

Stock Code: 3362



ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.

Handbook for 2024 Annual General Meeting of Shareholders

(Translation)

Convening Method: Physical Meeting

Time: 9:00 am of June 20, 2024

Venue: No.19, Keyuan Rd., Xitun Dist., Taichung City (Meeting Room on the 2th floor of NCHU of the Central Taiwan Science Park Campus)



Ability opto-Electronics Technology Co., Ltd.

Handbook for 2024 Annual General Meeting of Shareholders

Contents

	<u>Pages</u>
I. Agenda of the 2024 Annual General Meeting of Shareholders (AGM).....	1
II. Reports.....	2
III. Proposals.....	3
IV. Discussions.....	5
V. Extempore Motions.....	5
VI. Adjournment	
VII. Exhibits	
1. 2023 Business Report.....	6
2. Review Report of the Audit Committee.....	9
3. Auditors' Report and 2023 Financial Statements.....	10
4. Comparison Table of Amendments to the Rules of Procedure for Shareholders' Meetings.....	31
VIII. Appendices	
1. Rules of Procedure for Shareholders' Meetings (before revision).....	49
2. Articles of Incorporation.....	55
3. Proposals by Shareholders Holding More Than One Percent (1%) of the Total Number of Issued Shares.....	61
4. Shareholdings of All Directors.....	62

Ability opto-Electronics Technology Co., Ltd.

I. Agenda of the 2024 Annual General Meeting of Shareholders (AGM)

Time: 9:00 am of June 20, 2024 (Thursday)

Venue: No.19, Keyuan Rd., Xitun Dist., Taichung City (Meeting Room on the 2th floor of
NCHU of the Central Taiwan Science Park Campus)

I. Call the Meeting to Order (announce the aggregate shareholding of the shareholders present)

II. Chairman Remarks

III. Reports

Report No. 1: 2023 Business Report

Report No. 2: 2023 Review Report of the Audit Committee

Report No. 3: Report on the Private Placement of Ordinary Shares

Report No. 4: Report on the Distribution of Remunerations to Employees and Directors in
2023

IV. Proposals

Proposal No. 1: 2023 Business Report and Financial Statements (Individual Financial
Statements and Consolidated Financial Statements)

Proposal No. 2: 2023 Surplus Earnings Distribution Proposal

V. Discussions

Discussion No. 1: Amendment to the Rules of Procedure for Shareholders' Meetings

VI. Extempore Motions

VII. Adjournment

II. Reports

Report No. 1: 2023 Business Report

Explanation: Please refer to Exhibit 1 (pages 6-8) of this Handbook.

Report No. 2: 2023 Review Report of the Audit Committee

Explanation: Please refer to Exhibit 2 (page 9) of this Handbook.

Report No. 3: Report on the Private Placement of Ordinary Shares

Explanation:

1. According to the resolution of the AGM dated June 22, 2022, the Board of Directors is authorized to issue ordinary shares for cash consideration by way of private placement within the limit of 20,000,000 shares. As of the expiration date, i.e., June 21, 2023, the Company had not yet completed the private placement of 20,000,000 ordinary shares and did not proceed with it.
2. According to the resolution of the AGM dated June 14, 2023, the Board of Directors is authorized to issue ordinary shares for cash consideration by way of private placement within the limit of 20,000,000 shares. However, as of May 9, 2024, the board of directors has not yet proceeded with the matter due to the related plans still being under development.
3. Relevant matters were reported in accordance with Article 5 of the Directions for Public Companies Conducting Private Placements of Securities.

Report No. 4: Report on the Distribution of Remunerations to Employees and Directors in 2023

Explanation: The Company distributed remunerations to directors and employees in 2023 in accordance with its Articles of Incorporation. Specifically, the Company distributed NT\$3,239,047 to its directors and NT\$28,271,802 to its employees in cash.

III. Proposals

Proposal No. 1: 2023 Business Report and Financial Statements (Individual Financial Statements and Consolidated Financial Statements). Please proceed to discuss. (Proposed by the Board of Directors)

- Explanation:**
- I. The Company's financial statements for 2023 (individual financial statements and consolidated financial statements), including balance sheets, statements of comprehensive income, statements of changes in equity, and cash flow statements, have been audited by accountants Wu, Song-yuan and Liu, Mei-lan of PricewaterhouseCoopers Taiwan, and then submitted, together with the Company's business report, to and reviewed by the Audit Committee.
 - II. For the Company's 2023 Business Report, Auditor's Report, and the aforesaid financial statements, please refer to Exhibit 1 (pages 6-8) and Exhibit 3 (pages 10-30) of this Handbook.
 - III. Please proceed to discuss.

Resolution:

Proposal No. 2: 2023 Surplus Earnings Distribution Proposal. Please proceed to discuss. (Proposed by the Board of Directors)

- Explanation:**
- I. For the 2023 Surplus Earnings Distribution Proposal, please refer to the following table.
 - II. For the distribution of distributable surplus earnings in 2023, the Company plans to distribute cash dividends of NT\$141,820,080 to shareholders, with the cash dividend per share being NT\$1 (the amount is accurate to NT\$1; the fractional amount less than NT\$1 will be included in the Company's non-operating revenue).
 - III. After this proposal is approved by the AGM, the chairman of the Board of Directors will be authorized to separately determine the dividend distribution base date, payment date, and other related matters. If the cash dividend payout ratio approved by the AGM is changed in the future due to the Company's number of outstanding shares being affected by the Company's repurchase of shares, exercise of new restricted employee shares, transfer or cancellation of treasure stock, exercise of employee stock options, or other factors, it is proposed that the AGM authorizes the chairman of the Board of Directors to fully handle and adjust it.

Ability opto-Electronics Technology Co., Ltd.

2023 Surplus Earnings Distribution Proposal

Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	263,305,148
Add:	
Changes in actuarial gains and losses in the current period	169,092
After-tax net profits in 2023	400,720,439
Surplus earnings available for distribution	664,194,679
Less:	
Statutory surplus reserve set aside	(40,088,953)
Special reserve set aside	(11,717,735)
Distributions:	
Cash dividends distributed to shareholders (NT\$1/share)	(141,820,080)
Undistributed earnings at the end of the period	470,567,911
Notes:	
The surplus earnings in 2023 are distributed in priority.	

Resolution:

IV. Discussions

Discussion No. 1: Amendment to the Rules of Procedure for Shareholders' Meetings

Explanation: In accordance with the amendments in the law, the Company plans to amend certain terms of the Rules of Procedure for Shareholders' Meetings. Please refer to Exhibit 4 (pages 31-48) of this Handbook for the comparison table of terms before and after the revision.

Resolution:

V. Extempore Motions

VI. Adjournment

IX. Exhibits

Exhibit 1

Ability opto-Electronics Technology Co., Ltd. 2023 Business Report

With the full support of the Board of Directors and the efforts of the management team, the implementation results of the Company's 2023 Business Plan and the Company's 2024 Business Plan are briefly summarized as follows:

I. 2023 Business Results

(I) Business Results

In 2023, the Company's consolidated operating revenue was NTD 3,995,843 thousand, showing an increase of 9.1% compared to NTD 3,662,279 in 2022. The consolidated net profit after tax in 2023 was NTD 400,720.

(II) Execution of Budget

Since no financial forecast for 2023 was made public, there is no report on the achievement of the budget.

(III) Financial Revenue and Expenditure

In 2023, the net cash inflow from operating activities amounted to NT\$827,891 thousand; and the net cash outflow from investing activities amounted to NT\$806,394 thousand, mainly attributable to the investment in fixed assets like the purchase of machinery and equipment and construction of new plants; and the net cash inflow from financing activities amounting to NT\$115,278 thousand, which was mainly financed by bank borrowings.

(IV) Profitability Analysis

Category	Items	2023	2022
Financial Structure (%)	Debt to Assets Ratio	55.27	57.54
	Ratio of long-term capital to property, plant and equipment	159.21	174.28
Solvency (%)	Current Ratio	127.64	126.66
	Quick Ratio	91.75	82.56
Profitability (%)	Return on Assets	6.24	6.71
	Return on Shareholders' Equity	12.53	16.13
	Ratio of Pre-tax Profit to Paid-in Capital	35.55	35.37

(V) Research and Development Status

The Company's R&D team not only devotes itself to the design and development of existing optical lenses to improve product quality, but also actively develops high-end lens. In addition, in order to improve the yield and production efficiency of the high-end lens process, and to solve the impacts of escalating labor costs, the Company continues to expand the automated production lines to improve the production yield and overcome the problem of escalating labor costs, for the purpose of meeting the demand for mass production of new products and the growth of market orders. With unique experience accumulated over the years in design innovation, process improvement and quality improvement, ABILITY OPTO-ELECTRONICS provides customers with superior optical lens products, grows together with customers and creates a win-win situation.

