

# **ABILITY ENTERPRISE CO., LTD**

## **2023 Annual Shareholders' Meeting Minutes**

**Type:** physical meeting

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

**Place:** New Taipei Exhibition Hall

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

**Total shares of Ability :** 287,546,312 shares

Total shares represented by shareholders present in person or by proxy :  
157,089,127 shares , in 55.32% of Ability's total shares.

**Directors Present :** Tseng,Ming-Jen 、 Tong, Chun-Jen 、 Tong, Chun-Yi  
Chang, Hsiao-Chi 、 Huang, Chih-Chen  
(Independent Director/Chairman of the Audit  
Committee) 、 Huang ,Kuo-Lun (Independent  
Director)

**Present :** Chang, Hsiao-Chi/General manager 、 Chou,Pao-Lin/Deputy  
General Manager(PwC) 、 Doris Lu /Lawyer(Chen & Lin  
Attorneys-at-Law)

**Chairman :** Tseng, Ming-Jen

**Record :** Lee, Hui Ching

**I. The aggregate shareholding of the shareholders presents  
in person or by proxy constituted a quorum. The Chairman  
called the meeting to order.**

**II. Chairman's Address (omitted)**

**III. Report :**

Proposal 1: The Company's Business Report of 2022

(Please refer to the Attachment 1)

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

(Please refer to the Attachment 2)

Proposal 3: The Company's Endorsement and Guarantee Records of 2022(Please refer to the Handbook of 2023 hareholders' Meeting)

Proposal 4: 2022 Employees' and Directors' Compensation Report (Please refer to the Handbook of 2023 Shareholders' Meeting)

Proposal 5: Others Reports  
Please refer to the Handbook of 2023 Shareholders' Meeting)

#### **IV. Proposed Resolutions :**

Proposal 1: The Company's business reports and financial statements of 2022 were submitted for recognition.  
(submitted by the Board of Directors)

Explanatory 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 the Attachment 1 & 3.

Voting Results :

Shares represented at the time of voting : 159,089,127

Favor	Against	Abstained	Invalid	% of total represented share present
157,653,823 votes*	34,705 votes*	1,400,599 votes*	0 votes*	99.09%

\*including votes casted electronically (number in brackets)

RESOLVED,the above proposal was accepted as submitted.

Proposal 2: The Company's 2022 earning distribution was submitted for recognition. (submitted by the Board of Directors)

Explanatory 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 the Attachment 4.

Voting Results :

Shares represented at the time of voting : 159,089,127

Favor	Against	Abstained	Invalid	% of total represented share present
157,873,764 votes*	68,389 votes*	1,146,974 votes*	0 votes*	99.23%

\*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

## V. Discussions :

Proposal 1: The Amendments of Company's "Articles of Incorporation", were submitted for discussion. (submitted by the Board of Directors)

Explanatory 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 the Attachment 5.

Voting Results :

Shares represented at the time of voting : 159,089,127

Favor	Against	Abstained	Invalid	% of total represented share present
157,905,676 votes*	37,179 votes*	1,146,272 votes*	0 votes*	99.25%

\*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

Proposal 2: Release the prohibition on the Company's Directors from participation in competitive business.(submitted by the Board of Directors)

Explanatory 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.

## Voting Results :

Shares represented at the time of voting : 159,089,127

Favor	Against	Abstained	Invalid	% of total represented share present
157,826,962 votes*	116,308 votes*	1,145,857 votes*	0 votes*	99.20%

\*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

## VIII. Extempore Motions

## IX. Meeting Adjournment

There are no questions from shareholders at this shareholders meeting

# **【 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 cooperate 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 】**

### **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**

# **【 Attachment 3】**

## **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

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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

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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	
Notes			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		2,135,015	24	2,286,649	25
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		65,454	1	61,895	1
2XXX	Total liabilities		2,200,469	25	2,348,544	26
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		6,237,899	71	6,315,063	71
36XX	Non-controlling interest		355,983	4	301,590	3
3XXX	Total equity		6,593,882	75	6,616,653	74
3X2X	Total liabilities and equity		\$ 8,794,351	100	\$ 8,965,197	100

