

Stock Code : 2374



ABILITY

ABILITY ENTERPRISE CO., LTD.

2022 Shareholders Meeting Handbook

Date: June 21, 2022

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Chapter 1 Meeting Procedures

ABILITY ENTERPRISE CO., LTD

2022 Annual Shareholders' Meeting Meeting Procedures

I. Calling Meeting to Order

II. Chairman's Address

III. Report

IV. Proposed Resolutions

V. Discussions

VI. Elections

VII. Other

VIII. Extempore Motions

IX. Meeting Adjournment

Chapter 2 Meeting Agenda

ABILITY ENTERPRISE CO., LTD

2022 Annual Shareholders' Meeting Meeting Agenda

Time: 9:00 a.m., June 21th, 2022 (Tuesday)

Venue: New Taipei Exhibition Hall

2F, No. 1, Wuquan Rd., WuGu Dist., New Taipei City 248,
Taiwan, ROC

Announcement of Meeting (Reporting Attendance Shares)

Chairman's Address

I. Report :

Proposal 1: The Company's Business Report of 2021

Proposal 2: The Audit Committee's Review Report on the
Company's Financial Statement of 2021

Proposal 3: The Company's Endorsement and Guarantee Records of
2021

Proposal 4: 2021 Employees' and Directors' Compensation Report

Proposal 5: Others

II. Proposed Resolutions:

Proposal 1: The Company's Business Reports and Financial
Statements of 2021, submitted for Recognition

Proposal 2: The Company's Earning Distribution of 2021, submitted
for Recognition

III. Discussions:

Proposal 1: Amendment of "Articles of Incorporation", submitted for
Discussion

Proposal 2: Amendment of "Procedures for Acquisition or Disposal
of Assets", submitted for Discussion

Proposal 3: Amendment of " Rules and Procedures of the
Shareholders' Meeting ", submitted for Discussion

IV. Elections:

Proposal 1: Re-election on all the Company's Directors (including independent directors)

V. Others:

Proposal 1: Release the prohibition on the Company's newly-elected Directors from participation in competitive business.

VI. Extempore Motions

VII.Meeting Adjournment

I. Report

Proposal 1: The Company's Business Report of 2021

Note: Please refer to the Attachment I, page 14 – 16

Proposal 2: The Audit Committee's Review Report on the Company's Financial Statements of 2021

Note:

ABILITY ENTERPRISE CO., LTD The Audit Committee's Review Report

The Board of Directors has issued the Company's 2021 business reports, financial statements (including consolidated and individual financial statements) and earning distribution motions, of which the financial statements were verified by PricewaterhouseCoopers Taiwan (PwC Taiwan), and an audit report was issued. The above-mentioned business reports, financial statements, and earning distribution motion have been reviewed by the Audit Committee in accordance with the law, and it is considered to be of no inconsistency. To comply with the Article 14-4 of the Securities Exchange Act and the Article 219 of the Company Act, the reports have been properly issued. Please verify and confirm.

To

**ABILITY ENTERPRISE CO., LTD
2022 Annual Shareholders' Meeting**

Audit Committee Convener: Mr. Chen, Kuo Hong

April / 28 / 2022

Proposal 3: The Company's Endorsement and Guarantee Records of 2021

Note: As of 2021/12/31, Endorsement and Guarantee Balance Report

- I. As of December 31, 2021, the Company's Endorsement and Guarantee of the Affiliate Enterprises is as follows:
None.
- II. E-Pin Optical Industry Co., Ltd. (hereinafter called as "E-Pin") is the affiliate enterprise of Ability, As of Dec. 31, 2021, E-Pin's endorsement and guarantee of affiliate enterprise is as follows:

Unit: NT\$1,000

Object \ Item	Endorsement and Guarantee Balance	Endorsement and Guarantee Amount Guaranteed by Property	Total
Zhongshan Shanxin Accurate Industry Co., Ltd.	43,415	0	43,415
Total	43,415	0	43,415

As of December 31, 2021, E-Pin's endorsement and guarantee balance was NT\$43,415 thousand. According to E-Pin's "Procedures of Endorsement and Guarantee", the endorsement and guarantee ceiling was NT\$122,892 thousand. The maximum amount of endorsement and guarantee for a single affiliate enterprise was NT\$122,892 thousand. For both, the total amount did not exceed the prescribed limit.

Proposal 4: 2021 Employees' and Directors' Compensation Report

Note:

The employees' and directors' compensation in 2021 are NT\$75,629,230 and NT\$10,635,361 in cash respectively, which are appropriated in accordance with the Company's Articles of Incorporation considering the profits earned in 2021 and have been approved by the Company's Remuneration Committee and Board of Directors. There is a decrease of NT\$3,545,120 between the amounts of directors' compensation to be distributed and those recognized in the

financial statements in 2021, and such differences are recognized as profit or loss in 2022.

Proposal 5: Others

Note: Report on the implementation of the loans to the subsidiary:

- I. In accordance with Order No.1100337008 from Financial Supervisory Commission dated on April 1, 2021.
- II. Due to the necessity of short-term financing, the Company loaned the funds to its subsidiary, ANDROVIDEO INC. The loan has not been recovered after the one-year term expired, and the Board of Directors approved to extend the loan.
- III. Report on the implementation of the improvement plan: ANDROVIDEO INC. has completed the dissolution registration. The liquidation of ANDROVIDEO INC. was completed in December 2021 and declared by the local court .

II. Proposed Resolutions

Proposal 1: (submitted by the Board of Directors)

Cause: The Company's business reports and financial statements of 2021 were submitted for recognition.

Note:

- I. The Company's 2021 business reports and financial statements (including consolidated and individual financial statements) were approved by the Board of Directors, among which the financial statements were audited by PwC Taiwan's CPA, Ya-Hui Lin and Han-Chi Wu and the relative auditing reports are being presented as well.
- II. For the above-mentioned business reports, accountants' auditing reports, and financial statements, please refer to Attachment 1 and 2 listed in the page 14 – 37 of this handbook.

Resolution:

Proposal 2: (submitted by the Board of Directors)

Cause: The Company's 2021 earning distribution was submitted for recognition.

Note:

- I. The Company's earning distribution form of 2021 was approved by the Board of Directors and submitted to the shareholders' meeting for recognition.
- II. For the earning distribution form, please refer to Attachment 3, list in the page 38 of this handbook.

Resolution:

III. Discussions

Proposal 1: (submitted by the Board of Directors)

Cause: The Amendments of Company's "Articles of Incorporation" were submitted for discussion.

Note:

- I. In order to match the amendment of Company Act and the need of company operation, part of articles of "Articles of Incorporation" will be amended.
- II. For the before and after comparison table of the amendments, please refer to Attachment 4 listed in the page 39 – 40 of this handbook.

Resolution:

Proposal 2: (submitted by the Board of Directors)

Cause: The Amendments of the Company's "Procedures of Acquisition or Disposal of Assets" were submitted for discussion.

Note:

- I. According to the amendment of " Guidelines for Acquisition or Disposal of Assets by Public Companies" described in the notice (No: 1110380465) from Financial Supervisory Commission dated on January 28, 2022, the Company's "Procedures of Acquisition or Disposal of Assets" will be partially amended.
- II. For the before and after comparison table of the amended "Procedures of Acquisition or Disposal of Assets", please refer to Attachment 5 listed in page 41 – 72 of this handbook.

Resolution:

Proposal 3: (submitted by the Board of Directors)

Cause: The Amendments of the Company's " Rules and Procedure of the Shareholders' Meeting " were submitted for discussion.

Note:

- I. In order to match the amendment of Company Act and the need of company operation, part of articles of " Rules and Procedure of the Shareholders' Meeting " will be amended.
- II. For the before and after comparison table of the amended " Rules and Procedure of the Shareholders' Meeting ", please refer to Attachment 6 on listed in page 73 – 78 of this handbook.

Resolution:

IV. Election

Proposal 1: (submitted by the Board of Directors)

Cause: Re-election of all Company's Directors (including independent directors)

Note:

- I. The term of the current directors and supervisors will be expired on June 13, 2022. According to Company Act and Articles of Incorporation, 9 directors (including 3 independent directors) will be re-elected in the annual shareholders' meeting of 2022. The new directors' term of office will be of three years from June 21, 2022 to June 20, 2025 and will take office from the date elected in the annual shareholders' meeting of 2022.
- II. According to Articles of Incorporation, the election of the Company's directors (including independent directors) will be conducted by nomination of candidates. Shareholders shall vote for his chosen candidate from the nominated listed offered in the attachment page 79 – 82 of this handbook.
- III. For "Rules for Election of Directors", please refer to Appendix 2 listed in page 89 – 91 of this handbook.

Result of Election

V. Other

Proposal 1: (submitted by the Board of Directors)

Cause: Release the prohibition on the Company's newly-elected Directors from participation in competitive business.

Note:

- I. The accordance of this proposal is based on Article 209 of Company's Act, "A director who does anything which is within the scope of the company's business for himself or the others shall explain to shareholders its essential content and ask for the approval of shareholders."
- II. The directors may invest or run companies whose business range is similar to the Company and maybe assigned as directors or managers. If there is no damage on the company's advantage and benefit, hereby to propose to ask for shareholders' approval to release the prohibition on the director's participation in competitive business.
- III. The directors Candidates of the company who concurrently hold the positions of other companies are as follows :

Identification	Name of Candidates	Concurrent company name and position
Director	Representative of ViewQuest Investment Co., Ltd. : TSENG, MING-JEN	Chairman, Ability Tech. (Dongguan) Co., Ltd. Chairman, E-Pin Optical INDUSTRY CO., Ltd. Chairman, ABILITY ENTERPRISE (BVI) CO., LTD. Chairman, VIEWQUEST TECHNOLOGIES (BVI) INC. Director, VIEWQUEST TECHNOLOGIES INTERNATIONAL INC. Director, Ability I Venture Capital Corporation Independent Director, Howtech Technology Co., Ltd.
Director	Representative of Chia-Mei Investment Co., Ltd. : TONG, CHUN-JEN	Chairman, ABICO AVY CO., LTD. Chairman, AVY Industrial Co., Ltd. Chairman, ABICO Plus Entertainment Limited. Chairman, ARES OFFICE CO., LTD. Vice Chairman, ABICO NetCom Co., Ltd. Director, ABILITY INT'L TENANCY CO., LTD. Director, TAISHIBA INTERNATIONAL CO., LTD. Director, Taiwan Sanyo Electric Co., Ltd. Director, JABON International Co., Ltd. Director, SEINOH OPTICAL CO., LTD. Director, Ability I Venture Capital Corporation Director, HONLNN CO., LTD.

Identification	Name of Candidates	Concurrent company name and position
Director	Representative of Chia-Mei Investment Co., Ltd. : TONG, CHUN-YI	Chairman,DongGuan Cheng Guang Metal Products Co., Ltd. Chairman, ABICO INTERNATIONAL CO., LTD. Chairman, ABICO CAPITAL CO., LTD. Vice Chairman,ABICO AVY CO.,LTD. Director, AVY Industrial Co., Ltd. Director, ABICO Plus Entertainment Limited. Director, SEINOH OPTICAL CO., LTD. Director,Ability I Venture Capital Corporation. Director, JABON International Director, HONLYNN CO., LTD. Independent Director,SIRTEC INTERNATIONAL CO., LTD. Director,ABICO INVESTMENT DEVELOPMENT CO., LTD. Chairman,DAIICHI KASEI CO., LTD. Director, Gold Market Investments LTD. Director, SOL-PLUS (HK) CO., LIMITED. Director, SOL-PLUS Director, HIRASEIMITSU(THAILAND) CO.,LTD. Director, IKKA HOLDINGS (CAYMAN) LIMITED
Director	Representative of Chia-Mei Investment Co., Ltd. : CHANG, HSIAO-CHI	Chairman, HONLYNN CO., LTD. Chairman, ABILITY INT'L TENANCY CO., LTD. Chairman, ABILITY BIOTECH CO., LTD. Chairman, Ability Anchor Recycle Technology Services, Inc. Chairman, ABICO LIVING ROBOT CO., LTD. Chairman, ABILITY INTERNATIONAL GREEN ENERGY Director, ABICO NETCOM CO., LTD. Director, Jing Nen Co., Ltd. Director, EMPTECH Co., LTD. Director, TAISHIBA INTERNATIONAL CO., LTD.
Director	Representative of ABICO AVY CO.,LTD. : HU, SHIANG-CHI	Chairman, IKKA Holdings (Cayman) Limited Chairman, Netcom Co., Ltd Chairman, Abico Netcom Co., Ltd Chairman, Transystem Inc. Chairman /President, Ability I Venture Capital Corporation President, Abico Asia Capital Corporation President / Director,ABICO AVY Co.,Ltd. Executive Director, Beijing Health (Holdings) Limited Independent Director, Allis Electric Co., Ltd. Independent Director, JSL Construction & Developmet Co., Ltd. Director,Biotechnology Incorporation
Director	Representative of ABICO AVY CO., LTD. : CHAN, WEN-HSIUNG	Chairman, eChem Solutions Corp Chairman, iCatch Technology, Inc. Director, SUNPLUS TECHNOLOGY CO., LTD. Director, Fine Ace Asset Management CO., LTD. Director, OPALS CHEMICAL TECHNOLOGY LTD. Director, Oleader TECHNOLOGY CO., LTD. Independent Director, BIOSTAR MICROTECH INTERNATIONAL CORP. Independent Director, NIEN HSING TEXTILE CO., LTD.