II. 2024 Business Plan

In the lens market, with the popularity of video conferencing, remote education and remote office, users have higher requirements for the sharpness and performance of lens. In this regard, it is necessary to develop higher-definition and higher-performance lenses. In addition, the notebook becomes lighter and thinner, it is reflected that the size and weight of the lens are also increasing, and the trend is toward the development of smaller and lighter lens to meet the changes in demand. Finally, users have higher expectations for the intelligent functions of the lens, such as auto-focus, virtual blur background, and face recognition. Therefore, the integration of more smart functions will be the key to enhancing competitiveness in the future.

In terms of biometrics, with the popularity of identification technology, users are paying increasing attention to the security and privacy protection of fingerprint recognition modules. Therefore, it is very important to develop more secure and reliable fingerprint recognition modules. Fingerprint identification modules are widely used in multiple scenarios such as mobile devices, smart homes, and finance. Therefore, the trend will be the necessity to improve the multi-scenario adaptability of fingerprint identification modules. However, due to the uncertainties of international trade and market supply and demand, the lens and fingerprint identification market still faces certain risks and challenges. Therefore, when developing the business of the lens and fingerprint identification in the future, it is needed to pay close attention to market changes, and adjust product structure and business strategies in a timely manner to deal with the impact of market changes. The Company's main business plan for the coming year is described as follows:

1. Management Policy

ABILITY OPTO-ELECTRONICS continues to recruit R&D professionals to develop forward-looking and innovative optoelectronic products and related core technologies. In order to develop forward-looking and innovative optoelectronic products and related core technologies, we have participated in R&D plans of domestic and foreign manufacturers, trial production of products

required for early R&D and process development, expecting to grow together with other major manufacturers. Develop unique technologies and special products as the basis and appeal for product differentiation and establish independent core technologies.

Meanwhile, implement the total quality management system and the objective oriented management and continue to improve production efficiency and speed in order to reduce R&D and manufacturing costs.

2. Important Production and Sales Policies

(1) Production Policy:

In order to achieve lower production cost and higher production yields, ABILITY OPTO-ELECTRONICS has not only continued to improve its production technology, but also continued to expand automated production lines to reduce dependence on manpower, expecting to be able to meet the production demand for high-end lenses and significantly reduce the impact of the future salary growth on the production costs.

In order to accurately coordinate with future production expansion plans and conduct multi-sourcing to reduce dependence on a single supplier, the Company plans to produce lens accessories in-house and also uses multiple suppliers and actively maintain a sound relationship with the suppliers, in order to improve its competitive advantage with respect to source bargaining ability and control, thus helping to reduce costs and increase gross profits.

(2) Sales Policy:

The Company will continue to develop new application products for cameras and fingerprint recognition, manage key accounts and deploy major orders, actively explore new application product markets and new customer sources for domestic and foreign major manufacturers and increase sales of high-end products to increase gross profits.

All employees will continue to work hard to deal with various challenges and try their best to achieve the set sales targets. All employees of ABILITY OPTO-ELECTRONICS will continue to uphold the core values and business philosophy of "quality, speed, professionalism, service, innovation and flexibility." All operation teams will follow the spirit of solidarity and cooperation, hold the persistent and hard work attitude and achieve the goal of sustainable growth of the Company in this globalization and high competition era and fulfill corporate social responsibilities for the best interests of all shareholders. Lastly, I would like to thank all customers, suppliers, shareholders and employees for their long-term support.

Exhibit 2

Ability opto-Electronics Technology Co., Ltd.

Audit committee's report

The Board of Directors has prepared the Company's 2023 Parent Company Only and Consolidated Financial Statements. These financial statements have been audited by CPAs Sung-Yuan Wu and Mei-Lan Liu from PwC Taiwan, along with the Business Report and Earnings Distribution Proposal have been reviewed by the Audit Committee and found to be in conformity with the Company Act and other relevant laws and regulations; therefore, I hereby submit my report in accordance with Article 219 of the Company Act.

To

2024 Annual General Shareholders' Meeting

Ability opto-Electronics Technology Co., Ltd.

Convener of the Audit Committee: Yung-Jen Tsao

May 9, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ability Opto-Electronics Technology Co, Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Ability Opto-Electronics Technology Co., Ltd. (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only 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 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Allowance for inventory valuation losses

Description

Refer to Note 4(10) for the accounting policies on inventories, Note 5(2) for the critical accounting estimations and assumptions for evaluation of inventories, and Note 6(4) for the details of allowance for inventory valuation loss. As of December 31, 2023, the Company's inventories and allowance for inventory valuation losses amounted to NT\$345,035 thousand and NT\$39,076 thousand, respectively.

The Company's inventories primarily comprise optical lenses and camera lenses which mostly are customised production. If these inventories do not meet the requirement of the customers who placed the orders, they are unlikely to be sold to other customers. Additionally, due to the fluctuation of market demand and rapid changes of technology, there is a higher risk of inventories losses arising from market value decline or obsolescence. As the estimation of net realizable value used in inventory valuation is subject to judgement and may cause significant uncertainty, we consider the evaluation of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures to address the abovementioned key audit matter:

- (1) Obtained an understanding and estimated the reasonableness of the Company's valuation and allowance for losses on obsolete inventories.
- (2) Reviewed annual plan of physical inventory count and observed the inventory count to assess the effectiveness of internal control and classification of obsolete inventory.
- (3) Obtained the Company's inventory aging report and verified dates of movements with supporting documents. Ensured the accuracy of inventory aging classification and its consistency with the Group's policy.
- (4) Obtained the net realisable value report of each inventory, assessed whether the estimation policy

was consistently applied in all inventories, tested the estimation basis of the net realisable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the allowance for inventory valuation losses.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 Company'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 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 parent company only 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.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only 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.

Wu, Sung-Yuan

Liu, Mei Lan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 7, 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 OPTO-ELECTRONICS TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY 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	\$ 392,000	5	\$ 431,875	6
1136	Current financial assets at amortised cost	289,225	4	382,035	5
1170	Accounts receivable, net	999,471	13	716,446	10
1180	Accounts receivable - related parties	935,819	12	846,488	12
1200	Other receivables	18,228	-	14,917	-
1210	Other receivables - related parties	329	-	829	-
130X	Inventories	305,959	4	405,044	6
1410	Prepayments	32,188	-	27,928	1
1470	Other current assets	2,101	-	2,133	-
11XX	Current Assets	<u>2,975,320</u>	<u>38</u>	<u>2,827,695</u>	<u>40</u>
Non-current assets					
1535	Non-current financial assets at amortised cost	16,983	-	8,905	-
1550	Investments accounted for under equity method	1,203,614	16	1,017,218	14
1600	Property, plant and equipment	2,677,131	35	2,196,163	31
1755	Right-of-use assets	55,115	1	44,892	1
1780	Intangible assets	630,872	8	697,158	10
1840	Deferred income tax assets	165,703	2	201,795	3
1900	Other non-current assets	13,477	-	109,448	1
15XX	Non-current assets	<u>4,762,895</u>	<u>62</u>	<u>4,275,579</u>	<u>60</u>
1XXX	Total assets	<u>\$ 7,738,215</u>	<u>100</u>	<u>\$ 7,103,274</u>	<u>100</u>

(Continued)

ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY 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(10)	\$ 881,000	12	\$ 833,000	12
2110	Short-term notes and bills payable	6(11)	30,000	-	-	-
2170	Accounts payable		150,638	2	163,420	2
2180	Accounts payable - related parties	7(2)	972,027	13	591,983	8
2200	Other payables	6(12)	449,382	6	664,969	10
2220	Other payables - related parties	7(2)	-	-	60	-
2230	Current income tax liabilities	6(28)	6,158	-	-	-
2280	Current lease liabilities		21,531	-	7,320	-
2320	Long-term liabilities, current portion	6(13)	566,277	7	475,782	7
2399	Other current liabilities, others		4,892	-	3,809	-
21XX	Current Liabilities		<u>3,081,905</u>	<u>40</u>	<u>2,740,343</u>	<u>39</u>
	Non-current liabilities					
2540	Long-term borrowings	6(13)	1,133,935	15	934,637	13
2570	Deferred income tax liabilities	6(28)	6,231	-	9,515	-
2580	Non-current lease liabilities		35,849	-	39,549	-
2600	Other non-current liabilities	6(14)(15)	163,740	2	323,990	5
25XX	Non-current liabilities		<u>1,339,755</u>	<u>17</u>	<u>1,307,691</u>	<u>18</u>
2XXX	Total Liabilities		<u>4,421,660</u>	<u>57</u>	<u>4,048,034</u>	<u>57</u>
	Equity					
	Share capital	6(17)				
3110	Ordinary share		1,424,599	18	1,424,599	20
	Capital surplus	6(18)				
3200	Capital surplus		1,154,191	15	1,154,191	16
	Retained earnings	6(19)				
3310	Legal reserve		114,958	1	72,443	1
3320	Special reserve		21,737	-	43,951	1
3350	Unappropriated retained earnings		664,195	9	425,153	6
	Other equity interest	6(20)				
3400	Other equity interest		(63,125)	-	(65,097)	(1)
3XXX	Total equity		<u>3,316,555</u>	<u>43</u>	<u>3,055,240</u>	<u>43</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 7,738,215</u>	<u>100</u>	<u>\$ 7,103,274</u>	<u>100</u>

