signed email, telex or telefax transmission, shall be as valid and effectual as if it had been passed at a Board meeting or of a committee of Directors duly called and constituted.
94. The proceedings regarding Board meetings not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Board and reported to the Members at a general meeting from time to time, which shall be in compliance with the Law and the Applicable Listing Rules (in particular, the Regulations Governing Procedure for Board of Directors Meetings of Public Companies of the R.O.C.).

## RESERVES AND CAPITALISATION

95. During the Relevant Period, the Company shall set aside out of the profits of the Company for each financial year: (a) a reserve for payment of tax for the relevant financial year; and (b) an amount to offset losses incurred in previous year(s); and (c) a Statutory Reserve in accordance with the Applicable Listing Rules, and after the aforesaid sums as set aside from the profits for such relevant financial year for any purpose to which the profits of the Company may be properly applied, the Board shall, before recommending any dividend or bonuses, set aside the remaining profits of the Company in whole or in part for the relevant financial year as a special reserve or reserves in accordance with the order from the Commission, and the Company may also, under these Articles or by Special Resolution of the general meeting, set aside another sum as a special reserve or reserves (collectively, the "**Special Reserve**").
96. Unless otherwise provided in the Law, the Applicable Listing Rules and these Articles, neither the Statutory Reserve nor the Capital Reserve shall be used except for offsetting the losses of the Company. The Company shall not use the Capital Reserve to offset its capital losses unless the Statutory Reserve and Special Reserve set aside for purposes of loss offset is insufficient to offset such losses.
97. (1) During the Relevant Period, subject to the Law, where the Company incurs no loss, it may, by a Special Resolution, distribute its Statutory Reserve, the Share Premium Account and/or the income from endowments received by the Company, which are in the Capital Reserve which are available for distribution, in whole or in part, by issuing new, fully paid Shares and/or by cash to its Members.
- (2) At any time other than during the Relevant Period, subject to the Law, the Board may capitalise any sum for the time being standing to the credit of the Share Premium Account or any of the other Company's reserve accounts which are available for distribution or any sum standing to the credit of the profit and loss account or otherwise available for distribution and to appropriate such sums to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend//bonus and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.
98. Where any difficulty arises in regard to any declaration of share dividends or share bonuses or other similar distributions under these Articles due to any fraction held by Member(s), the Board may determine that cash payments should be made to any Members in full, or part thereof, as may seem expedient to the Board. Such decision of the Board shall be effective and binding upon the Members.

## COMPENSATION, DIVIDENDS AND BONUSES

99. At any time other than during the Relevant Period, subject to the Law and these Articles and except as otherwise provided by the rights attaching to any Shares, the Board may from time to time declare dividends/bonuses (including interim dividends/bonuses), and other distributions to the Members by issuing new, fully paid Shares and/or by cash in proportion to the number of Shares held by them respectively and authorise payment of the same out of the funds of the Company lawfully available therefore. The Directors may, before declaring

any dividends, bonuses or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business or investments of the Company.

- 100.(1) As the Company is in the growing stage, the dividend/bonuses of the Company may be distributed in the form of cash dividends/bonuses and/or stock dividends/bonuses. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs in assessing the amount of dividends/bonuses the Company wishes to distribute.
- (2) During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than one percent (1%) of the profits for such year to the Employees as the Employees' compensation in the form of shares and/or in cash and may distribute not more than three percent (3%) hereof to the Directors as the Directors' compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution of Employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares. The term "annual profits" as used herein shall mean the annual profits for such year before tax without deducting the amount of compensation distributed to the Employees and Directors as prescribed in this Paragraph (2) of this Article.
- (3) During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital), and setting aside the Special Reserve (if any), the Company may distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the Special Reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles to the Members as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to Members.
- (4) During the Relevant Period, unless otherwise resolved by the general meeting of the Company, the Employees and Directors' compensations and dividends, bonuses or other forms of distributions payable to the Members shall be declared in NTD.
- (5) The Board may deduct from the dividends, bonuses or any other amount payable to the Member in respect of the Share any amount (if any) due by such Member to the

Company on account of calls or otherwise in relation to the Share.

