

Stock Code : 2374



ABILITY

ABILITY ENTERPRISE CO., LTD.
2024 Shareholders Meeting Handbook

Date: June 20, 2024

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Chapter 1 Meeting Procedures

ABILITY ENTERPRISE CO., LTD

2024 Annual Shareholders' Meeting Meeting Procedures

I. Calling Meeting to Order

II. Chairman's Address

III. Report

IV. Proposed Resolutions

V. Discussions

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VII. Meeting Adjournment

Chapter 2 Meeting Agenda

ABILITY ENTERPRISE CO., LTD

2024 Annual Shareholders' Meeting Meeting Agenda

Time: 9:00 a.m., June 20th, 2024 (Thursday)

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 2023.

Proposal 2: The Audit Committee's Review Report of 2023 Financial Records.

Proposal 3: The report of the Company's 2023 Endorsement and Guarantee Records.

Proposal 4: The report of the distribution of employees' compensation and directors' remuneration for the year 2023.

Proposal 5: Others

II. Proposed Resolutions:

Proposal 1: The proposal of the Company's 2023 Business Report & Financial Statement.

Proposal 2: The proposal of the Company's 2023 Earning Distribution.

III. Discussions:

Proposal 1: Proposal of issue new shares of Restricted Stock Awards.

Proposal 2: The revision of the Company's "Articles of Incorporation"

Proposal 3: Discussion to approve the releasing of non-competition restrictions for directors of the Company.

IV. Extempore Motions

V. Meeting Adjournment

I. Report

Proposal 1: The Company's Business Report of 2023

Note: Please refer to the Attachment I, page 11 – 13

Proposal 2: The Audit Committee's Review Report of 2023 Financial Records.

Note:

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

The Board of Directors has issued the Company's 2023 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
2024 Annual Shareholders' Meeting**

Audit Committee Convener: Mr. HUANG, CHIH-CHEN

May /10 / 2024

Proposal 3: The report of the Company's 2023 Endorsement and Guarantee Records.

Note: As of 2023/12/31, Endorsement and Guarantee Balance Report

- I. As of December 31, 2023, 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, 2023, 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
Zhongsan Shanxin Accurate Industry Co., Ltd.	21,635	0	21,635
Total	21,635	0	21,635

As of December 31, 2023, E-Pin's endorsement and guarantee balance was NT\$21,635 thousand. According to E-Pin's "Procedures of Endorsement and Guarantee", the endorsement and guarantee ceiling was NT\$88,935 thousand. The maximum amount of endorsement and guarantee for a single affiliate enterprise was NT\$88,935 thousand. For both, the total amount did not exceed the prescribed limit.

Proposal 4: The report of the distribution of employees' compensation and directors' remuneration for the year 2023.

Note:

The employees' and directors' compensation in 2023 are NT\$25,109,093 and NT\$4,707,955 in cash respectively, which are appropriated in accordance with the Company's Articles of Incorporation considering the profits earned in 2023 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 2023.

Proposal 5: Others

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 113th shareholder' Meeting for the period from April 3, 2024 to April 15, 2024 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 proposal of the Company's 2023 Business Report & Financial Statement ◦

Note:

- I. The Company's 2023 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 11– 41 of this handbook.

Resolution:

Proposal 2: (submitted by the Board of Directors)

Cause: The proposal of the Company's 2023 Earning Distribution.

Note:

- I. The Company's earning distribution form of 2023 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 42 of this handbook.

Resolution:

I. Discussions

Proposal 1: (submitted by the Board of Directors)

Cause: Proposal of issue new shares of Restricted Stock Awards ◦

Note:

- I. To attract and retain professional talents required by the Company, provide incentives to employees, and improve employees' cohesion in the hope of jointly creating the Company's and shareholders' benefits, the Company established the Regulations for Issuance of Restricted Stock Awards (the "Regulations") according to the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" (the "Offering and Issuance Regulations") published by the Financial Supervisory Commission (FSC) and other relevant requirements.
- II. Terms of the restricted stock awards are as follows:
 - (1) Total issuance amount: The total issuance amount of the RSAs is 3,800,000 shares with a par value of NT\$10 per share, totaling NT\$38,000,000.
 - (2) Conditions of RSAs:
 - A. Issuance price: The issuance adopts the model of granting, and the issuance price is nil per share.
 - B. Vesting conditions:

After granting the RSAs, when the employees remain in service with their annual performance evaluation results complying with the required conditions and fulfilling the service rules without violating the working rules of the Company upon the timetable below starting from the base day of the capital increase, the ratio of shares meeting the vesting conditions is as follows:

 1. One year: 40% of the granted shares.
 2. Two years: 30% of the granted shares.
 3. Three years: 30% of the granted shares.
 - C. Treatment when employees fail to meet the vesting conditions: If employees fail to meet the vesting conditions, the granted but not yet vested shares shall be recovered by the Company free of charge and canceled.
 - D. Type(s) of shares issued: New Common shares of the Company.