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

ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Year ended December 31

Items	Notes	2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(21) and 7(2)	\$ 2,678,829	100	\$ 2,405,901	100
5000	Operating costs	6(4)(26) and 7(2)	(2,142,391)	(80)	(1,854,089)	(77)
5900	Net operating margin		536,438	20	551,812	23
5920	Realized profit (loss) on from sales		31,058	1	(72,137)	(3)
5950	Gross profit from operation		567,496	21	479,675	20
	Operating expenses	6(26)(27)				
6100	Selling expenses		(36,941)	(1)	(46,483)	(2)
6200	General and administrative expenses		(174,401)	(7)	(163,723)	(7)
6300	Research and development expenses		(198,580)	(7)	(233,397)	(9)
6000	Total operating expenses		(409,922)	(15)	(443,603)	(18)
6900	Operating profit		157,574	6	36,072	2
	Non-operating income and expenses					
7100	Interest income	6(22)	20,162	1	4,311	-
7010	Other income	6(23)	25,573	1	94,758	4
7020	Other gains and losses	6(24)	15,829	-	153,959	6
7050	Finance costs	6(25)	(33,197)	(1)	(28,559)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	253,745	9	215,708	9
7000	Total non-operating revenue and expenses		282,112	10	440,177	18
7900	Profit before income tax		439,686	16	476,249	20
7950	Income tax benefit	6(28)	(38,966)	(1)	(52,226)	(2)
8200	Profit for the year		\$ 400,720	15	\$ 424,023	18
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(14)	\$ 169	-	\$ 1,131	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		169	-	1,131	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	(11,718)	-	28,060	1
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(11,718)	-	28,060	1
8300	Other comprehensive (loss) income for the year		(\$ 11,549)	-	\$ 29,191	1
8500	Total comprehensive income for the year		\$ 389,171	15	\$ 453,214	19
	Earnings per share	6(29)				
9750	Total basic earnings per share		\$ 2.83		\$ 3.05	
9850	Total diluted earnings per share		\$ 2.82		\$ 3.04	

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

ABILITY OPTO-ELECTRONICS TECHNOLOGY 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	Ordinary share	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Total unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity, others	
<u>Year 2022</u>									
Balance at January 1, 2022		\$ 1,315,459	\$ 672,134	\$ 72,033	\$ 40,263	\$ 4,097	(\$ 49,523)	\$ -	\$ 2,054,463
Profit for the year		-	-	-	-	424,023	-	-	424,023
Other comprehensive income for the year	6(20)	-	-	-	-	1,131	28,060	-	29,191
Total comprehensive income		-	-	-	-	425,154	28,060	-	453,214
Appropriation and distribution of 2021 earnings:	6(19)								
Legal reserve		-	-	410	-	(410)	-	-	-
Special reserve		-	-	-	3,688	(3,688)	-	-	-
Issuance of shares	6(17)	100,000	434,500	-	-	-	-	-	534,500
Share-based payment arrangements	6(16)(20)	9,140	45,633	-	-	-	-	(43,360)	11,413
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	1,924	-	-	-	(274)	-	1,650
Balance at December 31, 2022		\$ 1,424,599	\$ 1,154,191	\$ 72,443	\$ 43,951	\$ 425,153	(\$ 21,737)	(\$ 43,360)	\$ 3,055,240
<u>Year 2023</u>									
Balance at January 1, 2023		\$ 1,424,599	\$ 1,154,191	\$ 72,443	\$ 43,951	\$ 425,153	(\$ 21,737)	(\$ 43,360)	\$ 3,055,240
Profit for the year		-	-	-	-	400,720	-	-	400,720
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	169	(11,718)	-	(11,549)
Total comprehensive income		-	-	-	-	400,889	(11,718)	-	389,171
Appropriation and distribution of 2022 earnings:	6(19)								
Legal reserve		-	-	42,515	-	(42,515)	-	-	-
Special reserve		-	-	-	(22,214)	22,214	-	-	-
Cash dividends		-	-	-	-	(141,546)	-	-	(141,546)
Share-based payment arrangements	6(16)(20)	-	-	-	-	-	-	13,690	13,690
Balance at December 31, 2023		\$ 1,424,599	\$ 1,154,191	\$ 114,958	\$ 21,737	\$ 664,195	(\$ 33,455)	(\$ 29,670)	\$ 3,316,555

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

ABILITY OPTO-ELECTRONICS TECHNOLOGY 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		\$ 439,686	\$ 476,249
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(26)	291,512	310,460
Depreciation expense on right-of-use assets	6(7)(26)	24,515	25,203
Amortization expense	6(8)(26)	82,746	88,614
Finance costs	6(25)	31,536	27,266
Interest expense on lease liabilities	6(25)	1,661	1,293
Gains on disposals of property, plant and equipment	6(24)	(5,772)	(6,747)
Interest income	6(22)	(20,162)	(4,311)
Share of profit or loss of associates and joint ventures accounted for using equity method	6(5)	(253,745)	(215,708)
Unrealized (profit) loss from sales		(31,058)	72,137
Share-based payments	6(16)	13,690	2,273
Unrealized foreign exchange gain		(19,040)	(32,212)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(283,026)	186,311
Accounts receivable due from related parties		(89,330)	(762,485)
Inventories		99,085	(213,062)
Other receivables		(3,311)	17,254
Prepayments		(4,260)	901
Other current assets		32	(29)
Changes in operating liabilities			
Accounts payable		(12,782)	34,918
Accounts payable to related parties		380,044	533,766
Other payables		(121,850)	57,997
Other payables to related parties		(60)	60
Other current liabilities, others		1,083	(3,136)
Other non current liabilities		-	(175)
Cash inflow generated from operations		521,194	596,837
Interest paid		(28,157)	(17,580)
Interest received		20,162	4,311
Net cash flows from operating activities		513,199	583,568

(Continued)

ABILITY OPTO-ELECTRONICS TECHNOLOGY 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>			
Decrease (increase) in financial assets at amortised cost		\$ 84,732	(\$ 268,369)
Acquisition of investments accounted for using equity method		-	(69,900)
Acquisition of property, plant and equipment	6(30)	(671,727)	(950,338)
Proceeds from disposal of property, plant and equipment		5,230	18,989
Acquisition of intangible assets	6(30)	(284,140)	(371,442)
Other receivables due from related parties		500	112,001
Proceeds from capital reduction of investments accounted for using equity method	6(5)	92,000	-
Decrease (increase) in refundable deposits		4,496	(77)
Net cash flows used in investing activities		(768,909)	(1,529,136)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase from short-term borrowings	6(31)	388,000	755,554
Decrease of short-term borrowings	6(31)	(340,000)	(591,554)
Increase in short-term notes and bills payable	6(31)	30,000	30,000
Decrease in short-term notes and bills payable	6(31)	-	(80,000)
Repayments of principal portion of lease liabilities	6(31)	(24,226)	(24,983)
Proceeds from long-term borrowings	6(31)	350,000	1,640,534
Repayments of long-term borrowings	6(31)	(65,247)	(1,285,824)
Cash dividends paid	6(31)	(141,546)	-
Issuance of new restricted shares	6(17)	-	9,140
Proceeds from issuing shares	6(17)	-	534,500
Net cash flows from financing activities		196,981	987,367
		18,854	32,385
Net (decrease) increase in cash and cash equivalents		(39,875)	74,184
Cash and cash equivalents at beginning of year		431,875	357,691
Cash and cash equivalents at end of year		\$ 392,000	\$ 431,875

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ability Opto-Electronics Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Ability Opto-Electronics Technology Co., Ltd. and its 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 significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the 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.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Allowance for inventory valuation losses

Description

Refer to Note 4(11) for the accounting policies on inventories, Note 5(2) for the critical accounting estimates and assumptions for evaluation of inventories, and Note 6(5) for the details of allowance for inventory valuation losses. As of December 31, 2023, the Group's inventories and allowance for inventory valuation losses amounted to NT\$1,106,515 thousand and NT\$184,040 thousand, respectively.