- (6) Any dividend, bonus or other monies payable on or in respect of the Share may be paid by wire transfer to the bank account nominated by the Member or by cheque or warrant sent through a post to the registered address of the Member, or to such Person and to such address as the 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.
  - (7) Subject to the Law and the Applicable Listing Rules, any Special Reserve may be reversed to undistributed profits of the Company.
101. During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, the Company may by a Special Resolution distribute any part or all of the dividends or bonuses to the Members declared in accordance with the preceding Article by way of applying such sum in paying up in full unissued Shares for allocation and distribution to the Members.
  102. No dividend, bonus or other distribution shall be paid otherwise than out of profits or out of monies otherwise available for dividend, bonus or other distribution in accordance with the Law. 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.

#### **ACCOUNTS, AUDIT, AND ANNUAL RETURN AND DECLARATION**

103. (1) The Directors shall cause to be kept accounting records and books of account sufficient to give a true and fair view of the state of the Company's affairs and to show and explain the transactions of the Company and otherwise in accordance with the Law, at the Registered Office or at such other place(s) in such manner as may be determined from time to time by the Board and shall always be open to the inspection by the Directors.  
  
(2) If the Company keeps its accounting records and books of account at any place outside the Cayman Islands in accordance with the preceding paragraph, it shall, upon service of an order or notice pursuant to the Tax Information Authority Act and any amendment or other statutory modification thereof, make available, in electronic form or any other medium at its Registered Office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.
104. During the Relevant Period, at the end of each financial year, the Board shall prepare: (a) the business report; (b) the financial statements which include all the documents and information as required by the Law and the Applicable Listing Rules (the "**Financial Statements**"); and (c) any proposal relating to the distribution of net profit and/or loss offsetting in accordance with these Articles, for adoption by the annual general meeting of the Company. Upon adoption at the annual general meeting of the Company, the Board shall distribute to each Member copies of the Financial Statements and the resolutions relating to profit distribution and/or loss offsetting. However, during the Relevant Period, the Company may make a public announcement of the abovementioned statements and resolutions instead of distributing those to each Member.
105. During the Relevant Period, the documents prepared by the Board in accordance with the preceding Article shall be made available at the Shareholder Service Agent's office in the R.O.C. for inspection during normal business hours by the Members, ten (10) days prior to

the annual general meeting.

106. Subject to the Law and the Applicable Listing Rules, the Board may determine (or revoke, alter or amend any such determination) that the accounts of the Company be audited and the appointment of the Auditors.
107. During the Relevant Period, the Board shall keep copies of the Memorandum, these Articles, the minutes of every general meeting, the Financial Statements, the Register and the counterfoil of corporate bonds issued by the Company at its Shareholder Service Agent's office in the R.O.C. Any Member may request at any time, by submitting evidentiary document(s) to show his interests involved and indicating the scope of requested matters, access to inspecting, transcribing and making copies of the above documents; the Company shall make Shareholder Service Agent provide the above documents.
108. The Board in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

### **TENDER OFFER**

109. Subject to the Law and the Applicable Listing Rules, during the Relevant Period, within fifteen (15) days after receipt of the copy of the public tender offer report form, the public tender offer prospectus, and relevant documents, the Company shall make a public announcement of the following:
  - (a) the types, number and amount of shares held by the Directors and any Member holding more than ten percent (10%) of the total issued and outstanding Shares;
  - (b) the recommendations made by the Board to the Members on such tender offer, which shall set forth the identity and financial status of the tender offeror, fairness of the tender offer conditions, verification on rationality of source of fund for tender offer, and the names of the Directors who abstain or object to the tender offer and the reason(s) therefore;
  - (c) whether there is any material change in the financial condition of the Company after the delivery of its most recent financial report and the contents of such change, if any;
  - (d) the types, number and amount of the shares of the tender offeror or its affiliates held by the Directors and the Members holding more than ten percent (10%) of the total issued and outstanding Shares; and
  - (e) other relevant significant information.

