

CODE : 2374

ABILITY ENTERPRISE CO., LTD.

**2019 ANNUAL SHAREHOLDERS' MEETING
MEETING AGENDA**

JUN. 14, 2019

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Chapter 1 Meeting Procedures

ABILITY ENTERPRISE CO., LTD

2019 Annual Shareholders' Meeting Meeting Procedures

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

Chapter 2 Meeting Agenda

ABILITY ENTERPRISE CO., LTD

2019 Annual Shareholders' Meeting Meeting Agenda

Time: 9:00 a.m., June 14th, 2019 (Friday)

Venue: The Lecture Hall of the Industrial Commercial Development & Investment Promotion Committee, New Taipei City (2F.-2, No.1, Wuquan 1st Rd., Xinzhuang Dist., New Taipei City 242, Taiwan, R.O.C.)

Announcement of Meeting (Reporting Attendance Shares)

Chairman's Address

I. Report :

Proposal 1: The Company's Business Report of 2018

Proposal 2: The Audit Committee's Review Report on the Company's Financial Statement of 2018

Proposal 3: The Company's Endorsement and Guarantee Records of 2018

Proposal 4: Others

II. Proposed Resolutions:

Proposal 1: The Company's Business Reports and Financial Statements of 2018, submitted for Recognition

Proposal 2: The Company's Earning Distribution of 2018, submitted for Recognition

III. Discussions:

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

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

Proposal 3: Amendment of "Procedures for Endorsement and

Guarantee", submitted for Discussion

Proposal 4: Amendment of "Procedures for Loaning Funds to Others", submitted for Discussion

IV. Elections:

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

V. Others:

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

VI. Extempore Motions

VII.Meeting Adjournment

I. Report

Proposal 1: The Company's Business Report of 2018

Note: Please refer to the Attachment I, page 11 & 12.

**Proposal 2: The Audit Committee's Review Report on the Company's
Financial Statements of 2018**

Note:

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

The Board of Directors has issued the Company's 2018 business reports, financial statements (including consolidated and individual financial statements) and earning distribution motions, of which the financial statements were verified by PricewaterhouseCoopers Taiwan (PwC Taiwan), and an audit report was issued. The above-mentioned business reports, financial statements, and earning distribution motion have been reviewed by the Audit Committee in accordance with the law, and it is considered to be of no inconsistency. To comply with the Article 14-4 of the Securities Exchange Act and the Article 219 of the Company Act, the reports have been properly issued. Please verify and confirm.

To

**ABILITY ENTERPRISE CO., LTD
2019 Annual Shareholders' Meeting**

Audit Committee Convener: Mr. Lam, Tai Sheng

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Proposal 3: The Company's Endorsement and Guarantee Records of 2018

Note: As of 2018/12/31, Endorsement and Guarantee Balance Report

- I. As of December 31, 2018, the Company's Endorsement and Guarantee of the Affiliate Enterprises is as follows:

Unit: NT\$1,000

Object \ Item	Endorsement and Guarantee Balance	Endorsement and Guarantee Amount Guaranteed by Property	Total
VIEWQUEST TECHNOLOGIES (BVI) Inc.	659,605	0	659,605
Total	659,605	0	659,605

As of December 31, 2018, the Company's endorsement and guarantee balance was NT\$659,605,000. According to the Company's "Procedures of Endorsement and Guarantee", the endorsement and guarantee ceiling was NT\$3,630,953,000. The maximum amount of endorsement and guarantee for a single affiliate enterprise was NT\$3,630,953,000. For both, the total amount did not exceed the prescribed limit.

- II. E-Pin Optical Industry Co., Ltd. (hereinafter called as "E-Pin") is the affiliate enterprise of Ability, As of Dec. 31, 2018, E-Pin's endorsement and guarantee of affiliate enterprise is as follows:

Unit: NT\$1,000

Object \ Item	Endorsement and Guarantee Balance	Endorsement and Guarantee Amount Guaranteed by Property	Total
Zhongshan Shanxin Accurate Industry Co., Ltd.	22,773	0	22,773
Total	22,773	0	22,773

As of December 31, 2018, E-Pin's endorsement and guarantee balance was NT\$22,773,000. According to E-Pin's "Procedures of Endorsement and Guarantee", the endorsement and guarantee ceiling was NT\$129,824,000. The maximum amount of endorsement and guarantee for a single affiliate enterprise was NT\$129,824,000. For both, the total amount did not exceed the prescribed limit.

Proposal 4: Others

Note: Operation of shareholders' proposal for the annual shareholders' meeting's:

- I. According to Article 172-1 of the Company Act, a shareholder who holds 1% or more of the Company's issued shares may submit a written motion at annual shareholders' meeting to the Company, but it shall be limited to one proposal in maximum of 300 words.
- II. The Company's 2019 annual shareholders' meeting accepts applications from shareholders from April 3, 2019 to April 16, 2019, and has been publicly announced at Market Observation Post System.
- III. The Company did not receive any proposal from shareholders.

II. Proposed Resolutions

Proposal 1: (submitted by the Board of Directors)

Cause: The Company's business reports and financial statements of 2018 were submitted for recognition.

Note:

- I. The Company's 2018 business reports and financial statements (including consolidated and individual financial statements) were approved by the Board of Directors, among which the financial statements were audited by PwC Taiwan's CPA, Sheng-Chung Hsu and Audrey Tseng and the relative auditing reports are being presented as well.
- II. For the above-mentioned business reports, accountants' auditing reports, and financial statements, please refer to Attachment 1 and 2 listed in the page 12 – 36 of this handbook.

Resolution:

Proposal 2: (submitted by the Board of Directors)

Cause: The Company's 2018 earning distribution was submitted for recognition.

Note:

- I. The Company's earning distribution form of 2018 was approved by the Board of Directors and submitted to the shareholders' meeting for recognition.
- II. For the earning distribution form, please refer to Attachment 2, list in the page 37 of this handbook.

Resolution:

III. Discussions

Proposal 1: (submitted by the Board of Directors)

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

Note:

- I. In order to match the amendment of Company Act and the need of company operation, part of articles of "Articles of Incorporation" will be amended.
- II. For the before and after comparison table of the amendments, please refer to Attachment 4 listed in the page 38-43 of this handbook.

Resolution:

Proposal 2: (submitted by the Board of Directors)

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

Note:

- I. According to the amendment of " Guidelines for Acquisition or Disposal of Assets by Public Companies" described in the notice (No: 1070341072) from Financial Supervisory Commission dated on November 26, 2018, the Company's "Procedures of Acquisition or Disposal of Assets" will be partially amended.
- II. For the before and after comparison table of the amended "Procedures of Acquisition or Disposal of Assets", please refer to Attachment 5 listed in page 44-72 of this handbook.

Resolution:

Proposal 3: (submitted by the Board of Directors)

Cause: The Amendments of the Company's "Procedures of Endorsement and Guarantee" were submitted for discussion.

Note:

- I. According to the amendment of " Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies" described in the notice (No: 1080304826) from Financial Supervisory Commission dated on March 7, 2019,,the Company's "Procedures of Endorsement and Guarantee" will be partially amended.
- II. For the before and after comparison table of the amended "Procedures of Endorsement and Guarantee", please refer to Attachment 6 on listed in page 73 -77 of this handbook.

Resolution:

Proposal 4: (submitted by the Board of Directors)

Cause: The Amendments of the Company's "Procedures for Loaning Funds to Others" were submitted for discussion.

Note:

- I. According to the amendment of " Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies" described in the notice (No: 1080304826) from Financial Supervisory Commission dated on March 7, 2019,, the Company's "Procedures for Loaning Funds to Others" will be partially amended.
- II. For the before and after comparison table of the amended "Procedures for Loaning Funds to Others", please refer to Attachment 7 listed in the page 78 – 87 of this handbook.

Resolution:

IV. Elections

Proposal 1: (submitted by the Board of Directors)

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

Note:

- I. The term of the current directors and supervisors will be expired on June 28, 2019. According to Company Act and Articles of Incorporation, 9 directors (including 3 independent directors) will be re-elected in the annual shareholders' meeting of 2019. The new directors' term of office will be of three years from June 14, 2019 to June 13, 2022 and will take office from the date elected in the annual shareholders' meeting of 2019.
- II. According to Articles of Incorporation, the election of the Company's directors (including independent directors) will be conducted by nomination of candidates. Shareholders shall vote for his chosen candidate from the nominated listed offered in the attachment page 88 – 89 of this handbook.
- III. For "Rules for Election of Directors", please refer to Appidix 2 listed in page 95 – 97 of this handbook.

Result of Election

V. Other

Proposal 1: (submitted by the Board of Directors)

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

Note:

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

Resolution:

VI. Extempore Motions

VII. Meeting Adjournment

Chapter 3 Attachments

【Attachment 1】

ABILITY ENTERPRISE CO., LTD

2018 Business Report

Dear ladies and gentlemen:

Ability's core business of digital imaging products, both 360-degree camera and surveillance camera series, have launched new products this year. With those new products, Ability has not only acquired new clients, but also has expanded the fields of cooperation with current clients. However, the demand for digital camera continuously declines and it results in the deferred delivery for major brand. Therefore our operation revenue and profitability are relatively reduced. The consolidated operating revenue of 2018 was NT\$7,635,028,000, which was approximately 30% less in comparison with the revenue of 2017. The operating loss was NT\$739,861,000, and the net loss after tax attributed to the parent company was NT\$463,048,000 which was equivalent to NT\$1.63 per share.

Look into the future, the global economy is uncertain. The consuming electronic products will face severe challenge. Only with competitive and creative capability, one enterprise can run the business in sustainable development. Ability keep devoting ourselves in adjusting business development, optimizing management and improving the capital structure and cash flow. Meanwhile, the grand cost structure of products is aggressively reviewed and re-organized. We shall do our best to raise the shareholder equity and share our management performance with shareholders, clients and employers.

Research and Development:

To against the fast developed and innovative mobile devices, the position of high resolution image quality, high ratio optical zoom, upgrade of video image quality, image processing speed, electric vibration reduction technology, and 8K high resolution image are the main theme of product development and tech. research. To satisfy various demand from different social group, we expand the feature of 360 degree surrounding camera in connecting with applications of VR, AR, AIOT, and ...etc.. Ability has invested lots of resources in developing the improvement of

image algorithm and hardware structure scheme. And, by return, our achievement on image taking module, software, APP and ToF is solid.

Ability will keep on building up the advantage of vertical intergration in cooperating our optical lens development with the supply chain with the AI technology. The video-image-taking module will be developed to be more thinner and high rank. As to the application of video-image-taking module, it shall be driven to the usage in the total solution system with the demand of optical video-image-taking module for which Ability will invest more technology resources to develop.

Deeply appreciate the strong and sincere support from all the shareholders. Wish you healthy and every thing developed as you expect.

Chairman of the Board:
Tseng, Ming Jen

Manager:
Tseng, Ming Jen

Accounting Manager:
Lin, Hung Tien

【Attachment 2】

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR18000452

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

Opinion

We have audited the accompanying consolidated balance sheets of Ability Enterprise Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2018 and 2017, 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Assessment of allowance for inventory valuation loss

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventory. As of December 31, 2018, the balances of the Group’s inventory and allowance for inventory valuation loss were NT\$1,722,124 thousand and NT\$386,022 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of digital camera, optical products and components. Due to rapid changes in technology innovations, short life cycles of electronic products and fluctuations in market prices, there is higher risk of incurring inventory valuation losses or obsolescence. The Company recognises inventories at the lower of cost and net realisable value; for inventories which are separately identified as obsolete and damaged, the Company

recognises loss through net realisable value. An allowance for inventory valuation loss mainly arises from inventories aged over a certain period and separately identified obsolete inventory. As the amount of inventory is material, inventory items are numerous, and the net realisable value of obsolete and damaged inventories is subject to management judgement, we consider the assessment of the allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

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

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

Impairment assessment of property, plant and investment property

Description

Refer to Notes 4(15) and (16) for accounting policies on property, plant and equipment and investment property, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on property, plant and equipment impairment, and Notes 6(9) and (10) for account details of property, plant and equipment and investment property. As of December 31, 2018, the balance of property, plant and equipment and investment property totaled to NT\$4,128,331 thousand.

The property, plant and equipment and investment property primarily consist of land, buildings and structures amounting to NT\$4,128,331 thousand, constituting 37% of total assets. The domestic property value has been significantly affected by the factors of market supply and demand situation, natural disasters, government policies, economic situation and the uncertainty of property valuation as well as the risk of asset impairment. Thus, we consider the impairment assessment of property, plant and equipment and investment property a key audit matter.