The Group's inventories are primarily comprised of optical lenses and camera lenses which mostly are customized production. If these inventories do not meet the requirements of the customers who placed the orders, they are unlikely to be sold to other customers. Additionally, due to the fluctuation of market demand and rapid changes of technology, there is a higher risk of inventories losses arising from market value decline or obsolescence. As the estimation of net realizable value used in inventory valuation is subject to judgement and may cause significant uncertainty, we consider the evaluation of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures to address the abovementioned key audit matter:

- (1) Obtained an understanding and estimated the reasonableness of the Group's valuation and allowance for losses on obsolete inventories.
- (2) Reviewed annual plan of physical inventory count and observed the inventory count to assess the effectiveness of internal control and classification of obsolete inventory.
- (3) Obtained the Group's inventory aging report and verified dates of movements with supporting documents. Ensured the accuracy of inventory aging classification and its consistency with the Group's policy.
- (4) Obtained the net realizable value report of each inventory, assessed whether the estimation policy was consistently applied in all inventories, tested the estimation basis of the net realizable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the allowance for inventory valuation losses.

Other Matter-parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Ability Opto-Electronics Technology 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 the 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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.

Wu, Sung-Yuan

Liu, Mei Lan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 7, 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 Opto-Electronics Technology Co., Ltd. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023 AMOUNT	December 31, 2022 AMOUNT
Current assets			
1100	Cash and cash equivalents	\$ 711,173	\$ 614,071
1136	Current financial assets at amortised cost	289,225	483,684
1150	Notes receivable, net	711	611
1170	Accounts receivable, net	1,471,671	1,169,103
1200	Other receivables	19,696	17,199
130X	Inventories	922,475	1,167,052
1410	Prepayments	55,125	56,007
1470	Other current assets	6,784	5,187
11XX	Current assets	<u>3,476,860</u>	<u>3,512,914</u>
Non-current assets			
1535	Non-current financial assets at amortised cost	16,983	8,905
1600	Property, plant and equipment	2,950,139	2,542,852
1755	Right-of-use assets	104,097	99,713
1780	Intangible assets	634,705	701,906
1840	Deferred income tax assets	175,119	216,395
1900	Other non-current assets	63,024	122,500
15XX	Non-current assets	<u>3,944,067</u>	<u>3,692,271</u>
1XXX	Total assets	<u>\$ 7,420,927</u>	<u>\$ 7,205,185</u>

(Continued)

Ability Opto-Electronics Technology 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 AMOUNT	December 31, 2022 AMOUNT
Current liabilities			
2100	Short-term borrowings	\$ 1,090,000	\$ 1,101,669
2110	Short-term notes and bills payable	30,000	-
2170	Accounts payable	400,059	388,738
2200	Other payables	514,939	739,546
2230	Current income tax liabilities	63,689	29,973
2280	Current lease liabilities	31,031	17,497
2320	Long-term liabilities, current portion	588,698	491,149
2399	Other current liabilities, others	5,636	4,887
21XX	Current liabilities	<u>2,724,052</u>	<u>2,773,459</u>
Non-current liabilities			
2540	Long-term borrowings	1,158,836	978,829
2570	Deferred income tax liabilities	11,185	16,040
2580	Non-current lease liabilities	43,397	53,308
2600	Other non-current liabilities	163,923	324,173
25XX	Non-current liabilities	<u>1,377,341</u>	<u>1,372,350</u>
2XXX	Total liabilities	<u>4,101,393</u>	<u>4,145,809</u>
Equity attributable to owners of parent			
	Share capital		
3110	Ordinary share	1,424,599	1,424,599
	Capital surplus		
3200	Capital surplus	1,154,191	1,154,191
	Retained earnings		
3310	Legal reserve	114,958	72,443
3320	Special reserve	21,737	43,951
3350	Unappropriated retained earnings	664,195	425,153
	Other equity interest		
3400	Other equity interest	(63,125)	(65,097)
31XX	Equity attributable to owners of parent	<u>3,316,555</u>	<u>3,055,240</u>
36XX	Non-controlling interests	<u>2,979</u>	<u>4,136</u>
3XXX	Total equity	<u>3,319,534</u>	<u>3,059,376</u>
	Significant contingent liabilities and unrecognized contract commitments		
3X2X	Total liabilities and equity	<u>\$ 7,420,927</u>	<u>\$ 7,205,185</u>

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

Ability Opto-Electronics Technology Co., Ltd. AND SUBSIDIARIES
CONSOLIDATED 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	\$ 3,995,843	\$ 3,662,279
5000	Operating costs	(2,946,121)	(2,749,538)
5900	Gross profit from operations	1,049,722	912,741
	Operating expenses		
6100	Selling expenses	(90,338)	(98,139)
6200	General and administrative expenses	(257,887)	(242,366)
6300	Research and development expenses	(221,185)	(260,831)
6450	Expected credit impairment gain	4	191
6000	Total operating expenses	(569,406)	(601,145)
6900	Operating profit	480,316	311,596
	Non-operating income and expenses		
7100	Interest income	23,157	3,163
7010	Other income	28,380	63,420
7020	Other gains and losses	15,128	162,405
7050	Finance costs	(40,587)	(36,759)
7000	Total non-operating income and expenses	26,078	192,229
7900	Profit before income tax	506,394	503,825
7950	Income tax expense	(106,823)	(90,201)
8200	Profit for the year	\$ 399,571	\$ 413,624
	Other comprehensive income		
	Components of other comprehensive income that will not be reclassified to profit or loss		
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	\$ 169	\$ 1,131
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss	169	1,131
	Components of other comprehensive income that will be reclassified to profit or loss		
8361	Financial statements translation differences of foreign operations	(11,726)	28,209
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss	(11,726)	28,209
8300	Other comprehensive (loss) income	(\$ 11,557)	\$ 29,340
8500	Total comprehensive income for the year	\$ 388,014	\$ 442,964
	Profit (loss), attributable to:		
8610	Owners of parent	\$ 400,720	\$ 424,023
8620	Non-controlling interests	(\$ 1,149)	(\$ 10,399)
	Comprehensive income attributable to:		
8710	Owners of parent	\$ 389,171	\$ 453,214
8720	Non-controlling interests	(\$ 1,157)	(\$ 10,250)
	Basic earnings per share		
9750	Basic earnings per share	\$ 2.83	\$ 3.05
9850	Diluted earnings per share	\$ 2.82	\$ 3.04

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

Ability Opto-Electronics Technology Co., Ltd. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent									
		Retained Earnings				Other equity interest					
							Exchange differences on translation of foreign financial statements				
Notes	Ordinary share	Capital surplus, additional paid- in capital	Legal reserve	Special reserve	Unappropriated retained earnings		Other equity, others	Total	Non-controlling interests	Total equity	
<u>Year 2022</u>											
	Balance at January 1, 2022	\$ 1,315,459	\$ 672,134	\$ 72,033	\$ 40,263	\$ 4,097	(\$ 49,523)	\$ -	\$ 2,054,463	\$ 16,036	\$ 2,070,499
	Profit for the year	-	-	-	-	424,023	-	-	424,023	(10,399)	413,624
	Other comprehensive income for the year	-	-	-	-	1,131	28,060	-	29,191	149	29,340
	Total comprehensive income (loss)	-	-	-	-	425,154	28,060	-	453,214	(10,250)	442,964
	Appropriation and distribution of 2021 earnings	-	-	-	-	-	-	-	-	-	-
	Legal reserve	-	-	410	-	(410)	-	-	-	-	-
	Special reserve	-	-	-	3,688	(3,688)	-	-	-	-	-
	Issuance of shares	100,000	434,500	-	-	-	-	-	534,500	-	534,500
	Share-based payment arrangements	9,140	45,633	-	-	-	-	(43,360)	11,413	-	11,413
	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	1,924	-	-	-	(274)	-	1,650	(1,650)	-
	Balance at December 31, 2022	<u>\$ 1,424,599</u>	<u>\$ 1,154,191</u>	<u>\$ 72,443</u>	<u>\$ 43,951</u>	<u>\$ 425,153</u>	<u>(\$ 21,737)</u>	<u>(\$ 43,360)</u>	<u>\$ 3,055,240</u>	<u>\$ 4,136</u>	<u>\$ 3,059,376</u>
<u>Year 2023</u>											
	Balance at January 1, 2023	<u>\$ 1,424,599</u>	<u>\$ 1,154,191</u>	<u>\$ 72,443</u>	<u>\$ 43,951</u>	<u>\$ 425,153</u>	<u>(\$ 21,737)</u>	<u>(\$ 43,360)</u>	<u>\$ 3,055,240</u>	<u>\$ 4,136</u>	<u>\$ 3,059,376</u>
	Profit for the year	-	-	-	-	400,720	-	-	400,720	(1,149)	399,571
	Other comprehensive income (loss) for the year	-	-	-	-	169	(11,718)	-	(11,549)	(8)	(11,557)
	Total comprehensive income (loss)	-	-	-	-	400,889	(11,718)	-	389,171	(1,157)	388,014
	Appropriation and distribution of 2022 earnings	-	-	-	-	-	-	-	-	-	-
	Legal reserve	-	-	42,515	-	(42,515)	-	-	-	-	-
	Reversal of special reserve	-	-	-	(22,214)	22,214	-	-	-	-	-
	Cash dividends	-	-	-	-	(141,546)	-	-	(141,546)	-	(141,546)
	Share-based payment arrangements	-	-	-	-	-	-	13,690	13,690	-	13,690
	Balance at December 31, 2023	<u>\$ 1,424,599</u>	<u>\$ 1,154,191</u>	<u>\$ 114,958</u>	<u>\$ 21,737</u>	<u>\$ 664,195</u>	<u>(\$ 33,455)</u>	<u>(\$ 29,670)</u>	<u>\$ 3,316,555</u>	<u>\$ 2,979</u>	<u>\$ 3,319,534</u>