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

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

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

			Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
Items	Notes					
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		\$ 173,175	3	\$ 720,512	20

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**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	%
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
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
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
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	<b>Other comprehensive income for the year</b>		\$ 41,490	1	\$ 126,024	4
8500	<b>Total comprehensive income for the year</b>		\$ 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

	Notes	Retained Earnings					Financial statements translation differences of foreign operations	Treasury shares	Total	Non-controlling interest	Total equity
		Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings					
<u>Year ended December 31, 2021</u>											
Balance at January 1, 2021		\$2,823,628	\$1,563,494	\$1,655,947	\$ 654,447	( \$ 86,830 )	( \$ 990,343 )	\$ -	\$5,620,343	\$ 276,115	\$5,896,458
Profit for 2021		-	-	-	-	684,119	-	-	684,119	36,393	720,512
Other comprehensive income (loss) for 2021		-	-	-	-	2,178	134,764	-	136,942	( 10,918 )	126,024
Total comprehensive income		-	-	-	-	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		<u>\$2,877,213</u>	<u>\$1,339,848</u>	<u>\$1,655,947</u>	<u>\$ 654,447</u>	<u>\$ 686,297</u>	<u>( \$ 898,689 )</u>	<u>\$ -</u>	<u>\$6,315,063</u>	<u>\$ 301,590</u>	<u>\$6,616,653</u>
<u>Year ended December 31, 2022</u>											
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		<u>\$2,875,823</u>	<u>\$1,343,134</u>	<u>\$1,724,576</u>	<u>\$ 855,579</u>	<u>\$ 9,989</u>	<u>( \$ 570,842 )</u>	<u>( \$ 360 )</u>	<u>\$6,237,899</u>	<u>\$ 355,983</u>	<u>\$6,593,882</u>

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

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

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

	Notes	Year ended December 31 2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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

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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

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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	<b>Profit before income tax</b>		131,137	4	855,557	39
7950	Income tax benefit (expense)	6(21)	4,226	-	( 171,438 )	( 8 )
8200	<b>Profit for the year</b>		<u>\$ 135,363</u>	<u>4</u>	<u>\$ 684,119</u>	<u>31</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
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
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
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	<b>Total other comprehensive income</b>		<u>\$ 44,909</u>	<u>1</u>	<u>\$ 136,942</u>	<u>6</u>
8500	<b>Total comprehensive income</b>		<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		\$ 2,877,213	\$ 1,339,848	\$ 1,655,947	\$ 654,447	\$ 686,297	(\$ 343,862 )	(\$ 511,717 )	(\$ 43,110 )	\$ -	\$ 6,315,063
<u>Year ended December 31, 2022</u>											
Balance at January 1, 2022		\$ 2,877,213	\$ 1,339,848	\$ 1,655,947	\$ 654,447	\$ 686,297	(\$ 343,862 )	(\$ 511,717 )	(\$ 43,110 )	\$ -	\$ 6,315,063
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		\$ 2,875,823	\$ 1,343,134	\$ 1,724,576	\$ 855,579	\$ 9,989	(\$ 205,108 )	(\$ 350,956 )	(\$ 14,778 )	(\$ 360 )	\$ 6,237,899

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 4】

### ABILITY ENTERPRISE CO., LTD Earning Distribution Table 2022

Unit: New Taiwan Dollars (NT\$)

Item	Amount
<b>Initial Undistributed Earnings</b>	<b>\$128,953,852</b>
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
<b>Distributable net profit</b>	<b>\$309,501,434</b>
<b>Distribution Items:</b>	
Cash Dividends NT\$0.45 per share (Note 1)	(129,395,841)
<b>Unappropriated retained earnings</b>	<b>\$180,105,593</b>