How our audit addressed the matter

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

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

Other matter – Scope of the audit

We did not audit the financial statements of a wholly-owned consolidated subsidiary and investments accounted for using equity method that are included in the financial statements, which statements reflect total assets (including investments accounted for using equity method) of NT\$130,807 thousand and NT\$4,020 thousand, constituting 1.18% and 0.03% of consolidated total

assets as of December 31, 2018 and 2017, respectively, operating revenues of NT\$9,470 thousand and NT\$0, constituting 0.12% and 0% of the consolidated total net operating revenue for the years then ended, respectively, and the related share of profit (loss) of associates and joint ventures accounted for under equity method of NT\$13,213 thousand and NT\$954 thousand, constituting 1.34% and 0.21% of consolidated total comprehensive income (loss) for the years then ended, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion with other matter section on the parent company only financial statements of Ability Enterprise Co., Ltd. as at and for the years ended December 31, 2018 and 2017.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s 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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain 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 auditor's 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 auditor's 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Juanlu, Man-Yu

Audrey Tseng

For and on behalf of PricewaterhouseCoopers, Taiwan

March 25, 2019

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 report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,788,055	16	\$ 2,245,124	18
1120	Current financial assets at fair value through other comprehensive income	6(3)	637,214	6	-	-
1125	Available-for-sale financial assets - current	12(4)	-	-	766,516	6
1136	Current financial assets at amortised cost	6(4)	547,106	5	-	-
1170	Accounts receivable, net	6(5), 7 and 12(4)	1,127,134	10	1,704,379	13
130X	Inventory	6(6)	1,336,102	12	1,501,394	12
1470	Other current assets	6(7)	355,164	3	642,450	5
11XX	Total current assets		<u>5,790,775</u>	<u>52</u>	<u>6,859,863</u>	<u>54</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	676,421	6	-	-
1523	Available-for-sale financial assets - non-current	12(4)	-	-	930,238	7
1543	Financial assets carried at cost - non-current	12(4)	-	-	214,145	2
1550	Investments accounted for under equity method	6(8)	12,293	-	4,020	-
1600	Property, plant and equipment	6(9) and 8	3,539,946	32	3,989,763	31
1760	Investment property - net	6(10)	588,385	5	598,602	5
1780	Intangible assets	6(11)	159,027	2	5,606	-
1840	Deferred income tax assets	6(27)	178,209	2	83,896	-
1900	Other non-current assets	6(13)	103,032	1	120,278	1
15XX	Total non-current assets		<u>5,257,313</u>	<u>48</u>	<u>5,946,548</u>	<u>46</u>
1XXX	Total assets		<u>\$ 11,048,088</u>	<u>100</u>	<u>\$ 12,806,411</u>	<u>100</u>

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 438,647	4	\$ 339,757	3
2170	Accounts payable	7	1,850,064	17	2,330,406	18
2200	Other payables	6(15)	779,586	7	871,050	7
2230	Current income tax liabilities		13,432	-	53,894	-
2300	Other current liabilities	6(18)(23)	360,715	3	422,370	3
21XX	Total current liabilities		<u>3,442,444</u>	<u>31</u>	<u>4,017,477</u>	<u>31</u>
Non-current liabilities						
2600	Other non-current liabilities	6(16)	82,865	1	82,991	1
25XX	Total non-current liabilities		<u>82,865</u>	<u>1</u>	<u>82,991</u>	<u>1</u>
2XXX	Total liabilities		<u>3,525,309</u>	<u>32</u>	<u>4,100,468</u>	<u>32</u>
Equity						
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(19)	2,823,628	26	2,823,650	22
Capital surplus						
3200	Capital surplus	6(20)	1,563,455	14	1,563,069	13
Retained earnings						
3310	Legal reserve	6(21)	1,655,947	15	1,634,181	13
3320	Special reserve		-	-	101,662	1
3350	Unappropriated retained earnings		1,645,054	15	2,242,829	17
Other equity interest						
3400	Other equity interest	6(22)	(426,178)	(4)	151,951	1
31XX	Equity attributable to owners of the parent		<u>7,261,906</u>	<u>66</u>	<u>8,517,342</u>	<u>67</u>
36XX	Non-controlling interest		<u>260,873</u>	<u>2</u>	<u>188,601</u>	<u>1</u>
3XXX	Total equity		<u>7,522,779</u>	<u>68</u>	<u>8,705,943</u>	<u>68</u>
3X2X	Total liabilities and equity		<u>\$ 11,048,088</u>	<u>100</u>	<u>\$ 12,806,411</u>	<u>100</u>

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amount)

Items	Notes	Year ended December 31				
		2018		2017		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(23) and 7	\$ 7,635,028	100	\$ 11,201,600	100
5000	Operating costs	6(6)(26) and 7	(6,988,737)	(92)	(9,785,428)	(87)
5950	Net operating margin		646,291	8	1,416,172	13
	Operating expenses	6(26)				
6100	Selling expenses		(118,959)	(2)	(117,375)	(1)
6200	General and administrative expenses		(531,966)	(7)	(527,242)	(5)
6300	Research and development expenses		(727,055)	(9)	(706,702)	(6)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	(8,172)	-	-	-
6000	Total operating expenses		(1,386,152)	(18)	(1,351,319)	(12)
6900	Operating (loss) profit		(739,861)	(10)	64,853	1
	Non-operating income and expenses					
7010	Other income	6(24)	175,212	2	158,640	1
7020	Other gains and losses	6(25)	48,463	1	9,392	-
7050	Finance costs		(6,659)	-	(5,558)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(8)	8,273	-	954	-
7000	Total non-operating income and expenses		225,289	3	163,428	1
7900	(Loss) profit before income tax		(514,572)	(7)	228,281	2
7950	Income tax benefit (expense)	6(27)	89,047	1	(21,883)	-
8200	(Loss) profit for the year		(\$ 425,525)	(6)	\$ 206,398	2

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amount)

Items	Notes	Year ended December 31				
		2018		2017		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial (losses) gains on defined benefit plans	6(16)	(\$ 1,345)	-	\$ 4,291	-
8316	Unrealised gain on financial assets measured at fair value through other comprehensive income	6(3)	(616,491)	(8)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	2,109	-	(730)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(615,727)	(8)	3,561	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		53,622	1	(285,779)	(3)
8362	Unrealised gain on valuation of available-for-sale financial assets	12(4)	-	-	536,391	5
8360	Other comprehensive income that will be reclassified to profit or loss		53,622	1	250,612	2
8300	Other comprehensive (loss) income for the year		(\$ 562,105)	(7)	\$ 254,173	2
8500	Total comprehensive (loss) income for the year		(\$ 987,630)	(13)	\$ 460,571	4
(Loss) profit attributable to:						
8610	Owners of the parent		(\$ 463,048)	(6)	\$ 217,663	2
8620	Non-controlling interest		37,523	-	(11,265)	-
			(\$ 425,525)	(6)	\$ 206,398	2
Comprehensive (loss) income attributable to:						
8710	Owners of the parent		(\$ 1,021,497)	(13)	\$ 474,693	4
8720	Non-controlling interest		33,867	-	(14,122)	-
			(\$ 987,630)	(13)	\$ 460,571	4
Earnings per share						
9750	Basic earnings per share	6(28)	(\$ 1.64)		\$ 0.77	
9850	Diluted earnings per share		(\$ 1.64)		\$ 0.77	

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent							Total	Non-controlling interest	Total equity
	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained Earnings			Treasury stocks	Other equity interest			
			Legal reserve	Special reserve	Unappropriated retained earnings					
2017										
Balance at January 1, 2017	\$ 2,825,279	\$ 1,560,123	\$ 1,595,556	\$ -	\$ 2,416,348	(\$ 104,533)	(\$ 695)	\$ 8,292,078	\$ 202,723	\$ 8,494,801
Profit for 2017	-	-	-	-	217,663	-	-	217,663	(11,265)	206,398
Other comprehensive income (loss) for 2017	-	-	-	-	3,417	253,613	-	257,030	(2,857)	254,173
Total comprehensive income (loss) for 2017	-	-	-	-	-	253,613	-	257,030	-	254,173
Appropriations of 2016 earnings	-	-	-	-	(221,080)	253,613	-	474,693	(14,122)	460,571
Legal reserve	-	-	38,625	-	(38,625)	-	-	-	-	-
Special reserve	-	-	-	101,662	(101,662)	-	-	-	-	-
Cash dividends	-	-	-	-	(254,171)	-	-	(254,171)	-	(254,171)
Compensation cost of share-based payment	-	-	-	-	(141)	2,871	-	2,730	-	2,730
Adjustments to changes in vested number of restricted stock	-	2,012	-	-	-	-	-	2,012	-	2,012
Redemption of employee restricted stock	(1,629)	934	-	-	-	-	695	-	-	-
Balance at December 31, 2017	\$ 2,823,650	\$ 1,563,069	\$ 1,634,181	\$ 101,662	\$ 2,242,829	\$ 151,951	\$ -	\$ 8,517,342	\$ 188,601	\$ 8,705,943
2018										
Balance at January 1, 2018	\$ 2,823,650	\$ 1,563,069	\$ 1,634,181	\$ 101,662	\$ 2,242,829	\$ 151,951	\$ -	\$ 8,517,342	\$ 188,601	\$ 8,705,943
Effects of retrospective application and retrospective restatement	-	-	-	-	11,247	(18,861)	-	(7,614)	-	(7,614)
Balance at January 1, 2018 after adjustments	2,823,650	1,563,069	1,634,181	101,662	2,254,076	133,090	-	8,509,728	188,601	8,698,329
Loss for 2018	-	-	-	-	(463,048)	-	-	(463,048)	37,523	(425,525)
Other comprehensive income (loss) for 2018	-	-	-	-	819	(559,268)	-	(558,449)	(3,656)	(562,105)
Total comprehensive income (loss) for 2018	-	-	-	-	(462,229)	(559,268)	-	(1,021,497)	33,867	(987,630)
Appropriations of 2017 earnings	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	21,766	-	(21,766)	-	-	-	-	-
Reversal of special reserve	-	-	-	(101,662)	101,662	-	-	-	-	-
Cash dividends	-	-	-	-	(225,892)	-	-	(225,892)	-	(225,892)
Changes in ownership interests in subsidiaries	-	-	-	-	(797)	-	-	(797)	-	(797)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	38,405	38,405
Adjustments to changes in vested number of restricted stock	-	364	-	-	-	-	-	364	-	364
Redemption of employee restricted stock	(22)	22	-	-	-	-	-	-	-	-
Balance at December 31, 2018	\$ 2,823,628	\$ 1,563,455	\$ 1,655,947	\$ -	\$ 1,645,054	(\$ 426,178)	\$ -	\$ 7,261,906	\$ 260,873	\$ 7,522,779

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 514,572)	\$ 228,281
Adjustments			
Income and expenses having no effect on cash flows			
Expected credit loss	12(2)	8,172	-
Gain on reversal of allowance for bad debts	12(4)	-	(155)
Impairment loss	6(25)	52,108	-
Depreciation	6(26)	354,163	339,978
Amortisation	6(26)	8,555	4,033
Compensation cost of share-based payment	6(17)	-	2,730
Gain on valuation of financial assets and liabilities	12(4)	-	(1,908)
Gain on disposal of property, plant, equipment and investment property	6(25)	(68,856)	(19,282)
Share of profit or loss of associates and joint ventures accounted for under equity method	6(8)	(8,273)	(954)
Interest expense		6,659	5,558
Interest income	6(24)	(34,759)	(26,344)
Compensation income	6(25)	-	(36,000)
Dividend income	6(24)	(107,897)	(100,707)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Accounts receivable, net		560,269	191,542
Inventories		239,180	(133,844)
Other current assets		(133,284)	(11,793)
Net changes in liabilities relating to operating activities			
Accounts payable		(541,180)	(160,325)
Other payables		(110,265)	6,737
Other current liabilities		(83,643)	(32,392)
Other non-current liabilities		(1,490)	(1,102)
Cash (outflow) inflow generated from operations		(375,113)	254,053
Interest received		34,759	26,344
Dividends received		107,897	100,707
Income tax paid		(43,602)	(70,511)
Interest paid		(6,659)	(5,558)
Net cash flows (used in) from operating activities		(282,718)	305,035

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 104,181)	\$ -
Increase in other current assets		-	(83,790)
Proceeds from disposal of current financial assets at fair value through profit or loss		-	7,178
Acquisition of financial assets measured at cost	12(4)	-	(118,392)
Proceeds from disposal of property, plant and equipment		290,997	55,757
Acquisition of property, plant and equipment	6(30)	(181,446)	(417,382)
Acquisition of intangible assets	6(11)	(9,293)	(6,717)
Decrease in other non-current assets		16,933	410
Net cash in acquisition of subsidiaries		(136,798)	-
Net cash flows used in investing activities		(123,788)	(562,936)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		81,890	10,742
Decrease in other non-current liabilities		(245)	(3,592)
Payment of cash dividends	6(21)	(225,892)	(254,171)
Redemption of employee restricted stock	6(17)	(22)	(934)
Subsidiaries' capital increase for acquiring non-controlling interest		38,405	-
Net cash flows used in financing activities		(105,864)	(247,955)
Net effect of changes in foreign currency exchange rates		55,301	(270,159)
Net decrease in cash and cash equivalents		(457,069)	(776,015)
Cash and cash equivalents at beginning of year		2,245,124	3,021,139
Cash and cash equivalents at end of year		<u>\$ 1,788,055</u>	<u>\$ 2,245,124</u>

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of Ability Enterprise Co., Ltd. (the “Company”) as at December 31, 2018 and 2017, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Assessment of allowance for inventory valuation loss

Description

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

As of December 31, 2018, inventories and allowance for inventory valuation loss amounted to NT\$497 thousand and NT\$285 thousand, respectively, while the investments accounted for using equity method amounted to NT\$4,896,014 thousand. The Company's direct and indirect wholly-owned subsidiaries, Viewquest Technologies (BVI) Inc., Ability Technology (Dongguan) Co., Ltd., Jiujiang Viewquest Electronics Inc. and Dongguan Viewquest Electronics Inc., are main operating entities. All of which are primarily engaged in manufacturing and sale of digital cameras, optical devices as well as related parts and components. Due to rapid changes in technology innovations, short life cycles of electronic products and fluctuations in market prices, there is higher risk of incurring inventory valuation losses and obsolescence. The entities recognise inventories at the lower of cost and net realisable value and assess excess inventories and those separately identified as obsolete.

As the abovementioned subsidiaries contribute a significant amount of inventories and loss allowance and the inventory valuation is subject to significant judgements and estimates and have great uncertainty, we consider the assessment of the allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

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

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

allowance provision.

Impairment assessment of property, plant and investment property

Description

Refer to Notes 4(13) and (14) for accounting policies on impairment of property, plant and equipment and investment property, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on impairment of property, plant and equipment, and Notes 6(7) and (8) for account details of property, plant and equipment and investment property. As of December 31, 2018, property, plant and equipment and investment property totalled to NT\$3,113,288 thousand.

