

Stock Code : 2374



ABILITY

ABILITY ENTERPRISE CO., LTD.
2023 Shareholders Meeting Handbook

Date: June 28, 2023

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Chapter 1 Meeting Procedures

ABILITY ENTERPRISE CO., LTD

2023 Annual Shareholders' Meeting Meeting Procedures

- I. Calling Meeting to Order
- II. Chairman's Address
- III. Report
- IV. Proposed Resolutions
- V. Discussions
- VI. Extempore Motions
- VII. Meeting Adjournment

Chapter 2 Meeting Agenda

ABILITY ENTERPRISE CO., LTD

2023 Annual Shareholders' Meeting Meeting Agenda

Time: 9:00 a.m., June 28th, 2023 (Wednesday)

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 2022

Proposal 2: The Audit Committee's Review Report on the
Company's Financial Statement of 2022

Proposal 3: The Company's Endorsement and Guarantee Records of
2022

Proposal 4: 2022 Employees' and Directors' Compensation Report

Proposal 5: Others Reports

II. Proposed Resolutions:

Proposal 1: The Company's Business Reports and Financial
Statements of 2022, submitted for Recognition

Proposal 2: The Company's Earning Distribution of 2022, submitted
for Recognition

III. Discussions:

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

Proposal 2: Release the prohibition on the Company's Directors
from participation in competitive business.

IV. Extempore Motions

V. Meeting Adjournment

I. Report

Proposal 1: The Company's Business Report of 2022

Note: Please refer to the Attachment I, page 9 – 11

**Proposal 2: The Audit Committee's Review Report on the Company's
Financial Statements of 2022**

Note:

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

The Board of Directors has issued the Company's 2022 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
2023 Annual Shareholders' Meeting**

Audit Committee Convener: Mr. HUANG, CHIH-CHEN

May /12 / 2023

Proposal 3: The Company's Endorsement and Guarantee Records of 2022

Note: As of 2022/12/31, Endorsement and Guarantee Balance Report

- I. As of December 31, 2022, 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, 2022, 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.	22,047	0	22,047
Total	22,047	0	22,047

As of December 31, 2022, E-Pin's endorsement and guarantee balance was NT\$22,047 thousand. According to E-Pin's "Procedures of Endorsement and Guarantee", the endorsement and guarantee ceiling was NT\$145,887 thousand. The maximum amount of endorsement and guarantee for a single affiliate enterprise was NT\$145,887 thousand. For both, the total amount did not exceed the prescribed limit.

Proposal 4: 2022 Employees' and Directors' Compensation Report

Note:

The employees' and directors' compensation in 2022 are NT\$11,592,179 and NT\$2,173,534 in cash respectively, which are appropriated in accordance with the Company's Articles of Incorporation considering the profits earned in 2022 and have been approved by the Company's Remuneration Committee and Board of Directors. There is no difference between the aforementioned distribution amount and the estimated amount for 2022.

Proposal 5: Others Reports

Explanatory Note :

Explanation on the Handling of Shareholders' Proposals at the Shareholders' Meeting :

- I. According to the Article 172-1 of the Company Act, a shareholder holding 1% or more of the Company's issued shares may submit a written motion to the Company, but it shall be limited to one proposal with maximum of 300 words.
- II. The Company's application for shareholder proposal at the 112th shareholder' Meeting for the period from April 14, 2023 to April 24, 2023 was announced on the Market Observation Post System website in accordance with the law.
- III. The Company did not receive any proposal from any shareholder .

II. Proposed Resolutions

Proposal 1: (submitted by the Board of Directors)

Cause: The Company's business reports and financial statements of 2022 were submitted for recognition.

Note:

- I. The Company's 2022 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 9 – 31 of this handbook.

Resolution:

Proposal 2: (submitted by the Board of Directors)

Cause: The Company's 2022 earning distribution was submitted for recognition.

Note:

- I. The Company's earning distribution form of 2022 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 32 of this handbook.

Resolution:

I. 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 33 – 34 of this handbook.

Resolution:

Proposal 2: (submitted by the Board of Directors)

Cause: Release the prohibition on the Company's –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 of the company who concurrently hold the positions of other companies are as follows :