Identification	Name of Candidates	Concurrent company name and position
Independent Director	HUANG, CHIH-CHEN	Chairman, Hundreds of events International CO., LTD. Director, JE Techno Corp. Independent Director, Auden Techno Corp.
Independent Director	HUANG, KUO-LUN	Chairman, DATADOT TECHNOLOGY TAIWAN CO., LTD. Chairman, MARCO POLO TECHNOLOGY CO., LTD.

Resolution:

VI. Extempore Motions

VII. Meeting Adjournment

III、Attachments

【Attachment 1】

Ability Enterprise Co., Ltd.

2021 Business Report

Dear shareholders:

I. The Business Operation of 2021

(I) The Business Operation

In 2021, the US-China trade conflict continued to affect the manufacturing industry. Worldwide epidemic spread and the countermeasure from each individual country led to the deterioration of market and economic environment. Materials were in short supply.

The international transportation cost keeps high without any hint of reduction. After years of the interest rate cuts to stimulate the economy, inflation skyrocketed, the policies of the central banks of various countries changed from stimulus to suppression, and the strategy of raising interest rates is to be gradually implemented. Many changes have made a great impact on the global economy, but they are also changing business patterns, such as increased demand for teleconferencing. Climate change is forcing the world to jointly face the reduction of carbon emissions and the transition to emission-free transportation.

In the face of this challenging external environment, Ability has adopted a multi-pronged approach to its operations and faced the opportunities brought forth by changes with a positive attitude. First, it disposes of the real estate in Nan-Gang to serve as the main source of funds for future business investment and the planning of the third manufacturing plant. Second, in terms of product research and development, the Company continues to develop technology applications such as optical imaging applications, edge computing, AIoT. Third, the three major areas of business operation are: (1) video application products, such as 360 degrees panoramic cameras for commercial use, video conference products (2) Edge computing and smart application products such as vehicle cameras and surveillance, and (3) Optical components & image modules. In terms of business promotion, in addition to self-marketing efforts, such as participating in exhibitions to increase exposure, the Company also adopts strategic cooperation with partners in-depth collaboration to promote

businesses hand in hand. Few cases for reference, for vehicle lenses, the Company cooperates with Tier IV, a Japanese company focusing on the solution of autonomous driving; the Company also cooperates with companies in the United States and Canada to promote international city surveillance.

(II) Revenue and Profit (Loss) of 2021:

Ability Enterprise's consolidated operating revenue of 2021 is NT\$3,575,369 thousand, and the operating loss is NT\$331,358 thousand. The net profit after tax attributable to the parent company is NT\$684,119 thousand and the earnings per share are NT\$2.42.

II. The Business Operation and R&D of 2022:

The global business model was originally expected to return to normal with the gradual increase in the vaccination rate of COVID-19. However, the protective lockdown for pandemic prevention in Greater China Region has not been completely lifted, and it is still a severe challenge to the supply and sales of consumer electronic products. The Russo-Ukrainian war caused some countries to impose economic and trade sanctions on Russia, which exacerbated the chaos in the supply chain. The prices of raw materials and oil have increased. In 2022, we will face new situations such as "stagflation" concerns and interest rate hikes. The living and consumption habits of the general public will change due to the pandemic and the hidden worries about the economic outlook.

Technological manufacturing appears to the changes in lifestyles. Therefore, the Company continues to pay attention to changes in the external environment, keeps close contact and cooperates with clients and manufacturers, seizes the opportunities arising from changes, and engages in R&D to manufacture products that are appropriate and adapt to the changing demands. This is going to bring growth to the Company in 2022.

As a sustainable enterprise, Ability must develop competitiveness in any environment, the capability to innovate in research and development, and the drive for marketing challenges. Ability combined the AI and cloud applications with the basic technology of optical-electro-mechanical integration and core image processing technologies. The Company is still committed to the development and manufacturing of optical products that meet the needs of social lifestyles. Continuing our efforts in marketing in 2021,

we seize all possible opportunities to work with different international partners to design and manufacture our new optical products to meet the needs of their marketing fields and to market the new products in Asia, America, and Europe.

The management team will adjust the organization flexibly to respond to the demands, recruit R&D personnel to increase the breadth of R&D, and support the sales team to promote products. We enhance mutual trust with suppliers to reduce costs. There are several solid operation methods have been executed. The non-core assets were sold to increase cash flow and fund for future business development. strengthen corporate governance to win the support of legal persons and foreign shareholders, and engaged in other specific business practices as well. Realizing operational growth, fulfilling corporate social responsibility, safeguarding shareholders' equity, and sharing business performance with our shareholders, clients and employees are the goals of the management team.

We deeply appreciate every shareholder's support of Ability!

Wish you healthy and smooth in your daily lives.

Chairman: TSENG, MING-JEN

President: CHANG, HSIAO-CHI

Accounting Manager: LIN, HSIN-CHUN

【Attachment 2】

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR21000446

To the Board of Directors and Shareholders of Ability Enterprise Co., Ltd. and subsidiaries

Opinion

We have audited the accompanying consolidated balance sheets of Ability Enterprise Co., Ltd. and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (refer to Other Matter – Scope of the Audit section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Assessment of allowance for inventory valuation loss

Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventory. As of December 31, 2021, the balances of the Group's inventory and allowance for inventory valuation loss were NT\$1,259,040 thousand and NT\$265,770 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of digital camera, optical products and components. Due to rapid changes in technology innovations, short life cycles of electronic products and fluctuations in market prices, there is higher risk of incurring inventory valuation losses or obsolescence. The Group recognises inventories at the lower of cost and net realisable value; for inventories which are separately identified as obsolete and damaged, the Group recognises loss through net realisable value. An allowance for inventory valuation loss mainly arises from inventories aged over a certain period and separately identified obsolete inventory. As the amount of inventory is material, inventory items are numerous, and the net realisable value of obsolete and damaged inventories is subject to management

judgement, we considered the assessment of the allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- Ascertained whether the policies on allowance for inventory valuation losses are reasonable and consistently applied in all the periods.
- Obtained an understanding of the method used in determining the net realisable value, sampled and tested whether the net realisable values were calculated in accordance with the abovementioned method.
- Discussed with management the estimated net realisable value of separately identified obsolete and damaged inventories, obtained and corroborated against supporting documents and recalculated the allowance provision.

Impairment assessment of property, plant and equipment and investment property

Description

Refer to Notes 4(16) and (18) for accounting policies on property, plant and equipment and investment property, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on property, plant and equipment impairment, and Notes 6(9) and (11) for account details of property, plant and equipment and investment property. As of December 31, 2021, the balance of property, plant and equipment and investment property totaled to NT\$3,266,632 thousand.

The property, plant and equipment and investment property primarily consist of land, buildings and structures, constituting 36% of total assets. The domestic property value has been significantly affected by the factors of market supply and demand situation, natural disasters, government policies, economic situation and the uncertainty of property valuation as well as the risk of asset impairment. Thus, we considered the impairment assessment of property, plant and equipment and investment property a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the impairment assessment of property, plant and equipment and investment property:

- Verified external information (or the most recent transaction price for similar property) to identify any potential impairment indicators for property, plant and equipment and investment property.
- Assessed the reasonableness of the recoverable amounts of property, plant and equipment and investment property, and evaluated the impairment assessment based on the most recent transaction price for similar property.

Other matter – Scope of the audit

We did not audit the financial statements of a wholly-owned consolidated subsidiary and investments accounted for under equity method that are included in the financial statements, which statements reflect total assets (including investments accounted for using equity method) of NT\$23,686 thousand and NT\$64,878 thousand, constituting 0.26% and 0.71% of consolidated total assets as of December 31, 2021 and 2020, respectively, operating revenues of NT\$0 and NT\$32,962 thousand, constituting 0% and 0.96% of the consolidated total net operating revenue for the years then ended, respectively, and the related share of profit (loss) of associates and joint ventures accounted for under equity method of NT\$5,730 thousand and (NT\$74,486) thousand, constituting 0.68% and 9.58% of consolidated total comprehensive income (loss) for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein relative to the consolidated subsidiary and investees, is based solely on the audit reports of the other auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion with other matter section on the parent company

only financial statements of Ability Enterprise Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going 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.

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

Auditors’ responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- A. 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.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. 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.

F. Obtain sufficient 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 consolidated financial statements of the current period 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.

Lin, Ya-Hui

Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,137,166	24	\$ 2,498,472	27
1110	Financial assets at fair value through profit or loss - current	6(2)	16,101	-	16,073	
1120	Current financial assets at fair value through other comprehensive income	6(3)	413,429	4	279,967	3
1136	Current financial assets at amortised cost	6(4)	65,123	1	218,240	2
1170	Accounts receivable, net	6(5) and 7	813,800	9	529,291	6
130X	Inventory	6(6)	993,270	11	496,549	6
1470	Other current assets	6(7)	154,283	2	129,947	2
11XX	Total current assets		4,593,172	51	4,168,539	46
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	793,580	9	650,592	7
1550	Investments accounted for under equity method	6(8)	61,559	1	58,476	1
1600	Property, plant and equipment	6(9) and 8	3,192,847	35	3,248,040	36
1755	Right-of-use assets	6(10)	84,981	1	105,938	1
1760	Investment property - net	6(11)	73,785	1	644,111	7
1780	Intangible assets	6(12)	10,169	-	9,446	-
1840	Deferred income tax assets	6(29)	99,712	1	211,985	2
1900	Other non-current assets		55,392	1	34,056	-
15XX	Total non-current assets		4,372,025	49	4,962,644	54
1XXX	Total assets		\$ 8,965,197	100	\$ 9,131,183	100

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2021		December 31, 2020	
Notes			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 266,979	3	\$ 1,370,415	15
2170	Accounts payable	7	921,563	10	726,066	8
2200	Other payables	6(15)	814,400	9	765,999	8
2230	Current income tax liabilities		5,739	-	4,469	-
2250	Current provisions	6(18)	55,000	1	72,106	1
2280	Current lease liabilities		13,557	-	17,114	-
2300	Other current liabilities	6(23)	209,411	2	193,130	2
21XX	Total current liabilities		2,286,649	25	3,149,299	34
Non-current liabilities						
2580	Non-current lease liabilities		5,041	-	19,873	-
2600	Other non-current liabilities		56,854	1	65,553	1
25XX	Total non-current liabilities		61,895	1	85,426	1
2XXX	Total liabilities		2,348,544	26	3,234,725	35
Equity						
Equity attributable to owners of parent						
	Share capital	6(19)				
3110	Common stock		2,877,213	32	2,823,628	31
	Capital surplus	6(20)				
3200	Capital surplus		1,339,848	15	1,563,494	18
	Retained earnings	6(21)				
3310	Legal reserve		1,655,947	19	1,655,947	18
3320	Special reserve		654,447	7	654,447	7
3350	Unappropriated retained earnings					
	(Accumulated deficit)		686,297	8	(86,830)	(1)
	Other equity interest	6(22)				
3400	Other equity interest		(898,689)	(10)	(990,343)	(11)
31XX	Equity attributable to owners of the parent		6,315,063	71	5,620,343	62
36XX	Non-controlling interest		301,590	3	276,115	3
3XXX	Total equity		6,616,653	74	5,896,458	65
3X2X	Total liabilities and equity		\$ 8,965,197	100	\$ 9,131,183	100

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

				Year ended December 31	
		2021		2020	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(23) and 7	\$ 3,575,369	100	\$ 3,442,017	100
5000 Operating costs	6(6)(28) and 7	(2,699,501)	(75)	(2,855,114)	(83)
5950 Net operating margin		875,868	25	586,903	17
Operating expenses	6(28)				
6100 Selling expenses		(103,749)	(3)	(113,390)	(3)
6200 General and administrative expenses		(465,593)	(13)	(452,466)	(13)
6300 Research and development expenses		(633,633)	(18)	(637,095)	(19)
6450 Impairment loss determined in accordance with IFRS 9	12(2)	(4,251)	-	(250)	-
6000 Total operating expenses		(1,207,226)	(34)	(1,203,201)	(35)
6900 Operating loss		(331,358)	(9)	(616,298)	(18)
Non-operating income and expenses					
7100 Interest income	6(24)	9,550	-	25,616	1
7010 Other income	6(25)	64,725	2	66,353	2
7020 Other gains and losses	6(26)	1,182,378	33	72,930	2
7050 Finance costs	6(27)	(9,871)	-	(12,810)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(8)	6,585	-	3,426	-
7000 Total non-operating income and expenses		1,253,367	35	155,515	5
7900 Profit (loss) before income tax		922,009	26	(460,783)	(13)
7950 Income tax (expense) benefit	6(29)	(201,497)	(6)	15,881	-
8200 Profit (loss) for the year		\$ 720,512	20	(\$ 444,902)	(13)

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

		Year ended December 31			
Items	Notes	2021		2020	
		AMOUNT	%	AMOUNT	%

The accompanying notes are an integral part of these parent company only financial statements.