The Company's property, plant and equipment and investment property primarily consist of land, buildings and structures amounting to NT\$3,113,288 thousand, constituting 30% of total assets. The domestic property value has been significantly affected by the factors of market supply and demand situation, natural disasters, government policies, economic situation and the uncertainty of property valuation as well as the risk of asset impairment. Thus, we consider impairment assessment of property, plant and equipment and investment property a key audit matter.

How our audit addressed the matter

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

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

Other matter – Scope of the audit

We did not audit the financial statements of certain subsidiaries accounted for using equity method that are included in the financial statements. The balance of these investments accounted for using equity method amounted to NT\$130,807 thousand and NT\$4,020 thousand, constituting 1.24% and 0.03% of

consolidated total assets as of December 31, 2018 and 2017, respectively, and the related share of profit of subsidiaries accounted for using equity method was NT\$13,213 thousand and NT\$954 thousand, constituting 1.29% and 0.21% of consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Juanlu, Man-Yu

Audrey Tseng

For and on behalf of PricewaterhouseCoopers, Taiwan

March 25, 2019

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

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

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 885,133	9	\$ 1,006,591	8
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	-	-
1170	Accounts receivable, net	6(4) and 7	546,184	5	1,266,328	11
130X	Inventory	6(5)	212	-	2,025	-
1470	Other current assets	7	234,289	2	94,194	1
11XX	Total current assets		<u>1,665,818</u>	<u>16</u>	<u>2,369,138</u>	<u>20</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	676,421	6	-	-
1523	Non-current available-for-sale financial assets	12(4)	-	-	930,238	8
1543	Non-current financial assets at cost	12(4)	-	-	195,753	1
1550	Investments accounted for using equity method	6(6)	4,896,014	46	5,093,310	42
1600	Property, plant and equipment	6(7), 7 and 8	2,524,903	24	2,756,242	23
1760	Investment property, net	6(8)	588,385	6	598,602	5
1780	Intangible assets		9,346	-	4,682	-
1840	Deferred income tax assets	6(21)	167,067	2	75,973	1
1900	Other non-current assets		20,936	-	35,915	-
15XX	Total non-current assets		<u>8,883,072</u>	<u>84</u>	<u>9,690,715</u>	<u>80</u>
1XXX	Total assets		<u>\$ 10,548,890</u>	<u>100</u>	<u>\$ 12,059,853</u>	<u>100</u>

(Continued)

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 240,000	3	\$ -	-
2170	Accounts payable	7	2,333,676	22	2,605,224	22
2200	Other payables	6(10)	429,075	4	537,608	5
2230	Current income tax liabilities		-	-	44,657	-
2250	Provisions for liabilities - current	6(13)	106,160	1	136,438	1
2300	Other current liabilities		117,969	1	157,155	1
21XX	Total current liabilities		<u>3,226,880</u>	<u>31</u>	<u>3,481,082</u>	<u>29</u>
Non-current liabilities						
2600	Other non-current liabilities	6(11)	<u>60,104</u>	-	<u>61,429</u>	-
25XX	Total non-current liabilities		<u>60,104</u>	-	<u>61,429</u>	-
2XXX	Total liabilities		<u>3,286,984</u>	<u>31</u>	<u>3,542,511</u>	<u>29</u>
Equity						
Share capital						
3110	Share capital - common stock	6(14)	2,823,628	27	2,823,650	23
Capital surplus						
3200	Capital surplus	6(15)	1,563,455	15	1,563,069	13
Retained earnings						
3310	Legal reserve	6(16)	1,655,947	16	1,634,181	14
3320	Special reserve		-	-	101,662	1
3350	Unappropriated retained earnings		1,645,054	15	2,242,829	19
Other equity interest						
3400	Other equity interest		(<u>426,178</u>)	(<u>4</u>)	<u>151,951</u>	<u>1</u>
3XXX	Total equity		<u>7,261,906</u>	<u>69</u>	<u>8,517,342</u>	<u>71</u>
3X2X	Total liabilities and equity		<u>\$ 10,548,890</u>	<u>100</u>	<u>\$ 12,059,853</u>	<u>100</u>

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

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amount)

Items	Notes	Year ended December 31				
		2018		2017		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(17) and 7	\$ 5,622,943	100	\$ 9,959,455	100
5000	Operating costs	6(5)(20) and 7	(5,374,877)	(96)	(8,899,575)	(89)
5950	Gross profit from operations		248,066	4	1,059,880	11
	Operating expenses	6(20)				
6100	Selling expenses		(81,741)	(1)	(80,533)	(1)
6200	Administrative expenses		(362,417)	(6)	(352,892)	(4)
6300	Research and development expenses		(591,260)	(11)	(612,548)	(6)
6450	Net other income (expenses)	12(2)	(4,915)	-	-	-
6000	Total operating expenses		(1,040,333)	(18)	(1,045,973)	(11)
6900	Net operating (loss) income		(792,267)	(14)	13,907	-
	Non-operating income and expenses					
7010	Other income	6(18)	56,004	1	48,325	1
7020	Other gains and losses	6(19)	56,147	1	36,162	-
7050	Finance costs		(593)	-	(62)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	99,167	2	122,461	1
7000	Total non-operating income and expenses		210,725	4	206,886	2
7900	(Loss) profit before income tax		(581,542)	(10)	220,793	2
7950	Income tax benefit (expense)	6(21)	118,494	2	(3,130)	-
8200	(Loss) profit for the year		(\$ 463,048)	(8)	\$ 217,663	2
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	(Losses) gains on remeasurements of defined benefit plans	6(11)	(\$ 1,058)	-	\$ 3,921	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(441,956)	(8)	-	-
8330	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		(174,601)	(3)	163	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	1,943	-	(667)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(615,672)	(11)	3,417	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		57,223	1	(282,778)	(3)
8362	Other comprehensive income, before tax, available-for-sale financial assets	12(4)	-	-	293,441	3
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method		-	-	242,950	3
8360	Other comprehensive income that will be reclassified to profit or loss		57,223	1	253,613	3
8300	Total other comprehensive (loss) income		(\$ 558,449)	(10)	\$ 257,030	3
8500	Total comprehensive (loss) income		(\$ 1,021,497)	(18)	\$ 474,693	5
	Earnings per share	6(22)				
9750	Basic earnings per share		(\$ 1.64)		\$ 0.77	
9850	Diluted earnings per share		(\$ 1.64)		\$ 0.77	

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

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other Equity Interest				Treasury stocks	Total equity	
		Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Other equity - others				
2017												
Balance at January 1, 2017		\$ 1,595,556	\$ -	\$ 2,416,348	\$ 192,839	\$ -	(\$ 294,501)	(\$ 2,871)	(\$ 695)	\$ 8,292,078		
Profit for 2017		-	-	217,663	-	-	-	-	-	217,663		
Other comprehensive income (loss) for 2017		-	-	3,417	(282,778)	-	536,391	-	-	257,030		
Total comprehensive income (loss) for 2017		-	-	221,080	(282,778)	-	536,391	-	-	474,693		
Appropriation and distribution of 2016 retained earnings	6(16)	-	-	-	-	-	-	-	-	-		
Legal reserve		38,625	-	(38,625)	-	-	-	-	-	-		
Special reserve		-	101,662	(101,662)	-	-	-	-	-	-		
Cash dividends		-	-	(254,171)	-	-	-	-	-	(254,171)		
Compensation cost of share-based payment	6(12)	-	-	(141)	-	-	-	2,871	-	2,730		
Adjustments to changes in vested number of restricted stock		-	-	-	-	-	-	-	-	-		
Redemption of employee restricted stock	6(12)	-	-	-	-	-	-	-	695	2,012		
Balance at December 31, 2017		\$ 1,634,181	\$ 101,662	\$ 2,242,829	(\$ 89,939)	\$ 241,890	\$ 241,890	\$ -	\$ -	\$ 8,517,342		
2018												
Balance at January 1, 2018		\$ 1,634,181	\$ 101,662	\$ 2,242,829	(\$ 89,939)	\$ -	\$ 241,890	\$ -	\$ -	\$ 8,517,342		
Effects of retrospective application and retrospective restatement	12(4)	-	-	11,247	-	-	(223,029)	-	-	(7,614)		
Balance at January 1, 2018 after restatement		1,634,181	101,662	2,254,076	(89,939)	-	241,890	-	-	8,509,728		
Loss for 2018		-	-	(463,048)	-	-	-	-	-	(463,048)		
Other comprehensive income (loss) for 2018		-	-	819	57,223	(616,491)	-	-	-	(58,449)		
Total comprehensive income (loss) for 2018		-	-	(462,229)	57,223	(616,491)	-	-	-	(1,021,497)		
Appropriation and distribution of 2017 retained earnings	6(16)	-	-	-	-	-	-	-	-	-		
Legal reserve		21,766	-	(21,766)	-	-	-	-	-	-		
Special reserve		-	(101,662)	(101,662)	-	-	-	-	-	(225,892)		
Cash dividends		-	-	(225,892)	-	-	-	-	-	-		
Adjustments to changes in vested number of restricted stock		-	-	-	-	-	-	-	-	364		
Redemption of employee restricted stock	6(12)	-	-	(797)	-	-	-	-	-	(797)		
Changes in ownership interests in subsidiaries		-	-	(1,645,054)	(\$ 32,716)	(\$ 393,462)	\$ -	\$ -	\$ -	\$ 7,261,906		
Balance at December 31, 2018		\$ 1,655,947	\$ -	\$ 1,645,054	(\$ 32,716)	(\$ 393,462)	\$ -	\$ -	\$ -	\$ 7,261,906		

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

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 581,542)	\$ 220,793
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	4,915	-
Bad debts expense	12(4)	-	29
Depreciation	6(20)	144,098	120,023
Amortisation	6(20)	3,494	3,611
Compensation cost of share-based payment	6(12)	-	2,730
Gain on valuation of financial assets and liabilities	12(4)	-	(1,908)
Gain on disposal of property, plant and equipment and investment property		(64,026)	(21,697)
Loss on disposal of investments		119	-
Share of profit or loss of associates and joint ventures accounted for under equity method	6(6)	(99,167)	(122,461)
Interest expense		593	62
Interest income	6(18)	(9,186)	(10,904)
Dividend income	6(18)	(14,558)	(6,041)
Compensation revenue	6(19)	-	(36,000)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		715,229	284,915
Inventories		1,813	220
Other current assets		(76,237)	3,605
Changes in operating liabilities			
Accounts payable		(271,548)	(595,883)
Other payables		(108,147)	12,333
Provisions		(30,278)	(45,980)
Other current liabilities		(39,186)	46,280
Other non-current liabilities		(1,698)	(1,716)
Cash outflow generated from operations		(425,312)	(147,989)
Interest received		9,186	10,904
Dividends received		383,738	6,041
Income tax paid		(17,003)	(46,997)
Interest paid		(593)	(62)
Net cash flows used in operating activities		(49,984)	(178,103)

(Continued)

ABILITY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of current financial assets at fair value through profit or loss		\$ -	\$ 7,178
Acquisition of financial assets measured at cost	12(4)	-	(100,000)
Acquisition of investments accounted for using equity method	6(6)	(192,871)	-
Proceeds from capital liquidation of investments accounted for using equity method	6(6)	1,860	-
Proceeds from capital reduction of investments accounted for using equity method	6(6)	-	57,684
Acquisition of property, plant and equipment	6(23)	(83,095)	(366,560)
Proceeds from disposal of property, plant and equipment		233,410	54,007
Acquisition of intangible assets		(8,158)	(5,877)
Increase in other current assets		(51,000)	-
Decrease in other non-current assets		<u>14,979</u>	<u>3,789</u>
Net cash flows used in investing activities		<u>(84,875)</u>	<u>(349,779)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		240,000	-
(Decrease) increase in other non-current liabilities		(685)	317
Redemption of employee restricted stock	6(12)	(22)	(934)
Payment of cash dividends	6(16)	<u>(225,892)</u>	<u>(254,171)</u>
Net cash flows from (used in) financing activities		<u>13,401</u>	<u>(254,788)</u>
Net decrease in cash and cash equivalents		(121,458)	(782,670)
Cash and cash equivalents at beginning of year		<u>1,006,591</u>	<u>1,789,261</u>
Cash and cash equivalents at end of year		<u>\$ 885,133</u>	<u>\$ 1,006,591</u>

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

【Attachment 3】**ABILITY ENTERPRISE CO., LTD****Earning Distribution Table****2018**

Unit: New Taiwan Dollars (NT\$)

Item	Amount
Initial Undistributed Earnings	\$2,096,832,864
Add: 2018 Retained Earnings	11,269,204
Adjustment	
Minus: Net Profit after Tax of this Year	(463,048,371)
Minus: Statutory Surplus Reserve	0
Minus: Special Capital Reserve	(426,178,583)
Distributable net profit	\$1,218,875,114
Distributable Items	
Cash Dividends NT\$0.5 per share (Note 1)	141,181,406
Unappropriated retained earnings	\$1,077,693,708

Note 1: The cash dividends to shareholders is NT\$0.5 per share, which is proposed to the shareholders' meeting for approval. Before the record date, if the dividend rate will be modified because share population volume is changed since the company buys back the shares or other causes, BOD authorizes the CEO to decide the modification.

Note 2: For the proposal of dividends distribution, after the resolution of the shareholders' meeting, the BOD authorizes CEO to set a record date and payment date.