- E. Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance: following the processes prescribed by the issuing rules.
- (3) Eligible employees and shares to grant:
- A. Limited to the full-time formal employee's in-service on the granting day of restricted stock awards (RSAs), excluding the full-time formal employees of domestic and foreign companies controlled by or subordinated to the Company.
 - B. The number of RSAs granted to employees will be approved by the Chairman and reported to the Audit Committee and the Board for resolution with reference to the job level, work performance (the performance evaluation results for one period among the four periods in the recent two years shall at least be B), condition, and other factors, taking into account the operational requirements, business development, and strategies of the Company; however, for Directors who are concurrently managers or employees, it shall be proposed to the Remuneration Committee and the Board for approval.
- (4) Reasons for the issuance of restricted stocks: To attract and retain professional talents required by the Company, provide incentives to employees, and improve employees' cohesion in the hope of jointly creating the Company's and shareholders' benefits.
- (5) Possible amounts expensed, dilutive effects on the earnings per share of the Company, and effects on the rights and interests of other shareholders: The Company shall measure the fair value of shares on the granting date and recognize relevant expenses in the respective years during the vesting period. Calculating based on the average closing price of NT\$25.1 for the 30 business days before February 27, 2024 of the ordinary shares of the Company, the total possible amount expensed is approximately NT\$70,650 thousand. Calculated based on the three years in the vesting period, the amount expensed allocated to each year is NT\$46,600 thousand, NT\$17,299 thousand, and NT\$6,750 thousand, respectively, and the dilutive effects on the earnings per share are NT\$0.16, NT\$0.06, NT\$0.02, respectively. Based on the overall evaluation, the dilutive effects on the earnings per share of the Company in the following years are limited, and there are no material effects on shareholders' rights and interests.

III. If the conditions of the RSAs are required to be amended or adjusted due to the instructions of the competent authority or the amendments to relevant laws and regulations, the Company intends to propose to the shareholders' meeting to authorize the Board or personnel it authorized to make disposal on all issued RSAs at its full discretion.

IV. For the Regulations for the 2024 Issuance of Restricted Stock Awards, please refer to Attachment 4 on pages 43 to 46 of the handbook.

Resolution:

Proposal 2: (submitted by the Board of Directors)

Cause: The revision of the Company's "Articles of Incorporation".

Note:

- V. In accordance with the Jin-Guan-Zheng-Fa-Zi No.1090150022 Letter dated March 31, 2021 by the Financial Supervisory Commission and the need of company operation, part of articles of "Articles of Incorporation" will be amended.
- VI. For the before and after comparison table of the amendments, please refer to Attachment 5 listed in the page 47 – 48 of this handbook.

Resolution:

Proposal 3: (submitted by the Board of Directors)

Cause: Discussion to approve the releasing of non-competition restrictions for directors of the Company.

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 Chia-Mei Investment Co.,Ltd. : TONG, CHUN-JEN	Chairman, JIA WANG CAPITAL CO., LTD. Director, E-PIN OPTICAL INDUSTRY CO., LTD. Director, Jia Tech International Investment Co., Ltd.
Director	Representative of Chia-Mei Investment Co., Ltd. : TONG, CHUN-YI	Chairman,NENG DING INVESMENT CO., LTD. Director, JIA WANG CAPITAL CO., LTD.
Director	Representative of Chia-Mei Investment Co., Ltd. : CHANG, HSIAO-CHI	Director, Honyu Information Technology Co., Ltd.
Director	Representative of ABICO AVY CO., LTD. : CHAN, WEN-HSIUNG	Director, SCIWIN Laboratories Co., Ltd. Independent Director,Elitegroup Computer System CO., LTD.
Independent Director	HUANG, KUO-LUN	Chairman,DATADOT TECHNOLOGY (ASIA) PTE LIMITED Chairman, CITA TECHNOLOGY DEVELOPMENT CO., LTD.

Resolution:

II. Extempore Motions

III.Meeting Adjournment

III 、 Attachments

【 Attachment 1 】

Ability Enterprise Co., Ltd.

2023 Business Report

Dear shareholders:

I. Description of 2023 operation:

(1) Summary of operation

There were frequent wars in 2023, including the continuing Ukraine-Russia War, the Israel-Palestine Conflict, and the Red Sea crisis, and the international market was affected by geopolitics, resulting in an increase in the cost of enterprises. With the slowdown of inflation, the world is waiting for the interest rate reduction in the US to reduce the borrowing costs of enterprises. The frequent extreme weather events made countries require enterprises to accelerate their ESG actions. In the post-pandemic era of COVID-19, the changes in the consumption pattern accelerated the development and utilization of digital transformation.

Faced with the challenges of the external environment, Ability Enterprise actively faces the opportunities brought by changes. It adopts multiple practices concurrently for operations and continues to focus on three major fields for optical design, firmware, industrial design, hardware design, image processing, AI, and edge computing integration technology application, R&D and business operations for product R&D: I. Image application product (i.e., 360-degree commercial omnidirectional camera); II. Automotive camera, monitoring, and smart application products; III. Optical parts and components and image modules. In terms of business promotion, apart from strengthening self-marketing efforts (i.e., exhibition participation and increasing exposure through online advertisements), we also adopted the in-depth cooperation model with strategic partners to jointly promote our business (i.e., cooperation with the self-driving solution company in Japan for automotive cameras and the completion of smart city integration with customers in Europe and North America).

(2) 2023 business results:

In 2023, Ability Enterprise's consolidated operating income throughout the year was NT\$4,933,155 thousand, the operating gain was

NT\$122,298 thousand, net profit after tax attributable to the parent company was NT\$274,625 thousand, and earnings per share were NT\$0.96 per share.

II. The business development plan for 2024:

In 2024, regional military conflicts will remain, covering a shade over the global economic recovery and putting the energy crisis in a critical spot. The environment of high interest rates resulting from inflation also stopped enterprises from taking action. The private consumption is conservative, putting out the economic recovery strength and imposing severe challenges on the supply and sales of consumer electronic products.

As a sustainable enterprise, Ability must develop competitiveness in any environment, the capability to innovate in research and development, and the drive for marketing challenges. Ability Enterprise applies the initial image processing technologies, introduces sound technologies, combines AI and edge computing technologies, and is committed to the R&D and manufacturing of optical as well as audio and video products that align with the requirements of different lifestyles. To expand its international marketing, Ability Enterprise actively cooperates with different international partners and responds to the requirements in the customization field for designs and manufacturing to sell AI smart optical and audio and video products newly developed to Asia, America, and Europe.