Identification	Name	Concurrent company name and position
Director	Representative of ViewQuest Investment Co., Ltd. : TSENG, MING-JEN	Legal person director representqtive, ABILITY TECHNOLOGIES CO., LTD.
Director	Representative of Chia-Mei Investment Co.,Ltd. : TONG, CHUN-JEN	Director,IKKA Holdings(Cayman) Limited. Director,Dongguan Chengguang Metal Products Co., Ltd. Director,Dongguan Chengguang Precision Industry Co., Ltd. Director,Dongguan Chengguang Trading Co., Ltd.
Director	Representative of Chia-Mei Investment Co., Ltd. : TONG, CHUN-YI	Chairman,Dongguan Chengguang Trading Co., Ltd. Chairman,Dongguan Chengguang Precision Industry Co., Ltd. Director, 1 Production Film Co.
Director	Representative of Chia-Mei Investment Co., Ltd. : CHANG, HSIAO-CHI	Chairman, ABILITY TECHNOLOGIES CO., LTD.
Director	Representative of ABICO AVY CO., LTD. : CHAN, WEN-HSIUNG	Director,eChem Solutions Trading (Guang Zhou) Co ; Ltd. Legal person director representqtive, Hiyes International Co., Ltd. Independent Director, Champion Microelectronic Corp.
Independent Director	HUANG, CHIH-CHEN	Independent Director,STARLUX AIRLINES CO., LTD.
Independent Director	CHEN ,CHIEN-HUNG	Independent Director,AMPACS CORPORATION.

Resolution:

II. Extempore Motions

III.Meeting Adjournment

III、Attachments

【Attachment 1】

Ability Enterprise Co., Ltd.

2022 Business Report

Dear shareholders:

I. Explanatory of Business Operation in 2022

(1) Business Explanatory

In 2022, the Russia-Ukraine war impacted the global political and economic status, and the sanctions and energy austerity policies triggered a global food and energy crisis. The light of extinguishing the Russian-Ukrainian war has not been observed so far. The U.S. Federal Reserve has adopted a rapid rate appreciation strategy to further combat high inflation. Other economic entities have also adjusted the pace of interest rate increases in response to the challenges of the general environment. The frequent occurrence of extreme climates is also causing each nation to ask companies to accelerate the pace of ESG. The rampant Covid-19 severely influences the global economy, society, and education. Thanks to the popularity of vaccines, the economy is gradually unblocked, but it has also changed the business model and accelerated the development and application of digital transformation.

In facing this challenging external environment, Ability actively faces the opportunities brought by the relative changes. The multi-faceted approach in Business: First - To dispose of the non-core shareholding as a funding source for future business investment. Second - To establish the Vietnam factory as the third production base to diversify production risks. Third - In terms of product development, we continue to develop optical design, firmware, acoustics, mechanism miniaturization design, hardware design, image processing, and network communication in the application of optical, electrical, and acoustic integration technologies. Fourth - 3 Major Business Sectors: (A) Image application products, ex.: 360-degree panorama camera 、 visual conference products (B) Edge computing and AI application products such as automotive cameras and surveillance products (C) Optical parts & components and Image modules. Regarding business promotion, except for our efforts in self-marketing, such as

participation in exhibitions to increase visibility, we also adopt deep cooperation with strategic partners to jointly promote our business. For example, we have cooperated with Japanese auto-driving solution companies for vehicle lenses and worked with US and Canadian companies to promote international city surveillance.

(2) Business Report of 2022

In 2022, consolidated revenue was NT\$5,285,957 thousand; the business loss was NT\$23,379 thousand; net income after tax attributable to the parent company was 135,363 thousand and EPS was NT\$0.48 per share.

II. Business Development Plan of 2023:

The population of vaccines has slowed down the epidemic, and coexistence with the virus has been the trend. Each individual country unlocks its doors one after another, gradually we step into the post-epidemic era. In the final stage of the epidemic, the enterprises excessively prepared raw materials but the demand due to the epidemic quickly receded. Both are the reason why it takes a long time to digest inventory.

The fading epidemic dividend, inflation, and rising interest rates make consumers' confidence low. The supply and sales of consumer electronics are still a tough challenge.

Technology manufacturing is matched with the changes in lifestyle. The Company will continue to monitor changes in the external environment and shall closely connect and corporate with customers and suppliers to catch the opportunities created by changes. And, we shall research and develop the proper products to fit the demand for business growth in 2023.

As a sustainable enterprise, Ability must build our competitiveness in any environment, R&D innovation, and marketing challenges. Based on the integration of optical, mechanical, electrical & audio, and core image processing technologies, combined with AI and cloud applications, Ability is still committed to the development and manufacture of optical, audio, and video products that meet the needs of social lifestyles. In terms of marketing, the previous efforts will have lasted to seize all possible opportunities. So, we will work with different international partners to design and manufacture in customized areas to market our newly developed optical and audio-visual products to Asia, America, and Europe.

The management team must continue to adjust the organization to be flexible and appropriate according to the demand. We shall recruit more R&D staff to widen the scope of R&D and support the business team to promote business. It is necessary to strengthen the mutual trust relationship with suppliers to reduce costs. Other physical operations of enforcing corporate management 、 realizing ESG for the purpose to win the support of juridical and foreign shareholders and reduce the information disclosure gap among stakeholders. The target of the management team is to make the business grow 、 do the best in executing social responsibility 、 maintain the shareholders' benefit and share the operation performance with shareholders 、 customers, and employees.