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent

	Notes	Share capital - common stock	Total capital surplus, additional paid- in capital	Retained Earnings		Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
				Legal reserve	Special reserve					
<u>Year ended December 31, 2020</u>										
Balance at January 1, 2020		\$ 2,823,628	\$ 1,563,494	\$ 1,655,947	\$ 426,178	\$ 678,398	(\$ 654,447)	\$ 6,493,198	\$ 265,503	\$ 6,758,701
Loss for 2020		-	-	-	-	(459,802)	-	(459,802)	14,900	(444,902)
Other comprehensive income (loss) for 2020		-	-	-	-	7,552	(335,896)	(328,344)	(4,288)	(332,632)
Total comprehensive income (loss)		-	-	-	-	(452,250)	(335,896)	(788,146)	10,612	(777,534)
Appropriations of 2019 earnings	6(21)									
Special reserve		-	-	-	228,269	(228,269)	-	-	-	-
Cash dividends		-	-	-	-	(84,709)	-	(84,709)	-	(84,709)
Balance at December 31, 2020		<u>\$ 2,823,628</u>	<u>\$ 1,563,494</u>	<u>\$ 1,655,947</u>	<u>\$ 654,447</u>	<u>(\$ 86,830)</u>	<u>(\$ 990,343)</u>	<u>\$ 5,620,343</u>	<u>\$ 276,115</u>	<u>\$ 5,896,458</u>
<u>Year ended December 31, 2021</u>										
Balance at January 1, 2021		\$ 2,823,628	\$ 1,563,494	\$ 1,655,947	\$ 654,447	(\$ 86,830)	(\$ 990,343)	\$ 5,620,343	\$ 276,115	\$ 5,896,458
Profit for 2021		-	-	-	-	684,119	-	684,119	36,393	720,512
Other comprehensive income (loss) for 2021		-	-	-	-	2,178	134,764	136,942	(10,918)	126,024
Total comprehensive income (loss)		-	-	-	-	686,297	134,764	821,061	25,475	846,536
Appropriation of 2020 earnings	6(21)									
Cash dividends		-	(141,181)	-	-	-	-	(141,181)	-	(141,181)
Capital surplus used to offset accumulated deficit	6(20)	-	(86,830)	-	-	86,830	-	-	-	-
Compensation cost of share-based payment	6(17)	-	199	-	-	-	14,641	14,840	-	14,840
Issuance of employee restricted shares	6(17)	53,585	4,166	-	-	-	(57,751)	-	-	-
Balance at December 31, 2021		<u>\$ 2,877,213</u>	<u>\$ 1,339,848</u>	<u>\$ 1,655,947</u>	<u>\$ 654,447</u>	<u>\$ 686,297</u>	<u>(\$ 898,689)</u>	<u>\$ 6,315,063</u>	<u>\$ 301,590</u>	<u>\$ 6,616,653</u>

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		\$ 922,009	(\$ 460,783)
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(28)	208,983	238,281
Amortisation	6(28)	6,068	8,619
Expected credit loss	12(2)	4,251	250
Net gain on financial assets or liabilities at fair value through profit or loss		(28)	(66)
Compensation cost of share-based payment	6(17)	14,840	-
Interest expense	6(27)	9,871	12,810
Interest income	6(24)	(9,550)	(25,616)
Dividend income	6(25)	(29,018)	(27,170)
Share of profit or loss of associates and joint ventures accounted for under equity method	6(8)	(6,585)	(3,426)
Gain on disposal of property, plant, and equipment	6(26)	(10,065)	(4,339)
Impairment loss	6(13)(26)	-	70,456
Gain on disposal of non-current assets held for sale	6(26)	(1,137,067)	-
Gain on lease modification	6(10)	(37)	(8)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Accounts receivable, net		(284,703)	98,723
Inventories		(511,004)	85,168
Other current assets		(25,897)	113,632
Net changes in liabilities relating to operating activities			
Accounts payable		212,351	(168,992)
Other payables		68,532	(12,000)
Other current liabilities		(624)	(195,155)
Other non-current liabilities		(2,280)	(7,406)
Cash outflow generated from operations		(569,953)	(277,022)
Interest received		9,550	25,616
Dividends received		32,318	28,129
Interest paid		(9,871)	(12,810)
Income tax paid		(87,629)	(32,672)
Net cash flows used in operating activities		(625,585)	(268,759)

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	6(3)	(\$ 123,182)	\$ -
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		31,105	9,095
Acquisition of investments accounted for under the equity method		-	(36,671)
Proceeds from disposal of financial assets at amortised cost		153,117	104,072
Proceeds from disposal of non-current assets held for sale		1,702,465	-
Acquisition of property, plant and equipment	6(9)	(140,677)	(181,248)
Proceeds from disposal of property, plant and equipment		18,990	25,320
Acquisition of intangible assets	6(12)	(6,791)	(6,323)
Increase in other non-current assets		(21,336)	(750)
Net cash flows from (used in) investing activities		1,613,691	(86,505)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans		(1,103,436)	280,415
Payments of lease liabilities		(14,444)	(20,120)
Payment of cash dividends	6(21)	(141,181)	(84,709)
(Decrease) increase in other non-current liabilities		(3,241)	28
Net cash flows (used in) from financing activities		(1,262,302)	175,614
Net effect of changes in foreign currency exchange rates		(87,110)	(131,351)
Net decrease in cash and cash equivalents		(361,306)	(311,001)
Cash and cash equivalents at beginning of year		2,498,472	2,809,473
Cash and cash equivalents at end of year		\$ 2,137,166	\$ 2,498,472

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ability Enterprise Co., Ltd.

PWCR21000453

Opinion

We have audited the accompanying balance sheets of Ability Enterprise Co., Ltd. (the "Company") as at December 31, 2021 and 2020, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to *Other Matter* section), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Assessment of allowance for inventory valuation loss

Description

Refer to Note 4(11) for accounting policies on inventory valuation, Note 6(5) for account details on investments accounted for using equity method and Tables 7 and 8 for further information on investees accounted for using equity method.

As of December 31, 2021, inventories and allowance for inventory valuation loss amounted to NT\$134,875 thousand and NT\$75,054 thousand, respectively, while the investments accounted for using equity method amounted to NT\$3,515,266 thousand. The Company's direct and indirect wholly-owned subsidiary, Ability Technology (Dongguan) Co., Ltd., is the main operating entity and is primarily engaged in manufacturing and sales of digital cameras, optical devices as well as related parts and components. Due to rapid technological innovations, short life cycles of electronic products and fluctuations in market prices, there is higher risk in inventory valuation losses and obsolescence. The subsidiary recognises inventories at the lower of cost and net realisable value and assesses excess inventories and those separately identified as obsolete.

Since the net realisable value used in the evaluation of obsolete inventories involves significant judgments and high estimation uncertainty, the inventories of Ability Technology (Dongguan) Co., Ltd. has a significant impact on the individual financial statements. Therefore, we considered the assessment of the allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures with respect to excess inventories and those separately identified as obsolete or damaged:

- A. Ascertained whether the policies on allowance for inventory valuation losses are consistently applied in all the periods.
- B. Understood the method used by management in determining the net realisable value, and sampled and tested whether the net realisable values were calculated in accordance with the abovementioned method.
- C. Discussed with management the estimated net realisable value of separately identified obsolete and damaged inventories, obtained and corroborated against supporting documents and recalculated the allowance provision.

Impairment assessment of property, plant and equipment and investment property

Description

Refer to Notes 4(13) and (15) for accounting policies on impairment of property, plant and equipment and investment property, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on impairment of property, plant and equipment, and Notes 6(6) and (8) for account details of property, plant and equipment and investment property. As of December 31, 2021, property, plant and equipment and investment property amounted to NT\$2,384,597 thousand.

The Company's property, plant and equipment and investment property primarily consist of land, buildings and structures, constituting 28% of total assets. Asset valuation is subject to factors such as equilibrium in real estate market, natural disasters, government policies and economic situation. Risk of asset impairment exists given the uncertainty of real estate valuation. Hence, we considered the impairment assessment of property, plant and equipment and investment property a key audit matter.

How our audit addressed the matter

We performed the following audit procedures with respect to impairment assessment of property, plant and equipment and investment property:

- A. Reviewed external information (or the most recent transaction price for similar property) to identify any potential impairment indicators for property, plant and equipment and investment property.
- B. Assessed the reasonableness of the recoverable amounts of property, plant and equipment and investment property, and evaluated the impairment assessment based on the most recent transaction price for similar property.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method (including long-term equity investments with credit balances) amounted to NT\$23,686 thousand and (NT\$142,171) thousand, constituting 0.28% and 1.59% of the total assets as at December 31, 2021 and 2020, respectively, and the share of profit (loss) recognised from investees accounted for under the equity method amounted to NT\$5,730 thousand and (NT\$148,374) thousand, constituting 0.70% and 18.83% of the total comprehensive loss for the years then ended, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- A. Identify and assess the risks of material misstatement of the 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.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period 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.

Juanlu, Man-Yu

Lin, Ya-Hui

For and on behalf of PricewaterhouseCoopers, Taiwan
March 24, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

			December 31, 2021		December 31, 2020	
Assets		Notes	AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,165,739	14	\$ 1,527,082	17
1170	Accounts receivable, net	6(3) and 7	425,427	5	158,913	2
130X	Inventories	6(4)	59,791	-	35,733	-
1470	Other current assets	7	77,350	1	246,327	3
11XX	Total current assets		1,728,307	20	1,968,055	22
Non-current assets						
1517	Non-current financial assets at fair value through profit or loss	6(2)	719,898	9	635,592	7
1550	Investments accounted for using equity method	6(5)	3,515,266	42	3,258,342	36
1600	Property, plant and equipment	6(6), 7 and 8	2,310,812	27	2,366,395	26
1755	Right-of-use assets	6(7)	1,573	-	3,201	-
1760	Investment property, net	6(8)	73,785	1	644,111	7
1780	Intangible assets		9,368	-	8,636	-
1840	Deferred tax assets	6(21)	86,715	1	198,775	2
1900	Other non-current assets		23,809	-	28,263	-
15XX	Total non-current assets		6,741,226	80	7,143,315	78
1XXX	Total assets		\$ 8,469,533	100	\$ 9,111,370	100

(Continued)

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2021		December 31, 2020	
Notes			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ -	-	\$ 1,200,000	13
2150	Notes payable		604	-	-	-
2170	Accounts payable	7	1,403,791	16	1,421,636	16
2200	Other payables	6(10)	495,499	6	462,760	5
2250	Provisions for liabilities - current	6(13)	55,000	1	72,106	1
2280	Current lease liabilities		1,621	-	1,629	-
2300	Other current liabilities	6(17)	165,465	2	124,808	1
21XX	Total current liabilities		2,121,980	25	3,282,939	36
Non-current liabilities						
2580	Non-current lease liabilities		-	-	1,621	-
2600	Other non-current liabilities	6(5)(11)	32,490	-	206,467	2
25XX	Total non-current liabilities		32,490	-	208,088	2
2XXX	Total liabilities		2,154,470	25	3,491,027	38
Equity						
	Share capital	6(14)				
3110	Common stock		2,877,213	34	2,823,628	31
	Capital surplus	6(15)				
3200	Capital surplus		1,339,848	16	1,563,494	18
	Retained earnings	6(16)				
3310	Legal reserve		1,655,947	20	1,655,947	18
3320	Special reserve		654,447	8	654,447	7
3350	Unappropriated retained earnings					
	(accumulated deficit)		686,297	8	(86,830)	(1)
	Other equity interest					
3400	Other equity interest		(898,689)	(11)	(990,343)	(11)
3XXX	Total equity		6,315,063	75	5,620,343	62
3X2X	Total liabilities and equity		\$ 8,469,533	100	\$ 9,111,370	100

The accompanying notes are an integral part of these parent company only financial statements.

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

		Year ended December 31			
Items	Notes	2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17) and 7	\$ 2,230,373	100	\$ 2,064,103	100
5000 Operating costs	6(4)(21) and 7	(1,831,415)	(82)	(1,634,287)	(79)
5950 Gross profit from operations		<u>398,958</u>	<u>18</u>	<u>429,816</u>	<u>21</u>
Operating expenses	6(21)				
6100 Selling expenses		(68,720)	(3)	(61,926)	(3)
6200 Administrative expenses		(308,989)	(14)	(294,489)	(14)
6300 Research and development expenses		(501,574)	(22)	(465,737)	(23)
6450 (Impairment loss) impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	(5,379)	-	310	-
6000 Total operating expenses		<u>(884,662)</u>	<u>(39)</u>	<u>(821,842)</u>	<u>(40)</u>
6900 Net operating loss		<u>(485,704)</u>	<u>(21)</u>	<u>(392,026)</u>	<u>(19)</u>
Non-operating income and expenses					
7100 Interest income	6(18)	1,706	-	10,775	-
7010 Other income	6(19)	33,175	1	52,390	3
7020 Other gains and losses	6(20)	1,159,312	52	(7,352)	-
7050 Finance costs		(5,718)	-	(10,216)	(1)
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method, net	6(5)	<u>152,786</u>	<u>7</u>	<u>(150,326)</u>	<u>(7)</u>
7000 Total non-operating income and expenses		<u>1,341,261</u>	<u>60</u>	<u>(104,729)</u>	<u>(5)</u>
7900 Profit (loss) before income tax		<u>855,557</u>	<u>39</u>	<u>(496,755)</u>	<u>(24)</u>
7950 Income tax (expense) benefit	6(22)	(171,438)	(8)	36,953	2
8200 Profit (loss) for the year		<u>\$ 684,119</u>	<u>31</u>	<u>(\$ 459,802)</u>	<u>(22)</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains on remeasurements of defined benefit plan	6(11)	\$ 2,175	-	\$ 9,849	1
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	50,911	2	(117,705)	(6)
8330 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		156,385	7	(115,506)	(6)
8349 Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss	6(22)	(435)	-	(1,970)	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>209,036</u>	<u>9</u>	<u>(225,332)</u>	<u>(11)</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation		(72,094)	(3)	(103,012)	(5)
8360 Other comprehensive loss that will be reclassified to profit or loss		<u>(72,094)</u>	<u>(3)</u>	<u>(103,012)</u>	<u>(5)</u>
8300 Total other comprehensive income (loss)		<u>\$ 136,942</u>	<u>6</u>	<u>(\$ 328,344)</u>	<u>(16)</u>
8500 Total comprehensive income (loss)		<u>\$ 821,061</u>	<u>37</u>	<u>(\$ 788,146)</u>	<u>(38)</u>
Earnings (loss) per share	6(23)				
9750 Basic earnings (loss) per share		<u>\$ 2.42</u>		<u>(\$ 1.63)</u>	
9850 Diluted earnings (loss) per share		<u>\$ 2.40</u>		<u>(\$ 1.63)</u>	

The accompanying notes are an integral part of these parent company only financial statements.