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

Ability Opto-Electronics Technology Co., Ltd. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 506,394	\$ 503,825
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	(4)	(191)
Depreciation expense	6(6)(7)(26)	404,712	431,563
Amortization expense	6(8)(26)	86,163	94,453
(Gain) losses on disposals of property, plant and equipment	6(24)	(350)	2,499
Finance costs	6(25)	40,587	36,759
Interest income	6(22)	(23,157)	(3,163)
Share-based payments	6(16)	13,690	2,273
Unrealized foreign exchange gain		(18,319)	(32,889)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(100)	(594)
Accounts receivable, net		(302,564)	347,079
Other receivables		(2,497)	15,589
Inventories		244,577	(438,429)
Prepayments		882	(3,829)
Other current assets		(1,597)	194
Other non-current assets		-	(2,975)
Changes in operating liabilities			
Accounts payable		11,321	(215,157)
Other payables		(130,870)	52,418
Other non-current liabilities		(185)	(174)
Other current liabilities		749	(24,977)
Cash inflow generated from operations		829,432	764,274
Interest received		23,157	3,163
Interest paid		(35,547)	(25,779)
Income taxes paid		(49,151)	(3,120)
Net cash flows from operating activities		<u>767,891</u>	<u>738,538</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (Increase) in financial assets at amortised cost		186,381	(370,018)
Acquisition of property, plant and equipment	6(30)	(717,881)	(957,920)
Proceeds from disposal of property, plant and equipment		9,357	-
Acquisition of intangible assets	6(30)	(288,268)	(373,220)
Decrease in refundable deposits		4,015	793
Net cash flows used in investing activities		<u>(806,396)</u>	<u>(1,700,365)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase from short-term borrowings	6(31)	678,000	1,799,848
Decrease of short-term borrowings	6(31)	(691,070)	(1,642,712)
Increase in long-term borrowings	6(31)	350,000	1,699,636
Decrease in long-term borrowings	6(31)	(74,960)	(1,290,588)
Increase (decrease) in short-term notes and bills payable	6(31)	30,000	(50,000)
Repayments of principal portion of lease liabilities	6(31)	(35,146)	(37,013)
Cash dividends paid	6(19)(31)	(141,546)	-
Proceeds from issuing shares	6(17)	-	534,500
Issuance of new restricted shares	6(16)(17)	-	9,140
Net cash flows from financing activities		<u>115,278</u>	<u>1,022,811</u>
Effect of exchange rate changes on cash and cash equivalents		<u>20,329</u>	<u>30,790</u>
Net increase in cash and cash equivalents		97,102	91,774
Cash and cash equivalents at beginning of year		614,071	522,297
Cash and cash equivalents at end of year		<u>\$ 711,173</u>	<u>\$ 614,071</u>

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

Ability opto-Electronics Technology Co., Ltd.
Comparison Table of Amendments to the "Rules of Procedure for Shareholders' Meetings"

Amended provisions	Current provisions	Description
<p>Article 2 (Convention and notice of shareholders' meetings)</p> <p>Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.</p> <p><u>The Company's virtual shareholders meeting shall be indicated in the articles and approved by the Board of Directors unless otherwise specified in the Regulations Governing the Administration of Shareholder Services of Public Companies. The virtual shareholders meeting shall be attended by at least two-thirds of the board and the resolution must be voted in favor by more than half of all attending directors.</u></p> <p><u>A notice to convene a regular shareholders' meeting shall be sent to each shareholder 30 days prior to the scheduled meeting date. Shareholders who hold less than 1,000 registered shares in the Company shall be notified of the meeting by means of a public announcement published on the Market Observation Post System (MOPS) 30 days prior to the scheduled meeting date. A notice to convene a special shareholders' meeting shall be sent to each shareholder 15 days prior to the scheduled meeting date. Shareholders who hold less than 1,000 registered shares in the Company shall be notified of the meeting by means of a public announcement published on the MOPS 15 days prior to the scheduled meeting date.</u></p> <p><u>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall</u></p>	<p>Article 2 (Convention and notice of shareholders' meetings)</p> <p>Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.</p> <p>A notice to convene a regular shareholders' meeting shall be sent to each shareholder 30 days prior to the scheduled meeting date. Shareholders who hold less than 1,000 registered shares in the Company shall be notified of the meeting by means of a public announcement published on the Market Observation Post System (MOPS) 30 days prior to the scheduled meeting date.</p> <p>A notice to convene a special shareholders' meeting shall be sent to each shareholder 15 days prior to the scheduled meeting date. Shareholders who hold less than 1,000 registered shares in the Company shall be notified of the meeting by means of a public announcement published on the MOPS 15 days prior to the scheduled meeting date.</p>	<p>Paragraph 2 is added to protect the rights and interests of shareholders. It specifies that the Company's virtual shareholders meeting shall be indicated in the articles and approved by the Board of Directors unless otherwise specified in the Regulations Governing the Administration of Shareholder Services of Public Companies. The virtual shareholders meeting shall be attended by at least two-thirds of the board and the resolution must be voted in favor by more than half of all attending directors.</p>

prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, the Company has the paid-in capital of NT\$2 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

I. For physical shareholders meetings, to be distributed on-site at the meeting.

II. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.

III. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or

otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

--	--	--

<p>Article 4 (Proxy and authorization)</p> <p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. 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.</p> <p><u>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p> <p><u>If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>	<p>Article 4 (Proxy and authorization)</p> <p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. 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.</p>	<p>Amendments to the Act</p>
<p>Article 5 (Principles determining the time and place of a shareholders meeting)</p> <p>The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p> <p><u>The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.</u></p>	<p>Article 5 (Principles determining the time and place of a shareholders meeting)</p> <p>The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions</p>	<p>Amendments to the Act</p>

	<p>of the independent directors with respect to the place and time of the meeting.</p>	
<p>Article 6 (Preparation of documents such as the attendance book)</p> <p><u>The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.</u></p> <p><u>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u></p> <p>Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p><u>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</u></p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting</p>	<p>Article 6 (Preparation of documents such as the attendance book)</p> <p>The Company shall furnish the attending shareholders or their proxies (collectively "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.</p> <p>Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a</p>	<p>Amendments to the Act</p>

<p>materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>	<p>juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	
<p>Article 6-1</p> <p><u>To convene a virtual shareholders meeting, the Company shall include the following particulars in the shareholders meeting notice:</u></p> <p><u>I. How shareholders attend the virtual meeting and exercise their rights.</u></p> <p><u>II. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u></p> <p><u>(I) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u></p> <p><u>(II) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u></p> <p><u>(III) In case of a hybrid shareholders</u></p>		<p>Amendments to the Act</p>

<p><u>meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>(IV) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p><u>III. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. Except for the situations specified in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least connection equipment and necessary assistance shall be provided to shareholders, and the period during which shareholders may apply to the Company and other relevant matters shall be specified.</u></p>		
<p>Article 8 (Documentation of a shareholders meeting by audio or video)</p> <p>The Company, <u>beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</u></p> <p>The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a</p>	<p>Article 8 (Documentation of a shareholders meeting by audio or video)</p> <p>The Company shall make an audio and video recording of the entire Shareholders' Meeting and keep the record for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained</p>	<p>Amendments to the Act</p>

<p>lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p> <p><u>Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p> <p><u>In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.</u></p>	<p>until the conclusion of the litigation.</p>	
<p>Article 9 (Calculation of the number of shares in attendance at the shareholders' meeting and the convening of the meeting)</p> <p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no</p>	<p>Article 9 (Calculation of the number of shares in attendance at the shareholders' meeting and the convening of the meeting)</p> <p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.</p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose relevant information concerning the number of nonvoting shares and number of shares represented by shareholders attending the</p>	<p>Amendments to the Act</p>

<p>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. <u>In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. <u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>meeting. 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 (2) postponements and the attending shareholders still represent less than one third (1/3) of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
<p>Article 11 (Shareholder speech)</p> <p>Before speaking, an attending shareholder must specify on a speaker's slip the subject</p>	<p>Article 11 (Shareholder speech)</p> <p>Before speaking, an attending</p>	<p>Amendments to the Act</p>

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 chair.