Sincerely appreciate your support of Ability!
Wish you healthy and good luck all the way!

Chairman: TSENG, MING-JEN

President: CHANG, HSIAO-CHI

Accounting Manager: LIN, HSIN-CHUN

【Attachment 2】

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000571

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, 2022 and 2021, 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, 2022 and 2021, 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 that came into effect 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 Standards on Auditing of 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 2022 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, 2022, the balances of the Group's inventory and allowance for inventory valuation loss were NT\$1,286,868 thousand and NT\$439,114 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 based on the 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, selected samples of inventory items 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, 2022, the balance of property, plant and equipment and investment property totaled to NT\$3,170,864 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\$26,939 thousand and NT\$23,686 thousand, constituting 0.31% and 0.26% of consolidated total assets as of December 31, 2022 and 2021, respectively, and the related share of profit (loss) of associates and joint ventures accounted for under equity method of NT\$7,754 thousand and NT\$5,730 thousand, constituting 3.61% and 0.68% 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, 2022 and 2021.

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 that came into effect 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 6. Obtain sufficient 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 10, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,839,617	32	\$ 2,137,166	24
1110	Financial assets at fair value through profit or loss - current	6(2)	16,175	-	16,101	
1120	Current financial assets at fair value through other comprehensive income	6(3)	-	-	413,429	4
1136	Current financial assets at amortised cost	6(4)	66,141	1	65,123	1
1170	Accounts receivable, net	6(5) and 7	792,727	9	813,800	9
130X	Inventory	6(6)	847,754	10	993,270	11
1470	Other current assets	6(7)	120,665	1	154,283	2
11XX	Total current assets		4,683,079	53	4,593,172	51
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	597,030	7	793,580	9
1550	Investments accounted for under equity method	6(8)	67,772	1	61,559	1
1600	Property, plant and equipment	6(9) and 8	3,099,452	35	3,192,847	35
1755	Right-of-use assets	6(10)	84,707	1	84,981	1
1760	Investment property - net	6(11)	71,412	1	73,785	1
1780	Intangible assets	6(12)	7,068	-	10,169	-
1840	Deferred income tax assets	6(28)	106,587	1	99,712	1
1900	Other non-current assets		77,244	1	55,392	1
15XX	Total non-current assets		4,111,272	47	4,372,025	49
1XXX	Total assets		\$ 8,794,351	100	\$ 8,965,197	100

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13)	\$ 353,866	4	\$ 266,979	3
2170	Accounts payable	7	786,670	9	921,563	10
2200	Other payables	6(14)	699,505	8	814,400	9
2230	Current income tax liabilities		24,331	-	5,739	-
2250	Current provisions	6(17)	45,756	1	55,000	1
2280	Current lease liabilities	7	7,749	-	13,557	-
2300	Other current liabilities	6(22)	217,138	2	209,411	2
21XX	Total current liabilities		<u>2,135,015</u>	<u>24</u>	<u>2,286,649</u>	<u>25</u>
Non-current liabilities						
2580	Non-current lease liabilities	7	11,683	-	5,041	-
2600	Other non-current liabilities	6(15)	53,771	1	56,854	1
25XX	Total non-current liabilities		<u>65,454</u>	<u>1</u>	<u>61,895</u>	<u>1</u>
2XXX	Total liabilities		<u>2,200,469</u>	<u>25</u>	<u>2,348,544</u>	<u>26</u>
Equity						
Equity attributable to owners of parent						
	Share capital	6(18)				
3110	Common stock		2,875,823	33	2,877,213	32
	Capital surplus	6(19)				
3200	Capital surplus		1,343,134	14	1,339,848	15
	Retained earnings	6(20)				
3310	Legal reserve		1,724,576	20	1,655,947	19
3320	Special reserve		855,579	10	654,447	7
3350	Unappropriated retained earnings		9,989	-	686,297	8
	Other equity interest	6(21)				
3400	Other equity interest		(570,842)	(6)	(898,689)	(10)
3500	Treasury shares	6(16)	(360)	-	-	-
31XX	Equity attributable to owners of the parent		<u>6,237,899</u>	<u>71</u>	<u>6,315,063</u>	<u>71</u>
36XX	Non-controlling interest		<u>355,983</u>	<u>4</u>	<u>301,590</u>	<u>3</u>
3XXX	Total equity		<u>6,593,882</u>	<u>75</u>	<u>6,616,653</u>	<u>74</u>
3X2X	Total liabilities and equity		<u>\$ 8,794,351</u>	<u>100</u>	<u>\$ 8,965,197</u>	<u>100</u>