Under the global carbon net zero trend, Ability Enterprise adheres to its corporate responsibility. In 2023, under the requirements and guidance of the Board, the ESG Committee and workforce were established, the ESG Report was completed, and the short-term, mid-term, and long-term crucial ESG issues and implementation targets of the Company were established. The Company organized comprehensive ESG advanced education courses in 2024 and concurrently continued carrying out internal energy conservation and carbon reduction. Facing the long-term ESG work requirements, the Company is adjusting its operation planning and implementation standards step by step and is concurrently complying with laws and regulations and global ESG evaluation standards to allow Ability Enterprise to become a company of sustainable operations.

The management team of Ability Enterprise flexibly and appropriately adjusts the organization for corporate governance based on

the requirements, extensively recruits R&D personnel to improve the R&D width, supports the business team to increase operating income, strengthens the supply chain, reduces costs, and continues to maintain the relationship of mutual trust with suppliers. We hope to secure shareholders' support with favorable operating results. In general, duly fulfilling corporate social responsibility, protecting shareholders' rights and interests, sharing operating performance with shareholders, customers, and employees are the targets for efforts made for operations by the management team.

Deeply appreciate every shareholder's support for Ability! We wish you all health and success!

Chairman: TSENG, MING-JEN

President: CHANG, HSIAO-CHI

Accounting Manager: LIN, HSIN-CHUN

【Attachment 2】

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000547

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, 2023 and 2022, 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 material accounting policies.

In our opinion, based on our audits and the report 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of

China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 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, 2023, the balances of the Group's inventory and allowance for inventory valuation loss were NT\$1,152,735 thousand and NT\$408,818 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of 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, 2023, the balance of property, plant and equipment and investment property totaled to NT\$3,216,040 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 – Reference to the audits of other auditors

We did not audit the financial statements of an investment accounted for using equity method, The balance of this investment accounted for using equity method amounted to NT\$31,127 thousand and NT\$26,939 thousand, constituting 0.34% and 0.31% of consolidated total assets as of December 31, 2023 and 2022, respectively, and the related share of profit of associates and joint ventures accounted for under equity method amounted to NT\$8,988 thousand and NT\$7,754 thousand, constituting 3.19% and 3.61% of consolidated total comprehensive income (loss) for the years then ended, respectively. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein relative to the investee, is based solely on the audit report 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, 2023 and 2022.

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 8, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,092,203	34	\$ 2,839,617	32
1110	Financial assets at fair value through profit or loss - current	6(2)	16,168	-	16,175	-
1136	Current financial assets at amortised cost	6(4)	86,540	1	66,141	1
1170	Accounts receivable, net	6(5) and 7	617,666	7	792,727	9
130X	Inventory	6(6)	743,917	8	847,754	10
1470	Other current assets	6(7)	129,223	2	120,665	1
11XX	Total current assets		4,685,717	52	4,683,079	53
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	753,768	8	597,030	7
1550	Investments accounted for under equity method	6(8)	72,138	1	67,772	1
1600	Property, plant and equipment	6(9) and 8	3,147,001	35	3,099,452	35
1755	Right-of-use assets	6(10) and 8	117,070	1	84,707	1
1760	Investment property - net	6(11)	69,039	1	71,412	1
1780	Intangible assets	6(12)	7,285	-	7,068	-
1840	Deferred income tax assets	6(28)	106,796	1	106,587	1
1900	Other non-current assets		103,732	1	77,244	1
15XX	Total non-current assets		4,376,829	48	4,111,272	47
1XXX	Total assets		\$ 9,062,546	100	\$ 8,794,351	100

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13)	\$ 349,008	4	\$ 353,866	4
2170	Accounts payable	7	813,716	9	786,670	9
2200	Other payables	6(14)	731,156	8	699,505	8
2230	Current income tax liabilities		18,251	-	24,331	-
2250	Current provisions	6(17)	45,756	-	45,756	1
2280	Current lease liabilities		18,289	-	7,749	-
2300	Other current liabilities	6(22)	245,557	3	217,138	2
21XX	Total current liabilities		2,221,733	24	2,135,015	24
Non-current liabilities						
2580	Non-current lease liabilities		37,656	-	11,683	-
2600	Other non-current liabilities	6(15)	48,815	1	53,771	1
25XX	Total non-current liabilities		86,471	1	65,454	1
2XXX	Total liabilities		2,308,204	25	2,200,469	25
Equity						
Equity attributable to owners of parent						
	Share capital	6(18)				
3110	Common stock		2,875,343	32	2,875,823	33
	Capital surplus	6(19)				
3200	Capital surplus		1,342,757	15	1,343,134	14
	Retained earnings	6(20)				
3310	Legal reserve		1,724,576	19	1,724,576	20
3320	Special reserve		556,064	6	855,579	10
3350	Unappropriated retained earnings		454,044	5	9,989	-
	Other equity interest	6(21)				
3400	Other equity interest		(505,248)	(6)	(570,842)	(6)
3500	Treasury shares	6(16)	-	-	(360)	-
31XX	Equity attributable to owners of the parent		6,447,536	71	6,237,899	71
36XX	Non-controlling interest		306,806	4	355,983	4
3XXX	Total equity		6,754,342	75	6,593,882	75
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 9,062,546	100	\$ 8,794,351	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, 2023 AND 2022