### **WINDING UP**

110. Subject to the Law, the Company may be wound up by a Special Resolution passed by the Members. If the assets available for distribution amongst the Members 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 number of the Shares held by them. 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 surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

111. Subject to the Law, if the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Law, divide and distribute amongst the Members the whole or any part of the property of the Company (whether they shall consist of property of the same kind or not) in cash or asset 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. 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 Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any asset whereon there is any liability.
112. The Company shall keep all statements, records of account and documents for a period of ten (10) years from the date of the completion of liquidation, and the custodian thereof shall be appointed by the liquidator or the Company by an Ordinary Resolution.

#### **NOTICES**

113. Subject to the Law and except as otherwise provided in these Articles, any notice or document may be served by the Company to any Member either personally, or by facsimile, or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to such Member at his address as appearing in the Register, or, to the extent permitted by the Law and the Applicable Listing Rules, by posting it on a website designated by the Commission, the TPEX or the TWSE (where applicable) and/or the Company's website, or by electronic means by transmitting it to any electronic mail number or address such Member may have positively confirmed in writing for the purpose of such service of notices. In the case of joint Members, all notices shall be given to that one of the Members whose name stands as their representative in the Register in respect of the joint holding.
114. 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 including the purpose for which such meeting was convened.
115. Any notice or other document, if served by:
  - (a) post, shall be deemed to have been served on the day following that on which the letter containing the same is posted or delivered to the courier;
  - (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 forty-eight (48) hours after 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, subject to the Law.

116. Any notice or document served to the registered address of any Member in accordance with these 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 Member.

#### **REGISTERED OFFICE OF THE COMPANY**

117. The Registered Office of the Company shall be at such address in the Cayman Islands as the Board shall from time to time determine.

#### **FINANCIAL YEAR**

118. Unless the Board otherwise prescribes, the financial year of the Company shall end on December 31<sup>st</sup> in each year and shall begin on January 1st in each year.

#### **SEAL**

119. The Company shall adopt a Seal by resolution of the Board and, subject to the Law, the Company may also have a duplicate Seal or Seals for use in any place or places outside of the Cayman Islands. The use and management of the Seal (or duplicate Seals) may be determined by the Board from time to time pursuant to the adoption of any regulation governing the use and management of seals of the Company in accordance with the Applicable Listing Rules.

#### **LITIGATION AND NON-LITIGATION AGENT IN THE R.O.C.**

- 120.(1) Subject to the provisions of the Applicable Listing Rules, the Company shall, by a resolution of the Directors, appoint or remove a person as its litigation and non-litigation agent and such agent will be deemed as the responsible person of the Company in the R.O.C. under the Applicable Listing Rules.
- (2) The preceding agent shall have residence or domicile in the R.O.C.
- (3) The Company shall report the name, residence/domicile of the preceding agent and power of attorney to the competent authority in the R.O.C. This reporting requirement shall also apply if there is any change.

#### **CHANGES TO CONSTITUTION**

121. Subject to the Law and the Applicable Listing Rules, the Company may, by Special Resolution, alter or amend the Memorandum or these Articles, in whole or in part.

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## Appendix 2: Rules of Procedure for Meeting of Shareholder

### Khgears International Limited

#### Rules of Procedure for Meeting of Shareholder

##### **I. Purpose**

1. 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 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
2. The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

##### **II. Rules of Procedure for Meeting of Shareholder**

- 3.1. Shareholders' meetings are composed of regular meetings and special meetings. The regular meeting shall be held at least once annually, within six months after the end of each fiscal year. All shareholders' meetings that are not regular meetings are special meetings. Unless otherwise provided by law or regulation or the Articles of Incorporation, the Company's shareholders' meeting shall be convened by the Board of Directors. When the Board of Directors or other person having the authority to convene a shareholders' meeting, it may request the Company or the professional stock agency appointed by the Company to provide a shareholder list.
- 3.2. During the listing period (the definition is detailed in the Articles of Incorporation of the Company; the same below), in calling for an Annual Shareholders' Meeting, transmit the notice of meeting, the documents for power of attorney, and specify the causes of motions for recognition, discussion, election or relief of the directors and explanation with compilation into electronic format to MOPS 30 days before the scheduled date of the regular session and 15 days before the scheduled date of the special session. The Company shall also prepare the Shareholders' Meeting Procedure Handbook and supplementary information in electronic format for sending to MOPS 21 days prior to the scheduled date of regular session and 15 days prior to the schedule date of special session. The Company shall, at least 15 days before the Shareholders' Meeting date, properly prepare the agenda and supplemental materials for the then current Shareholders' Meeting, and make them available to shareholders for reference at any time. The meeting agenda and supplemental materials shall be displayed in the Company and its appointed professional stock service agent, and release at the scene of the meeting. During the non-listing period, all shareholders shall be notified in writing seven days in advance of the convening of the shareholders' meeting.
- 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. Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, compulsorily repurchasing the Company's shares and cancel them under Paragraph 1 of Article 24 of the Articles of Incorporation, apply for suspension of public issuance, the dissolution, merger, or demerger of the corporation, or any matter under the