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, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 7		\$ 5,285,957	100	\$ 3,575,369	100
5000 Operating costs	6(6)(27) and 7		(4,112,724)	(78)	(2,699,501)	(75)
5950 Net operating margin			<u>1,173,233</u>	<u>22</u>	<u>875,868</u>	<u>25</u>
Operating expenses	6(27)					
6100 Selling expenses			(116,955)	(2)	(103,749)	(3)
6200 General and administrative expenses			(471,218)	(9)	(465,593)	(13)
6300 Research and development expenses			(593,903)	(11)	(633,633)	(18)
6450 Impairment loss determined in accordance with IFRS 9	12(2)		(14,536)	-	(4,251)	-
6000 Total operating expenses			(1,196,612)	(22)	(1,207,226)	(34)
6900 Operating loss			(23,379)	-	(331,358)	(9)
Non-operating income and expenses						
7100 Interest income	6(23)		24,110	-	9,550	-
7010 Other income	6(24)		39,865	1	64,725	2
7020 Other gains and losses	6(25)		160,669	3	1,182,378	33
7050 Finance costs	6(26)		(5,524)	-	(9,871)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(8)		<u>10,135</u>	<u>-</u>	<u>6,585</u>	<u>-</u>
7000 Total non-operating income and expenses			<u>229,255</u>	<u>4</u>	<u>1,253,367</u>	<u>35</u>
7900 Profit before income tax			205,876	4	922,009	26
7950 Income tax expense	6(28)		(32,701)	(1)	(201,497)	(6)
8200 Profit for the year			<u>\$ 173,175</u>	<u>3</u>	<u>\$ 720,512</u>	<u>20</u>

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial gains on defined benefit plans	6(15)	\$ 9,129	-	\$ 3,178	-
8316	Unrealised (losses) gains on financial assets measured at fair value through other comprehensive income	6(3)	(101,012)	(2)	206,858	6
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	(1,826)	-	(636)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(93,709)	(2)	209,400	6
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		135,199	3	(83,376)	(2)
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		135,199	3	(83,376)	(2)
8300	Other comprehensive income for the year		\$ 41,490	1	\$ 126,024	4
8500	Total comprehensive income for the year		\$ 214,665	4	\$ 846,536	24
Profit attributable to:						
8610	Owners of the parent		\$ 135,363	2	\$ 684,119	19
8620	Non-controlling interest		37,812	1	36,393	1
			\$ 173,175	3	\$ 720,512	20
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 180,272	3	\$ 821,061	23
8720	Non-controlling interest		34,393	1	25,475	1
			\$ 214,665	4	\$ 846,536	24
Earnings per share (in dollars)						
9750	Basic earnings per share	6(29)	\$ 0.48		\$ 2.42	
9850	Diluted earnings per share		\$ 0.47		\$ 2.40	

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
Equity attributable to owners of the parent

		Retained Earnings					Financial statements translation differences of foreign operations	Treasury shares	Total	Non-controlling interest	Total equity
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings					
Year ended December 31, 2021											
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		-	-	-	-	686,297	134,764	-	821,061	25,475	846,536
Appropriation of 2020 earnings	6(20)										
Cash dividends		-	(141,181)	-	-	-	-	-	(141,181)	-	(141,181)
Capital surplus used to offset accumulated deficit	6(19)	-	(86,830)	-	-	86,830	-	-	-	-	-
Compensation cost of share-based payment	6(16)	-	199	-	-	-	14,641	-	14,840	-	14,840
Issuance of employee restricted shares	6(16)	53,585	4,166	-	-	-	(57,751)	-	-	-	-
Balance at December 31, 2021		\$ 2,877,213	\$ 1,339,848	\$ 1,655,947	\$ 654,447	\$ 686,297	(\$ 898,689)	\$ -	\$ 6,315,063	\$ 301,590	\$ 6,616,653
Year ended December 31, 2022											
Balance at January 1, 2022		\$ 2,877,213	\$ 1,339,848	\$ 1,655,947	\$ 654,447	\$ 686,297	(\$ 898,689)	\$ -	\$ 6,315,063	\$ 301,590	\$ 6,616,653
Profit for 2022		-	-	-	-	135,363	-	-	135,363	37,812	173,175
Other comprehensive income (loss) for 2022		-	-	-	-	7,167	37,742	-	44,909	(3,419)	41,490
Total comprehensive income		-	-	-	-	142,530	37,742	-	180,272	34,393	214,665
Appropriations and distribution of 2021 retained earnings	6(20)										
Legal reserve		-	-	68,629	-	(68,629)	-	-	-	-	-
Special reserve		-	-	-	201,132	(201,132)	-	-	-	-	-
Cash dividends		-	-	-	-	(287,582)	-	-	(287,582)	-	(287,582)
Redemption of employee restricted stock	6(16)	(1,390)	1,750	-	-	-	-	(360)	-	-	-
Compensation cost of share-based payment	6(16)	-	-	-	-	-	29,105	-	29,105	-	29,105
Adjustments to changes in vested number of restricted stock		-	1,536	-	-	278	(773)	-	1,041	-	1,041
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	(261,773)	261,773	-	-	-	-
Changes in non-controlling interests	4(3)	-	-	-	-	-	-	-	-	20,000	20,000
Balance at December 31, 2022		\$ 2,875,823	\$ 1,343,134	\$ 1,724,576	\$ 855,579	\$ 9,989	(\$ 570,842)	(\$ 360)	\$ 6,237,899	\$ 355,983	\$ 6,593,882