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

		Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
Items						
4000	Operating revenue	6(22) and 7	\$ 4,933,155	100	\$ 5,285,957	100
5000	Operating costs	6(6)(27) and 7	(3,625,112)	(74)	(4,112,724)	(78)
5950	Net operating margin		<u>1,308,043</u>	<u>26</u>	<u>1,173,233</u>	<u>22</u>
	Operating expenses	6(27)				
6100	Selling expenses		(146,161)	(3)	(116,955)	(2)
6200	General and administrative expenses		(433,081)	(9)	(471,218)	(9)
6300	Research and development expenses		(625,073)	(13)	(593,903)	(11)
6450	Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	12(2)	<u>18,569</u>	<u>1</u>	<u>(14,536)</u>	<u>-</u>
6000	Total operating expenses		<u>(1,185,746)</u>	<u>(24)</u>	<u>(1,196,612)</u>	<u>(22)</u>
6900	Operating profit (loss)		<u>122,297</u>	<u>2</u>	<u>(23,379)</u>	<u>-</u>
	Non-operating income and expenses					
7100	Interest income	6(23)	98,764	2	24,110	-
7010	Other income	6(24)	65,636	2	39,865	1
7020	Other gains and losses	6(25)	14,884	-	160,669	3
7050	Finance costs	6(26)	(9,486)	-	(5,524)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>9,940</u>	<u>-</u>	<u>10,135</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>179,738</u>	<u>4</u>	<u>229,255</u>	<u>4</u>
7900	Profit before income tax		<u>302,035</u>	<u>6</u>	<u>205,876</u>	<u>4</u>
7950	Income tax expense	6(28)	(59,446)	(1)	(32,701)	(1)
8200	Profit for the year		<u>\$ 242,589</u>	<u>5</u>	<u>\$ 173,175</u>	<u>3</u>

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 (Losses) gains on remeasurements of defined benefit plans	6(15)	(\$ 992)	-	\$ 9,129	-
8316 Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	6(3)	90,776	2	(101,012)	(2)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	198	-	(1,826)	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		89,982	2	(93,709)	(2)
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(50,374)	(1)	135,199	3
8360 Other comprehensive (loss) income that will be reclassified to profit or loss		(50,374)	(1)	135,199	3
8300 Other comprehensive income for the year		<u>\$ 39,608</u>	<u>1</u>	<u>\$ 41,490</u>	<u>1</u>
8500 Total comprehensive income for the year		<u>\$ 282,197</u>	<u>6</u>	<u>\$ 214,665</u>	<u>4</u>
Profit (loss) attributable to:					
8610 Owners of the parent		\$ 274,625	6	\$ 135,363	2
8620 Non-controlling interest		(32,036)	(1)	37,812	1
		<u>\$ 242,589</u>	<u>5</u>	<u>\$ 173,175</u>	<u>3</u>
Comprehensive income (loss) attributable to:					
8710 Owners of the parent		\$ 328,161	7	\$ 180,272	3
8720 Non-controlling interest		(45,964)	(1)	34,393	1
		<u>\$ 282,197</u>	<u>6</u>	<u>\$ 214,665</u>	<u>4</u>
Earnings per share (in dollars)	6(29)				
9750 Basic earnings per share		<u>\$ 0.96</u>		<u>\$ 0.48</u>	
9850 Diluted earnings per share		<u>\$ 0.96</u>		<u>\$ 0.47</u>	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent							Non-controlling interest	Total equity
		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	Treasury shares		
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)	\$ -	\$ 301,590	\$ 6,616,653
Profit for 2022		-	-	-	-	135,363	-	-	37,812	173,175
Other comprehensive income (loss) for 2022		-	-	-	-	7,167	37,742	-	(3,419)	41,490
Total comprehensive income		-	-	-	-	142,530	37,742	-	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)
Redemption of employee restricted stock	6(16)	(1,390)	1,750	-	-	-	-	(360)	-	-
Compensation cost of share-based payment	6(16)	-	-	-	-	-	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(3)	-	-	-	-	(261,773)	261,773	-	-	-
Changes in non-controlling interests		-	-	-	-	-	-	-	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>\$ 355,983</u>	<u>\$ 6,593,882</u>
Year ended December 31, 2023										
Balance at January 1, 2023		\$ 2,875,823	\$ 1,343,134	\$ 1,724,576	\$ 855,579	\$ 9,989	(\$ 570,842)	(\$ 360)	\$ 355,983	\$ 6,593,882
Profit for 2023		-	-	-	-	274,625	-	-	(32,036)	242,589
Other comprehensive income (loss) for 2023		-	-	-	-	(761)	54,297	-	(13,928)	39,608
Total comprehensive income (loss)		-	-	-	-	273,864	54,297	-	(45,964)	282,197
Appropriations and distribution of 2022 retained earnings	6(20)									
Cash dividends		-	-	-	-	(129,396)	-	-	-	(129,396)
Reversal of special reserve		-	-	-	(299,515)	299,515	-	-	-	-
Redemption of employee restricted stock	6(16)	(480)	120	-	-	-	-	360	-	-
Compensation cost of share-based payment	6(16)	-	-	-	-	-	11,179	-	-	11,179
Adjustments to changes in vested number of restricted stock		-	(497)	-	-	72	118	-	-	(307)
Changes in non-controlling interests		-	-	-	-	-	-	-	(3,213)	(3,213)
Balance at December 31, 2023		<u>\$ 2,875,343</u>	<u>\$ 1,342,757</u>	<u>\$ 1,724,576</u>	<u>\$ 556,064</u>	<u>\$ 454,044</u>	<u>(\$ 505,248)</u>	<u>\$ -</u>	<u>\$ 306,806</u>	<u>\$ 6,754,342</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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 302,035	\$ 205,876
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(27)	209,707	205,945
Amortisation	6(27)	6,913	8,374
Gain on disposal of investments	6(25)	(270)	(20,840)
Expected credit (gain) loss	12(2)	(18,569)	14,536
Net gain on financial assets or liabilities at fair value through profit or loss		(193)	(74)
Compensation cost of share-based payment	6(16)	11,179	29,105
Interest expense	6(26)	9,486	5,524
Interest income	6(23)	(98,764)	(24,110)
Dividend income	6(24)	(20,811)	(14,332)
Share of profit of associates and joint ventures accounted for under equity method	6(8)	(9,940)	(10,135)
Loss on disposal of property, plant, and equipment	6(25)	6,417	12,664
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Accounts receivable, net		194,063	(7,660)
Inventories		107,262	222,080
Other current assets		(619)	35,717
Net changes in liabilities relating to operating activities			
Accounts payable		26,052	(203,570)
Other payables		32,066	(166,028)
Other current liabilities		28,161	(1,642)
Other non-current liabilities		(5,621)	(1,771)
Cash inflow generated from operations		778,554	289,659
Interest received		98,764	24,110
Dividends received		25,611	18,832
Interest paid		(9,486)	(5,524)
Income tax paid		(72,497)	(20,809)
Net cash flows from operating activities		820,946	306,268