Paragraph 1 of Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the Shareholders' Meeting. None of the above matters may be raised by an extemporaneous motion. The main content may be placed on the website designated by the Taiwan Securities Competent Authority or the Company, and its website address shall be stated in the call notice.

- 3.5. During the listing period, shareholders holding 1% or more of the total number of outstanding shares of the Company may submit proposals to the Company at Annual Shareholders' Meeting, either in writing or electronically. In addition, unless a proposal proposed by a shareholder falls under any of the circumstances of Paragraph 4 of Article 172-1 of the Taiwan Company Act, the Board of Directors shall list it as a proposal; however, the proposed proposal is to urge the Company to promote public interests or suggestions for fulfilling social responsibilities, may still be included in the proposal by the Board of Directors even under the circumstances specified in Paragraph 4 of Article 172-1 of the Taiwan Company Act.
- 3.6. Before the date on which share transfer registration is suspended before the convention of an Annual Shareholders' Meeting, the Company shall give a public notice announcing, the place and the period for shareholders to submit proposals at the meeting; and the period for accepting such proposals shall not be less than 10 days.
- 3.7. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular Shareholders' Meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
- 3.8. Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the Shareholders' Meeting to be convened.
- 4.1. A shareholder may appoint a proxy to attend a Shareholders' Meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy.
- 4.2. A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the Shareholders' Meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail. Unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.
- 4.3. If the power of attorney has been delivered to the Company, and the shareholders concerned intend to attend the Shareholders' Meeting to exercise his/her/its voting power in writing or by way of electronic transmission, they shall notify the Company in writing to revoke the previous authorization of agent 2 days prior to the scheduled date of the meeting. Shareholders who cannot revoke the previous authorization of agent beyond the deadline may only attend the meeting by the proxy and vote by the proxy.
5. The venue for a Shareholders' Meeting shall be within the territory of Taiwan, or a place easily accessible to shareholders and suitable for a Shareholders' Meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given