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.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints no less than two (2) representatives to attend a shareholders' meeting, only one (1) of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the

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 chair.

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.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints no less than two (2) representatives to attend a shareholders' meeting, only one (1) of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the

<p><u>scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u></p>	<p>chair may respond in person or direct relevant personnel to respond.</p>	
<p>Article 13 (Voting on proposals, and vote counting and scrutinizing methods)</p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p><u>When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.</u></p> <p><u>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</u></p> <p><u>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised,</u></p>	<p>Article 13 (Voting on proposals, and vote counting and scrutinizing methods)</p> <p>A shareholder shall be entitled to one vote for each share held, unless the shares are restricted shares or are deemed non-voting share.</p> <p>Except as otherwise provided in the Company Act and in the articles of incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be</p>	<p>Amendments to the Act</p>

before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the articles of incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

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.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the

required.

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. Vote counting shall be conducted in public at the place of the shareholders meeting, and the results of the voting shall be announced on-site at the meeting, and a record made of the vote.

<p><u>numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</u></p> <p><u>When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>		
<p>Article 15 (Meeting minutes and signature)</p> <p>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 chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and <u>distributed in electronic form.</u></p>	<p>Article 15 (Meeting minutes and signature)</p> <p>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 chair of the meeting and a copy distributed to each</p>	<p>Amendments to the Act</p>

<p>The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and <u>their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors.</u> The minutes shall be retained for the duration of the existence of the Company.</p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.</u></p>	<p>shareholder within 20 days after the conclusion of the meeting.</p> <p>The meeting minutes of the preceding paragraph may be distributed by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and results, and disclose the number of voting rights won by each candidate. The minutes shall be retained for the duration of the existence of the Company.</p> <p>If the aforementioned resolution method was based on the chair's inquiry for the opinions of the shareholders, and the shareholders have no objection to the proposal, it should be stated as "the chair inquired all the attending shareholders and no objection"; provided, however, if there is any objection from the shareholders, it is required to specify the voting method and the number of voting rights passed in proportion to the weights.</p>	
<p>Article 16 (Public disclosure)</p> <p>On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by <u>shareholders attending the meeting by correspondence or electronic</u></p>	<p>Article 16 (Public disclosure)</p> <p>On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies</p>	<p>Amendments to the Act</p>

<p><u>means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	<p>by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting.</p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	
<p><u>Article 19 (Disclosure of information at virtual meetings)</u></p> <p><u>In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u></p>		Amendments to the Act
<p><u>Article 20</u></p> <p><u>(Location of the chair and secretary of virtual-only shareholders meeting)</u></p> <p><u>When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u></p>		Amendments to the Act

<p><u>Article 21 (Handling of disconnection)</u></p> <p><u>In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.</u></p> <p><u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a</u></p>		<p>Amendments to the Act</p>
---	--	------------------------------

shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies,

<p><u>the Companies shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.</u></p>		
<p><u>Article 22</u></p> <p><u>When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online. Except for the situations specified in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least connection equipment and necessary assistance shall be provided to shareholders, and the period during which shareholders may apply to the Company and other relevant matters shall be specified.</u></p>		<p>Amendments to the Act</p>
<p>Article 23 (Implementation and amendment)</p> <p>These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner. Amended on May 4, 2017 by the 6th Meeting of the 12th Board of Directors. Amended on March 25, 2021 by the 13th Meeting of the 13th Board of Directors. Amended on March 17, 2022 by the 13th Meeting of the 18th Board of Directors. <u>Amended on May 9, 2024 by the 10th Meeting of the 14th Board of Directors.</u> These Rules hereto shall be implemented upon adoption by the shareholders' meeting.</p>	<p>Article 19 (Implementation and amendment)</p> <p>These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner. Amended on May 4, 2017 by the 6th Meeting of the 12th Board of Directors. Amended on March 25, 2021 by the 13th Meeting of the 13th Board of Directors. Amended on March 17, 2022 by the 13th Meeting of the 18th Board of Directors. These Rules hereto shall be implemented upon adoption by the shareholders' meeting. These Rules hereto shall be implemented upon adoption by the shareholders' meeting.</p>	<p>Amendments to the Act</p>

VIII. Appendices**Ability opto-Electronics Technology Co., Ltd.****Rules of Procedure for Shareholders' Meetings(before revision)****Article 1 (Basis)**

These Rules are established in accordance with Article 6 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for the purposes of establishing a good shareholders' meeting governance system of the Company, improving supervisory functions, and strengthening management mechanisms.

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 (Convening of shareholders' meetings and meeting notice)

Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.

A notice to convene a regular shareholders' meeting shall be sent to each shareholder thirty (30) days prior to the scheduled meeting date. Shareholders who hold less than 1,000 registered shares in the Company shall be notified of the meeting by means of a public announcement published on the Market Observation Post System (MOPS) thirty (30) days prior to the scheduled meeting date. A notice to convene a special shareholders' meeting shall be sent to each shareholder fifteen (15) days prior to the scheduled meeting date. Shareholders who hold less than 1,000 registered shares in the Company shall be notified of the meeting by means of a public announcement published on the MOPS fifteen (15) days prior to the scheduled meeting date.

Article 3 (The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement)

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus earnings distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Paragraph 1 of Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, or Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extempore motion.

Article 4 (Attending a shareholders' meeting by proxy and authorization)

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing a proxy form issued by the Company and stating the scope of authorization granted to the proxy. A shareholder may issue only one (1) proxy form and appoint only one (1) proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company at least five (5) days prior to the scheduled meeting date. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.

Article 5 (Principles for determining the venue and time of shareholders' meetings)

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the venue and time of the meeting.

Article 6 (Preparation of attendance book and other documents)

The Company shall furnish the attending shareholders or their proxies (collectively, "shareholders") with an attendance book to sign in, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

A shareholder shall attend a shareholders' meeting on the basis of the attendance card, sign-in card, or other supporting document. The Company shall not arbitrarily require shareholders to provide other supporting documents based on which they attend a shareholders' meeting. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one (1) representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one (1) person to represent it in the meeting.

Article 7 (Chairman of the shareholders' meeting and non-voting attendees)

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the Board of the Directors. Where the chairman is unable to exercise his/her functions and powers during his/her absence or for reasons, the deputy chairman shall act on behalf of the chairman. Where there is no deputy chairman or the deputy chairman is unable to exercise his/her functions and powers during his/her absence or for reasons, the chairman shall designate one of the executive directors to act on his/her behalf. Where there is no executive director, the chairman shall designate one of the directors to act on his/her behalf. Where the chairman does not make such a designation, the executive directors or the directors shall select from among themselves one person to act on behalf of the chairman.

It is advisable that shareholders' meetings convened by the Board of Directors be attended by a majority of the directors (including at least one (1) independent director). The attendance shall be recorded in the meeting minutes.

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 no less than two (2) such convening parties, they shall mutually select a chair from among themselves.

The Company may permit its attorneys, certified public accountants, or related persons engaged by it to attend a shareholders' meeting in a non-voting capacity.

Article 8 (Documentation of a shareholders' meeting by audio or video)

The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders' meeting, and retain the recording for at least one (1) year. However, if a lawsuit has been instituted by any shareholder in accordance with Article 189 of the Company Act, the recording shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 9 (Calculation of number of shares in attendance and convening of shareholders' meetings)

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed.

The chair shall call the meeting to order at the appointed meeting time and at the same time announce the number of non-voting shares and the number of shares in attendance. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two (2) such postponements, for a combined total of no more than one (1) hour, may be made. If the quorum is not met after two (2) postponements and the attending shareholders still represent less than one third (1/3) of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two (2) postponements as referred to in the preceding paragraph, but the attending shareholders represent no less than one third (1/3) of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1 of Article 175 of the Company Act, and shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one (1) month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 (Discussion of proposals)

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 chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the Rules of Procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11 (Shareholders' speeches)

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 chair.

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.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five (5) minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair 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 chair shall stop any violation.