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(3)	(\$ 80,974)	(\$ 19,750)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	12(3)	-	37,912
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	15,000	525,078
Acquisition of financial assets at amortised cost		(86,540)	-
Proceeds from disposal of financial assets at amortised cost		66,141	-
Proceeds from disposal of financial assets at fair value through profit or loss		204	-
Acquisition of property, plant and equipment	6(9)	(226,844)	(63,747)
Proceeds from disposal of property, plant and equipment		2,215	1,265
Acquisition of intangible assets	6(12)	(7,130)	(5,273)
Increase in other non-current assets		(54,758)	(43,649)
Net cash flows (used in) from investing activities		(372,686)	431,836
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans		(4,858)	86,887
Payments of lease liabilities		(16,858)	(14,307)
Payment of cash dividends	6(20)	(129,396)	(287,582)
(Decrease) increase in other non-current liabilities		(139)	3,868
Change in non-controlling interests	4(3)	-	20,000
Cash dividends paid by subsidiaries to non-controlling interest		(3,213)	-
Net cash flows used in financing activities		(154,464)	(191,134)
Net effect of changes in foreign currency exchange rates		(41,210)	155,481
Net increase in cash and cash equivalents		252,586	702,451
Cash and cash equivalents at beginning of year		2,839,617	2,137,166
Cash and cash equivalents at end of year		<u>\$ 3,092,203</u>	<u>\$ 2,839,617</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.

PWCR23000548

Opinion

We have audited the accompanying balance sheets of Ability Enterprise Co., Ltd. (the “Company”) as at December 31, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 2023 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Assessment of allowance for inventory valuation loss

Description

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

As of December 31, 2023, inventories and allowance for inventory valuation loss amounted to NT\$190,334 thousand and NT\$92,632 thousand, respectively, while the investments accounted for using equity method amounted to NT\$1,935,775 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 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(13) and (15) for accounting policies on impairment of property, plant and equipment and investment property, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on impairment of property, plant and equipment, and Notes 6(6) and (8) for account details of property, plant and equipment and investment property. As of December 31, 2023, property, plant and equipment and investment property amounted to NT\$2,287,718 thousand.

The Company's property, plant and equipment and investment property primarily consist of land, buildings and structures, constituting 29% 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 an investment 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 this subsidiaries and associate, is based solely on the report of the other auditors. The balance of this investment accounted for under the equity method amounted to NT\$31,127 thousand and NT\$26,939 thousand, constituting 0.39% and 0.36% of the total assets as at December 31, 2023 and 2022, respectively, and the share of profit recognised from investees accounted for under the equity method amounted to NT\$8,988 thousand and NT\$7,754 thousand, constituting 2.74% and 4.30% 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 8, 2024

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 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,322,991	29	\$ 2,221,114	30
1170	Accounts receivable, net	6(3) and 7	404,379	5	280,538	4
130X	Inventories	6(4)	97,702	1	91,033	1
1470	Other current assets		58,729	1	28,309	-
11XX	Total current assets		2,883,801	36	2,620,994	35
Non-current assets						
1517	Non-current financial assets at fair value through profit or loss	6(2)	735,129	9	578,344	8
1550	Investments accounted for using equity method	6(5)	1,935,775	24	1,891,435	25
1600	Property, plant and equipment	6(6) and 7	2,218,679	28	2,254,379	30
1760	Investment property, net	6(8)	69,039	1	71,412	1
1780	Intangible assets		4,756	-	6,600	-
1840	Deferred tax assets	6(21)	95,717	1	95,638	1
1900	Other non-current assets		66,618	1	25,747	-
15XX	Total non-current assets		5,125,713	64	4,923,555	65
1XXX	Total assets		\$ 8,009,514	100	\$ 7,544,549	100

(Continued)

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022					
			Notes	AMOUNT	%	AMOUNT	%			
Current liabilities										
2170	Accounts payable	7	\$	858,144	11	\$	623,913	8		
2200	Other payables	6(9)		463,521	6		456,867	6		
2230	Income tax liabilities			-	-		4,715	-		
2250	Provisions for liabilities - current	6(12)		45,756	-		45,756	1		
2300	Other current liabilities	6(16)		177,763	2		153,976	2		
21XX	Total current liabilities			1,545,184	19		1,285,227	17		
Non-current liabilities										
2600	Other non-current liabilities	6(10)		16,794	-		21,423	-		
25XX	Total non-current liabilities			16,794	-		21,423	-		
2XXX	Total liabilities			1,561,978	19		1,306,650	17		
Equity										
	Share capital	6(13)								
3110	Common stock			2,875,343	36		2,875,823	38		
	Capital surplus	6(14)								
3200	Capital surplus			1,342,757	17		1,343,134	18		
	Retained earnings	6(15)								
3310	Legal reserve			1,724,576	21		1,724,576	23		
3320	Special reserve			556,064	7		855,579	11		
3350	Unappropriated retained earnings			454,044	6		9,989	-		
	Other equity interest									
3400	Other equity interest		(505,248)	(6)	(570,842)	(7)
3500	Treasury shares	6(11)		-	-	(360)	-		
3XXX	Total equity			6,447,536	81		6,237,899	83		
	Significant contingent liabilities and unrecognised contract commitments	9								
	Significant events after the balance sheet date	11								
3X2X	Total liabilities and equity		\$	8,009,514	100	\$	7,544,549	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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