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 5 】

## 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
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 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
ARTICLE 26	The Company established an Audit Committee <del>in accordance with the Securities and Exchange Act since 2006.</del> 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.	ARTICLE 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
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 <del>accumulated</del> legal reserve has reached the <del>total</del> 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	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
ARTICLE 32	The Articles of Incorporation was established on May 10, 1965. 1 <sup>st</sup> revision - October 26, 1966. 2 <sup>nd</sup> revision - December 1, 1966. 3 <sup>rd</sup> revision - July 6, 1969. 4 <sup>th</sup> revision - March 1, 1971. 5 <sup>th</sup> revision - August 5, 1972. 6 <sup>th</sup> revision - May 14, 1973. 7 <sup>th</sup> revision - July 1, 1976. 8 <sup>th</sup> revision - March 11, 1979. 9 <sup>th</sup> revision - February 8, 1984. 10 <sup>th</sup> revision - September 1, 1986. 11 <sup>th</sup> revision - December 1, 1986. 12 <sup>th</sup> revision - March 2, 1987. 13 <sup>th</sup> revision - January 28, 1988.	ARTICLE 32	The Articles of Incorporation was established on May 10, 1965. 1 <sup>st</sup> revision - October 26, 1966. 2 <sup>nd</sup> revision - December 1, 1966. 3 <sup>rd</sup> revision - July 6, 1969. 4 <sup>th</sup> revision - March 1, 1971. 5 <sup>th</sup> revision - August 5, 1972. 6 <sup>th</sup> revision - May 14, 1973. 7 <sup>th</sup> revision - July 1, 1976. 8 <sup>th</sup> revision - March 11, 1979. 9 <sup>th</sup> revision - February 8, 1984. 10 <sup>th</sup> revision - September 1, 1986. 11 <sup>th</sup> revision - December 1, 1986. 12 <sup>th</sup> revision - March 2, 1987. 13 <sup>th</sup> revision - January 28, 1988.	Add Revision Date

Articles and Contents before Revision	Articles and Contents After Revision	Revision Reason
14 <sup>th</sup> revision - July 20, 1988. 15 <sup>th</sup> revision - August 15, 1989. 16 <sup>th</sup> revision - September 5, 1989. 17 <sup>th</sup> revision - May 7, 1990. 18 <sup>th</sup> revision - October 19, 1990. 19 <sup>th</sup> revision - August 20, 1991. 20 <sup>th</sup> revision - June 15, 1992. 21 <sup>st</sup> revision - July 11, 1992. 22 <sup>nd</sup> revision - March 4, 1993. 23 <sup>rd</sup> revision - May 8, 1993. 24 <sup>th</sup> revision - May 9, 1994. 25 <sup>th</sup> revision - May 23, 1995. 26 <sup>th</sup> revision - May 6, 1996. 27 <sup>th</sup> revision - May 8, 1997. 28 <sup>th</sup> revision - May 26, 1998. 29 <sup>th</sup> revision - May 24, 1999. 30 <sup>th</sup> revision - May 15, 2000. 31 <sup>st</sup> revision - May 31, 2001. 32 <sup>nd</sup> revision - May 27, 2002. 33 <sup>rd</sup> revision - August 23, 2002. 34 <sup>th</sup> revision - April 30, 2003. 35 <sup>th</sup> revision - June 13, 2005. 36 <sup>th</sup> revision - June 12, 2006. 37 <sup>th</sup> revision - June 13, 2008. 38 <sup>th</sup> revision - June 16, 2009. 39 <sup>th</sup> revision - June 17, 2010. 40 <sup>th</sup> revision - June 17, 2011. 41 <sup>st</sup> revision - June 22, 2012. 42 <sup>nd</sup> revision - June 21, 2013. 43 <sup>rd</sup> revision - June 17, 2014. 44 <sup>th</sup> revision - June 23, 2015. 45 <sup>th</sup> revision - June 29, 2016. 46 <sup>th</sup> revision - June 23, 2017. 47 <sup>th</sup> revision - June 14, 2019. 48 <sup>th</sup> revision – June 17, 2020. 49 <sup>th</sup> revision – Aug 12, 2021. 50 <sup>th</sup> revision – June 21, 2022.	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. 47 <sup>th</sup> revision - June 14, 2019. 48 <sup>th</sup> revision – June 17, 2020. 49 <sup>th</sup> revision – Aug 12, 2021. 50 <sup>th</sup> revision – June 21, 2022. <u>51<sup>th</sup> revision – June 28, 2023.</u>	