CEO:
Tseng, Ming Jen

Manager:
Tseng, Ming Jen

Accounting Manager: :
Lin, Hung Tien

【Attachment 4】

Comparison table of Article of Incorporation before and after Amendment

Articles and Contents before Amendment		Articles and Contents after Amendment		Reasons for Amendments
Article 6-2			<u>Based on the Act, the Company issues executive stock option, new shares purchase right of employee, and restricted employee shares or shares that be bought. The object who receive the shares shall be employee from controlling or subordinate company, and shall be qualified for certain requirements.</u>	Amendments were made to operate in coordination with the Company Act and the needs of practical operations. (Newly Added)
Article 8	The Company's stock is registered and signed or sealed by three or more directors . It will be issued after being legally verified. The Company's issued shares may be free from printing, but they should be registered at centralized securities depository enterprise.	Article 8	The Company's stock is registered and signed or sealed <u>by the representative directors</u> . It will be issued after being legally verified. The Company's issued shares may be free from printing, but they should be registered at centralized securities depository enterprise.	Amendments were made to operate in coordination with the Company Act and the needs of practical operations.
Article 19	The Company has 7 to 9 directors who are appointed for tenure of three years and may be re-elected for consecutive terms. The election of directors is subject to the candidate nomination system of Article 192-1 of the Company Act. Regarding to the announcements of nomination for director candidates, acceptance methods and related matters, all shall be governed by the relevant laws and regulations of the Company Law and the Securities Exchange Act. In the previously mentioned number of directors, the number of	Article 19	The Company has 7 to 9 directors who are appointed for tenure of three years and may be re-elected for consecutive terms. The election of directors is subject to the candidate nomination system of Article 192-1 of the Company Act. Regarding to the announcements of nomination for director candidates, acceptance methods, and related matters, all shall be governed by the relevant laws and regulations of the Company Law and the Securities Exchange Act. In the previously mentioned number of directors, the number of independent directors shall not be less than three seats, and shall not be less than one-fifth of the total number of directors. Regarding to the professional qualifications, shareholding,	Amendments were made to operate in coordination with the needs of practical operations.

Articles and Contents before Amendment	Articles and Contents after Amendment	Reasons for Amendments
<p>independent directors shall not be less than two seats, and shall not be less than one-fifth of the total number of directors. Regarding to the professional qualifications, shareholding, restrictions on concurrent position held, assessment of independence, method of nomination and election, and other rules needed to be followed, all shall be regulated and done based on Company Acts and related regulations by competent securities authority.</p>	<p>restrictions on concurrent position held, assessment of independence, method of nomination and election, and other rules needed to be followed, all shall be regulated and done based on Company Acts and related regulations by competent securities authority.</p>	
<p>Article 28-1 If the Company's final accounting of revenue and expenditure is profitable, the remunerations of employees, directors, and supervisors shall be allocated as follows. However, if the Company still has accumulated losses, it shall reserve the profits in advance and make up for the losses, and then allocate: 1. The employees' compensation is not less than 8% and not more than 15%. The object who receives employee's compensation either in the form of cash or share shall be an employee of the subordinate company and meet certain requirements. <u>The relevant measures</u> are authorized to the Board of Directors to regulate. 2. The directors' remuneration is not more than 1%. 5. The aforementioned profits</p>	<p>Article 28-1 If the Company's final accounting of revenue and expenditure is profitable, the remunerations of employees, directors, and supervisors shall be allocated as follows. However, if the Company still has accumulated losses, it shall reserve the profits in advance and make up for the losses, and then allocate: 1. The employees' compensation is not less than 8% and not more than 15%. The object who receives employee's compensation either in the form of cash or share shall be an employee of the controlling or subordinate company and meet certain requirements. The necessary requirements <u>are authorized to the Board of Directors to regulate.</u> 2. The directors' remuneration is not more than 1%. 5. The aforementioned profits refer to the profits before that pre-tax profit deducts dispatched employees' compensation and directors' and monitors' compensation.</p>	<p>Amendments were made to operate in coordination with the Company Act.</p>

Articles and Contents before Amendment		Articles and Contents after Amendment		Reasons for Amendments
	refer to the profits before that pre-tax profit deducts dispatched employees' compensation and directors' and monitors' compensation.			
Article 29	If the Company's general annual report has surpluses, in addition to paying taxes in accordance with the law, shall make up for past losses and allocate 10% of statutory surplus reserves based on the balance. However, if statutory surplus reserves have reached the total capital, this limit does not apply. If necessary, after the allocation or turnaround special surplus reserve according to the regulations, the rest incorporates initial undistributed earnings as shareholders' cumulative distributed earnings. The Board of Directors may propose earnings allocation motion and <u>report it to shareholders' meeting for resolution.</u>	Article 29	If the Company's general annual report has surpluses, in addition to paying taxes in accordance with the law, shall make up for past losses and allocate 10% of statutory surplus reserves based on the balance. However, if statutory surplus reserves have reached the total capital, this limit does not apply. If necessary, after the allocation or turnaround special surplus reserve according to the regulations, the rest incorporates initial undistributed earnings as shareholders' cumulative distributed earnings. The Board of Directors may propose earnings allocation motion and report it to shareholders' meeting for resolution when . Based on Article 240-5 of Company Act, the Company authorizes that if two third of the directors from the Board of Directors present, and half of the attendees have approved the proposal, the allocation of dividend and bonus or the statutory surplus reserves and the Additional Paid In Capital based on Article 241-1 of Company Act, will all or partially be distributed in the form of cash and be reported to the shareholders' meeting.	Amendments were made to operate in coordination with the Company Act.
Article 32	The Articles of Incorporation was established on May 10, 1965. The first amendment was made on October 26, 1966. The second amendment was made on December 1,	Article 32	The Articles of Incorporation was established on May 10, 1965. The first amendment was made on October 26, 1966. The second amendment was made on December 1, 1966. The third amendment was made on July 6, 1969.	Updates of the date of the amended Articles of Incorporation.

Articles and Contents before Amendment	Articles and Contents after Amendment	Reasons for Amendments
<p>1966.</p> <p>The third amendment was made on July 6, 1969.</p> <p>The fourth amendment was made on March 1, 1971.</p> <p>The fifth amendment was made on August 5, 1972.</p> <p>The sixth amendment was made on May 14, 1973.</p> <p>The seventh amendment was made on July 1, 1976.</p> <p>The eighth amendment was made on March 11, 1979.</p> <p>The ninth amendment was made on February 8, 1984.</p> <p>The tenth amendment was made on September 1, 1986.</p> <p>The eleventh amendment was made on December 1, 1986.</p> <p>The twelfth amendment was made on March 2, 1987.</p> <p>The thirteenth amendment was made on January 28, 1988.</p> <p>The fourteenth amendment was made on July 20, 1988.</p> <p>The fifteenth amendment was made on August 15, 1989.</p> <p>The sixteenth amendment was made on September 5, 1989.</p> <p>The seventeenth amendment was made on May 7, 1990.</p> <p>The eighteenth amendment was made on October 19, 1990.</p> <p>The nineteenth amendment was made on August 20, 1991.</p> <p>The twentieth amendment was made on June 15, 1992.</p> <p>The twenty-first amendment was made on July 11, 1992.</p>	<p>The fourth amendment was made on March 1, 1971.</p> <p>The fifth amendment was made on August 5, 1972.</p> <p>The sixth amendment was made on May 14, 1973.</p> <p>The seventh amendment was made on July 1, 1976.</p> <p>The eighth amendment was made on March 11, 1979.</p> <p>The ninth amendment was made on February 8, 1984.</p> <p>The tenth amendment was made on September 1, 1986.</p> <p>The eleventh amendment was made on December 1, 1986.</p> <p>The twelfth amendment was made on March 2, 1987.</p> <p>The thirteenth amendment was made on January 28, 1988.</p> <p>The fourteenth amendment was made on July 20, 1988.</p> <p>The fifteenth amendment was made on August 15, 1989.</p> <p>The sixteenth amendment was made on September 5, 1989.</p> <p>The seventeenth amendment was made on May 7, 1990.</p> <p>The eighteenth amendment was made on October 19, 1990.</p> <p>The nineteenth amendment was made on August 20, 1991.</p> <p>The twentieth amendment was made on June 15, 1992.</p> <p>The twenty-first amendment was made on July 11, 1992.</p> <p>The twenty-second amendment was made on March 4, 1993.</p> <p>The twenty-third amendment was made on May 8, 1993.</p> <p>The twenty-fourth amendment was made on May 9, 1994.</p> <p>The twenty-fifth amendment was made on May 23, 1995.</p> <p>The twenty-sixth amendment was made on May 6, 1996.</p> <p>The twenty-seventh amendment was made on May 8, 1997.</p> <p>The twenty-eighth amendment</p>	

Articles and Contents before Amendment	Articles and Contents after Amendment	Reasons for Amendments
<p>The twenty-second amendment was made on March 4, 1993.</p> <p>The twenty-third amendment was made on May 8, 1993.</p> <p>The twenty-fourth amendment was made on May 9, 1994.</p> <p>The twenty-fifth amendment was made on May 23, 1995.</p> <p>The twenty-sixth amendment was made on May 6, 1996.</p> <p>The twenty-seventh amendment was made on May 8, 1997.</p> <p>The twenty-eighth amendment was made on May 26, 1998.</p> <p>The twenty-ninth amendment was made on May 24, 1999.</p> <p>The thirtieth amendment was made on May 15, 2000.</p> <p>The thirty-first amendment was made on May 31, 2001.</p> <p>The thirty-second amendment was made on May 27, 2002.</p> <p>The thirty-third amendment was made on August 23, 2002.</p> <p>The thirty-fourth amendment was made on April 30, 2003.</p> <p>The thirty-fifth amendment was made on June 13, 2005.</p> <p>The thirty-sixth amendment was made on June 12, 2006.</p> <p>The thirty-seventh amendment was made on June 13, 2008.</p> <p>The thirty-eighth amendment was made on June 16, 2009.</p> <p>The thirty-ninth</p>	<p>was made on May 26, 1998.</p> <p>The twenty-ninth amendment was made on May 24, 1999.</p> <p>The thirtieth amendment was made on May 15, 2000.</p> <p>The thirty-first amendment was made on May 31, 2001.</p> <p>The thirty-second amendment was made on May 27, 2002.</p> <p>The thirty-third amendment was made on August 23, 2002.</p> <p>The thirty-fourth amendment was made on April 30, 2003.</p> <p>The thirty-fifth amendment was made on June 13, 2005.</p> <p>The thirty-sixth amendment was made on June 12, 2006.</p> <p>The thirty-seventh amendment was made on June 13, 2008. The</p> <p>thirty-eighth amendment was made on June 16, 2009. The</p> <p>thirty-ninth amendment was made on June 17, 2010. The</p> <p>fortieth amendment was made on June 17, 2011.</p> <p>The forty-first amendment was made on June 22, 2012.</p> <p>The forty-second amendment was made on June 21, 2013.</p> <p>The forty-third amendment was made on June 17, 2014.</p> <p>The forty-fourth amendment was made on June 23, 2015.</p> <p>The forty-fifth amendment was made on June 29, 2016.</p> <p>The forty-sixth amendment was made on June 23, 2017.</p> <p><u>The forty-seventh amendment was made on June 14, 2019.</u></p>	

Articles and Contents before Amendment	Articles and Contents after Amendment		Reasons for Amendments
<p>amendment was made on June 17, 2010.</p> <p>The fortieth amendment was made on June 17, 2011.</p> <p>The forty-first amendment was made on June 22, 2012.</p> <p>The forty-second amendment was made on June 21, 2013.</p> <p>The forty-third amendment was made on June 17, 2014.</p> <p>The forty-fourth amendment was made on June 23, 2015.</p> <p>The forty-fifth amendment was made on June 29, 2016.</p> <p>The forty-sixth amendment was made on June 23, 2017.</p>			

【Attachment 5】

ABILITY ENTERPRISE CO., LTD

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

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
Article 1	In order to qualify the new regulations and strengthen the Company's management of "Procedures of Acquisition or Disposal of Assets", the procedure will be regulated and amended based on Article 36-1 of Securities Exchange Act and "Guidelines for Acquisition or Disposal of Assets by Public Companies" However, the procedures will follow other regulations if there were any others which regulate it.	Article 1	In order to qualify the new regulations and strengthen the Company's management of "Procedures of Acquisition or Disposal of Assets", the procedure will be regulated and amended based on Article 36-1 of Securities Exchange Act and "Guidelines for Acquisition or Disposal of Assets by Public Companies" However, the procedures will follow other financial regulations if there were any others which regulate it.	Amendments were made to operate in coordination with legal regulations.
Article 2	<p>Scope of Assets</p> <p>The "Assets" of this procedures are defined as follows:</p> <p>I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property, usage-right of land) and equipments.</p> <p>III. Memberships</p> <p>IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>V. Claims of financial institutions (including account receivables, bills purchased and discounted, loans, and overdue receivables).</p>	Article 2	<p>Scope of Assets</p> <p>The "Assets" of this procedures are defined as follows:</p> <p>I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property) and equipments.</p> <p>III. Memberships</p> <p>IV. Patent, copyright, ownership of trade mark, franchise, and other intangible assets.</p> <p>V. <u>Right-of-use assets.</u></p> <p>VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p>	Amendments were made to operate in coordination with legal regulations.

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
	<p>VI. Derivatives</p> <p>VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>VIII. Other major assets</p>		<p>VII. Derivatives</p> <p>VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>IX. Other major assets</p>	
Article 3	<p>Definition of the Terms</p> <p>I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from assets, interest rate, foreign exchange rate, index numbers, or other profitable products; or hybrid contracts combining the above combination of products. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under item 8 of Article 156 of the Company Act.</p>	Article 3	<p>Definition of Terms</p> <p>I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from</p>	Amendments were made to operate in coordination with legal regulations.

Articles and Contents before Amendments		Articles and Contents after Amendments		Reasons for Amendments
III.	Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.		another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.	
IV.	Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.	III.	Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	
V.	Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.	IV.	Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.	
VI.	Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.	V.	Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.	
VII.	For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only	VI.	Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment	

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	<p>financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent company shall be substituted.</p>	<p>or Technical Cooperation in the Mainland Area.</p> <p>VII. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.</p> <p>VIII. <u>Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they</u></p>

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			<p>IX. <u>are located.</u> <u>Securities exchange:</u> <u>"Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>X. <u>Over-the-counter venue ("OTC venue", "OTC"):</u> <u>"Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange;</u> <u>"foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>	
Article 4	Independence of professionals Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party with the contracting parties.	Article 4	Independence of professionals Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: I. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China,</u>	Amendments were made to operate in coordination with legal regulations.