				Year ended December 31			
				2023		2022	
Items		Notes	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(16) and 7	\$ 3,781,091	100	\$ 3,355,316	100	
5000	Operating costs	6(4)(20) and 7	(2,883,796)	(76)	(2,696,307)	(80)	
5950	Net operating margin		897,295	24	659,009	20	
	Operating expenses	6(20)					
6100	Selling expenses		(122,207)	(3)	(81,522)	(3)	
6200	Administrative expenses		(229,768)	(6)	(263,851)	(8)	
6300	Research and development expenses		(477,061)	(13)	(464,858)	(14)	
6450	Impairment gain and reversal of impairment loss (Impairment loss) determined in accordance with IFRS 9	12(2)	18,578	-	(14,394)	-	
6000	Total operating expenses		(810,458)	(22)	(824,625)	(25)	
6900	Operating profit (loss)		86,837	2	(165,616)	(5)	
	Non-operating income and expenses						
7100	Interest income	6(17)	84,476	2	19,303	1	
7010	Other income	6(18)	25,409	1	18,653	1	
7020	Other gains and losses	6(19)	(8,181)	-	116,492	3	
7050	Finance costs		(14)	-	(23)	-	
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	95,519	2	142,328	4	
7000	Total non-operating income and expenses		197,209	5	296,753	9	
7900	Profit before income tax		284,046	7	131,137	4	
7950	Income tax expense	6(21)	(9,421)	-	4,226	-	
8200	Profit for the year		\$ 274,625	7	\$ 135,363	4	
	Other comprehensive income						
	Components of other comprehensive income that will not be reclassified to profit or loss						
8311	(Losses) gains on remeasurements of defined benefit plan	6(10)	(\$ 900)	-	\$ 8,755	-	
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	90,776	3	(123,392)	(4)	
8330	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(40)	-	22,543	1	
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(21)	179	-	(1,751)	-	
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		90,015	3	(93,845)	(3)	
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translation		(36,479)	(1)	138,754	4	
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(36,479)	(1)	138,754	4	
8300	Other comprehensive income		\$ 53,536	2	\$ 44,909	1	
8500	Total comprehensive income		\$ 328,161	9	\$ 180,272	5	
	Earnings per share (in dollars)	6(22)					
9750	Basic earnings per share		\$ 0.96		\$ 0.48		
9850	Diluted earnings per share		\$ 0.96		\$ 0.47		

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained Earnings			Other Equity Interest			Treasury shares	Total equity
				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		
<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 retained 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 due 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>
<u>Year ended December 31, 2023</u>											
Balance at January 1, 2023		<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>
Profit for 2023		-	-	-	-	274,625	-	-	-	-	274,625
Other comprehensive income (loss) for 2023		-	-	-	-	(761)	(36,479)	90,776	-	-	53,536
Total comprehensive income (loss) for 2023		-	-	-	-	273,864	(36,479)	90,776	-	-	328,161
Appropriations and distribution of 2022 retained earnings	6(15)										
Cash dividends		-	-	-	-	(129,396)	-	-	-	-	(129,396)
Reversal of special reserve		-	-	-	(299,515)	299,515	-	-	-	-	-
Redemption of employee restricted stock	6(11)	(480)	120	-	-	-	-	-	-	360	-
Compensation cost of share-based payment	6(11)	-	-	-	-	-	-	-	11,179	-	11,179
Adjustments due to changes in vested number of restricted stock		-	(497)	-	-	72	-	-	118	-	(307)
Balance at December 31, 2023		<u>\$ 2,875,343</u>	<u>\$ 1,342,757</u>	<u>\$ 1,724,576</u>	<u>\$ 556,064</u>	<u>\$ 454,044</u>	<u>(\$ 241,587)</u>	<u>(\$ 260,180)</u>	<u>(\$ 3,481)</u>	<u>\$ -</u>	<u>\$ 6,447,536</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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 284,046	\$ 131,137
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(20)	61,422	76,239
Amortisation	6(20)	5,978	7,816
Expected credit (gain) loss	12(2)	(18,578)	14,394
Compensation cost of share-based payment	6(11)	11,179	29,105
Interest expense		14	23
Interest income	6(17)	(84,476)	(19,303)
Dividend income	6(18)	(20,811)	(14,332)
Share of profit of associates and joint ventures	6(5)	(95,519)	(142,328)
Gain on disposal of property, plant, equipment	6(19)	-	(210)
Gain on disposal of investments	6(19)	(266)	(20,840)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(105,263)	130,495
Inventories		(6,669)	(31,242)
Other current assets		(22,952)	49,019
Changes in operating liabilities			
Notes payable		-	(604)
Accounts payable		234,231	(779,878)
Other payables		6,347	(37,591)
Provisions		-	(9,244)
Other current liabilities		23,787	(11,489)
Other non-current liabilities		(5,529)	(2,312)
Cash inflow (outflow) generated from operations		266,941	(631,145)
Interest received		84,476	19,303
Dividends received		29,523	829,199
Interest paid		(14)	(23)
Income tax paid		(21,504)	(1,732)
Net cash flows from operating activities		<u>359,422</u>	<u>215,602</u>

(Continued)