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, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 205,876	\$ 922,009
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(27)	205,945	208,983
Amortisation	6(27)	8,374	6,068
Gain on disposal of investments	6(25)	(20,840)	-
Expected credit loss	12(2)	14,536	4,251
Net gain on financial assets or liabilities at fair value through profit or loss		(74)	(28)
Compensation cost of share-based payment	6(16)	29,105	14,840
Interest expense	6(26)	5,524	9,871
Interest income	6(23)	(24,110)	(9,550)
Dividend income	6(24)	(14,332)	(29,018)
Share of profit or loss of associates and joint ventures accounted for under equity method	6(8)		
Loss (gain) on disposal of property, plant, and equipment		(10,135)	(6,585)
Gain on disposal of non-current assets held for sale	6(25)	12,664	(10,065)
Gain on lease modification		-	(1,137,067)
	6(10)	-	(37)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Accounts receivable, net		(7,660)	(284,703)
Inventories		222,080	(511,004)
Other current assets		35,717	(25,897)
Net changes in liabilities relating to operating activities			
Accounts payable		(203,570)	212,351
Other payables		(166,028)	68,532
Other current liabilities		(1,642)	(624)
Other non-current liabilities		(1,771)	(2,280)
Cash inflow (outflow) generated from operations		289,659	(569,953)
Interest received		24,110	9,550
Dividends received		18,832	32,318
Interest paid		(5,524)	(9,871)
Income tax paid		(20,809)	(87,629)
Net cash flows from (used in) operating activities		306,268	(625,585)

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(3)	(\$ 19,750)	(\$ 123,182)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	12(3)	37,912	31,105
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	525,078	-
Proceeds from disposal of financial assets at amortised cost		-	153,117
Proceeds from disposal of non-current assets held for sale		-	1,702,465
Acquisition of property, plant and equipment	6(9)	(63,747)	(140,677)
Proceeds from disposal of property, plant and equipment		1,265	18,990
Acquisition of intangible assets	6(12)	(5,273)	(6,791)
Increase in other non-current assets		(43,649)	(21,336)
Net cash flows from investing activities		<u>431,836</u>	<u>1,613,691</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans		86,887	(1,103,436)
Payments of lease liabilities		(14,307)	(14,444)
Payment of cash dividends	6(20)	(287,582)	(141,181)
Increase (decrease) in other non-current liabilities		3,868	(3,241)
Change in non-controlling interests	4(3)	<u>20,000</u>	<u>-</u>
Net cash flows used in financing activities		(191,134)	(1,262,302)
Net effect of changes in foreign currency exchange rates		<u>155,481</u>	(87,110)
Net increase (decrease) in cash and cash equivalents		702,451	(361,306)
Cash and cash equivalents at beginning of year		<u>2,137,166</u>	<u>2,498,472</u>
Cash and cash equivalents at end of year		<u>\$ 2,839,617</u>	<u>\$ 2,137,166</u>

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.

PWCR22000559

Opinion

We have audited the accompanying balance sheets of Ability Enterprise Co., Ltd. (the "Company") as at December 31, 2022 and 2021, 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, 2022 and 2021, 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 Standards on Auditing of 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 2022 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(14) 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, 2022, inventories and allowance for inventory valuation loss amounted to NT\$221,734 thousand and NT\$130,701 thousand, respectively, while the investments accounted for using equity method amounted to NT\$1,891,434 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 selected samples of inventory items 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(16) and (18) 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, 2022, property, plant and equipment and investment property amounted to NT\$2,325,791 thousand.

The Company's property, plant and equipment and investment property primarily consist of land, buildings and structures, constituting 31% 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 amounted to NT\$26,939 thousand and NT\$23,686 thousand, constituting 0.36% and 0.28% of the total assets as at December 31, 2022 and 2021, respectively, and the share of profit recognised from investees accounted for under the equity method amounted to NT\$7,754 thousand and NT\$5,730 thousand, constituting 4.30% and 0.70% of the total comprehensive income (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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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.