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings				Other Equity Interest				
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity, others	Total equity	
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations			
<u>Year ended December 31, 2020</u>										
Balance at January 1, 2020		\$ 2,823,628	\$ 1,563,494	\$ 1,655,947	\$ 426,178	\$ 678,398	(\$ 168,756)	(\$ 485,691)	\$ 6,493,198	
Loss for 2020		-	-	-	-	(459,802)	-	-	(459,802)	
Other comprehensive income (loss) for 2020		-	-	-	-	7,552	(103,012)	(232,884)	(328,344)	
Total comprehensive income (loss) for 2020		-	-	-	-	(452,250)	(103,012)	(232,884)	(788,146)	
Appropriations of 2019 earnings	6(16)									
Special reserve		-	-	-	228,269	(228,269)	-	-	-	
Cash dividends		-	-	-	-	(84,709)	-	-	(84,709)	
Balance at December 31, 2020		<u>\$ 2,823,628</u>	<u>\$ 1,563,494</u>	<u>\$ 1,655,947</u>	<u>\$ 654,447</u>	<u>(\$ 86,830)</u>	<u>(\$ 271,768)</u>	<u>(\$ 718,575)</u>	<u>\$ 5,620,343</u>	
<u>Year ended December 31, 2021</u>										
Balance at January 1, 2021		\$ 2,823,628	\$ 1,563,494	\$ 1,655,947	\$ 654,447	(\$ 86,830)	(\$ 271,768)	(\$ 718,575)	\$ 5,620,343	
Profit for 2021		-	-	-	-	684,119	-	-	684,119	
Other comprehensive income (loss) for 2021		-	-	-	-	2,178	(72,094)	206,858	136,942	
Total comprehensive income (loss) for 2021		-	-	-	-	686,297	(72,094)	206,858	821,061	
Appropriations of 2020 earnings	6(16)									
Cash dividends		-	(141,181)	-	-	-	-	-	(141,181)	
Capital surplus used to offset accumulated deficit	6(15)	-	(86,830)	-	-	86,830	-	-	-	
Compensation cost of share-based payment	6(12)	-	199	-	-	-	-	14,641	14,840	
Issuance of employee restricted shares		53,585	4,166	-	-	-	-	(57,751)	-	
Balance at December 31, 2021		<u>\$ 2,877,213</u>	<u>\$ 1,339,848</u>	<u>\$ 1,655,947</u>	<u>\$ 654,447</u>	<u>\$ 686,297</u>	<u>(\$ 343,862)</u>	<u>(\$ 511,717)</u>	<u>\$ 6,315,063</u>	

The accompanying notes are an integral part of these parent company only financial statements.

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		\$ 855,557	(\$ 496,755)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(21)	81,116	93,862
Amortisation	6(21)	5,383	4,539
Expected credit loss (gain)	12(2)	5,379	(310)
Compensation cost of share-based payment	6(12)	14,840	-
Interest expense		5,718	10,216
Interest income	6(18)	(1,706)	(10,775)
Dividend income	6(19)	(11,010)	(13,513)
Share of (profit) loss of associates and joint ventures accounted for using the equity method	6(5)	(152,786)	150,326
Gain on disposal of property, plant, equipment	6(20)	(216)	(1,038)
Gain on disposal of non-current assets held for sale	6(20)	(1,137,067)	-
Gain on lease modification	6(7)	-	(8)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net	(	271,893)	129,444
Inventories	(	24,058)	44,178
Other current assets	(	17,870)	121,360
Changes in operating liabilities			
Notes payable		604	-
Accounts payable	(	17,845)	(517,103)
Other payables		32,739	19,848
Provisions	(	17,106)	(26,556)
Other current liabilities		40,657	(105,227)
Other non-current liabilities	(	2,139)	(6,102)
Cash outflow generated from operations	(	611,703)	(603,614)
Interest received		1,706	10,775
Dividends received		14,738	435,449
Interest paid	(	5,718)	(10,216)
Income tax paid	(	59,967)	(2,614)
Net cash flows used in operating activities	(	660,944)	(170,220)

(Continued)

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	(\$ 64,500)	\$ -
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		31,105	9,095
Acquisition of investments accounted for using equity method	6(5)	- (	36,671)
Acquisition of property, plant and equipment	6(6)	(18,977)	(27,501)
Proceeds from disposal of property, plant and equipment		216	1,277
Proceeds from disposal of non-current assets held for sale		1,702,465	-
Acquisition of intangible assets		(6,115)	(6,322)
Increase in other current assets		- (	78,000)
Decrease (increase) in other non-current assets		4,454 (	3,862)
Net cash flows from (used in) investing activities		1,648,648 (	141,984)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		-	250,000
Repayments of short-term loans		(1,200,000)	-
(Decrease) increase in other non-current liabilities		(6,237)	251
Payments of lease liabilities		(1,629)	(2,508)
Payment of cash dividends	6(16)	(141,181)	(84,709)
Net cash flows (used in) from financing activities		(1,349,047)	163,034
Net decrease in cash and cash equivalents		(361,343)	(149,170)
Cash and cash equivalents at beginning of year		1,527,082	1,676,252
Cash and cash equivalents at end of year		\$ 1,165,739	\$ 1,527,082

The accompanying notes are an integral part of these parent company only financial statements.

【Attachment 3】

ABILITY ENTERPRISE CO., LTD

Earning Distribution Table

2021

Unit: New Taiwan Dollars (NT\$)

Item	Amount
Initial Undistributed Earnings	0
Add: 2021 Retained Earnings	2,177,838
Undistributed Earnings after adjustment	2,177,838
Add: Net Profit after Tax of this Year	684,117,934
Minus: Statutory Surplus Reserve	(68,629,577)
Minus: Special Capital Reserve	(201,130,031)
Distributable net profit	416,536,164
Distributable Items	
Cash Dividends NT\$1 per share (Note 1)	287,582,312
Unappropriated retained earnings	128,953,852

Note 1: The cash dividends to shareholders is NT\$1 per share, which is proposed to the shareholders' meeting for approval. Before the record date, if the dividend rate will be modified because share population volume is changed since the company buys back the shares or other causes, BOD authorizes the CEO to decide the modification.

Note 2: This distribution is made from 2021 earnings.

Note 3: For the proposal of dividends distribution, after the resolution of the shareholders' meeting, the BOD authorizes CEO to set a record date and payment date.

CEO:
TSENG, MING-JEN

President:
CHANG, SHIAO-CHI

Accounting Manager:
LIN, HSIN-CHUN

【 Attachment 4 】

ABILITY ENTERPRISE CO., LTD Comparison Table of Articles of Incorporation (Before and After the Revision)

Articles and Contents before Revision		Articles and Contents After Revision		Revision Reason
A R T I C L E 12	The shareholders' meeting can be divided into two types: ordinary and extraordinary. Ordinary meetings are held once a year, and are convened by the Board of Directors within six months after the end of each fiscal year, unless there are justifiable reasons for not doing so as approved by the competent authorities, in which case an extraordinary meeting may be convened when necessary and in accordance with the law.	A R T I C L E 12	The shareholders' meeting can be divided into two types: ordinary and extraordinary. Ordinary meetings are held once a year, and are convened by the Board of Directors within six months after the end of each fiscal year, unless there are justifiable reasons for not doing so as approved by the competent authorities, in which case an extraordinary meeting may be convened when necessary and in accordance with the law. <u>When the company's shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.</u>	Amendments were made to operate in coordination with the Company Act.
A R T I C L E 18	Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.	A R T I C L E 18	Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within <u>15</u> days after the conclusion of the meeting.	Amendments were made to operate in coordination with the Company Act.
A R T I C L E 32	The Articles of Incorporation was established on May 10, 1965. 1 st revision - October 26, 1966. 2 nd revision - December 1, 1966. 3 rd revision - July 6, 1969. 4 th revision - March 1, 1971. 5 th revision - August 5, 1972. 6 th revision - May 14, 1973. 7 th revision - July 1, 1976. 8 th revision - March 11, 1979. 9 th revision - February 8, 1984. 10 th revision - September 1, 1986. 11 th revision - December 1, 1986. 12 th revision - March 2, 1987. 13 th revision - January 28, 1988. 14 th revision - July 20, 1988. 15 th revision - August 15, 1989. 16 th revision - September 5, 1989. 17 th revision - May 7, 1990. 18 th revision - October 19, 1990. 19 th revision - August 20, 1991. 20 th revision - June 15, 1992. 21 st revision - July 11, 1992. 22 nd revision - March 4, 1993. 23 rd revision - May 8, 1993. 24 th revision - May 9, 1994. 25 th revision - May 23, 1995. 26 th revision - May 6, 1996. 27 th revision - May 8, 1997.	A R T I C L E 32	The Articles of Incorporation was established on May 10, 1965. 1 st revision - October 26, 1966. 2 nd revision - December 1, 1966. 3 rd revision - July 6, 1969. 4 th revision - March 1, 1971. 5 th revision - August 5, 1972. 6 th revision - May 14, 1973. 7 th revision - July 1, 1976. 8 th revision - March 11, 1979. 9 th revision - February 8, 1984. 10 th revision - September 1, 1986. 11 th revision - December 1, 1986. 12 th revision - March 2, 1987. 13 th revision - January 28, 1988. 14 th revision - July 20, 1988. 15 th revision - August 15, 1989. 16 th revision - September 5, 1989. 17 th revision - May 7, 1990. 18 th revision - October 19, 1990. 19 th revision - August 20, 1991. 20 th revision - June 15, 1992. 21 st revision - July 11, 1992. 22 nd revision - March 4, 1993. 23 rd revision - May 8, 1993. 24 th revision - May 9, 1994. 25 th revision - May 23, 1995. 26 th revision - May 6, 1996. 27 th revision - May 8, 1997.	Add Revision Date

Articles and Contents before Revision		Articles and Contents After Revision		Revision Reason
	28 th revision - May 26, 1998. 29 th revision - May 24, 1999. 30 th revision - May 15, 2000. 31 st revision - May 31, 2001. 32 nd revision - May 27, 2002. 33 rd revision - August 23, 2002. 34 th revision - April 30, 2003. 35 th revision - June 13, 2005. 36 th revision - June 12, 2006. 37 th revision - June 13, 2008. 38 th revision - June 16, 2009. 39 th revision - June 17, 2010. 40 th revision - June 17, 2011. 41 st revision - June 22, 2012. 42 nd revision - June 21, 2013. 43 rd revision - June 17, 2014. 44 th revision - June 23, 2015. 45 th revision - June 29, 2016 46 th revision - June 23, 2017 47 th revision - June 14, 2019 48 th revision – June 17, 2020 49 th revision – June 15, 2021		28th revision - May 26, 1998. 29th revision - May 24, 1999. 30th revision - May 15, 2000. 31st revision - May 31, 2001. 32nd revision - May 27, 2002. 33rd revision - August 23, 2002. 34th revision - April 30, 2003. 35th revision - June 13, 2005. 36th revision - June 12, 2006. 37th revision - June 13, 2008. 38th revision - June 16, 2009. 39th revision - June 17, 2010. 40th revision - June 17, 2011. 41st revision - June 22, 2012. 42nd revision - June 21, 2013. 43rd revision - June 17, 2014. 44th revision - June 23, 2015. 45th revision - June 29, 2016 46th revision - June 23, 2017 47th revision - June 14, 2019 48th revision – June 17, 2020 49th revision – June 15, 2021 50th revision – June 21, 2022	

【Attachment 5】

ABILITY ENTERPRISE CO., LTD

Comparison Table of the Procedures for Acquisition or Disposal of Assets before and after the Amendments

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
Article 4	<p>Independence of professionals</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime.</p> <p>However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p>	Article 4	<p>Independence of professionals</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime.</p> <p>However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p>	Amendments were made to operate in coordination with legal regulations.