When a juristic person shareholder appoints no less than two (2) representatives to attend a shareholders' meeting, only one (1) of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 (Calculation of the number of voting shares and avoidance system)

Voting at a shareholders' meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is a likelihood that such a relationship would prejudice the interests of the Company, such shareholder may not vote on that item, and may not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one (1) person is concurrently appointed as a proxy by no less than two (2) shareholders, the voting rights represented by that proxy may not exceed three percent (3%) of the voting rights represented by the total number of issued shares. If such percentage is exceeded, the voting rights in excess of such percentage shall not be included in the calculation.

Article 13 (Voting on proposals, and vote counting and scrutinizing methods)

A shareholder shall be entitled to one (1) vote for each share held, unless the shares are restricted shares or are deemed non-voting share.

Except as otherwise provided in the Company Act and in the articles of incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

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. Vote counting shall be conducted in public at the place of the shareholders' meeting. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Election)

The election of directors at a shareholders' meeting shall be held in accordance with relevant provisions of the Director Election Measures established by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, as well as the names of unsuccessful directors and the numbers of votes for them.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one (1) year. However, if a lawsuit has been instituted by any shareholder in accordance with Article 189 of the Company Act, the recording shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 15 (Meeting Minutes and Signatures)

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting.

The distribution of the minutes of the shareholders' meeting in the preceding paragraph may be effected by means of a public announcement through the MOPS.

The minutes of the shareholders' meeting shall record the date and place of the meeting, the name of the chair, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.

Regarding the method of adopting a resolution in the preceding paragraph, after the chair consults the opinions of shareholders, if the shareholders' have no objection to the proposal, the minutes shall record "adoption by all shareholders present without objection upon consultation by the chair"; however, if a shareholder has an objection to the proposal, the minutes shall record the adoption of voting system and the number of voting rights represented by shareholders who vote for the proposal and the percentage thereof.

Article 16 (Public announcement)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintenance of order at the meeting place)

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

The chair 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".

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the Rules of Procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Break and resumption of meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce the time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five (5) days in accordance with Article 182 of the Company Act.

Article 19 (Implementation and amendment)

These Rules shall be implemented after being submitted to and approved by a shareholders' meeting. Any amendment hereof is subject to the same procedures. These Rules were amended by the 6th Meeting of the 12th Board of Directors on May 4, 2017; amended by the 13th meeting of the 13th Board of Directors on March 25, 2021; and amended by the 18th meeting of the 13th Board of Directors on March 17, 2022 and implemented after being submitted to and approved by the shareholders' meeting.

**Articles of Incorporation of ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.
(before revision)**

Chapter I General Provisions

Article 1 The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 先進光電科技股份有限公司 in the Chinese language, and ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD. in the English language.

Article 2 The scope of business of the Company shall be as follows:

- I. Research, development, design, manufacturing, and sales of the following products:
 1. Lens modules of digital cameras
 2. Mobile phone camera lens
 3. Lens of multi-function peripheral
 4. Other optical lens modules and lens elements
 5. Purchase and sales of patents for the above products and the license thereof
- II. Software and hardware application design, testing, maintenance and technical consulting services for the above products.
- III. Business items and codes of the above products
 - CE01030 Optical Instruments Manufacturing
 - CE01990 Others Photographic and Optical Instruments Manufacturing
 - CQ01010 Mold and Die Manufacturing
 - I501010 Product Designing
 - F601010 Intellectual Property Rights

Article 2-1 When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments in such other companies shall not exceed forty percent (40%) of its own paid-up capital.

Article 2-2 The Company may, based on business needs, make an endorsement or guarantee for loans from governmental authorities and financial institutions required for its reinvestment business.

Article 3 The Company shall have its head office in the Central Taiwan Science Park. Where necessary, the Company may establish branches inside or outside Taiwan upon resolution by the Board of Directors.

Article 4 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Chapter II Shares

Article 5 The total authorized capital of the Company shall be ND\$2,000,000,000, divided into 200,000,000 shares with a par value of NT\$10 per share. A total of 2,000,000 shares, worth ND\$20,000,000, shall be reserved for conversion of employee stock options, and the Board of Directors shall be authorized to issue the unissued shares in installments.

Article 5-1 Where the Company intends to issue employee stock options at a subscription price lower than the closing price of its ordinary shares on the issue date, a resolution shall be adopted by no less than two-thirds (2/3) of the shareholders present at the shareholders' meeting who represent a majority of the total number of its

outstanding shares.

Where the Company intends to transfer its shares to employees at a price lower than the average repurchase price, a resolution shall be adopted by no less than two-thirds (2/3) of the shareholders present at the latest shareholders' meeting who represent a majority of the total number of its outstanding shares.

Article 5-2 Qualified employees of the Company's parent company or subsidiaries may be eligible to receive treasury shares transferred by the Company.

Qualified employees of the Company's parent company or subsidiaries may be eligible to receive employee stock options issued by the Company.

Qualified employees of the Company's parent company or subsidiaries may be eligible to subscribe for new shares issued by the Company.

Qualified employees of the Company's parent company or subsidiaries may be eligible to be granted new employee restricted shares issued by the Company.

Article 6 The Company may issue shares without printing share certificate(s), provided that it shall register the issued shares with a centralized securities depository enterprise.

Article 7 The Company's shareholder services shall be handled in accordance with the Company Act, Regulations Governing the Administration of Shareholder Services of Public Companies, and other applicable laws and regulations.

Article 8 Registration for transfer of shares shall be suspended within sixty (60) days prior to the date of regular shareholders' meeting, or within thirty (30) days prior to the date of any special shareholders' meeting, or within five (5) days prior to the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter III Shareholders' Meeting

Article 9 The shareholders' meeting are of two types, namely: regular meetings and special meetings. Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year, in accordance with Article 172 of the Company Act. Special meetings shall be convened in accordance with the law when necessary.

Article 10 If a shareholder is unable to attend a shareholders' meeting, he/she may issue a proxy form to appoint a proxy to attend the meeting on his/her behalf in accordance with Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 11 For a shareholders' meeting convened by the Board of Directors, the chair of the meeting shall be appointed in accordance with the provisions of Paragraph 3 of Article 208 of the Company Act; as for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are no less than two (2) persons having the convening right, the chair of the meeting shall be elected from among themselves.

Article 11-1 Each shareholder shall be informed of the date, place, and cause(s) of a meeting thirty (30) days in advance in case of a regular meeting, or fifteen (15) days in advance in case of a special meeting.

Shareholders who hold less than 1,000 registered shares in the Company shall be notified of the meeting by means of a public announcement.

The aforesaid notice shall be sent electronically.

Article 11-2 The shareholders' meetings may be held by means of visual communication network or other methods announced by the Ministry of Economic Affairs.

Article 12 A shareholder of the Company shall have one voting power in respect of each share in his/her/its possession. However, the shares shall have no voting power under any of the circumstances specified in Article 179 of the Company Act.

Article 13 Except as otherwise provided by the Contract Act or other applicable laws and regulations, resolutions of the shareholders' meeting shall be adopted by a majority of the shareholders present who represent a majority of the total number of its outstanding shares. A proposal being put to vote at the meeting shall be deemed approved in the absence of objection voiced by the attending shareholders upon consultation by the chairman and effective as if approved by a vote.

Article 14 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting.

The distribution of the minutes of the shareholders' meeting in the preceding paragraph may be effected by means of a public announcement.

The minutes of the shareholders' meeting shall record the date and place of the meeting, the name of the chair, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.

The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of one (1) year. However, if a lawsuit has been instituted by any shareholder in accordance with Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Chapter IV Directors and Audit Committee

Article 15 The Company has seven (7) to eleven (11) directors, with a term of office of three (3) years. They shall be elected by the shareholders' meeting from among the persons with disposing capacity, and may serve another term if re-elected. The Company shall purchase liability insurance for its directors elected upon resolution by the Board of Directors. The Board of Directors shall be authorized to determine the remunerations of the Company's directors based on their involvement in and contributions to the Company's operations, as well as the general industry practices. The Board of Directors may resolve to reimburse directors for travel expenses based on the general industry practices.

Article 15-1 Among the aforesaid directors of the Company, there shall be no less than two (2) independent directors who shall be no less than one fifth (1/5) of the total directors. The professional qualifications, shareholding, part-time job restrictions, determination of independence, nomination and election methods, and other matters relating to independent directors shall be subject to relevant regulations of the competent authority.

Article 15-2 The Company shall adopt a candidates nomination system specified in Article 192-1 of the Company Act for election of directors, and the shareholders shall elect directors from the list of candidates for directors.

Article 15-3 The Board of Directors may set up other functional committees and shall separately

establish rules for their exercise of functions and powers. The Board of Directors shall set up an Audit Committee consisting of all independent directors, the number of which shall not be less than three (3). Among the independent directors, one shall be the conveyor, and at least one of them shall have accounting or financial expertise. The responsibilities, organizational rules, exercise of functions and powers, and other matters relating to the Audit Committee shall be handled in accordance with applicable laws and regulations or the Company's rules and regulations.