Lin, Ya-Hui

Wu, Han-Chi

For and on behalf of PricewaterhouseCoopers, Taiwan
March 10, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,221,114	30	\$ 1,165,739	14
1170	Accounts receivable, net	6(3) and 7	280,538	4	425,427	5
130X	Inventories	6(4)	91,033	1	59,791	-
1470	Other current assets		28,309	-	77,350	1
11XX	Total current assets		2,620,994	35	1,728,307	20
Non-current assets						
1517	Non-current financial assets at fair value through profit or loss	6(2)	578,344	8	719,898	9
1550	Investments accounted for using equity method	6(5)	1,891,435	25	3,515,266	42
1600	Property, plant and equipment	6(6), 7 and 8	2,254,379	30	2,310,812	27
1755	Right-of-use assets	6(7)	-	-	1,573	-
1760	Investment property, net	6(8)	71,412	1	73,785	1
1780	Intangible assets		6,600	-	9,368	-
1840	Deferred tax assets	6(21)	95,638	1	86,715	1
1900	Other non-current assets		25,747	-	23,809	-
15XX	Total non-current assets		4,923,555	65	6,741,226	80
1XXX	Total assets		\$ 7,544,549	100	\$ 8,469,533	100

(Continued)

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ -	-	\$ 604	-
2170	Accounts payable	7	623,913	8	1,403,791	16
2200	Other payables	6(9)	456,867	6	495,499	6
2230	Income tax liabilities		4,715	-	-	-
2250	Provisions for liabilities - current	6(12)	45,756	1	55,000	1
2280	Current lease liabilities		-	-	1,621	-
2300	Other current liabilities	6(16)	153,976	2	165,465	2
21XX	Total current liabilities		1,285,227	17	2,121,980	25
Non-current liabilities						
2600	Other non-current liabilities	6(10)	21,423	-	32,490	-
25XX	Total non-current liabilities		21,423	-	32,490	-
2XXX	Total liabilities		1,306,650	17	2,154,470	25
Equity						
	Share capital	6(13)				
3110	Common stock		2,875,823	38	2,877,213	34
	Capital surplus	6(14)				
3200	Capital surplus		1,343,134	18	1,339,848	16
	Retained earnings	6(15)				
3310	Legal reserve		1,724,576	23	1,655,947	20
3320	Special reserve		855,579	11	654,447	8
3350	Unappropriated retained earnings		9,989	-	686,297	8
	Other equity interest					
3400	Other equity interest		(570,842)	(7)	(898,689)	(11)
3500	Treasury shares	6(11)	(360)	-	-	-
3XXX	Total equity		6,237,899	83	6,315,063	75
3X2X	Total liabilities and equity		\$ 7,544,549	100	\$ 8,469,533	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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16) and 7	\$ 3,355,316	100	\$ 2,230,373	100
5000	Operating costs	6(4)(20) and 7	(2,696,307)	(80)	(1,831,415)	(82)
5950	Gross profit from operations		659,009	20	398,958	18
	Operating expenses	6(20)				
6100	Selling expenses		(81,522)	(3)	(68,720)	(3)
6200	Administrative expenses		(263,851)	(8)	(308,989)	(14)
6300	Research and development expenses		(464,858)	(14)	(501,574)	(22)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(14,394)	-	(5,379)	-
6000	Total operating expenses		(824,625)	(25)	(884,662)	(39)
6900	Net operating loss		(165,616)	(5)	(485,704)	(21)
	Non-operating income and expenses					
7100	Interest income	6(17)	19,303	1	1,706	-
7010	Other income	6(18)	18,653	1	33,175	1
7020	Other gains and losses	6(19)	116,492	3	1,159,312	52
7050	Finance costs		(23)	-	(5,718)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	142,328	4	152,786	7
7000	Total non-operating income and expenses		296,753	9	1,341,261	60
7900	Profit before income tax		131,137	4	855,557	39
7950	Income tax benefit (expense)	6(21)	4,226	-	(171,438)	(8)
8200	Profit for the year		<u>\$ 135,363</u>	<u>4</u>	<u>\$ 684,119</u>	<u>31</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(10)	\$ 8,755	-	\$ 2,175	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(2)	(123,392)	(4)	50,911	2
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method		22,543	1	156,385	7
8349	Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss	6(21)	(1,751)	-	(435)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(93,845)	(3)	209,036	9
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		138,754	4	(72,094)	(3)
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		138,754	4	(72,094)	(3)
8300	Total other comprehensive income		<u>\$ 44,909</u>	<u>1</u>	<u>\$ 136,942</u>	<u>6</u>
8500	Total comprehensive income		<u>\$ 180,272</u>	<u>5</u>	<u>\$ 821,061</u>	<u>37</u>
	Earnings per share (in dollars)	6(22)				
9750	Basic earnings per share		\$ 0.48		\$ 2.42	
9850	Diluted earnings per share		\$ 0.47		\$ 2.40	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Retained Earnings				Other Equity Interest				