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data</p>		<p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding shall comply with <u>the self-regulatory rules of the industry associations to which they belong and with</u> the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>		<p>collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	
Article 5	<p>Investment scope and credit line</p> <p>I. The credit line limitation of non-business use real property and right-of-use assets or marketable securities acquired by the Company are shown as follows:</p> <p>(I) The total value of the non-business use real property and right-of-use assets shall not be more than 20% of the Company's current net value.</p> <p>(II) The total investment of marketable securities shall not be more than 100% of the Company's current net value.</p>	Article 5	<p>Investment scope and credit line</p> <p>I. The credit line limitation of non-business use real property and right-of-use assets or marketable securities acquired by the Company <u>and its subsidiaries</u> are shown as follows:</p> <p>(I) The total value of the non-business use real property and right-of-use assets shall not be more than 20% of the Company's current net value.</p> <p>(II) The total investment of marketable securities shall not be more than 100% of the Company's current net value.</p>	Amendment of transaction quota

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>(III) The quota for each individual investment of marketable securities shall not be more than 20% of the Company's net value. The current net value is based on the financial statement which was recently approved by CPA.</p> <p>H. The credit line limitation of non-business use properties and right-of-use assets or marketable securities purchased by subsidiary, which is not a professional investment company, are shown as follows:</p> <p>(I) The total investment of marketable securities shall not be more than 40% of its current net value.</p> <p>(II) The quota for each individual investment of marketable securities shall not be more than 20% of its net value.</p>		<p>(III) The quota for each individual investment of marketable securities shall not be more than 20% of the Company's net value.</p> <p><u>(IV) Investing or establishing 100% subsidiary shares directly or indirectly held by the company is not limited by the total investment.</u></p> <p>The current net value is based on the financial statement which was recently approved by CPA.</p>	
Article 6	<p>Procedures of acquisition or disposal of real property, equipments or other right-of-use assets</p> <p>I. Procedures of evaluation and operation</p> <p>The Company's acquisition or disposal of real property, equipments, or right-of-use assets shall follow the Company's procedures of internal control system and fixed assets.</p> <p>II. Trade terms and the resolution procedures of degree of authority delegated</p> <p>(I) Acquisition or disposal of real property or other right-of-use assets shall take the announced current value, appraised value, and the actual transaction price of nearby properties as</p>	Article 6	<p>Procedures of acquisition or disposal of real property, equipments or other right-of-use assets</p> <p>I. Procedures of evaluation and operation</p> <p>The Company's acquisition or disposal of real property, equipments, or right-of-use assets shall follow the Company's procedures of internal control system and fixed assets.</p> <p>II. Trade terms and the resolution procedures of degree of authority delegated</p> <p>(I) Acquisition or disposal of real property or other right-of-use assets shall take the announced current value, appraised value, and the actual transaction price of nearby properties as</p>	Amendments were made to operate in coordination with legal regulations, and revise transaction conditions and authorization limits.

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>references. Resolution of trade terms and prices shall be made into analysis report and presented to the Chairman. It shall follow the authorization method and be proceeded with approval of each level of managements accordingly.</p> <p>(II) Acquisition or disposal of equipments or other right-of-use assets shall be done by either price enquiry, price comparison, or open bidding. It shall follow the authorization method and be proceeded with approval of each level of managements accordingly.</p>		<p>references. Resolution of trade terms and prices shall be made into analysis report and presented to the Chairman. <u>Where the transaction price under NT\$200 million, the board of directors may authorize the chairman to make a decision first, and then report it to the most recent board of directors for approval. Those exceeding NT\$200 million, must be approved by the chairman of the board, approval from the Audit Committee and a resolution of the Board of Directors shall be obtained.</u></p> <p>(II) Acquisition or disposal of equipments or other right-of-use assets shall be done by either price enquiry, price comparison, or open bidding. <u>Where the transaction price under NT\$100 million, It shall follow the authorization method and be proceeded with approval of each level of managements. Those exceeding NT\$100 million, must be approved by the chairman of the board, approval from the Audit Committee and a resolution of the Board of Directors shall be obtained.</u></p>	
III.	<p>Operation Unit</p> <p>When the Company acquires or disposes the real property, equipments or other right-of-use assets, the user department or related authorized unit shall practices the operation based on the previously</p>	III.	<p>Operation Unit</p> <p>When the Company acquires or disposes the real property, equipments or other right-of-use assets, the user department or related authorized unit shall practices the operation based on the previously</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>mentioned resolution.</p> <p>IV. Appraisal report of real property, equipments, or other right-of-use assets</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the audit committee then to the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p>		<p>mentioned resolution.</p> <p>IV. Appraisal report of real property, equipments, or other right-of-use assets</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the audit committee then to the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional</p>		<p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>appraiser.</p> <p>(V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>		<p>appraiser.</p> <p>(VI) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	
Article 7	<p>Procedures for acquisition or disposal of securities investment are as follows:</p> <p>I. Evaluation and Processing Procedures</p> <p>The Purchase and sale of long-term and short-term securities by the Company shall follow the investment lifecycle management policy under the internal control system.</p> <p>II. Procedures to Determine Transaction Terms and Approval Limits</p> <p>(I) For the acquisition or disposal of long term securities, regardless of the amount, an investment evaluation or profit and loss analysis report shall be submitted. The amount within NT\$50 million (inclusive) shall be approved by the chairman of the board and ratified at the latest board meeting afterwards; if the amount exceeds NT\$50 million, it must be approved by the Audit Committee and then submitted for approval. The resolution of the board of directors must be made.</p>	Article 7	<p>Procedures for acquisition or disposal of securities investment are as follows:</p> <p>I. Evaluation and Processing Procedures</p> <p>The Purchase and sale of long-term and short-term securities by the Company shall follow the investment lifecycle management policy under the internal control system.</p> <p>II. Procedures to Determine Transaction Terms and Approval Limits</p> <p>(I) <u>For securities that are traded at the stock exchange market or over-the-counter market by the responsible department, it is processed by the stratified unit heads in accordance with the Company's authorization hierarchy. The transaction amount within NT\$150 million (inclusive) shall be approved by the chairman of the board and ratified at the latest board meeting afterwards, and also submit a report on the analysis of unrealized gains or losses of long-term and short-term Investment securities reporting to the corresponding directors. The transaction amount exceeding NT\$150 million must be approved by the audit committee and submitted to the board</u></p>	Amendments were made to operate in coordination with legal regulations, and revise transaction conditions and authorization limits.

			<p><u>meeting for resolution in advance.</u></p> <p>(II) <u>For securities that are not traded at the stock exchange market or over-the-counter market, the Company shall obtain the most recent financial statements of the issuing company certified or reviewed by an auditor prior to the transaction and consider its earnings per share, profitability, and future development potentials in evaluating the transaction price. The transaction amount within NT\$150 million (inclusive) shall be approved by the chairman of the board and ratified at the latest board meeting afterwards, and also submit a report on the analysis of unrealized gains or losses of long-term and short-term Investment securities reporting to the corresponding directors. The transaction amount exceeding NT\$150 million must be approved by the audit committee and submitted to the board meeting for resolution in advance.</u></p> <p>(III) <u>The government bonds, trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The total amount within US\$ 10 million or the equivalent of NT\$ shall be authorized by the board of directors and the relevant departments shall report to the audit committee and the board of directors at each meeting, together with an analysis report of unrealized benefits or losses. If the above total amount is exceeded, it shall be reported to the Audit Committee and the Board of</u></p>	
	<p>(II) The acquisition or disposal of short term marketable securities is limited to government bonds, trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The total amount within US\$ 10 million or the equivalent of NT\$ shall be authorized by the board of directors and the relevant departments shall report to the audit committee and the board of directors at each meeting, together with an analysis report of</p>			

	<p>unrealized benefits or losses. If the above total amount is exceeded, it shall be reported to the Audit Committee and the Board of Directors separately.</p> <p>III. Executive department For the acquisition or disposal of investment in securities, it is presented for approval in accordance with the Company's authorization hierarchy and then executed by the Finance Department related departments.</p> <p>IV. Acquisition of the professional opinions (I) The Company acquiring or disposing of securities shall, obtain the most recent financial statements of the issuing company certified or reviewed by an auditor prior to the transaction and consider its earnings per share, profitability, and future development potentials in evaluating the transaction price. (II) For acquisition or disposition of securities with transaction value of at least 20% of the Company's paid-in capital, or NT\$300million or more, the Company shall consult with a CPA on the fairness of the transaction price prior to the date of occurrence of the event in the transaction. if the CPA decides to use the work of an auditor's expert, he/she shall comply with the Statements on Auditing Standards No. 20 issued by ARDF. However, this requirement does not apply to securities publicly quoted in an active market or where it is otherwise</p>		<p>Directors separately.</p> <p>III. Executive department For the acquisition or disposal of investment in securities, it is presented for approval in accordance with the Company's authorization hierarchy and then executed by the Finance Department related departments.</p> <p>IV. Acquisition of the professional opinions (I) The Company acquiring or disposing of securities shall, obtain the most recent financial statements of the issuing company certified or reviewed by an auditor prior to the transaction and consider its earnings per share, profitability, and future development potentials in evaluating the transaction price. (II) For acquisition or disposition of securities with transaction value of at least 20% of the Company's paid-in capital, or NT\$300million or more, the Company shall consult with a CPA on the fairness of the transaction price prior to the date of occurrence of the event in the transaction. However, this requirement does not apply to securities publicly quoted in an active market or where it is otherwise provided by the Financial Supervisory Commission ("FSC"). (III) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be</p>	
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	<p>provided by the Financial Supervisory Commission (“FSC”).</p> <p>(III) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>		<p>substituted for the appraisal report or CPA opinion.</p>	
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Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
Article 8	<p>Related Party Transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms are appraised based on Article 4, 5, 6, 7, 8, and 9, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Article 4, 5, 6, 7, and 9.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9-1 herein. When judging whether a transaction counterparty is a related party based on Article 3-3, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. Procedures of evaluation and operation</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under</p>	Article 8	<p>Related Party Transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms are appraised based on Article 4, 5, 6, 7, 8, and 9, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Article 4, 5, 6, 7, and 9.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9-1 herein. When judging whether a transaction counterparty is a related party based on Article 3-3, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. Procedures of evaluation and operation</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under</p>	

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	<p>repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have</p>		<p>repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>been approved by the audit committee and recognized by the board of directors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 8-3.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 8-1.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the</p>		<p>been approved by the audit committee and recognized by the board of directors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 8-3.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 8-1.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 12-2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and recognized by the the board of directors need not be counted toward the transaction amount.</p> <p>With respect to acquisition or disposal of equipment or right-of-use assets thereof held for business use, or acquisition or disposal of real property right-of-use assets held for business use, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>When a matter is submitted to the board of directors for discussion pursuant to paragraph two, the board of directors shall take each independent director's opinions into full consideration. If an independent director</p>		<p>With respect to acquisition or disposal of equipment or right-of-use assets thereof held for business use, or acquisition or disposal of real property right-of-use assets held for business use, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>When a matter is submitted to the board of directors for discussion pursuant to paragraph two, the board of directors shall take each independent director's opinions into full consideration. If an independent director</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. The matters for which paragraph two requires recognition by the audit committee shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the paragraph two is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in previous paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>		<p>objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. The matters for which paragraph two requires recognition by the audit committee shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the paragraph two is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in previous paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p><u>The Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10% or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the</u></p>	

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			<p><u>transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiary companies or subsidiaries or between its subsidiaries.</u></p> <p><u>The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 12, paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.</u></p>	
	<p>III. Evaluation of the reasonableness of transaction costs</p> <p>(I) The Company acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be</p>		<p>III. Evaluation of the reasonableness of transaction costs</p> <p>(I) The Company acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be</p>	

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	<p>duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance</p>		<p>duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance</p>	

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	<p>-with the subparagraph 1 and 2 of paragraph three shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(IV) When the Company acquires real property or right-of-use assets thereof from a related party and the the results of the Company's appraisal conducted in accordance with subparagraph 1 and 2 of paragraph three, article 8, which are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph 5 of paragraph three, article 8. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be</p>		<p>with the subparagraph 1 and 2 of paragraph three shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(IV) When the Company acquires real property or right-of-use assets thereof from a related party and the the results of the Company's appraisal conducted in accordance with subparagraph 1 and 2 of paragraph three, article 8, which are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph 5 of paragraph three, article 8. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be</p>	

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	<p>deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Business transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of business transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Business transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or</p>		<p>deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Business transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of business transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Business transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to business transactions by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(V) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with this article are uniformly lower than the transaction price, the following steps shall be taken: Where the Company and a public company which uses the equity method to account for its investment in the Company, have set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about</p>		<p>parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to business transactions by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(V) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with this article are uniformly lower than the transaction price, the following steps shall be taken: Where the Company and a public company which uses the equity method to account for its investment in the Company, have set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about</p>	