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	(\$ 66,019)	(\$ 19,750)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	37,912
Acquisition of investments accounted for using equity method	6(5)	-	(30,000)
Proceeds from liquidation of investments accounted for using equity method	6(5)	6,224	1,163,429
Acquisition of property, plant and equipment	6(6)	(23,349)	(16,103)
Proceeds from disposal of property, plant and equipment		-	356
Acquisition of intangible assets		(4,134)	(5,048)
Increase in other non-current assets		(40,871)	(1,938)
Net cash flows (used in) from investing activities		(128,149)	1,128,858
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities		-	(1,503)
Payment of cash dividends	6(15)	(129,396)	(287,582)
Net cash flows used in financing activities		(129,396)	(289,085)
Net increase in cash and cash equivalents		101,877	1,055,375
Cash and cash equivalents at beginning of year		2,221,114	1,165,739
Cash and cash equivalents at end of year		\$ 2,322,991	\$ 2,221,114

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

【 Attachment 3】

ABILITY ENTERPRISE CO., LTD Earning Distribution Table 2023

Unit: New Taiwan Dollars (NT\$)

Item	Amount
Initial Undistributed Earnings	\$180,105,593
Less: Remeasurements of defined benefit plans	(758,963)
Add: Share-based payment transaction	72,331
Add: Net Profit after Tax of this Year	274,624,765
Less: 10% legal reserve	(27,393,813)
Add: Reversal of special reserve	54,297,498
Distributable net profit	\$480,947,411
Distribution Items:	
Cash Dividends NT\$0.90 per share (Note 1)	(258,780,881)
Unappropriated retained earnings	\$222,166,530

Note 1: The cash dividends to shareholders is NT\$0.90 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

Regulations for the 2024 Issuance of Restricted Stock Awards

Article 1 Purpose

To attract and retain professional talents required by the Company, provide incentives to employees, and improve employees' cohesion in the hope of jointly creating the Company's and shareholders' benefits, the Company established the Regulations for the 2024 Issuance of Restricted Stock Awards (the "Regulations") according to the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" (the "Offering and Issuance Regulations") published by the Financial Supervisory Commission (FSC) and other relevant requirements.

Article 2 Issuance period

The Company shall report for arrangement at once or in batches within one year from the resolution date of the shareholders' meeting and may issue the awards in a lump sum or in batches based on the requirements within two years from the service day of the effective report notice from the competent authority. The Board authorized the Chairman to set the actual issuance day.

Article 3 Qualification and conditions of employees and the number of shares allocated:

- (I) Limited to the full-time formal employee's in-service on the granting day of restricted stock awards (RSAs), excluding the full-time formal employees of domestic and foreign companies controlled by or subordinated to the Company; the companies controlled by or subordinated to the Company are recognized according to the standards under Article 369-2 of the Company Act.
- (II) The number of RSAs granted to employees will be approved by the Chairman and reported to the Audit Committee and the Board for resolution with reference to the job level, work performance (the performance evaluation results for one period among the four periods in the recent two years shall at least be B), condition, and other factors, taking into account the operational requirements, business development, and strategies of the Company; however, for Directors who are concurrently managers or employees, it shall be proposed to the Remuneration Committee and the Board for approval.
- (III) The sum of the cumulative number of subscribable shares of a single employee under the employee stock warrants issued according to paragraph 1, Article 56 of the Offering and Issuance Regulations and the cumulative

RSAs he/she acquired shall not exceed 0.3% of the total issued shares, and shall not exceed 1% of the total issued shares of the Company after adding the cumulative number of subscribable shares of a single employee under the employee stock warrants issued under paragraph 1, Article 56 of the Offering and Issuance Regulations. However, with the project approval of the central competent authority of the industry, the sum of employee stock options and RSAs acquired by a single employee may be exempted from the above-mentioned ratio restrictions.

Article 4 Total issuance amount

The total issuance amount of the RSAs is 3,800,000 shares with a par value of NT\$10 per share, totaling NT\$38,000,000.

Article 5 Vesting conditions of RSAs and the restrictions on the rights of the shares

- (I) Issuance price: The issuance adopts the model of granting, and the issuance price is nil per share.
- (II) The shares issued and granted to employees are ordinary shares. Except for the requirements in (VIII), the rights and obligations of such share are equivalent to that of other outstanding ordinary shares.
- (III) Vesting conditions
After granting the RSAs, when the employees remain in service with their annual performance evaluation results complying with the required conditions and fulfilling the service rules without violating the working rules of the Company upon the timetable below starting from the base day of the capital increase, the ratio of shares meeting the vesting conditions is as follows:
 - 1. One year: 40% of the granted shares.
 - 2. Two years: 30% of the granted shares.
 - 3. Three years: 30% of the granted shares.
- (IV) Treatment when employees fail to meet the vesting conditions:
If employees fail to meet the vesting conditions, the granted but not yet vested shares shall be recovered by the Company free of charge and canceled.
- (V) Treatment for resignation, retirement, disabilities due to occupational disasters, death, general death, job transfer, and leave without pay of employees:
 - 1. Employees who voluntarily resign, dismissed, and laid off: If there are unvested RSAs, the vesting rights are lost on the date of occurrence, and the shares shall be recovered by the Company free of charge and canceled.
 - 2. Retirement:

If there are unvested RSAs, they shall be deemed to fulfill the vesting conditions on the effective date of retirement and be fully vested.

3. Disabilities due to occupational disasters, death, general death, and job transfer of employees:

- (1) For employees who have physical disabilities due to occupational disasters and cannot continue to provide their services, their unvested RSAs shall become fully vested upon the severance.
- (2) For employees who passed away due to occupational disasters or general causes, their unvested RSAs shall be deemed fully vested on the day of death, and the successor shall complete the necessary legal procedures and provide relevant certifying documents to apply for the collection of the shares to be inherited or rights and interests processed.

4. Job transfer:

Due to the operational requirement of the Company, if employees of the Company are required and approved by the Company to transfer to work at affiliates of the Company, the Chairman or the supervisor it authorized may approve the ratio and timetable for meeting the vesting conditions within the timetable agreed in (III) of Article 5 of the Regulations.