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	<p><u>the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>II. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>III. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding shall comply with the following:</u></p> <p>I. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>II. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the</u></p>	

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

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	<p>marketable securities shall not be more than 20% of the Company's net value. The current net value is based on the financial statement which was recently approved by CPA.</p> <p>II. The credit line limitation of non-business use real property and marketable securities purchased by subsidiary, which is not a professional investment company, are shown as follows:</p> <p>(I) The total investment of marketable securities shall not be more than 40% of its current net value.</p> <p>(II) The quota for each individual investment of marketable securities shall not be more than 20% of its net value.</p>		<p>(III) The quota for each individual investment of marketable securities shall not be more than 20% of the Company's net value. The current net value is based on the financial statement which was recently approved by CPA.</p> <p>II. The credit line limitation of non-business use properties and right-of-use assets or marketable securities purchased by subsidiary, which is not a professional investment company, are shown as follows:</p> <p>(I) The total investment of marketable securities shall not be more than 40% of its current net value.</p> <p>(II) The quota for each individual investment of marketable securities shall not be more than 20% of its net value.</p>	
Article 6	<p>Procedures of acquisition or disposal of real property or equipments</p> <p>I. Procedures of evaluation and operation The Company's acquisition or disposal of real property and equipments shall follow the Company's procedures of internal control system and fixed assets.</p> <p>II. Trade terms and the resolution procedures of degree of authority delegated (I) Acquisition or disposal of real property shall take the announced current value, appraised value, and the actual transaction price of nearby properties as references. Resolution of trade terms and prices shall be made into analysis report and presented to the</p>	Article 6	<p>Procedures of acquisition or disposal of real property, equipments or other right-of-use assets</p> <p>I. Procedures of evaluation and operation The Company's acquisition or disposal of real property, equipments, or right-of-use assets shall follow the Company's procedures of internal control system and fixed assets.</p> <p>II. Trade terms and the resolution procedures of degree of authority delegated (I) Acquisition or disposal of real property or other right-of-use assets shall take the announced current value, appraised value, and the actual transaction price of nearby properties as</p>	Amendments were made to operate in coordination with legal regulations.

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<p>Chairman. It shall follow the authorization method and be proceeded with approval of each level of managements accordingly.</p> <p>(II) Acquisition or disposal of equipments shall be done by either price enquiry, price comparison, or open bidding. It shall follow the authorization method and be proceeded with approval of each level of managements accordingly.</p> <p>III. Operation Unit When the Company acquires or disposes the real property or equipments, the user department or related authorized unit shall practices the operation based on the previously mentioned resolution.</p> <p>IV. Appraisal report of real property or equipments In acquiring or disposing of real property or equipment thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (I) Where due to special circumstances it is necessary to give a limited</p>	<p>references. Resolution of trade terms and prices shall be made into analysis report and presented to the Chairman. It shall follow the authorization method and be proceeded with approval of each level of managements accordingly.</p> <p>(II) Acquisition or disposal of equipments or other right-of-use assets shall be done by either price enquiry, price comparison, or open bidding. It shall follow the authorization method and be proceeded with approval of each level of managements accordingly.</p> <p>III. Operation Unit When the Company acquires or disposes the real property, equipments or other right-of-use assets, the user department or related authorized unit shall practices the operation based on the previously mentioned resolution.</p> <p>IV. Appraisal report of real property, equipments, or other right-of-use assets In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall</p>	

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	<p>price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the audit committee then to the board of directors; the same procedure shall also be followed in the future if there is any change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between 	<p>obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the audit committee then to the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and</p>	

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	<p>the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>		<p>render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	
Article 8	<p>Related Party Transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms are appraised based on Article 4, 5, 6, 7, 8, and 9, if the transaction amount reaches</p>	Article 8	<p>Related Party Transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms are appraised based on Article 4, 5, 6, 7, 8, and 9, if the</p>	Amendments were made to operate in coordination with legal regulations.

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<p>10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Article 4, 5, 6, 7, and 9.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9-1 herein. When judging whether a transaction counterparty is a related party based on Article 3-3, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>Procedures of evaluation and operation</p> <p>When the Company intends to acquire or dispose of real property thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and recognized by the board of directors:</p> <p>(I) The purpose, necessity and anticipated benefit of</p>	<p>transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Article 4, 5, 6, 7, and 9.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9-1 herein. When judging whether a transaction counterparty is a related party based on Article 3-3, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. Procedures of evaluation and operation</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have</p>	

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<p>the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 8-3.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 8-1.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 12-2 herein, and "within the preceding year" as used herein refers to the year</p>	<p>been approved by the audit committee and recognized by the board of directors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 8-3.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 8-1.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the</p>	

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<p>preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and recognized by the the board of directors need not be counted toward the transaction amount.</p> <p>With respect to acquisition or disposal of equipment or right-of-use assets thereof held for business use, the company's board of directors may delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>When a matter is submitted to the board of directors for discussion pursuant to paragraph 2, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>The matters for which paragraph 2 requires recognition by the audit committee shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution.</p> <p>If approval of more than half of all audit committee members as required in the paragraph 2 is not obtained, the procedures may be implemented if approved by more than two-thirds of all</p>	<p>transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 12-2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and recognized by the the board of directors need not be counted toward the transaction amount.</p> <p>With respect to acquisition or disposal of equipment or right-of-use assets thereof held for business use, or acquisition or disposal of real property right-of-use assets held for business use, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>When a matter is submitted to the board of directors for discussion pursuant to paragraph two, the board of directors shall take each independent director's opinions into full consideration. If an independent director</p>	

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	<p>directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in previous paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>III. Evaluation of the reasonableness of transaction costs (I) The Company acquires real property thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the</p>	<p>objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. The matters for which paragraph two requires recognition by the audit committee shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the paragraph two is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in previous paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>III. Evaluation of the reasonableness of transaction costs (I) The Company acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be</p>	

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	<p>loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(II) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) When the Company acquires real property thereof from a related party and appraises the cost of the real property thereof in accordance with subparagraph 1 and 2 of paragraph three, article 8, it shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(IV) When the Company acquires real property thereof from a related party and the the results of the Company’s appraisal conducted in accordance with subparagraph 1 and 2 of paragraph three, article 8, which are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph 5 of paragraph three, article 8. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p>	<p>duly borne by the buyer.</p> <p>"Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance</p>

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	<p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.</p> <p>(3) Transactions by unrelated parties within the preceding year involving other floors of the same property, which the transaction terms are similar after calculation of reasonable price discrepancies in floor in</p>	<p>with the subparagraph 1 and 2 of paragraph three shall also engage a CPA to check the appraisal and render a specific opinion. (IV) When the Company acquires real property or right-of-use assets thereof from a related party and the the results of the Company's appraisal conducted in accordance with subparagraph 1 and 2 of paragraph three, article 8, which are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph 5 of paragraph three, article 8. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be</p>

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	<p>accordance with standard property market leasing practices.</p> <p>2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property thereof.</p> <p>(V) Where the Company acquires real property thereof from a related party and the results of appraisals conducted in accordance with this article are uniformly lower than the transaction price, the following steps shall be taken: Where Ability and a public company which uses the equity method to account for its investment in Ability, have set aside a</p>	<p>deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Business transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of business transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Business transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or</p>

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	<p>special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the Company.</p> <p>2. Audit committee shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to the point 1 and 2 of subparagraph 5 of this paragraph three, article 8, shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p>	<p>parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to business transactions by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(V) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with this article are uniformly lower than the transaction price, the following steps shall be taken: Where the Company and a public company which uses the equity method to account for its investment in the Company, have set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about</p>

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<p>(VI) Where the Company acquires real property thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Procedures of Evaluation and Operation mentioned in paragraph one and two of this Article; and the Evaluation of the reasonableness of transaction costs mentioned in subparagraph 1, 2, 3 of paragraph three of this Article do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property thereof through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property thereof to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. <p>(VII) When the Company obtains real property thereof from a related party, it shall also comply with the subparagraph 5 of this paragraph if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>the transaction, and the FSC has given its consent.</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction or use-of-right assets' price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the Company. 2. Audit committee shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to the point 1 and 2 of subparagraph 5 of this paragraph three, article 8, shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. <p>(VI) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Procedures of Evaluation and Operation mentioned in paragraph one</p>	

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	<p>and two of this Article; and the Evaluation of the reasonableness of transaction costs mentioned in subparagraph 1, 2, 3 of paragraph three of this Article do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 4. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital. <p>(VII) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the subparagraph 5 of paragraph three if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	

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

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

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

Articles and Contents before Amendments	Articles and Contents after Amendments	Reasons for Amendments
<p>of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of government bonds 2. Where done by professional investors— securities trading on foreign/domestic securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 	<p>rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds 2. Where done by professional investors— securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an 	

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<p>II. The amount of transactions above shall be calculated as follows: (I) The amount of each individual transaction. (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year. (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>III. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>IV. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the</p>	<p>emerging stock company, in accordance with the rules of the Taipei Exchange. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. The amount of transactions above shall be calculated as follows: (I) The amount of any individual transaction. (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>III. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>IV. When the Company at the</p>	

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

	Articles and Contents before Amendments	Articles and Contents after Amendments	Reasons for Amendments
	<p>construction and separate sale, the public announcements and formats of the contents shall be in accordance with attachment 3.</p> <p>(III) Formats of the public announcement of acquisition or disposal of real property and equipments, and acquisition of real property from related parties shall be in accordance with attachment 4.</p> <p>(IV) Formats of the public announcement of marketable securities which are not purchased at stock exchange market or OTC, memberships, trade of intangible assets, and a disposal of receivables by a financial institution shall be in accordance with attachment 5.</p> <p>(V) Formats of the public announcement of Mainland China area investment shall be in accordance with attachment 6.</p> <p>(VI) For derivatives trading, formats of the public announcement of the announcement within 2 days from the date of occurrence of the event shall be in accordance with attachment 7-1.</p> <p>(VII) For derivatives trading, it shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies by the 10th day of each month. The format of the</p>	<p>attachment 2.</p> <p>(II) Where land or right-of-use asset is acquired under an arrangement on engaging others to build on the company's own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the public announcements and formats of the contents shall be in accordance with attachment 3.</p> <p>(III) Formats of the public announcement of acquisition or disposal of real property, equipments, or right-of-use assets, and acquisition of real property or right-of-use assets from related parties shall be in accordance with attachment 4.</p> <p>(IV) Formats of the public announcement of marketable securities which are not purchased at stock exchange market or OTC, memberships, intangible assets, or trade of right-of-use assets, and a disposal of receivables by a financial institution shall be in accordance with attachment 5.</p> <p>(V) Formats of the public announcement of Mainland China area investment shall be in accordance with attachment 6.</p> <p>(VI) For derivatives trading, formats of the public announcement of the announcement within 2 days from the date of occurrence of the event</p>	

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

【Attachment 6】

ABILITY ENTERPRISE CO., LTD

The Comparison table of Procedures of Endorsement and Guarantee before and after Amendments

Articles and Contents before Amendments	Articles and Contents after Amendments	Note
<p>Chapter 1. Purpose</p> <p>The Procedures of Endorsement and Guarantee was set to strengthen the endorsement of financial management and reduce the business risk of the Company. The procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies". However, the procedures will follow other regulations if there were any others which regulate it.</p>	<p>Chapter 1. Purpose</p> <p>The Procedures of Endorsement and Guarantee was set to strengthen the endorsement of financial management and reduce the business risk of the Company. The procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies". However, the procedures will follow other finance related regulations if there were any others which regulate it.</p>	<p>Amendments were made to operate in coordination with legal regulations.</p>
<p>Chapter 8. Procedures of Announcement and Reporting</p> <p>I. Before the 10th of each month, the financial unit shall announce and report the balance of endorsement and guarantee along with turnover of the Company and subsidiaries from the previous month within the regulated time.</p> <p>II. Other than the monthly announced and reported balance of endorsement and guarantee, when the Company and subsidiaries' balance of endorsement and guarantee reaches one of the following levels, the financial unit shall announce and report such event within two days commencing immediately from the date of occurrence.</p> <p>(I) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement which was</p>	<p>Chapter 8. Procedures of Announcement and Reporting</p> <p>I. Before the 10th of each month, the financial unit shall announce and report the balance of endorsement and guarantee along with turnover of the Company and subsidiaries from the previous month within the regulated time.</p> <p>II. Other than the monthly announced and reported balance of endorsement and guarantee, when the Company and subsidiaries' balance of endorsement and guarantee reaches one of the following levels, the financial unit shall announce and report such event within two days commencing immediately from the date of occurrence.</p> <p>(I) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement which was</p>	<p>Amendments were made to operate in coordination with legal regulations.</p>

Articles and Contents before Amendments	Articles and Contents after Amendments	Note
<p>audited and approved by CPA.</p> <p>(II) The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(III) The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements and guarantees for, investment of a long-term nature in, and balance of loans to, such amount reaches 30 percent or more of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(IV) The amount of new endorsements and guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>III. The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).</p> <p>“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the trading counterparty and monetary amount of the transaction, whichever date is earlier.</p>	<p>audited and approved by CPA.</p> <p>(II) The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(III) The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements and guarantees for, carrying amount of investments under equity method, and balance of loans to, such amount reaches 30 percent or more of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(IV) The amount of new endorsements and guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>III. The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).</p> <p>“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the endorsement and guarantee of counterparty and monetary amount of the transaction, whichever date is earlier.</p>	
<p>Chapter 9. Others</p> <p>I. The subsidiary’s procedures of endorsement and guarantee shall be in accordance with that of the</p>	<p>Chapter 9. Others</p> <p>I. The subsidiary’s procedures of endorsement and guarantee shall be in accordance with that of the</p>	<p>Amendments were made to operate in coordination</p>