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	<p>the transaction, and the FSC has given its consent.</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction or use-of-right assets' price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the Company.</p> <p>2. Audit committee shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to the point 1 and 2 of subparagraph 5 of this paragraph three, article 8, shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(VI) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Procedures of Evaluation and Operation mentioned in paragraph one</p>		<p>the transaction, and the FSC has given its consent.</p> <p>4. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction or use-of-right assets' price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the Company.</p> <p>5. Audit committee shall comply with Article 218 of the Company Act.</p> <p>6. Actions taken pursuant to the point 1 and 2 of subparagraph 5 of this paragraph three, article 8, shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(VI) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Procedures of Evaluation and Operation mentioned in paragraph one</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>and two of this Article; and the Evaluation of the reasonableness of transaction costs mentioned in subparagraph 1, 2, 3 of paragraph three of this Article do not apply:</p> <p>1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>4. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>(VII) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the subparagraph 5 of paragraph three if there is other evidence indicating that the acquisition was not an arms length transaction.</p>		<p>and two of this Article; and the Evaluation of the reasonableness of transaction costs mentioned in subparagraph 1, 2, 3 of paragraph three of this Article do not apply:</p> <p>5. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>6. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>7. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>8. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>(VII) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the subparagraph 5 of paragraph three if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
Article 9	<p>Procedures of acquisition or disposal of intangible assets or right-of-use assets or memberships</p> <p>I. Procedures of Evaluation and Operation</p> <p>The Company's acquisition or disposal of intangible assets or right-of-use assets or memberships shall be handled by the user department or related authorized unit and follow the Company's procedures of internal control system and fixed assets.</p> <p>II. Trade terms and the resolution procedures of degree of authority delegated</p> <p>Professional evaluation reports, fair market value, resolutions of transactional terms, or transaction price shall be taken as references when acquiring or disposing intangible assets, right-of-use assets, or memberships, and it shall be turned into an analysis report and be presented to Chairman of the board. If the transaction price is less than NT\$10 million, it can be approved by Chairman of the board. However, if the the transaction price is over NT\$10 million, it shall proceed after obtaining resolution from the board of directors.</p> <p>III. Operation Unit</p> <p>When the Company acquires or disposes intangible assets, right-of-use assets or memberships, resolution based on right of approval which was previously mentioned shall be followed, and be operated by the user department and financial or</p>	Article 9	<p>Procedures of acquisition or disposal of intangible assets or right-of-use assets or memberships</p> <p>I. Procedures of Evaluation and Operation</p> <p>The Company's acquisition or disposal of intangible assets or right-of-use assets or memberships shall be handled by the user department or related authorized unit and follow the Company's procedures of internal control system and fixed assets.</p> <p>II. Trade terms and the resolution procedures of degree of authority delegated</p> <p>Professional evaluation reports, fair market value, resolutions of transactional terms, or transaction price shall be taken as references when acquiring or disposing intangible assets, right-of-use assets, or memberships, and it shall be turned into an analysis report and be presented to Chairman of the board. If the transaction price is less than NT\$10 million, it can be approved by Chairman of the board. However, if the the transaction price is over NT\$10 million, it shall proceed after obtaining resolution from the board of directors.</p> <p>III. Operation Unit</p> <p>When the Company acquires or disposes intangible assets, right-of-use assets or memberships, resolution based on right of approval which was previously mentioned shall be followed, and be operated by the user department and financial or</p>	Amendments were made to operate in coordination with legal regulations.

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>operation department.</p> <p>IV. Professional evaluation report of intangible assets or right-of-use assets or memberships</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDE.</p>		<p>operation department.</p> <p>IV. Professional evaluation report of intangible assets or right-of-use assets or memberships</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	
Article 12	<p>Time limitation and content of announced reporting</p> <p>I. Under any of the following circumstances, the company acquiring or disposing of assets shall upload the relevant information onto the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event. Attachments shall include all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act</p>	Article 12	<p>Time limitation and content of announced reporting</p> <p>I. Under any of the following circumstances, the company acquiring or disposing of assets shall upload the relevant information onto the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event. Attachments shall include all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act</p>	Amendments were made to operate in coordination with legal regulations.

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>provides otherwise.</p> <p>(I) When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more. However, trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises are not included.</p> <p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>(V) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on</p>		<p>provides otherwise.</p> <p>(I) When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more. However, trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises are not included.</p> <p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>(V) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an 		<p>rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or foreign government bonds of a foreign central government with a sovereign rating not lower than the sovereign rating of the R.O.C.</u> 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) <u>or foreign government bonds of a foreign central government</u> that are offered and issued in the 	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
			<p>primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or</u> <u>futures trust funds, or subscription for or reverse sale of ETNs. or</u> subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. The amount of transactions above shall be calculated as follows:</p> <p>(I) The amount of any individual transaction.</p> <p>(II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>III. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>IV. When the Company at the</p>		<p>emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. The amount of transactions above shall be calculated as follows:</p> <p>(I) The amount of any individual transaction.</p> <p>(II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>III. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>IV. When the Company at the</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>V. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(I) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(III) Change to the originally publicly announced and reported information.</p> <p>VI. Announcement of Formats</p> <p>(I) Marketable securities of parent/subsidiary company or affiliated company which are purchased by the Company at foreign/domestic stock exchange market or OTC, the public announcements and formats of the contents shall be in accordance with</p>		<p>time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>V. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(I) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(III) Change to the originally publicly announced and reported information.</p> <p>VI. Announcement of Formats</p> <p>(I) Marketable securities of parent/subsidiary company or affiliated company which are purchased by the Company at foreign/domestic stock exchange market or OTC, the public announcements and formats of the contents shall be in accordance with</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>attachment 2.</p> <p>(II) Where land or right-of-use asset is acquired under an arrangement on engaging others to build on the company's own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the public announcements and formats of the contents shall be in accordance with attachment 3.</p> <p>(III) Formats of the public announcement of acquisition or disposal of real property, equipments, or right-of-use assets, and acquisition of real property or right-of-use assets from related parties shall be in accordance with attachment 4.</p> <p>(IV) Formats of the public announcement of marketable securities which are not purchased at stock exchange market or OTC, memberships, intangible assets, or trade of right-of-use assets, and a disposal of receivables by a financial institution shall be in accordance with attachment 5.</p> <p>(V) Formats of the public announcement of Mainland China area investment shall be in accordance with attachment 6.</p> <p>(VI) For derivatives trading, formats of the public announcement of the announcement within 2 days from the date of occurrence of the event</p>		<p>attachment 2.</p> <p>(II) Where land or right-of-use asset is acquired under an arrangement on engaging others to build on the company's own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the public announcements and formats of the contents shall be in accordance with attachment 3.</p> <p>(III) Formats of the public announcement of acquisition or disposal of real property, equipments, or right-of-use assets, and acquisition of real property or right-of-use assets from related parties shall be in accordance with attachment 4.</p> <p>(IV) Formats of the public announcement of marketable securities which are not purchased at stock exchange market or OTC, memberships, intangible assets, or trade of right-of-use assets, and a disposal of receivables by a financial institution shall be in accordance with attachment 5.</p> <p>(V) Formats of the public announcement of Mainland China area investment shall be in accordance with attachment 6.</p> <p>(VI) For derivatives trading, formats of the public announcement of the announcement within 2 days from the date of occurrence of the event</p>	

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>shall be in accordance with attachment 7-1.</p> <p>(VII) For derivatives trading, it shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies by the 10th day of each month. The format of the public announcement shall be in accordance with attachment 7-2.</p> <p>(VIII) Formats of the public announcement of merger, demerger, acquisition, or transfer of shares shall be in accordance with attachment 8.</p>		<p>shall be in accordance with attachment 7-1.</p> <p>(VII) For derivatives trading, it shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies by the 10th day of each month. The format of the public announcement shall be in accordance with attachment 7-2.</p> <p>(VIII) Formats of the public announcement of merger, demerger, acquisition, or transfer of shares shall be in accordance with attachment 8.</p>	

【 Attachment 6 】

ABILITY ENTERPRISE CO., LTD

Comparison Table of Rules and Procedures of the Shareholders' Meeting (Before and After the Revision)

	Articles and Contents before Revision	Articles and Contents after Revision	Revision Reason
A R T I C L E 2	The term "shareholders" as mentioned in these rules refers to the agents entrusted by the shareholders themselves and the shareholders, who sign by the attendance cards submitted by attendant shareholders (or agents). The amount of attending shares is calculated based on the submitted attendance cards.	The term "shareholders" as mentioned in these rules refers to the agents entrusted by the shareholders themselves and the shareholders, who sign by the attendance cards submitted by attendant shareholders (or agents). The amount of attending shares is calculated based on the submitted attendance cards and the number of shares registered on the video conference platform, plus the number of shares for which voting rights are exercised in writing or electronically.	Cooperate with the amendment of the law
A R T I C L E 4	The venue for a shareholders meeting shall be the premises of this Corporation, 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.	The venue for a shareholders meeting shall be the premises of this Corporation, 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. When the company convenes a video-conference shareholders meeting, it is not subject to the restriction on the venue of the preceding paragraph.	Cooperate with the amendment of the law
A R T I C L E 7	The Company shall record or videotape the entire proceedings of the shareholders' meeting and the recorded materials shall be retained for at least one year.	The Company shall record or videotape the entire proceedings of the shareholders' meeting and the recorded materials shall be retained for at least one year. If the shareholders' meeting is held by video conference, the company shall record and	Cooperate with the amendment of the law

		<p>preserve the shareholders' registration, questioning, voting and company vote counting results, etc., and make continuous and uninterrupted audio and video recording of the entire video conference.</p> <p>The above-mentioned materials and audio and video recordings shall be properly preserved by the company during the period of existence, and the audio and video recordings shall be provided to those who are entrusted to handle video conference affairs for preservation.</p>	
ARTICLE 8	<p>The chairman shall call the meeting to order at the appointed meeting time.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the</p>	<p>The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified</p>	Cooperate with the amendment of the law

	<p>Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>of the tentative resolution and another shareholders meeting shall be convened within one month, and notify all shareholders of the false resolution to convene the shareholders' meeting within one month; if the shareholders' meeting is held by video conference, shareholders who wish to attend by video should re-register with the company in accordance with the regulations.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
A R T I C L E 13	<p>After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.</p>	<p>After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.</p> <p>If the shareholders meeting is held by video conference, the shareholders participating by video conference may ask questions in text form on the video conference platform of the shareholders meeting after the chairman announces the meeting and before the announcement of the adjournment of the meeting.</p> <p>The length is limited to 200 characters, and the provisions of Articles 10 to 12 shall not apply.</p>	Cooperate with the amendment of the law
A R T I C L	<p>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.</p>	<p>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.</p>	Cooperate with the amendment of the law

E 15	The results of the voting shall be announced on-site at the meeting, and a record made of the vote.	The results of the voting shall be announced on-site at the meeting, and a record made of the vote. If the shareholders' meeting is held by video conference, the company shall immediately disclose the voting results and election results of various proposals on the video conference platform of the shareholders' meeting in accordance with the regulations, and shall continue to disclose for at 15 minute after the chairman announces the adjournment of the meeting minute.	
A R T I C L E 16	During the meeting, the chairman may consider the time and declare a break. If an air alert happens during the meeting, the meeting shall be suspended. Attendees shall be evacuated separately and continue to attend the meeting after the alarm is all-clear. If the meeting fails to finish, it may be postponed or renewed in accordance with Article 182 of the Company Law.	During the meeting, the chairman may consider the time and declare a break. If an air alert happens during the meeting, the meeting shall be suspended. Attendees shall be evacuated separately and continue to attend the meeting after the alarm is all-clear. If the meeting fails to finish, it may be postponed or renewed in accordance with Article 182 of the Company Law. If the shareholders' meeting is held by video conference, except for the circumstances stipulated in Article 44-24, Article 44-24 of the Guidelines for the Handling of Share Transactions of Public Offering Companies, the meeting shall not be postponed or continued until the chairman announces the adjournment of the meeting. In the event of force majeure, if there is an obstacle to the video conference platform or participation by video conference, which lasts for more than 30 minutes, the meeting	Cooperate with the amendment of the law

		shall be postponed or renewed within five days, and the provisions of Article 182 of the Company Law shall not apply.	
A R T I C L E 17	<p>Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority (more than half) of the voting rights represented by the attending shareholders.</p> <p>A vote on a motion shall be deemed to have been passed if the Chairman consults with no dissenting voice, which shall have the same effect as a vote on a motion.</p> <p>A shareholder shall be entitled to one vote for each share held. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.</p> <p>With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p> <p>A shareholder may issue only</p>	<p>Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority (more than half) of the voting rights represented by the attending shareholders.</p> <p>A shareholder shall be entitled to one vote for each share held. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.</p> <p>With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p> <p>A shareholder may issue only one proxy form and appoint only one</p>	Cooperate with practical work

	<p>one proxy form and appoint only one proxy for any given shareholders meeting and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p>	<p>proxy for any given shareholders meeting and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p>	
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【Attachment 7】

ABILITY ENTERPRISE CO., LTD

Directors Candidates (incl.Independent Directors)