Article 16 When the number of vacancies in the Board of Directors equals to one third (1/3) of the total number of directors or all independent directors resign, the Board of Directors shall convene a special shareholders' meeting within sixty (60) days to elect successors to fill the vacancies, and the term of office thereof shall be limited to fulfill the unexpired term of office of the predecessor.

Article 17 In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. However, the competent authority may, ex officio, order the Company to elect new directors within a given time limit; and if no re-election is effected after expiry of the given time limit, the out-going directors shall be discharged ipso facto from such expiration date.

Article 18 One (1) chairman and one (1) deputy chairman shall be elected at a meeting of the Board of Directors organized by the directors upon approval by a majority of the directors present, and the chairman and deputy chairman shall execute all affairs of the Company in accordance with applicable laws and regulations, the Articles of Incorporation, and resolutions of the shareholders' meeting and the Board of Directors.

Article 19 The Company's business policies and other important matters shall be subject to resolutions of the Board of Directors. Apart from the first meeting of each term of the Board of Directors that shall be convened in accordance with Article 203 of the Company Act, other meets of the Board of Directors shall be convened and chaired by the chairman. Where the chairman is unable to exercise his/her functions and powers during his/her absence or for reasons, his/her proxy shall be determined in accordance with Article 208 of the Company Act.

Article 20 Unless otherwise specified by the Company Act, resolutions of the Board of Directors shall be adopted by a majority vote of the directors at a meeting of the Board of Directors attended by a majority of all directors of the Company. Where a director cannot attend a meeting of the Board of Directors for reasons, the director may issue a proxy form and state therein the scope of authority with reference to the subjects to be discussed at the meeting. However, a director may accept the appointment to act as the proxy of one other director only. In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 20-1 In calling a meeting of the Board of Directors, a notice shall be given to each director seven (7) days prior to the scheduled meeting date. In the case of emergency, a meeting of the Board of Directors may be convened at any time. The preceding notice shall set forth the subject(s) to be discussed at the meeting and be sent in

writing, or by email or fax.

Article 21 Resolutions adopted at a meeting of the Board of Directors shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all directors within twenty (20) days after the close of the meeting. The meeting minutes shall record a summary of the essential points of the proceedings and the results of the meeting and shall be kept by the Company together with the attendance list bearing the signatures of directors present at the meeting and the powers of attorney of the proxies for a period specified in Article 183 of the Company Act.

Article 22 This article is deleted.

Chapter V Managers and Employees

Article 23 The Company has one (1) general manager, and the appointment, dismissal, and remuneration of the general manager shall be handled in accordance with Article 29 of the Company Act.

Article 24 The general manager shall be in charge of the Company's operations, except for those that are under the charge of the chairman as specified in the Company Act, and report work to the Board of Directors.

Article 25 Where a shareholder or director of the Company serves concurrently as the manager or employee, he/she shall be deemed as a general employee and may receive salary from the Company, regardless of whether the Company makes profits or suffers losses.

Chapter VI Final Accounting

Article 26 At the end of each fiscal year, the Board of Directors shall prepare the following reports and statements and shall, thirty (30) days prior to the regular shareholders' meeting, submit them to the Audit Committee for review and then to the regular shareholders' meeting for approval: 1. business report. 2. financial statements; and 3. surplus earning distribution or loss off-setting proposals.

Article 27 If the Company makes profits in a year, it shall set aside five percent (5%) to twelve percent (12%) of the profits as remunerations to employees, and no more than three percent (3%) as remunerations to directors. However, the Company's accumulated losses shall first have been covered. Qualified employees of the Company's parent company or subsidiaries may be eligible to receive the preceding remunerations distributed in the form of shares or in cash.

Article 27-1 If the Company has surplus earnings upon the annual final accounting, it shall use the surplus earnings to pay taxes and cover losses in the previous years, and then set aside ten percent (10%) of the surplus earnings as the statutory surplus reserve, unless the amount of the statutory surplus reserve has reached the Company's paid-in capital. In addition, based on operational requirements and applicable laws and regulations, the Company may set aside or reverse special surplus reserve. If there are still surplus earnings after the aforesaid deductions and no surplus earnings are distributed at the beginning of the same period, the Board of Directors shall prepare a surplus earning distribution proposal and submit it to the shareholders' meeting for resolution.

The Company is in the growing stage to develop its business. Therefore, in addition

to the provisions of the Company Act and the Company's Articles of Incorporation, the distribution of earnings will be determined annually based on the Company's capital planning, operating results, financial condition and future development of the Company. Nevertheless, the Company adopts a stable and well-balanced dividend policy to pay cash dividends to shareholders at a rate not less than 10% of the total dividends each year.

Chapter VII Supplementary Provisions

Article 28 The organizational rules and detailed rules shall be separately established by the Board of Directors.

Article 29 Matters not covered herein shall be handled in accordance with the Company Act and other applicable laws and regulations.

Article 30 These Articles of Incorporation were made on November 8, 1986; the 1st Amendment was approved on January 21, 1988; the 2nd Amendment on October 27, 1988; the 3rd Amendment on December 1, 1989; the 4th Amendment on August 5, 1995; the 5th Amendment on February 15, 1997; the 6th Amendment on April 1, 1997; the 7th Amendment on October 21, 1997; the 8th Amendment on December 26, 1997; the 9th Amendment on April 28, 1998; the 10th Amendment on April 13, 2000; the 11th Amendment on January 30, 2001; the 12th Amendment on March 8, 2001; the 13th Amendment on May 10, 2001; the 14th Amendment on July 26, 2001; the 15th Amendment on June 13, 2002; the 16th Amendment on June 26, 2003; the 17th Amendment on June 24, 2004; the 18th Amendment on May 23, 2005; the 19th Amendment on June 12, 2006; the 20th Amendment on February 12, 2007; the 21st Amendment on June 25, 2007; the 22nd Amendment on November 21, 2007; the 23rd Amendment on June 13, 2008; the 24th Amendment on June 11, 2009; the 25th Amendment on June 9, 2010; the 26th Amendment on June 21, 2011; the 27th Amendment on June 5, 2012; the 28th Amendment on June 13, 2013; and the 29th Amendment on June 29, 2016. the 30th Amendment on June 20, 2018; the 31st Amendment on June 11, 2020; the 32th Amendment on October 5, 2021; and the 33th Amendment on June 22, 2022 ; and the 34th Amendment on June 14, 2023.

Proposals by Shareholders Holding More Than One Percent (1%) of the Total Number of Issued Shares

- 一、In accordance with Article 172-1 of the Company Act, shareholders holding more than one percent (1%) of the total number of issued shares may submit proposals for the 2024 Annual General Meeting to the Company in writing. Proposal submission period: from April 12, 2024 to April 22, 2024.
- 二、Proposals submitted by shareholders holding more than one percent (1%) of the Company's total number of issued shares to the 2024 Annual General Meeting of Shareholders: N/A.

Appendix 4

Ability opto-Electronics Technology Co., Ltd.

Shareholdings of All Directors

As of the book closure period for the 2024 Annual General Meeting of Shareholders (from April 12, 2024 to June 22, 2024), the number of shares held by individual and all directors in the shareholders register is as follows:

April 22, 2024

Job Title	Name	Election Date	Number of Shares Held in the Shareholders Register as of the Book Closure Period	
			No. of shares	Shareholding Ratio
Chairman	Victor Kao	June 22, 2022	3,460,257	2.42%
Director	Tsung Yi Investment Limited Representative: Chien-Hsun Lai	June 22, 2022	5,329,521	3.74%
Director	Chuan Chao Investment Co., Ltd. Representative: Chung-He Lin	June 22, 2022	6,788,218	4.76%
Director	Hung-Chi Kao	June 22, 2022	4,632,221	3.25%
Director	Tsung Yi Investment Limited Representative: Mao-San Lai	June 22, 2022	5,329,521	3.74%
Director	Chuan Chao Investment Co., Ltd. Representative: Mao-Sheng Lee	June 22, 2022	6,788,218	4.76%
Director	Chin Yu Lung Investment Limited Representative: Chin-Lung Hsu	June 22, 2022	1,343,752	0.94%
Independent Director	Yung-Jen Tsao	June 22, 2022	—	—
Independent Director	Wei-Chun Chen	June 22, 2022	—	—
Independent Director	Sen-He Chang	June 22, 2022	—	—
Independent Director	Yung-Jui Chen	June 22, 2022	—	—
Number of shares held by all non-independent directors			16,921,748	11.87%
Statutory minimum number of shares held by all directors			8,547,593	6.00%