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity, others	Treasury shares	Total equity
<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
Appropriation of 2020 earnings	6(15)										
Cash dividends		-	(141,181)	-	-	-	-	-	-	-	(141,181)
Capital surplus used to offset accumulated deficit	6(14)	-	(86,830)	-	-	86,830	-	-	-	-	-
Compensation cost of share-based payment	6(11)	-	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>(\$ 43,110)</u>	<u>\$ -</u>	<u>\$ 6,315,063</u>
<u>Year ended December 31, 2022</u>											
Balance at January 1, 2022		<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>(\$ 43,110)</u>	<u>\$ -</u>	<u>\$ 6,315,063</u>
Profit for 2022		-	-	-	-	135,363	-	-	-	-	135,363
Other comprehensive income (loss) for 2022		-	-	-	-	7,167	138,754	(101,012)	-	-	44,909
Total comprehensive income (loss) for 2022		-	-	-	-	142,530	138,754	(101,012)	-	-	180,272
Appropriations and distribution of 2021 earnings	6(15)										
Legal reserve		-	-	68,629	-	(68,629)	-	-	-	-	-
Special reserve		-	-	-	201,132	(201,132)	-	-	-	-	-
Cash dividends		-	-	-	-	(287,582)	-	-	-	-	(287,582)
Redemption of employee restricted stock	6(11)	(1,390)	1,750	-	-	-	-	-	-	(360)	-
Compensation cost of share-based payment	6(11)	-	-	-	-	-	-	-	29,105	-	29,105
Adjustments to changes in vested number of restricted stock		-	1,536	-	-	278	-	-	(773)	-	1,041
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(2)	-	-	-	-	(261,773)	-	261,773	-	-	-
Balance at December 31, 2022		<u>\$ 2,875,823</u>	<u>\$ 1,343,134</u>	<u>\$ 1,724,576</u>	<u>\$ 855,579</u>	<u>\$ 9,989</u>	<u>(\$ 205,108)</u>	<u>(\$ 350,956)</u>	<u>(\$ 14,778)</u>	<u>(\$ 360)</u>	<u>\$ 6,237,899</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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 131,137	\$ 855,557
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(20)	76,239	81,116
Amortisation	6(20)	7,816	5,383
Expected credit loss	12(2)	14,394	5,379
Compensation cost of share-based payment	6(11)	29,105	14,840
Interest expense		23	5,718
Interest income	6(17)	(19,303)	(1,706)
Dividend income	6(18)	(14,332)	(11,010)
Share of profit of associates and joint ventures	6(5)	(142,328)	(152,786)
Gain on disposal of property, plant, equipment	6(19)	(210)	(216)
Gain on disposal of non-current assets held for sale	6(19)	-	(1,137,067)
Gain on disposal of investments	6(19)	(20,840)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		130,495	(271,893)
Inventories		(31,242)	(24,058)
Other current assets		49,019	(17,870)
Changes in operating liabilities			
Notes payable		(604)	604
Accounts payable		(779,878)	(17,845)
Other payables		(37,591)	32,739
Provisions		(9,244)	(17,106)
Other current liabilities		(11,489)	40,657
Other non-current liabilities		(2,312)	(2,139)
Cash outflow generated from operations		(631,145)	(611,703)
Interest received		19,303	1,706
Dividends received		829,199	14,738
Interest paid		(23)	(5,718)
Income tax paid		(1,732)	(59,967)
Net cash flows from (used in) operating activities		215,602	(660,944)

(Continued)

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	(\$ 19,750)	(\$ 64,500)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		37,912	31,105
Acquisition of investments accounted for using equity method	6(5)	(30,000)	-
Proceeds from liquidation of financial assets at investments accounted for using equity method	6(5)	1,163,429	-
Acquisition of property, plant and equipment	6(6)	(16,103)	(18,977)
Proceeds from disposal of property, plant and equipment		356	216
Proceeds from disposal of non-current assets held for sale		-	1,702,465
Acquisition of intangible assets		(5,048)	(6,115)
(Increase) decrease in other non-current assets		(1,938)	4,454
Net cash flows from investing activities		<u>1,128,858</u>	<u>1,648,648</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayments of short-term loans		-	(1,200,000)
Decrease in other non-current liabilities		-	(6,237)
Payments of lease liabilities		(1,503)	(1,629)
Payment of cash dividends	6(15)	(287,582)	(141,181)
Net cash flows used in financing activities		<u>(289,085)</u>	<u>(1,349,047)</u>
Net increase (decrease) in cash and cash equivalents		1,055,375	(361,343)
Cash and cash equivalents at beginning of year		<u>1,165,739</u>	<u>1,527,082</u>
Cash and cash equivalents at end of year		<u>\$ 2,221,114</u>	<u>\$ 1,165,739</u>