Title	Name of Candidates	Scholarship	Major Experience	Holding Shares
Director	Representative of ViewQuest Investment Co., Ltd. : TSENG,MING-JEN	TamKang University -MBA National Taiwan University, EE Dept.,- Bachelor	<p>Major Experience : President,ViewQuest Technology Inc. President,Ability Enterprise Co., Ltd.</p> <p>Present job : Chairman,Ability Enterprise Co., Ltd. Chairman,ABILITY INVESTMENT CO., LTD. Chairman, Ability Tech. (Dongguan) Co., Ltd. Chairman,E-Pin Optical INDUSTRY CO.Ltd. Chairman,ABILITY ENTERPRISE (BVI) CO.,LTD. Chairman, VIEWQUEST TECHNOLOGIES (BVI) INC. Director,Ability I Venture Capital Corporation Director, VIEWQUEST TECHNOLOGIES INTERNATION INC. Independent Director,Howteh Technology Co., Ltd.</p>	1,650,000
Director	Representative of Chia-Mei Investment Co.,Ltd. : Tong, Chun-Jen	New Jersey Institute of Technology Master of Science in Computer Science	<p>Major Experience : President,Ability Enterprise Co., Ltd. Chairman,ABILITY INT'L TENANCY CO., LTD.</p> <p>Present job : Chairman,ABICO AVY CO., LTD. Chairman,AVY Industrial Co., Ltd. Chairman,I Production Film Co., Ltd Vice Chairman,ABICO NetCom Co., Ltd. Director,JABON International Co., Ltd. Director,Sol Plus Co., Ltd. Co., Ltd. Director,SEINOH OPTICAL CO., LTD. Director,HONLNN CO., LTD.</p>	2,254,974

			Director, IKKA HOLDINGS (Cayman) Limited.	
Director	Representative of Chia-Mei Investment Co., Ltd. : TONG, CHUN-YI	BA in Economics from University of Southern California Master of Information, Production and Systems from Waseda University	Major Experience : Director, GYEN Intl Bussiness Co., Ltd. Director, ABICO(HK) International Co., LTD. Present job : Vice Chairman, ABICO AVY CO., LTD. Chairman, DongGuan ChengGuang Metal Products Co., Ltd. Director, IKKA HOLDINGS (CAYMAN) LIMITED Independent Director, SIRTEC INTERNATIONAL CO., LTD. Independent Director, TAIWAN SECOM CO., LTD.	2,254,974
Director	Representative of Chia-Mei Investment Co., Ltd. : CHANG, HSIAO CHI	Master of Electric Engineering, Montana State University, USA Bachelor of Applied Physics, TamKang University	Major Experience : Chairman, GRANDTECH C.G. SYSTEMS INC. Independent Director, DATA IMAGE CORPORATION Director, CC&C TECHNOLOGIES, INC. Director, TAIWAN-CA INC. Present job : Chairman, HONLYNN CO., LTD. Chairman, ABILITY INT'L TENANCY CO., LTD. Director, ABICO NETCOM CO., LTD. President, Ability Enterprise Co., Ltd.	2,254,974
Director	Representative of ABICO AVY CO., LTD. : HU, SHIANG-CHI	MBA of National Taiwan University B.S. of National Taiwan University Department of Electrical Engineering	Major Experience : Engineer, National Chung-Shan Institute of Science & Technology Business representative/Consultant, IBM President, KPT Chairman, EKEEN Precision Co., Ltd Chairman/ President, Chipcera Technology Co.,	24,378,000

			<p>Ltd. President of SBU,Yageo Corporation</p> <p><u>Present job :</u> Chairman,IKKA Holdings (Cayman) Limited Chairman,Abico Netcom Co., Ltd Chairman,Abico Netcom Co., Ltd Chairman,Transystem Inc. Chairman /President,Ability I Venture Capital Corporation President,Abico Asia Capital Corporation President / Director,ABICO AVY Co.,Ltd. Executive Director,Beijing Health (Holdings) Limited Independent Director,Allis Electric Co., Ltd. Independent Director,JSL Construction & Developmet Co., Ltd. Director,Biotechnology Incorporation</p>	
Director	Representative of ABICO AVY CO.,LTD. : CHAN,WEN-HSIUNG	National Taiwan niversity-MBA National Cheng Kung University	<p><u>Major Experience :</u> Director,PANJIT International Inc. Director,E-Pin Optical INDUSTRY CO.Ltd.</p> <p><u>Present job :</u> Chairman,eChem Solutions Corp Chairman,iCatch Technology, Inc. Director,SUNPLUS TECHNOLOGY CO., LTD. Director, Fine Ace Asset Management CO.,LTD. Director,Opals CHEMICAL TECHNOLOGY LTD. Director,Oleader TECHNOLOGY CO., LTD. Independent Director,BIOSTAR MICROTECH INTERNATIONAL CORP. Independent Director,NIEN HSING TEXTILE CO., LTD. Supervisor,Hiyes International Co., Ltd.</p>	24,378,000
Title	Name of Candidates	Scholarship	Major Experience	Holding Shares

Independent Director	CHIEN-HUNG CHEN	LL.B.Department of Law,Nation Chung-Hsin University LL.B.Department of Law,Soochow University China University of Political Science and Law/Doctor,s Degree	<u>Major Experience :</u> Lawyer,Cheefa United Office Attorney Lawyer,Far East Law Office Attorney Arbitrator,Chinese Arbitration Association .Taipei. <u>Present job :</u> Managing Partner,SunShine Attorney at Law	0
Independent Director	HUANG CHIH-CHEN	Feng Chia University,Republic of Ching B.A.Accounting June	<u>Major Experience :</u> Audint Manager,KPMG(TWN) Audint Manager,KPMG(HK) Parther CPA,CDINKUM & CO., CPAs <u>Present job :</u> Parther–In-Charge,Fortune & Co., CPAs Chairman,Hundreds of events International CO., LTD. Director,JE Techno Corp. Independent Director,Auden Techno Corp.	0
Independent Director	HUANG,KUO-LUN	The University of Sydney The University of New South Wales	<u>Major Experience :</u> President,CITA AIRCARGO SERVICE CO., LTD. Chairman,CITA TECHNOLOGY DEVELOPMENT CO., LTD. Chairman/CEO,HOSHIN GIGAMEDIA CENTER INC. <u>Present job :</u> Chairman,DATADOT TECHNOLOGY TAIWAN CO., LTD. Chairman,MARCO POLO TECHNOLOGY CO., LTD.	0

IV. Appendix

【Appendix 1】

ABILITY ENTERPRISE CO., LTD

Rules and Procedures of the Shareholders' Meeting (current articles before the amendment)

Article 1: 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.

Article 2: The term "shareholders" as mentioned in these rules refers to the agents entrusted by the shareholders themselves and the shareholders, who sign by the attendance cards submitted by attendant shareholders (or agents).

The amount of attending shares is calculated based on the submitted attendance cards.

Article 3: Voting at a shareholders meeting shall be calculated based the number of shares.

Article 4: The venue for a shareholders meeting shall be the premises of this Corporation, 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.

Article 5: If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the directors to act as chairman. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairman. If a shareholders meeting is

convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.

Article 6: This Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

Article 7: The Company shall record or videotape the entire proceedings of the shareholders' meeting and the recorded materials shall be retained for at least one year.

Article 8: The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued

shares, the chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9: 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 of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

If the chairman declares the meeting adjourned in violation of the rules of procedure, in accordance with statutory procedures, a new chairman shall be elected by the agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

After the adjournment of the meeting, the shareholders may not elect another chairman to continue the meeting at the same place or to find another venue for the meeting.

Article 10: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman.

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.

Article 11: Except with the consent of the chairman, 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 chairman may terminate the speech. 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 chairman shall stop any violation.

Those who do not obey the stopping by the chairman of the three preceding actions shall be handled in accordance with the Article 19-2 of this rule.

Article 12: When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

If a juristic person shareholder designates two or more representatives to attend a shareholders' meeting, only one person may speak on the same proposal.

Article 13: After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

Article 14: When the chairman thinks that the discussion of the motion has reached the level that can be voted on, he may declare that the discussion shall be stopped and the vote shall be put forward.

Article 15: 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.

The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 16: During the meeting, the chairman may consider the time and declare a break. If an air alert happens during the meeting, the meeting shall be suspended. Attendees shall be evacuated separately and continue to attend the meeting after the alarm is all-clear.

If the meeting fails to finish, it may be postponed or renewed in accordance with Article 182 of the Company Law.

Article 17: Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority (more than half) of the voting rights represented by the attending shareholders.

A vote on a motion shall be deemed to have been passed if the Chairman consults with no dissenting voice, which shall have the same effect as a vote on a motion.

A shareholder shall be entitled to one vote for each share held.

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are

delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

Article 18: When there is an amendment or an alternative to a proposal, the chairman 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.

Article 19: The chairman may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

The shareholders shall obey the instruction from the chairman and proctors (or security personnel) to maintain order. When anyone violates the rules of procedure and defies the correction, the chairman and the proctors (or security personnel) may decide to stop and delete this intrusion.

Article 20: The matters not regulated in the rules shall be handled in accordance with the Company Law, Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Rules Governing the Conduct of Shareholders Meetings by Public Companies, the Company's Articles of Incorporation, and other relevant regulations of laws.

Article 21: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effect in the same manner.

【Appendix 2】

ABILITY ENTERPRISE CO., LTD

Method of Election of Directors

Article 1: The election of directors of the Company shall be conducted in accordance with these regulations.

Article 2: The election of directors of the Company shall be conducted during the shareholders' meeting.

Article 3: The election of directors of the Company shall adopt the cumulative voting method. In the process of electing directors, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. The board of directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 4: As for the Company's election of independent and non-independent directors, the number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall coordinate and determine who is the winner among them by themselves. If coordination cannot be done, the position will remain vacant.

Article 5: At the beginning of the election, the Chairman shall appoint several persons each to check, record the ballots, and other related missions. The persons to check the ballots shall be a shareholder.

Article 6: The ballot box used for the Company's election of directors shall be prepared by the board of directors, and be checked in public by the person to check the ballots before voting.

Article 7: If the candidate is a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number. If the candidate is not a shareholder, voters shall fill in the "candidate" column the candidate's name, the candidate's ID number. If the candidate is a government agency or shareholder of a legal entity, the "name of the candidate" column on the ballot shall be filled in either the name of government or the legal entity; or may as well be the name of government or the legal entity and the name of the responsible person. Under the circumstances that there are several responsible persons, each name shall be listed respectively.

Article 8: Ballots shall be deemed invalid under the following conditions:

- (I) Ballots not prepared by the board of directors.
- (II) Blank ballots not completed by the voter.
- (III) Illegible writing, or if anything on the ballot being erased and changed.
- (IV) If the candidate is a shareholder of this Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect.
- (V) Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate.
- (VI) The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them.

Article 9: The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting, including the list of elected directors and the number of votes cast for each candidates. The ballots for the election referred to in the preceding

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

Article 10: The Company shall issue notifications to the directors elected.

Article 11: Any matters that are not mentioned in this regulation, shall follow Company Act or any other related legal regulations.

Article 12: These Rules and any revision thereof shall become effective after approval at the shareholders' meeting.

Article 13: This regulation was established on June 15, 1992.

The first amendment was made on May 31, 2001.

The second amendment was made on May 27, 2002.

The third amendment was made on June 11, 2007.

The fourth amendment was made on June 29, 2016.

【Appendix 3】

ABILITY ENTERPRISE CO., LTD

Article of Incorporation

(current articles before the amendment)

Chapter 1 General Provision

Article 1: The Company is organized in accordance with the Company Law and named as 佳能企業股份有限公司.

【English Name: ABILITY ENTERPRISE CO., LTD.】

Article 2: The Company Business Scope is listed as follows:

- 1、CB01010 Manufacture of Machinery and Equipment
- 2、CB01020 Manufacture of Office Machine
- 3、CC01060 Manufacture of Wire Communications Machinery and Equipment
- 4、CC01070 Manufacture of Wireless Communications Machinery and Equipment
- 5、CC01080 Manufacture of Electronic Components
- 6、CC01110 Manufacture of Computer and its Peripheral
- 7、CC01120 Manufacture of Data Storage Device and Duplicate
- 8、CE01030 Manufacture of Optical Instrument
- 9、CE01990 Manufacture of other Optical and Precision Equipment
- 10、E605010 Installation of Computer Equipment
- 11、E701010 Telecommunication Engineering
- 12、F113020 Wholesale of Electronical Appliances
- 13、F113030 Wholesale of Precision Instrument
- 14、F113050 Wholesale of Computer and Office Machines
- 15、F113070 Wholesale of Telecommunication Equipment and Supply
- 16、F114030 Wholesale of Automobile & Motorcycle Parts and Accessories
- 17、F116010 Wholesale of Photographic Equipments and Accessories
- 18、F118010 Wholesale of Software
- 19、F119010 Wholesale of Electronical Parts and Accessories
- 20、F213010 Retail of Electronical Appliance
- 21、F213040 Retail of Precision Instrument
- 22、F213060 Retail of Telecommunication Equipment and Supply
- 23、F218010 Retail of Software
- 24、F219010 Retail of Electronical Parts and Accessories
- 25、F401010 International Trading
- 26、F401021 Import of the Controlled Telecommunications Radio-Frequency Devices
- 27、F601010 Intellectual Property Rights
- 28、I301010 Software Services
- 29、I301020 Data Processing Services
- 30、I301030 Electronic Information Supply Service Industry
- 31、ZZ99999 Except for the business restricted in licences, the Company can run the business of non prohibited or restricted.

- Article 3 : The Company may, by resolution of the Board of Directors, provide external guarantees to other companies in the industry or among its affiliates.
- Article 4 : The Company is situated in New Taipei City, Taiwan. The Company may establish, change or abolish branch offices domestically or overseas when necessary by the resolution of the Board of Directors.
- Article 5 : The Company shall make public announcements in accordance with Article 28 of the Company Act.