- to the opinions of the independent directors concerning the place and of the meeting.
- 6.1. The Company shall include in the meeting notice the time for shareholders to submit proposals sign-in, the location for sign-in, and any other relevant instructions.
  - 6.2. The processing time for shareholder sign-in as stipulated in Article 6.1 shall be managed 30 minutes before the scheduled meeting time. The sign-in place shall be clearly marked and adequately staffed with service personnel.
  - 6.3. The shareholders themselves or the proxy entrusted by the shareholder (hereinafter referred to as shareholders) shall attend a Shareholders' Meeting based on attendance cards, sign-in cards, or other certificates of attendance. The Company shall not arbitrarily raise additional requirements for other certifying documents beyond those showing eligibility to attend as presented by shareholders. A solicitor soliciting a Power of Attorney shall also take 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 Procedure Handbook, 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.
  - 7.1. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
  - 7.2. If a director or a managing director acts as the Chair as stipulated in Article 7.1, they must be in office for at least 6 months and understand the financial position and operation of the Company. The same principle and procedure is applicable to circumstances where the chair is the representative of an Institutional Director.
  - 7.3. If a Shareholders' Meeting is convened by the board of directors, the meeting shall be presided over by the chairman in person, and there shall be over half of the directors from the Board of Directors and at least one member of various functional committees attending the meeting on behalf of these committees, and the attendance status shall be recorded in the minutes of the Shareholders' Meeting.
  - 7.4. If the Shareholders' Meeting convenes to the call of a third party other than the Board who is entitled to call for the meeting, this party shall act as the chair in the meeting. If there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves.
  - 7.5. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting in a non-voting capacity.
  - 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 video data as stipulated in Article 8.1 shall be kept for at least one year. However, if a shareholder petitions the court to revoke the resolution because the convening procedure of the shareholders' meeting or the resolution method violates laws or the Articles of Incorporation, the resolution shall be preserved until the conclusion of the lawsuit.
  - 9.1. The attendance of shareholders in Shareholders' Meeting shall be accounted for by the quantity of shareholding represented. The number of shares represented by the shareholders in session shall be based on the quantity of shares stated in the attendance book or submitted sign-up cards, plus the quantity of voting shares cast in writing or electronic means (if applicable).
  - 9.2. When the meeting time is due, the Chair shall immediately announce that the meeting has begun. 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 there are only the shareholders representing less than half of the total issued shares present after 2 postponements, the Chair shall announce the lack of quorum for the session.
  - 10.1. If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution by the Shareholders' Meeting.
  - 10.2. If the Shareholders' Meeting convenes to the call of a third party other than the Board of Directors who is entitled to call for the meeting shall apply to the provisions of Article 10.1.
  - 10.3. Before the agenda set out in Articles 10.1 and 10.2 is concluded (including extemporary motions), the Chair shall not declare the meeting to adjourn without a resolution. During the session of a Shareholders' Meeting, if the Chair declares the adjournment of the meeting in a manner in violation of such rules governing the proceedings of meetings, the other members of the Board of Directors shall promptly assist the attending shareholders in accordance with statutory procedures, the other members of the Board of Directors shall promptly assist the attending shareholders under statutory procedures, a new chair of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceedings of the meeting.
  - 10.4. The Chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and amendments or extemporary motions put forward by the shareholders; when the Chair believes that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call for a vote.
  - 11.1. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her/its 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 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the

- speech.
- 11.4. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
  - 11.5. When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.
  - 11.6. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
  - 12.1. The voting of shareholders in Shareholders' Meeting shall be accounted for by the quantity of shareholding represented.
  - 12.2. The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a Shareholders' Meeting.
  - 12.3. Shareholders shall recuse from voting on motions that may relate to their private interest that would prejudice the interests of the Company and cannot act on behalf of other shareholders in voting.
  - 12.4. In Article 12.3, shares for which voting rights cannot be exercised shall not be counted in the number of votes of shareholders present at the meeting.
  - 12.5. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.
  - 13.1. The Company's shareholders shall be entitled to one vote for each share held by it, except when the shares are restricted shares or are deemed non-voting shares under the Articles of Incorporation or laws.
  - 13.2. During the listing period, when the Company convenes a shareholders' meeting, it may exercise its voting rights in writing or electronically (companies that are required to use electronic voting under Paragraph 1 of Article 177-1 of the Taiwan Company Act: When the Shareholders' Meeting of the Company is in session, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights in writing). When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the Shareholders' Meeting notice. Unless otherwise provided in the Company's Articles of Incorporation, a shareholder who exercises their voting power at a Shareholders' Meeting in writing or by way of electronic transmission shall be deemed to have attended the said Shareholders' Meeting in person. But to have waived his/her/its rights with respect to the extemporary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extemporary motions and amendments to original proposals.
  - 13.3. In Article 13.2, if a shareholder exercises their voting power by submitting written or electronic declarations, these intentions must be submitted to the Company two days before the scheduled meeting date of the Shareholders' Meeting, whereas if two or more declarations of the same intention are served to the Company, the first declaration of such intention received shall prevail. Unless an explicit statement to revoke the previous declaration of intent is made in the declaration which comes later.
  - 13.4. If a shareholder intends to attend the Shareholders' Meeting in person after having