Articles and Contents before Amendments	Articles and Contents after Amendments	Note
<p>Company's. For the amount of endorsement and guarantee, counterparty, due date and so on, the subsidiary shall report to the Company before the 5th of each month. Only under the circumstances which apply to Article 2 of Chapter 8, the subsidiary shall report to the Company immediately, and the Company shall make public announcement and report of it. Where a subsidiary of the Company intends to make endorsements and guarantees for others, the public company shall instruct it to formulate its own Operational Procedures for Endorsements and Guarantees in compliance with these Regulations, and it shall comply with the Procedures when making endorsements and guarantees.</p> <p>The public company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to all preceding paragraphs.</p> <p>The percentage of the balance of endorsements and guarantees over a company's net worth for a subsidiary under the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of endorsements and guarantees to the public company's net worth.</p> <p>II. The status and related matters of endorsements and guarantees provided by the Company and its subsidiaries during each business year shall be submitted to the following year's shareholders' meeting for reference.</p> <p>III. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on</p>	<p>Company's. For the amount of endorsement and guarantee, counterparty, due date and so on, the subsidiary shall report to the Company before the 5th of each month. Only under the circumstances which apply to Article 2 of Chapter 8, the subsidiary shall report to the Company immediately, and the Company shall make public announcement and report of it. Where a subsidiary of a public company intends to make endorsements and guarantees for others, the public company shall instruct it to formulate its own Operational Procedures for Endorsements and Guarantees in compliance with these Regulations, and it shall comply with the Procedures when making endorsements and guarantees.</p> <p>The public company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to all preceding paragraphs.</p> <p>The percentage of the balance of endorsements and guarantees over a company's net worth for a subsidiary under the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of endorsements and guarantees to the public company's net worth.</p> <p>II. The status and related matters of endorsements and guarantees provided by the Company and its subsidiaries during each business year shall be submitted to the following year's shareholders' meeting for reference.</p> <p>III. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on</p>	<p>with legal regulations.</p>

Articles and Contents before Amendments	Articles and Contents after Amendments	Note
<p>endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p> <p>IV. Under the circumstances that the managers or personnel violate “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” or the Company’s operational procedures, penalties will be sentenced based on the Company’s regulations depending on the degree of its damage to the Company’s operation.</p> <p>V. Based on “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the auditors shall audit the procedures and the implementation thereof no less than a quarter and prepare for written records accordingly. They shall promptly notify the audit committee in writing of any material if violations were found.</p> <p>VI. The establishment of the operational procedures shall be submitted to the board of directors for resolution after being approved by audit committee. Then the procedure shall be submitted to shareholders’ meeting and be practiced after gaining approval. Under the circumstances that if any directors express objection and there are records or written declaration, the Company shall submit the opinions to the shareholders’ meeting for discussion. Same procedures shall be taken if amendments are made. When the procedure of endorsements and guarantees is submitted to the board of directors for discussion pursuant to previous paragraph, the board of directors</p>	<p>endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p> <p>IV. Under the circumstances that the managers or personnel violate “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” or the Company’s operational procedures, penalties will be sentenced based on the Company’s regulations depending on the degree of its damage to the Company’s operation.</p> <p>V. Based on “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the auditors shall audit the procedures and the implementation thereof no less than a quarter and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material if violations were found.</p> <p>VI. The establishment of the operational procedures shall be submitted to the board of directors for resolution after being approved by half or more of audit committee members. Then the procedure shall be submitted to shareholders’ meeting and be practiced after gaining approval. Under the circumstances that if any directors express objection and there are records or written declaration, the Company shall submit the opinions to the shareholders’ meeting for discussion. Same procedures shall be taken if amendments are made.</p> <p><u>If approval of more than half of all audit committee members as required in the previous</u></p>	

Articles and Contents before Amendments	Articles and Contents after Amendments	Note
<p>shall take each independent director's opinions into full consideration. All explicit opinions of agree or disagree, and the reasons of disagree shall be recorded in the minutes of the board of directors meeting.</p>	<p><u>paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in previous paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p> <p>When the procedure of endorsements and guarantees is submitted to the board of directors for discussion pursuant to previous two paragraphs, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	

【Attachment 7】

ABILITY ENTERPRISE CO., LTD

Comparison Table of the Procedures for Loaning Funds to Others before and after the Amendment

Articles and Contents before Amendment	Articles and Contents after Amendment	Note
<p>Chapter 1. Main Topic</p> <p>In order to secure the safety of the Company's fund and the certainty of claims, "Procedures for Loaning Funds to Others" was established so there is example for the Company to follow. The procedure was established pursuant to Article 36-1 of the Securities and Exchange Act and "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies". However, the procedures will follow other regulations if there were any others which regulate it.</p>	<p>Chapter 1. Main Topic</p> <p>In order to secure the safety of the Company's fund and the certainty of claims, "Procedures for Loaning Funds to Others" was established so there is example for the Company to follow. The procedure was established pursuant to Article 36-1 of the Securities and Exchange Act and "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies". However, the procedures will follow other financial regulations if there were any others which regulate it.</p>	<p>Amendments were made to operate in coordination with legal regulations.</p>
<p>Chapter 2. Content</p> <p>I. The counterparties of loaning for funds are limited to those who are qualified for following requirements in compliance with Article 15 of Company Act.</p> <p>(I) Companies or entities which have business with the Company.</p> <p>(II) Companies or entities which need the short-term financing.</p> <p>The "short-term" which was previously mentioned refers to the period within one year.</p> <p>(III) Overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>II. Evaluation standards for loaning funds to others</p> <p>(I) Where funds are loaned for reasons of business dealings</p>	<p>Chapter 2. Content</p> <p>I. The counterparties of loaning for funds are limited to those who are qualified for following requirements in compliance with Article 15 of Company Act. The responsible person of a company who has violated the provisions of the preceding Paragraph shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to company resulted there-from.</p> <p>(I) Companies or entities which have business with the Company.</p> <p>(II) Companies or entities which need the short-term financing.</p> <p>The "short-term" which was previously mentioned refers to the period within one year.</p> <p>(III) Overseas companies in</p>	<p>Amendments were made to operate in coordination with legal regulations.</p>

Articles and Contents before Amendment	Articles and Contents after Amendment	Note
<p>between the Company and other companies or entities, the loaning of funds shall be regulated by Article 3-2.</p> <p>(II) Where a borrower has necessary need of short-term financing, it shall be limited to the following circumstances:</p> <p>(1) A company which Ability holds 50% or more of its shares, has necessary need of short-term financing because of business needs.</p> <p>(2) Other companies which the board of directors approve to loan the funds.</p> <p>(III) Overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, shall be regulated by Article 3-4.</p> <p>III. Limits of total amount of loans and individual party</p> <p>(I) Total amount of loans shall not be more than 40 percent of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(II) Companies or entities which have business with Ability (not the companies or entities which Ability has investments of shares over 50 percent), the individual loan and the total amount shall not be more than NT \$100 billion, and shall not be more than the amount of business dealing between two companies. The "amount of business dealing between two companies" refer to the amount of purchase or sales, which ever is higher.</p> <p>(III) Where a borrower has necessary need of short-term financing, its individual loan and</p>	<p>which the Company holds, directly or indirectly, 100% of the voting shares; or, overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, that have loaning funds to the Company.</p> <p>II. Evaluation standards for loaning funds to others</p> <p>Where funds are loaned for reasons of business dealings between the Company and other companies or entities, the loaning of funds shall be regulated by Article 3-2.</p> <p>(II) Where a borrower has necessary need of short-term financing, it shall be limited to the following circumstances:</p> <p>(1) A company which Ability holds 50% or more of its shares, has necessary need of short-term financing because of business needs.</p> <p>(2) Other companies which the board of directors approve to loan the funds.</p> <p>(III) Overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares; or, overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, that have loaning funds to the Company, shall be regulated by Article 3-4.</p> <p>III. Limits of total amount of loans and individual party</p> <p>(I) Total amount of loans shall not be more than 40 percent of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(II) Companies or entities which have business with Ability (not</p>	

Articles and Contents before Amendment	Articles and Contents after Amendment	Note
<p>accumulated amount shall not be more than 40 percent of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(IV) The restriction of no more than 40 percent of the company's net worth shall not apply to inter-company loans of funds between overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares. Moreover, the regulation of one year or one business year limit shall not apply during the period of short-term financing. However, the subsidiaries shall list the period of the loan and the authorized credit line in its operational procedures which are noted in the subparagraph 3, paragraph four of the Company's loan requirements.</p> <p>(V) "Subsidiary" and "parent company" as referred to in the procedure shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "net worth" mentioned in the procedure refers to the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>IV. Procedures of loaning funds.</p> <p>(I) All loaning funds shall be proceeded after the approved resolution of board of directors. The using status of each credit line shall be reported to the board of directors.</p> <p>The Company shall take each independent director's opinions into full consideration. All explicit opinions of agree or disagree, and</p>	<p>the companies or entities which Ability has investments of shares over 50 percent), the individual loan and the total amount shall not be more than NT \$100 billion, and shall not be more than the amount of business dealing between two companies. The "amount of business dealing between two companies" refer to the amount of purchase or sales, which ever is higher.</p> <p>(III) Where a borrower has necessary need of short-term financing, its individual loan and accumulated amount shall not be more than 40 percent of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(IV) The restriction of no more than 40 percent of the company's net worth shall not apply to inter-company loans of funds between overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares; or, overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, that have loaning funds to the Company. Moreover, the regulation of one year or one business year limit shall not apply during the period of short-term financing. However, the subsidiaries shall list the period of the loan and the authorized credit line in its operational procedures which are noted in the subparagraph 3, paragraph four of the Company's loan requirements.</p> <p>(V) "Subsidiary" and "parent company" as referred to in the procedure shall be as determined under the Regulations Governing</p>	

Articles and Contents before Amendment	Articles and Contents after Amendment	Note																																																																
<p>the reasons of disagree shall be recorded in the minutes of the board of directors meeting.</p> <p>(II) Procedures of Operation</p> <table border="1" data-bbox="161 450 671 1167"> <tr> <td>Borrower</td> <td></td> <td>Financial Unit</td> <td></td> </tr> <tr> <td>Request for Loans</td> <td>→</td> <td>Risk evaluation / Credit analysis / Credit line examination</td> <td>→</td> </tr> <tr> <td>Financial Unit</td> <td></td> <td>Authorized Supervisor</td> <td></td> </tr> <tr> <td>Report</td> <td>→</td> <td>Approval</td> <td>→</td> </tr> <tr> <td>Chairman of the board</td> <td></td> <td>Board of Directors</td> <td></td> </tr> <tr> <td>Approval</td> <td>→</td> <td>Approved</td> <td>→</td> </tr> <tr> <td>Financial Unit</td> <td></td> <td>Borrower</td> <td></td> </tr> <tr> <td>Check or Bank transfer</td> <td>→</td> <td>Signature</td> <td></td> </tr> </table> <p>(III) Loan requirements:</p> <p>(1) Amount of loan: The amount of the loan shall be within NT\$100 billion based on the credit line. However, the loan which was approved by the resolution of board of directors do not apply.</p> <p>(2) Calculation of interest: The interest rate shall not be lower than the highest interest rate of the short-term loans between the Company and the financial institution. The interest shall be calculated monthly. The Company's 100% invested overseas subsidiary shall not apply if it has obtained the approval from the resolution of board of directors.</p> <p>(3) Term of loans: Every term of loan shall be limited</p>	Borrower		Financial Unit		Request for Loans	→	Risk evaluation / Credit analysis / Credit line examination	→	Financial Unit		Authorized Supervisor		Report	→	Approval	→	Chairman of the board		Board of Directors		Approval	→	Approved	→	Financial Unit		Borrower		Check or Bank transfer	→	Signature		<p>the Preparation of Financial Reports by Securities Issuers. The term "net worth" mentioned in the procedure refers to the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>IV. Procedures of loaning funds.</p> <p>(I) All loaning funds shall be proceeded after the approved resolution of board of directors. The using status of each credit line shall be reported to the board of directors.</p> <p>The Company shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>(II) Procedures of Operation</p> <table border="1" data-bbox="697 1256 1208 1973"> <tr> <td>Borrower</td> <td></td> <td>Financial Unit</td> <td></td> </tr> <tr> <td>Request for Loans</td> <td>→</td> <td>Risk evaluation / Credit analysis / Credit line examination</td> <td>→</td> </tr> <tr> <td>Financial Unit</td> <td></td> <td>Authorized Supervisor</td> <td></td> </tr> <tr> <td>Report</td> <td>→</td> <td>Approval</td> <td>→</td> </tr> <tr> <td>Chairman of the board</td> <td></td> <td>Board of Directors</td> <td></td> </tr> <tr> <td>Approval</td> <td>→</td> <td>Approved</td> <td>→</td> </tr> <tr> <td>Financial Unit</td> <td></td> <td>Borrower</td> <td></td> </tr> <tr> <td>Check or Bank transfer</td> <td>→</td> <td>Signature</td> <td></td> </tr> </table> <p>(III) Loan requirements:</p>	Borrower		Financial Unit		Request for Loans	→	Risk evaluation / Credit analysis / Credit line examination	→	Financial Unit		Authorized Supervisor		Report	→	Approval	→	Chairman of the board		Board of Directors		Approval	→	Approved	→	Financial Unit		Borrower		Check or Bank transfer	→	Signature		
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Articles and Contents before Amendment	Articles and Contents after Amendment	Note
<p>to no longer than a year. The loans of overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, are limited to 3 years. If the companies cannot pay back within the time and need extension, it shall follow the previously mentioned procedures and apply in advance.</p> <p>Any proposed loan between this Corporation and its parent or a subsidiary, or between its subsidiaries, shall be submitted for a resolution by the board of directors in compliance with previous paragraph. The Chairman may also be authorized, with respect to a specific borrowing counterparty, and within a limit resolved by the board of directors and a period not to exceed 1 year, to provide an accreting loan or to make available a revolving line of credit.</p> <p>Under the circumstances that the overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, have needs of loans for business or short-term financing, the total amount and each individual loan shall not be more than 60 percent of the borrowing company's net worth. Moreover, the loan and credit line for a single company from the Company and its subsidiaries shall not be more than 10 percent of the Company's or its subsidiaries' net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(4) Acquisition of collateral: The borrower shall provide real property of equal value as collateral, marketable securities, or sign the equivalent guarantee</p>	<p>(1) Amount of loan: The amount of the loan shall be within NT\$100 billion based on the credit line. However, the loan which was approved by the resolution of board of directors do not apply.</p> <p>(2) Calculation of interest: The interest rate shall not be lower than the highest interest rate of the short-term loans between the Company and the financial institution. The interest shall be calculated monthly. The Company's 100% invested overseas subsidiary shall not apply if it has obtained the approval from the resolution of board of directors.</p> <p>(3) Term of loans: Every term of loan shall be limited to no longer than a year. The loans of overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares; or, overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, are limited to 3 years. If the companies cannot pay back within the time and need extension, it shall follow the previously mentioned procedures and apply in advance.</p> <p>Any proposed loan between this Corporation and its parent or a subsidiary, or between its subsidiaries, shall be submitted for a resolution by the board of directors in compliance with previous paragraph. The chairperson may also be authorized, with respect to a specific borrowing counterparty, and within a limit resolved by the board of directors and a period not to exceed 1 year, to provide an accreting loan or to make available</p>	