Chapter 2 Shares

- Article 6 : The total capital of the Company shall be NT\$8,000,000,000, divided as 800,000,000 shares with a par value of NT\$10 per share and shall authorize the Board of Directors to issue the shares in multiple tranches. Fifty million shares of the aforementioned total capital stock are reserved for the exercise of employee stock options, special share with warrant or corporate bonds with warrant.
- Article 6-1 : After the consent of shareholders' meeting of attendant shareholders representing more than half of the total of issued shares and two thirds or more of attendant shareholders' voting rights, the Company may transfer to employees at an average price lower than the actual purchase of shares, or to issue employee stock option at a subscription price lower than the market price.
- Article 6-2 : The Company may issue employee stock options, purchase right of newly issuing shares or acquire shares with restricted employee rights, which may be issued or transferred to employees under the Company's control or are subordinate to the Company, subject to certain conditions.
- Article 7 : The transfer, inheritance, bestowal, pledge, loss, damage and other stock affairs of shares shall be handled in accordance with the Company Law and Regulations Governing the Administration of Shareholder Services of Public Companies.
- Article 8 : The shares of the Corporation are all registered shares which is signed and sealed by three or more directors. It is issued after being legally signed and verified.
- The Company's issued shares may be free from printing, but they should be registered at centralized securities depository institution.
- Article 9 : The transfer of shares shall be closed within 60 days prior to the date of the annual meeting of shareholders, within 30 days prior to the date of the interim meeting of shareholders, or within five days prior to the date on which the Company decides to distribute dividends and bonuses or other benefits.
- Article 10 : When issuing new shares, the Company shall retain 10% to 15% of the total number of new shares to be issued, in addition to the gratis allotment of shares, to be purchased by employees of the Company, and the shares purchased by employees may be non-transferable in accordance with the resolution of the board of directors for a fixed period of time not exceeding two years.
- Article 11 : The total amount of the Company's outward investment is not subject to the provisions of Article 13 of the Company Law and the Board of Directors is authorized to execute the same.

Chapter 3 Shareholders Meeting

- Article 12 : The shareholders' meeting can be divided into two types: ordinary and extraordinary. Ordinary meetings are held once a year, and are convened by the Board of Directors within six months after the end of each fiscal year, unless there are justifiable reasons for not doing so as approved by the competent authorities, in which case an extraordinary meeting may be convened when necessary and in accordance with the law.
- Article 13 : The shareholders shall be notified before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a extraordinary shareholders meeting.
- Article 14 : If a shareholder is unable to attend the shareholders' meeting, he/she shall present a proxy form issued by the Company stating the scope of authority, signed or sealed to appoint a proxy to attend the meeting, which shall be delivered to the Company five days prior to the meeting. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- Article 15 : The shareholders of the Company shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares under Article 179 of the Company Act.
- Article 16 : Except as otherwise provided in the law and regulation, the passage of a proposal shall require an affirmative vote of half of the voting rights represented by the attending shareholders with the voting rights to be more than half of the total issued shares.
- Article 17 : If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the directors to act as chairman. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairman. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.
- Article 18 : Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.
- The distribution of the meeting minutes shall be proceeded by means of the Company's regulation. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the full name of chairman, the methods by which resolutions were adopted, and a summary of the deliberations. The minutes of meeting shall be retained for the duration of the existence of this Corporation. The attendance book and the proxy

form shall be kept for at least one year.

Chapter 4 Directors

Article 19 : The Company shall set 7 - 9 directors of having a term of office of three years and all directors may be reelected or reappointed. The nomination of directors' is in accordance with the Article 192-1 of the Company Act. The handling and announcement of the director candidate's nomination is provided under the laws and regulations of Company Act and Securities and Exchange Act.

At least, there are 3 independent directors among the mentioned directors and they shall have seats in board of directors not less than one of fifth.

The professional qualifications, shareholdings, restrictions on concurrent positions, recognition of independence, methods of nomination and election of independent directors and other matters to be complied with shall be in accordance with the Company Law and relevant laws and regulations of the securities authorities.

Article 20 : The Board of Directors shall organize a meeting of the Board of Directors, at which two-thirds of the Directors present and a majority of the Directors present shall elect a Chairman from among themselves to represent the Company in public. A Vice Chairman shall be elected by and from amongst themselves in the same manner. The Chairman shall execute all the affairs of the Company in accordance with the Act, the Articles of Incorporation and the resolutions of the shareholders meeting and the Board of Directors.

Article 21 : If the Chairman takes a leave of absence or is unable to exercise his powers and functions for any reason, the Vice Chairman shall act on his behalf; if the Vice Chairman is unable to exercise his powers and functions for any reason, the Chairman shall designate one of the Directors to act on his behalf; if he is not so designated, the Directors shall elect one of the Directors to act on his behalf.

The directors shall personally attend the meetings of the board of directors. If any director is unable to attend the meetings, he/she may appoint another director to act on his/her behalf, and the aforementioned proxy shall be limited to the appointment of one director.

A meeting of the Board of Directors of the Company shall be convened for a specific purpose and shall be notified to the Directors seven days in advance. However, in case of an emergency, they may be called at any time. Notice of the convening of the Board of Directors of the Company may be given to the Directors in writing, by electronic mail (e-mail) or by facsimile.

Article 22 : For the remuneration of the directors of the company, the Compensation and Remuneration Committee will consider their participation in the company's operations and the value of their contributions, and take into account the company's operational performance and the usual standards of the industry, and put forward recommendations and submit them to the board of directors for resolution. The Company may purchase liability insurance for the Directors during their tenure of office in respect of their liabilities to the extent that they are legally obliged to do so.

Article 23 : Each director shall have one vote, and a resolution of the board of directors shall be passed by half of the present directors when there shall be more than half of the members of BOD attend the meeting, unless otherwise provided by law.

Article 24 : The resolutions of the board of directors shall be recorded in minutes, signed and sealed by the chairman and distributed to the directors within fifteen days after the meeting, and the minutes recording the main points of the proceedings and the results thereof shall be kept in the Company together with the signatures of the directors present and the proxy form.

Article 25 : If a director's term of office expires before he or she is re-elected, his or her term of office shall be extended until the director being re-elected to serve in that capacity.

Article 26 : The Company established an Audit Committee in accordance with the Securities and Exchange Act since 2006. The Audit Committee shall consist of all independent directors, one of whom shall be the convenor, and at least one of whom shall have accounting or financial expertise. The duties, rules and regulations, exercise of authority and other matters to be followed by the Audit Committee shall be in accordance with the Company Law and relevant laws and regulations of the securities authorities.

Chapter 5 Managers

Article 27 : The Company shall have a Manager, whose appointment, removal and remuneration shall be in accordance with the provisions of Article 29 of the Company Law.

Chapter 6 Accounting

Article 28 : The Company shall have a fiscal year commencing on January 1 of each year and ending on December 31 of the same year. At the end of each fiscal year, the Board of Directors shall prepare and submit to the shareholders meeting for approval in accordance with the statutory procedures the following forms.

- (1) Business Report
- (2) Financial Statement
- (3) Motion for earning distribution or appropriation of losses

Article 28-1 : A provision for employees' remuneration and directors' remuneration shall be made when there is a profit in the Company's annual accounts as follows, except that when the Company has an accumulated loss, the provision shall be made after the loss has been reserved in advance from the profit :

- 1 、 Remuneration for employees shall not be less than 8 percent and not more than 15 percent.

The compensation in cash or stock to employees of the Company or the subordinate may be granted subject to certain conditions which are set by the Board of Directors.

- 2 、 The remuneration of the directors is not more than 1.5%.

The aforementioned earnings are the profit before tax and without the distribution of remuneration to employees and remuneration to directors.

Article 29 : If there is a surplus on the Company's annual accounts, the Company shall set aside 10% of the remaining balance as legal reserve, in addition to the amount required by law to reserve to pay tax and cover past losses. Except when the accumulated legal reserve has reached the total

capital amount. After the special reserve is appropriated or reversed, if necessary, the remaining undistributed earnings are accumulated earnings available for distribution to shareholders. The proposal shall be submitted to the shareholders meetings.

Article 29-1 : The implementation of the Company's dividend policy is subject to the Company's future capital budget planning and the need to meet shareholders' cash flow requirements. The cash dividends shall not be less than 10% of the total dividends to shareholders. The method of distribution shall be in accordance with Article 29.

Chapter 7 Supplementary Provisions

Article 30 : Matters not provided for in these Articles of Incorporation shall be governed by the Company Law and other relevant laws and regulations.

Article 31 : The Articles of Incorporation and Bye-laws of the Company may be otherwise determined by the Board. The same applies to the amendment.

Article 32 : The Article of Incorporation was made on May 10, 1965.

The 1st revision was made on October 26, 1966.

The 2nd revision was made on Dec. 1, 1966.

The 3rd revision was made on July 6, 1969.

The 4th revision was made on March 1, 1971.

The 5th revision was made on August 5, 1972.

The 6th revision was made on May 14, 1973.

The 7th revision was made on July 1, 1976.

The 8th revision was made on March 11, 1979.

The 9th revision was made on February 8, 1984.

The 10th a revision t was made on September 1, 1986.

The 11th revision was made on December 1, 1986.

The 12th revision was made on March 2, 1987.

The 13th revision was made on January 28, 1988.

The 14th revision was made on July 20, 1988.

The 15th revision was made on August 15, 1989.

The 16th revision was made on September 5, 1989.

The 17th revision was made on May 7, 1990.

The 18th revision was made on October 19, 1990.

The 19th revision was made on August 20, 1991.

The 20th revision was made on June 15, 1992.

The 21st revision was made on July 11, 1992.

The 22nd revision was made on March 4, 1993.

The 23rd revision was made on May 8, 1993.

The 24th revision was made on May 9, 1994.

The 25th revision was made on May 23, 1995.

The 26th revision was made on May 6, 1996.

The 27th revision was made on May 8, 1997.

The 28th revision was made on May 26, 1998.

The 29th revision was made on May 24, 1999.

The 30th revision was made on May 15, 2000.

The 31st revision was made on May 31, 2001.

The 32nd revision was made on May 27, 2002.

The 33rd revision was made on August 23, 2002.

The 34th revision was made on April 30, 2003.

The 35th revision was made on June 13, 2005.

The 36th revision was made on June 12, 2006.

The 37th revision was made on June 13, 2008.
The 38th revision was made on June 16, 2009.
The 39th revision was made on June 17, 2010.
The 40th revision was made on June 17, 2011.
The 41st revision was made on June 22, 2012.
The 42nd revision was made on June 21, 2013.
The 43rd revision was made on June 17, 2014.
The 44th revision was made on June 23, 2015.
The 45th revision was made on June 29, 2016.
The 46th revision was made on June 23, 2017.
The 47th revision was made on June 14, 2019.
The 48th revision was made on June 17, 2020.
The 49th revision was made on June 15, 2021.

Ability Enterprise Co., Ltd.

Chairman : Tseng, Ming Jen

【Appendix 4】

ABILITY ENTERPRISE CO., LTD Share-holding Status of Directors

The amount of shares held by individual and all directors on the shareholders' list as of April 23, 2022.

The legal minimum amount of all directors' share holding shall be: 12,000,000 shares.

Base Date: April 23, 2022

Title	Name	Appointment Date	Tenure	Shares Held During Election		Book Closure Date of Shareholders' List Record of Amount of Shares Held	
				Amount of Shares	At-the-time issued %	Amount of Shares	At-the-time issued %
Director	Representative of ViewQuest Investment Co., Ltd. Tseng, Ming-Jen	2019.06.14	Three Years	1,650,000	0.58	1,650,000	0.57
Director	Representative of ViewQuest Investment Co., Ltd. Chan, Wen-Hsiung	2019.06.14	Three Years	4,138,544	1.47	24,378,000	8.47
Director	Representative of AVY Precision Technology INC. Tong, Chun-Yi		Three Years				
Director	Representative of AVY Precision Technology INC. Hu, Shiang-Chi	2019.06.14	Three Years	8,831,767	3.13	8,480,767	2.95
Director	Representative of Chia Nine Investment Co., Ltd. Huang, Li-An		Three Years				
Director	Representative of Chia-Mei Investment Co., Ltd Tong, En-Shao	2019.06.14	Three Years	2,254,974	0.80	2,254,974	0.78
Independent Directort	Chen, Kuo-Hong	2019.06.14	Three Years	0.00	0.00	0.00	0.00
Independent Directort	Chen, Chien-Hung	2019.06.14	Three Years	0.00	0.00	0.00	0.00
Independent Directort	Huang, Chih-Chen	2019.06.14	Three Years	0.00	0.00	0.00	0.00
Total of All Directors				16,875,285	5.98	36,763,741	12.77

Note: The total of issued shares on book closure date, June 14, 2019, was 282,362,812 shares.

The total of issued shares on book closure date, April 23, 2022 was 287,721,312 shares.

【Appendix 5】

- I. The effect of the proposed issuance of bonus shares of the shareholders' meeting on the Company's business performance, earnings per share, and shareholders' return on investment:**

The Company does not have issuance of bonus shares for this year; therefore, it does not apply.