5. Leave without pay:

For employees that the Company approved of their leave without pay, if there are unvested RSAs, the calculation of the service seniority and the annual personal performance evaluation results in (III) of Article 5 of the Regulations shall be based on the actual number of days of leave without pay after the reinstatement.

(VI) Before meeting the vesting conditions, if employees violate the requirements in (VIII) of the Article and terminate or cancel the agency authority of the Company, the shares will be recovered by the Company free of charge and canceled.

(VII) Restrictions on the rights of shares before meeting the vesting conditions:

1. Except for inheritance, employees may not sell, pledge, transfer RSAs, give to others, create rights, or make disposals by other means during the vesting period.
2. Before meeting the vesting conditions, RSAs are entitled to the rights to participate in share subscription under the capital increase in case and dividend distribution, and the share and cash dividends acquired are not restricted by the existing period.
3. Before meeting the vesting conditions, the rights to propose, speak, and vote of employees at the shareholders' meetings of the Company and

other matters related to the rights and interests of shareholders shall be exercised by the consigned trust institution on behalf of employees.

4. The RSAs are immediately delivered to the trust once issued, and employees shall not request the trustee to return the RSAs based on any reason or by any means before meeting the vesting conditions.

(VIII) Other agreements:

During the trust period of RSAs, the Company shall act on behalf of the employees at its full discretion to (including but not limited to) negotiate, execute, amend, extend, cancel, or terminate the trust contract with the trust institution and give instructions on the delivery, use, and disposal of the trusted properties.

Article 6 Non-disclosure agreement

Employees with RSAs granted shall observe the non-disclosure requirements and shall not inquire about others or leak the content and personal rights and interests under the RSAs granted to others.

All holders who acquired the RSAs and derived rights and interests according to the Regulations shall comply with the requirements of the Regulations. If the Company recognizes any violation of the non-disclosure requirements by employees, the Company is entitled to recover the unvested RSAs and cancel them.

Article 7 Other material matters

- (I) The Regulations were approved by the Board and became effective after being reported to and approved by the competent authority. Without affecting the resolution of the shareholders' meeting, if amendments are required due to actual circumstances before the issuance of the RSAs or if corrections are required after the review of the competent authority during the course of submission for review, the Chairman is authorized to amend the Regulations, and the issuance shall be subject to the subsequent report to the Board for ratification.
- (II) Except for otherwise stated in laws and regulations, for unaddressed matters in the Regulations, the Board or the personnel it authorized are authorized to make arrangements according to relevant laws and regulations.

【Attachment5】

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 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 Paid-in 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 Paid-in 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. <u>It is the net amount of the previous accumulation debited to other equity and the net increase in the fair value of the investment properties, a special reserve for the same amount should be appropriated from the unappropriated earnings of the previous period. If there is an insufficient amount for appropriation, the net income and items other than net income are added into the current unappropriated earnings for appropriation.</u>	In accordance with the regulations of the competent authorities and Cooperate with practical work
A R T I C L E 32	The Articles of Incorporation was established on May 10, 1965. 1 st revision - October 26, 1966. 2 nd revision - December 1, 1966. 3 rd revision - July 6, 1969. 4 th revision - March 1, 1971. 5 th revision - August 5, 1972. 6 th revision - May 14, 1973. 7 th revision - July 1, 1976. 8 th revision - March 11, 1979. 9 th revision - February 8, 1984. 10 th revision - September 1, 1986. 11 th revision - December 1, 1986. 12 th revision - March 2, 1987. 13 th revision - January 28, 1988. 14 th revision - July 20, 1988. 15 th revision - August 15, 1989. 16 th revision - September 5, 1989. 17 th revision - May 7, 1990. 18 th revision - October 19, 1990. 19 th revision - August 20, 1991. 20 th revision - June 15, 1992. 21 st revision - July 11, 1992. 22 nd revision - March 4, 1993. 23 rd revision - May 8, 1993. 24 th revision - May 9, 1994.	A R T I C L E 32	The Articles of Incorporation was established on May 10, 1965. 1 st revision - October 26, 1966. 2 nd revision - December 1, 1966. 3 rd revision - July 6, 1969. 4 th revision - March 1, 1971. 5 th revision - August 5, 1972. 6 th revision - May 14, 1973. 7 th revision - July 1, 1976. 8 th revision - March 11, 1979. 9 th revision - February 8, 1984. 10 th revision - September 1, 1986. 11 th revision - December 1, 1986. 12 th revision - March 2, 1987. 13 th revision - January 28, 1988. 14 th revision - July 20, 1988. 15 th revision - August 15, 1989. 16 th revision - September 5, 1989. 17 th revision - May 7, 1990. 18 th revision - October 19, 1990. 19 th revision - August 20, 1991. 20 th revision - June 15, 1992. 21 st revision - July 11, 1992. 22 nd revision - March 4, 1993. 23 rd revision - May 8, 1993. 24 th revision - May 9, 1994.	Add Revision Date

Articles and Contents before Revision		Articles and Contents After Revision		Revision Reason	
	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 51 th revision – June 28, 2023		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 th revision - June 14, 2019 48 th revision – June 17, 2020 49 th revision –August 12, 2021 50 th revision – June 21, 2022 51 th revision – June 28, 2023 <u>52th revision – June 20, 2024</u>		

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 an 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 the remuneration of independent directors may be determined to be a reasonable remuneration different from that of ordinary directors, 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, and may establish other functional committees. 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 legal reserve has reached the Paid-in 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.
The 51th revision was made on June 28, 2023.

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 22, 2024

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

Base Date: April 22, 2024

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	2,100,000	0.73
Director	Representative of ABICO AVY CO., LTD. Chan, Wen-Hsiung	2022.06.21	Three Years	24,378,000	8.48	28,821,000	10.02
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	33,175,974	11.53

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 22, 2024 was 287,534,312 shares.