exercised voting rights in writing or electronically, they must cancel their previously submitted intention regarding the exercising of voting rights as stipulated in Article 13.3. This cancellation must be made in the same manner and at two days before the meeting date, as per the procedure for exercising voting rights. In case of overdue cancellation, it shall be subject to the voting rights exercised in writing or electronically. In case a shareholder has exercised his/her/its voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the Shareholders' Meeting in his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder 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. If it is due for voting, the chair or the designated personnel shall announce the total quantity of voting rights represented by the shareholders in session. Shareholders shall cast their votes on the motions one by one. On the day after the adjournment of the Shareholders' Meeting, the result of the yes and no votes, and the abstention, shall be entered into MOPS (applicable during the listing period).
- 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.
- 14.1. Election of directors at a Shareholders' Meeting, if any, shall be subject to the related election rules formulated by the Company, and the election results shall be announced on the spot, including the list of those elected as directors and the number of votes they won.
- 14.2. The ballots for the election referred to in Article 14.1 shall be sealed with the signature of the scrutineer and kept in proper custody for at least 1 year. However, if a person files a lawsuit and petitions the court to revoke their resolution because the convening procedure of the shareholders' meeting or the method of resolution violates laws or the Articles of Incorporation, the lawsuit shall be preserved until the conclusion of the lawsuit.
- 15.1. Resolutions adopted at a Shareholders' Meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all shareholders of the Company within 20 days after the close of the meeting. The preparation and distribution of the minutes of Shareholders' Meeting as required in the preceding paragraph may be effected by means of electronic transmission.
- 15.2. During the listing period, the distribution of the minutes of the meeting on record as stipulated in Article 15.1 may be made by the Company through an announcement by entry into 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 results. The minutes shall be kept persistently throughout the life of the Company.

- 16.1. The Company shall expressly disclose the number of shares obtained by solicitors, and the number of shares represented by proxies, in the meeting place, by using the statistical statement prepared in the stipulated format, on the current day of the Shareholders' Meeting.
- 16.2. During the listing period, if the resolutions of the shareholders' meeting contain any material information that is stipulated by law or the Taiwan Stock Exchange (Taipei Exchange), the Company shall transmit the content to the MOPS within the specified time.
- 17.1. Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or arm bands.
- 17.2. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel maintain order at the meeting place, they shall wear armband bearing the word "Proctor" or wear identification cards.
- 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.
- 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 extemporary motions) on the meeting agenda have been addressed, the Shareholders' Meeting may adopt a resolution to resume the meeting at another venue.
- 18.3. Under Article 182 of the Company Act, the Shareholders' Meeting resolves to postpone the meeting for not more than or to reconvene the meeting within five days.
19. These Rules of Procedure shall be implemented after approved by the Shareholders' Meeting. The same procedure applies to any amendment thereto.
20. These Rules of Procedure were formulated on Aug. 11, 2018.  
These Rules of Procedure were revised for the first time on Apr. 3, 2019.

### Appendix 3: Directors' Shareholding

As of the share transfer suspension date (March 23, 2026) of this Annual Shareholders' Meeting, the actual shareholdings of all directors of the Company are as follows:

Unit: shares; %

Title	Name	Quantity of Shareholding	
		Quantity	Ratio of Shareholding
Chairman	KWOK HING GLOBAL LIMITED	6,637,963	12.52%
Representative	Ko Kowk Hing	Note 1	Note 1
Vice Chairman	Wu, Chin-Jung	414,000 (Note 2)	0.78% (Note 2)
Director	Chung, Chao-Wen	3,000 (Note 3)	0.01% (Note 3)
Director	Tu, Chun-Hui	100,000 (Note 4)	0.19 (Note 4)
Independent Director	Chou, Tsung-Nan	-	-
Independent Director	Huang, Sheng-Lung	-	-
Independent Director	Chou, Huei-Yu	-	-

Note 1: Ko Kowk Hing holds 52% of the equity of Kwok Hing Global Limited, which holds 6,637,963 shares of the Company, with a shareholding ratio of 12.52%.

Note 2: Wu, Chin-Jung also holds 100% equity in Henry & Helen Company Limited, which holds 3,972,002 shares of the Company, with a shareholding ratio of 7.49%.

Note 3: Chung, Chao-Wen holds 100% equity of Jibulu Company Limited, which holds 3,343,817 shares of the Company, with a shareholding ratio of 6.31%.

Note 4: Tu, Chun-Hui holds 100% equity of Jinjee Investment Company Limited, which holds 1,757,643 shares of the Company, with a shareholding ratio of 3.32%.