Articles and Contents before Amendment	Articles and Contents after Amendment	Note
<p>notes payables to the Company. (Notes: Guarantee notes payables shall be endorsed by the responsible person of the company, and the estimated pay back date shall be the expire date. The guarantee notes payables shall be kept and secured by the Company.) However, this rule doesn't apply to borrowers which obtained approval by the resolution of board of directors.</p> <p>(5) Credit Analysis and Risk Evaluation:</p> <p>The financial unit of the Company shall request the borrowers to provide their financial statements monthly, and shall collect, analyze, and evaluate the credit and operational status of the borrowing institution. The analyses shall be submitted to the board of directors as the references for risk evaluation, and confirmation the effectiveness of credits.</p> <p>(6) Control of Registration:</p> <p>A public company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.</p> <p>V. Subsequent Control Measures and Operational Procedures of Overdue Loans</p> <p>When loans are released, borrower and guarantor's finance, business and related credit status shall be monitored regularly. If collaterals are provided, the value of the collaterals shall be re-evaluated regularly. Under the circumstances that there's a dramatic change of its value, the matter shall be</p>	<p>a revolving line of credit.</p> <p>Under the circumstances that the overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares; or, overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, that have loaning funds to the Company, have needs of loans for business or short-term financing, the total amount and each individual loan shall not be more than 60 percent net worth of the borrowing company. Moreover, the loan and credit line for a single company from the Company and its subsidiaries shall not be more than 10 percent of the Company's or its subsidiaries' net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(4) Acquisition of collateral:</p> <p>The borrower shall provide real property of equal value as collateral, marketable securities, or sign the equivalent guarantee notes payables to the Company. (Notes: Guarantee notes payables shall be endorsed by the responsible person of the company, and the estimated pay back date shall be the expire date. The guarantee notes payables shall be kept and secured by the Company.) However, this rule doesn't apply to borrowers which obtained approval by the resolution of board of directors.</p> <p>(5) Credit Analysis and Risk Evaluation:</p> <p>The financial unit of the Company shall request the borrowers to provide their financial statements monthly, and shall collect, analyze, and evaluate the credit and operational status of the borrowing institution. The</p>	

Articles and Contents before Amendment	Articles and Contents after Amendment	Note
<p>submitted to the Chairman immediately, and be handled upon his/her order.</p> <p>When borrowers pay back their loans on the due date or before the due date, settlements will be done once the calculated interest and the original principal are paid off, and the promissory note or the mortgages shall be written off and returned to the borrowers.</p> <p>The borrower shall pay off both the loan and interest by the due date. If the companies cannot pay back by the due date and need extension, it shall follow the previously mentioned procedures and apply in advance.</p> <p>The Company may take action and recover the collateral or guarantor provided by the company in accordance with the law.</p>	<p>analyses shall be submitted to the board of directors as the references for risk evaluation, and confirmation the effectiveness of credits.</p> <p>(6) Control of Registration:</p> <p>A public company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.</p> <p>V. Subsequent Control Measures and Operational Procedures of Overdue Loans</p> <p>When loans are released, borrower and guarantor's finance, business and related credit status shall be monitored regularly. If collaterals are provided, the value of the collaterals shall be re-evaluated regularly. Under the circumstances that there's a dramatic change of its value, the matter shall be submitted to the chairman of the board immediately, and be handled upon his/her order.</p> <p>When borrowers pay back their loans on the due date or before the due date, settlements will be done once the calculated interest and the original principal are paid off, and the promissory note or the mortgages shall be written off and returned to the borrowers.</p> <p>The borrower shall pay off both the loan and interest by the due date. If the companies cannot pay back by the due date and need extension, it shall follow the previously mentioned procedures and apply in advance.</p> <p>The Company may take action</p>	

Articles and Contents before Amendment	Articles and Contents after Amendment	Note
	and recover the collateral or guarantor provided by the company in accordance with the law.	
<p>Chapter 3. Procedures of Announcement and Reporting</p> <p>Before the 10th of each month, the financial unit shall announce and report the loans and balance of the Company and subsidiaries from the previous month within the regulated time. Other than the monthly announced and reported loans and balance, when the amount of loans of the Company and subsidiaries' reach one of the following levels, the financial unit shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(I) The aggregate balance of loans by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(II) The balance of loan by the Company and its subsidiaries for a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(III) The amount of new loan approved by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>The term "announcement and reporting" as used in these procedures means the process of entering data to the information</p>	<p>Chapter 3. Procedures of Announcement and Reporting</p> <p>Before the 10th of each month, the financial unit shall announce and report the loans and balance of the Company and subsidiaries from the previous month within the regulated time. Other than the monthly announced and reported loans and balance, when the amount of loans of the Company and subsidiaries' reach one of the following levels, the financial unit shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(I) The aggregate balance of loans by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(II) The balance of loan by the Company and its subsidiaries for a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>(III) The amount of new loan approved by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement which was audited and approved by CPA.</p> <p>The term "announcement and reporting" as used in these procedures means the process of entering data to the information</p>	<p>Amendments were made to operate in coordination with legal regulations.</p>

Articles and Contents before Amendment	Articles and Contents after Amendment	Note
<p>reporting website designated by the Financial Supervisory Commission (FSC).</p> <p>“Date of occurrence” in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the trading counterparty and monetary amount of the transaction, whichever date is earlier.</p>	<p>reporting website designated by the Financial Supervisory Commission (FSC).</p> <p>“Date of occurrence” in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the loans of counterparty and monetary amount of the transaction, whichever date is earlier.</p>	
<p>V. Effectiveness and Amendments</p> <p>The establishment of the operational procedures shall be submitted to the board of directors for resolution after being approved by audit committee. Then the procedure shall be submitted to shareholders’ meeting for approval. Under the circumstances that if any directors express objection and there are records or written declaration, the Company shall submit the opinions to the shareholders’ meeting for discussion. Same procedures shall be taken if amendments are made. When the Procedures for Loaning Funds to Others is submitted to the board of directors for discussion pursuant to previous paragraph, the board of directors shall take each independent director's opinions into full consideration. All explicit opinions of agree or disagree, and the reasons of disagree shall be recorded in the minutes of the board of directors meeting.</p>	<p>V. Effectiveness and Amendments</p> <p>The establishment of the operational procedures shall be submitted to the board of directors for resolution after being approved by half or more of audit committee members. Then the procedure shall be submitted to shareholders’ meeting for approval. Under the circumstances that if any directors express objection and there are records or written declaration, the Company shall submit the opinions to the shareholders’ meeting for discussion. Same procedures shall be taken if amendments are made.</p> <p><u>If approval of more than half of all audit committee members as required in the previous paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in previous paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p>	<p>Amendments were made to operate in coordination with legal regulations.</p>

Articles and Contents before Amendment	Articles and Contents after Amendment	Note
	<p>When the Procedures for Loaning Funds to Others is submitted to the board of directors for discussion pursuant to previous two paragraphs, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	

【 Attachment 8 】

ABILITY ENTERPRISE CO., LTD

Directors Candidates (incl. Independent Directors)

Title	Name of Candidates	Scholarship	Major Experience	Holding Shares
Director	Representative of ViewQuest Investment Co., Ltd.: Tseng, Min Jen	MBA, TamKang University Bachelor, Department of Electrical Engineering, National Taiwan University	Vice President, Lite-on Technology Corp. President, ViewQuest Technology Inc. President, OPTICAL BUSINESS UNIT, ABILITY ENTERPRISE CO., LTD.,	1,650,000
Director	Representative of ViewQuest Investment Co., Ltd.: Chan, Wen-Hsiung	MBA - National Taiwan University Bachelor, Department of Aeronautics and Astronautics - National Cheng Kung University	Chairman, Huayan Asset Management Co., Ltd. Chairman, Zhongyou Development Co., Ltd.	1,650,000
Director	Representative of AVY Precision Technology INC.: Tong, Jin Yu	Master, Dept of information, Production and Systems, Waseda University (Japan) Bachelor, Dept. of Arts Economics, University of Southern California	Vice Chairman, AVY Precision Technology Inc.,	4,138,544
Director	Representative of AVY Precision Technology INC.: Hu, Shiang Chi	MBA, National Taiwan University Bachelor, Department of Electrical Engineering, National Taiwan University	Chairman/ President, CHIPCERA TECHNOLOGY CO., Ltd. President, Global Production Business Unit & Global Sales Business Unit, Yageo Corporation	4,138,544
Director	Representative of Chia-Mei Investment Co., Ltd.: Tsay, Wen Bin	MS. EE, State University of New York Bachelor, Department of Electrical Engineering, National Taiwan University	Vice President, IMAGING SYSTEM BUSINESS UNIT/CONSUMER IMAGING BUSINESS UNIT, ABILITY ENTERPRISE CO., LTD.,	99,000
Director	Representative of Chia Nine Investment Co., Ltd.: Huang, Li-An	MBA, IESE Business School, Spain	Director, GrandTech C. G. System Inc.	8,831,767

Title	Name of Candidates	Scholarship	Major Experience	Holding Shares
Independent Director	Chen, Kuo Hong	Bachelor, Department of Electrical Engineering, National Taiwan University	Vice Chairman, Stark Technology Inc., Chairman, Howtech Technology Co., Ltd., Chairman, Chaintel Technology Co., Ltd., Director, Tailyn Technologies, Inc.,	0
Independent Director	Chen, Chien-Hung	PhD, China University of Political Science and Law LL.M. Master of Laws, Soochow University LL.B., Department of Law, Nation Chung-Hsin University	Managing Partner, CHIEN-HUNG CHEN Attorneys at law Associate Professor, National Taiwan Ocean University	0
Independent Director	Huang, Chih-Chen	Bachelor, Department of Accounting, Feng Chia University	Partner-In-Charge of FORTUNE & Co., CPAs Chairman, Paishiyi International Co., Ltd. Chairman of board of directors of the above company Independent director, Auden Techno Corp.	0

IV. Appendix

【Appendix 1】

ABILITY ENTERPRISE CO., LTD

Rules of Procedures of the Shareholders' Meeting

- Article 1: The shareholders' meeting of the Company, in addition to those stipulated in the decrees, shall follow these rules.
- Article 2: The term "shareholders" as mentioned in these rules refers to the agents entrusted by the shareholders themselves and the shareholders, who sign by the attendance cards submitted by attendant shareholders (or agents).
The amount of attending shares is calculated based on the submitted attendance cards.
- Article 3: The attendance and voting of the shareholders' meeting shall be calculated on the basis of shares.
- Article 4: The place where our Company's shareholders' meeting is convened shall be at the Company or where is convenient for shareholders to attend and suitable for the convening of the shareholders' meeting. The meeting cannot begin earlier than 9 a.m. or later than 3 p.m.
- Article 5: If the shareholders' meeting is convened by the Board of Directors, the chairman of the board shall act as chairman. If the chairman of the board takes leave or is unable to exercise the power for some reason, then the vice chairman of the board shall act as chairman of the board. If there is no vice chairman of the board or the vice chairman of the board takes leave or is unable to exercise the power for some reason, then one of the directors appointed by the chairman of the board shall act as vice chairman of the board; if there is no designated director, the directors shall elect one of them to act as vice chairman of the board.
If the shareholders' meeting is convened by other conveners other than the Board of Directors, the convener shall act as chairman; if there are two conveners or more, one of them shall be elected to act as chairman.
- Article 6: The Company may designate the appointed lawyer, accountant

or related personnel to attend the shareholders' meeting.

Meeting personnel handling shareholders' meetings should wear identification cards or badges.

Article 7: The Company shall record or videotape the process of shareholders' meeting for at least one year.

Article 8: At the time of the meeting, the chairman shall immediately call to order. However, if there is no attendant shareholder representing more than half of the total of issued shares, the chairman shall announce a delay of the meeting. The delay is limited to twice, and the total delay time must not exceed one hour. If the delay is the second time and the attendant shareholder is still insufficient, and the attendant shareholders representing the total of issued shares is one third or more, it may be deemed as a false resolution in accordance with Paragraph 1 of Article 175 of the Company Law.

Before the end of the current meeting, if the number of the attendant shareholders representing more than half of the total of issued shares, the chairman may create a false resolution to re-invite the meeting to vote according to Article 174 of the Company Law.