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

【 Attachment 3】

ABILITY ENTERPRISE CO., LTD Earning Distribution Table 2022

Unit: New Taiwan Dollars (NT\$)

Item	Amount
Initial Undistributed Earnings	\$128,953,852
Add: Remeasurements of defined benefit plans	7,166,538
Add: Share-based payment transaction	276,601
Minus: Disposal of investments in equity instruments designated at fair value through other comprehensive income	(261,771,491)
Add: Net Profit after Tax of this Year	135,362,755
Add: Reversal of special reserve	299,513,179
Distributable net profit	\$309,501,434
Distribution Items:	
Cash Dividends NT\$0.45 per share (Note 1)	(129,395,841)
Unappropriated retained earnings	\$180,105,593

Note 1: The cash dividends to shareholders is NT\$0.45 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: 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 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.	A R T I C L E 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, <u>and the remuneration of independent directors may be determined to be a reasonable remuneration different from that of ordinary directors</u> , 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.	Cooperate with practical work
A R T I C L E 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.	A R T I C L E 26	The Company established an Audit Committee, <u>and may establish other functional committees</u> . 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.	Cooperate with practical work
A R T I C L E 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.	A R T I C L E 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 legal reserve has reached the <u>Paid-in</u> 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.	Text revision
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.	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.	Add Revision Date

Articles and Contents before Revision	Articles and Contents After Revision	Revision Reason
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. 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 - August 12, 2021. 50 th revision - June 21, 2022.	10th revision - September 1, 1986. 11th revision - December 1, 1986. 12th revision - March 2, 1987. 13th revision - January 28, 1988. 14th revision - July 20, 1988. 15th revision - August 15, 1989. 16th revision - September 5, 1989. 17th revision - May 7, 1990. 18th revision - October 19, 1990. 19th revision - August 20, 1991. 20th revision - June 15, 1992. 21st revision - July 11, 1992. 22nd revision - March 4, 1993. 23rd revision - May 8, 1993. 24th revision - May 9, 1994. 25th revision - May 23, 1995. 26th revision - May 6, 1996. 27th revision - May 8, 1997. 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 - August 12, 2021. 50 th revision - June 21, 2022. 51 th revision - June 28, 2023.	

IV. Appendix

【Appendix 1】

ABILITY ENTERPRISE CO., LTD

Rules and Procedures of the Shareholders' Meeting

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 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.

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.

When the company convenes a video-conference shareholders meeting, it is not subject to the restriction on the venue of the preceding paragraph.

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.

If the shareholders' meeting is held by video conference, the company shall record and 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.

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.

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, 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.

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.

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. The length is limited to 200 characters, and the provisions of Articles 10 to 12 shall not apply.

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.

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.

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.

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 shall be postponed or renewed within five days, and the provisions of Article 182 of the Company Law shall not apply.

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 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

Article of Incorporation

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

When the company's shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.

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 August 12, 2021.
The 50th revision was made on June 21, 2022.

Ability Enterprise Co., Ltd.

Chairman : Tseng, Ming Jen

【Appendix 3】

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 30, 2023.

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

Base Date: April 30, 2023

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	2022.06.21	Three Years	1,650,000	0.57	1,650,000	0.57
Director	Representative of ABICO AVY CO., LTD. Chan, Wen-Hsiung	2022.06.21	Three Years	24,378,000	8.48	28,591,000	9.94
Director	Representative of ABICO AVY CO., LTD. Hu, Shiang-Chi						
Director	Representative of Chia-Mei Investment Co., Ltd. Tong, Chun-Jen	2022.06.21	Three Years	2,254,974	0.78	2,254,974	0.78
Director	Representative of Chia-Mei Investment Co., Ltd. Tong, Chun-Yi						
Director	Representative of Chia-Mei Investment Co., Ltd. Chang, Hsiao-Chi						
Independent Directort	Chen, Chien-Hung	2022.06.21	Three Years	0.00	0.00	0.00	0.00
Independent Directort	Huang, Chih-Chen	2022.06.21	Three Years	0.00	0.00	0.00	0.00
Independent Directort	Huang, Kuo-Lun	2022.06.21	Three Years	0.00	0.00	0.00	0.00
Total of All Directors				28,282,974	9.83	32,495,974	11.29

Note: The total of issued shares on book closure date, June 21, 2022, was 287,582,312 shares.

The total of issued shares on book closure date, April 30, 2023 was 287,546,312 shares.

【Appendix 4】

- 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.