Article 9: If the shareholders' meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors. The meeting shall be conducted in accordance with the scheduled agenda, and may not be changed without the resolution of the shareholders' meeting.

If the shareholders' meeting is convened by other conveners other than the Board of Directors, the provisions of the preceding paragraph shall apply.

Before the agenda of the preceding two paragraphs was scheduled to be finalized (including extempore motions), the chairman would not be allowed to announce the dismissal of meeting without resolution.

When the shareholders' meeting was held, if the chairman violated the rules of procedures and announced dismissal of meeting, more than half of the attendant shareholders' voting rights with consent may elect one to act as chairman and continue the meeting.

After dismissal of meeting, shareholders must not elect another chairman to continue the meeting at the original site or another site.

Article 10: Before attendant shareholders make a speech, they have to fill in a statement slip specifying the gist of speech, the shareholder's account number (or attendance card number) and the name of the account. The chairman shall set the order of speech.

Attendant shareholders who present a statement slip without making a speech is considered as no statement. If the content of the speech is not consistent with the record on the statement slip, the content of the speech shall serve as the norm.

When an attendant shareholder make a speech, other shareholders may not interfere with the speech except with the consent of the chairman and the speaking shareholder. The chairman shall stop violators.

Article 11: Unless with the chairman's consent, each shareholder of the same motion shall make a speech no more than two times and no more than five minutes at a time.

If a speaking shareholder violates the provisions of the preceding paragraph or the content of speech exceeds the scope of issues, the chairman may stop the speech.

When a shareholder speaks, other shareholders may not intervene except with the consent of the chairman and the speaking shareholder. The chairman shall stop violators.

Violators who do not obey the three preceding paragraphs where the chairman is responsible for are subject to the Paragraph 2 of Article 19.

Article 12: When a legal person is entrusted to attend the shareholders' meeting, the legal person may only designate one person to attend.

When an institutional shareholder appoints two or more representatives to attend the shareholders' meeting, the same motion may only be delivered by one person.

Article 13: After the attendant shareholder's speech, the chairman may reply in person or designate relevant personnel to reply.

Article 14: When the chairman thinks the discussion of the motion has

achieved the level of voting, he or she may announce the termination of discussion and put it to voting.

Article 15: The scrutineers and ballot counters for the voting on motion shall be designated by the chairman. However, the scrutineers shall be a shareholder.

The results of the vote shall be reported on the spot and be recorded.

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

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

Article 17: The voting on motion shall, except as otherwise provided in the Company Law and the articles of association, be represented by attendant shareholders representing more than half of the total of issued shares with more than half of the attendant shareholders' voting rights with consent.

When the motion is voted, no objection after consulting the chairman means approval. its effect is the same as that of voting.

Shareholders have one voting right per share.

At each shareholders' meeting, shareholders must issue a power of attorney issued by the Company, specifying the scope of authorization, entrusting the agent to attend the shareholders' meeting.

Except for the trust business or a share agency approved by the securities regulator, when a person is entrusted by two or more shareholders at the same time, its proxy voting rights shall not exceed 3% of the total voting rights of issued shares, and when it exceeds, the excess voting rights will not be calculated.

A shareholder shall issue a power of attorney and limit the assignee to be one person. It shall be delivered to the Company 5 days before the shareholders' meeting. When the power of attorney has a duplicate, the first one delivered shall

serve as the norm. However, if the declaration revokes the previous assignee, it does not apply.

Article 18: When there is an amendment or alternative to the same motion, the chairman incorporates the original case and set the order of voting. If one of the cases has been passed, other motions will be considered veto and no one shall vote again.

Article 19: The chairman shall direct the pickets (or security guards) to help maintain the order of the venue.

When pickets (or security guards) are present to assist in maintaining order, they should wear armbands with the word “picket”.

Shareholders should obey the command of the chairman, pickets or security guards on maintaining the order. For people who impede the meeting and keep their own course in spite of repeated admonitions, the chairman or pickets (or security guards) should expel them.

Article 20: The matters not regulated in these rules shall be handled in accordance with the Company Law, the rules governing the use of power of attorney where public entities attending shareholders' meeting, the rules governing the shareholders' meeting of the public entities, the Company's articles of association, and other relevant regulations of laws.

Article 21: The rules shall be implemented after the shareholders' meeting passes, the same shall apply to amendment.

【Appendix 2】

ABILITY ENTERPRISE CO., LTD

Method of Election of Directors

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

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

Article 3: The election of directors of the Company shall adopt the cumulative voting method. In the process of electing directors, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.

The board of directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

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

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

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

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

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

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

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

The ballots for the election referred to in the preceding

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

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

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

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

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

The first amendment was made on May 31, 2001.

The second amendment was made on May 27, 2002.

The third amendment was made on June 11, 2007.

The fourth amendment was made on June 29, 2016.

【Appendix 3】

ABILITY ENTERPRISE CO., LTD

Articles of Association

Chapter 1 General

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

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

Article 2: The Company's business is as follows:

- I. CB01010 Machinery and Equipment Manufacturing Industry
- II. CB01020 Office Machine Manufacturing Industry
- III. CC01060 Wired Communications Machinery and Equipment Manufacturing Industry
- IV. CC01070 Wireless Communications Machinery and Equipment Manufacturing Industry
- V. CC01080 Electronic Components Manufacturing Industry
- VI. CC01110 Computers and Its Peripheral Equipment Manufacturing Industry
- VII. CC01120 Data Storage Media Manufacturing and Duplicating Industry
- VIII. CE01030 Optical Instrument Manufacturing Industry
- IX. CE01990 Other Optical and Sophisticated Equipment Manufacturing Industry
- X. E605010 Computer Equipment Installation Industry
- XI. E701010 Telecommunications Engineering Industry
- XII. F113020 Electrical Wholesale Industry
- XIII. F113030 Sophisticated Instruments Wholesale Industry
- XIV. F113050 Computers and Office Machinery and Equipment Wholesale Industry
- XV. F113070 Telecommunications Equipment Wholesale Industry
- XVI. F114030 Automobile and Motorcycle Parts Equipment Wholesale Industry
- XVII. F116010 Photographic Equipment Wholesale Industry

- XVIII. F118010 Information Software Wholesale Industry
- XIX. F119010 Electronic Materials Wholesale Industry
- XX. F213010 Electric Appliance Retail Industry
- XXI. F213040 Sophisticated Instrument Retail Industry
- XXII. F213060 Telecommunications Equipment Retail Industry
- XXIII. F218010 Information Software Retail Industry
- XXIV. F219010 Electronic Materials Retail Industry
- XXV. F401010 International Trade Industry
- XXVI. F401021 Telecommunications Control RF Equipment Input Industry
- XXVII. F601010 Intellectual Property Rights Industry
- XXVIII. I301010 Information Software Service Industry
- XXIX. I301020 Data Processing Service Industry
- XXX. I301030 Electronic Information Supply Service Industry
- XXXI. ZZ99999 Except for licensing operations, operations not prohibited or restricted by laws are allowed.

Article 3: The Company can externally guarantee the same businesses or affiliate enterprises after the Board of Directors' approval.

Article 4: The Company's base is in New Taipei City and, if necessary, may set up, change or abolish the branch offices domestically and overseas after the Board of Directors' resolution.

Article 5: The Company's way of announcement shall be subject to Article 28 of the Company Law.

Chapter 2 Shares

Article 6: The Company's total capital is set at NT\$8 billion which is divided into NT\$800 million shares with NT\$10 per share. The Board of Directors is authorized to issue them at different times. The total of capital in the preceding paragraph reserves 50 million shares for employees to employ stock rights in stock rights evidence, special shares with stock rights, or corporate bonds with stock rights.

Article 6-1: After the consent of shareholders' meeting of attendant shareholders representing more than half of the total of issued shares and two thirds or more of attendant shareholders' voting rights, the Company may transfer to employees at an average

price lower than the actual purchase of shares, or to issue employee stock rights evidence at a subscription price lower than the market price.

Article 7: The transfer, inheritance, bestowal, pledge, loss, damage and other stock affairs of shares shall be handled in accordance with the Company Law and the stock guidelines of public stock entities.

Article 8: The Company's stock is registered and is signed and sealed by three or more directors. It is issued after being legally signed and verified.

The Company's issued shares may be free from printing, but they should be registered at centralized securities depository enterprise.

Article 9: Renaming transfer ownership of the shares shall be suspended within 60 days before the convening of regular shareholders' meeting and within 30 days prior to the convening of provisional shareholders' meeting, or within 5 days before the base date of the Company's decision to distribute dividends and bonuses or other benefits.

Article 10: When the Company issues new shares, except for issuance of bonus shares, it shall retain 10% to 15% the total of originally issued new shares taken over by the Company's employees. The shares taken by employees may not be transferred within a certain period according to the resolution of the Board of Directors. The maximum period must not exceed two years.

Article 11: The Company's total external re-investment is not limited by the provisions of Article 13 of the Company Law and is authorized to the Board of Directors for execution.

Chapter 3 Shareholders' Meeting

Article 12: The regular shareholders' meeting is divided into two types: regular meeting and provisional meeting. The regular meeting is held once a year and is convened by the Board of Directors within six months after the end of each fiscal year. However, this does not apply if there is a legitimate cause which is reported to the regulator for approval. The provisional meeting is convened according to the law when necessary.

Article 13: All shareholders shall be notified of the convening of regular shareholders' meeting 30 days in advance, and be notified of

the convening of provisional shareholders' meeting 15 days in advance.

Article 14: When shareholders are unable to attend the shareholders' meeting for some reason, they should issue a power of attorney issued by the Company to specify the scope of authorization, and be signed or sealed. An agent shall be entrusted for attendance. The power of attorney shall be delivered to the Company 5 days before the meeting. A shareholder shall issue a power of attorney and limit the assignee to be one person. When the power of attorney has a duplicate, the first one delivered shall serve as the norm. However, if the declaration revokes the previous assignee, it does not apply. Except for the trust business or a share agency approved by the securities regulator, when a person is entrusted by two or more shareholders at the same time, its proxy voting rights shall not exceed 3% of the total voting rights of issued shares, and when it exceeds, the excess voting rights will not be calculated.

Article 15: The Company's shareholders have one voting right per share. However, if the Company has any matter related to the provisions of Article 179, there is no voting right.

Article 16: In addition to the shareholders' meeting's resolution stipulated in the decrees, there shall be attendant shareholders representing more than half of the total of issued shares and more than half of the attendant shareholders' voting rights with consent.

Article 17: If the shareholders' meeting is convened by the Board of Directors, the chairman of the board shall be the chairman. If the chairman of the board takes leave or is unable to exercise the power for some reason, then the vice chairman of the board shall act as chairman of the board. If the vice chairman of the board also takes leave or is unable to exercise the power for some reason, then one of the directors appointed by the chairman of the board shall sit in; if there is no designated director, the directors shall elect one of them to sit in. If the shareholders' meeting is convened by other conveners other than the Board of Directors, the convener shall act as chairman; if there are two conveners or more, one of them shall be elected to act as chairman.

Article 18: The resolutions of the shareholders' meeting shall be made into minutes and signed or sealed by the chairman. The minutes shall be distributed to all shareholders within 20 days after the meeting.

The distribution of the minutes of the preceding paragraph shall be handled in accordance with the Company's regulations. The shareholders' meeting's minutes shall record the meeting's year, month, date, venue, the name of the chairman, and the method of resolution, and shall record the gist of proceedings and its results. The minutes shall be kept forever during the Company's existence. The attendant shareholders' visitor's book and the power of attorney for deputy attendance shall be kept for at least one year.

Chapter 4 Directors

Article 19: The Company has 7 to 9 directors who are appointed for tenure of three years and may be re-elected for consecutive terms. The election of directors is subject to the candidate nomination system of Article 192 of the Company Law. The relevant matters concerning the acceptance methods and announcements of nominations for director candidates are governed by the relevant laws and regulations of the Company Law and the Securities Exchange Act.

In the previously mentioned number of directors, the number of independent directors shall not be less than two seats, and shall not be less than one-fifth of the total number of directors. Regarding to the professional qualifications, shareholding, restrictions on concurrent position held, assessment of independence, method of nomination and election, and other rules needed to be followed, all shall be regulated and done based on Company Acts and related regulations by competent securities authority.

Article 20: Board of Directors organized by directors shall have two thirds or more directors present and consent of more than half of attendant directors to elect one chairman of the board among themselves. The chairman of the board shall represent the company externally. Besides, there shall be a vice chairman of the board who is elected in the same manner. The chairman of the board is the chairman of the shareholders' meeting and the Board of Directors who executes all the Company's matters in accordance with decrees, constitutions, resolutions of

shareholders' meeting and the Board of Directors.

Article 21: If the chairman of the board takes leave or is unable to exercise the power for some reason, then the vice chairman of the board shall act as chairman of the board. If the vice chairman of the board is unable to exercise the power for some reason, then one of the directors appointed by the chairman of the board shall act as vice chairman of the board; if there is no designated director, the directors shall elect one of them to act as vice chairman of the board.

Directors shall attend the board of directors in person. However, when a director is unable to attend for some reason, he/she can authorize other directors to act on his/her behalf. The previously mentioned vice-director is limited to one person's authorization only. The convening of the Company's Board of Directors shall state the particulars of matters and notify all the directors 7 days in advance. However, when there is an emergency, the Board of Directors shall be convened any time. Directors may be notified of the convening of the Company's Board of Directors via writing, E-mail or fax.

Article 22: The Board of Directors may resolve to offer the director reasonable fares or other allowances.

The Company shall be responsible of directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy.

Article 23: Directors have one voting right per share. In addition to the Board of Directors' resolution stipulated in the decrees, there shall be more than half of attendant directors and more than half of attendant directors' consent to execute.

Article 24: The resolutions of the Board of Directors shall be made into minutes, be signed and sealed by the chairman, and be distributed to all directors within 15 days after the meeting. The minutes shall record the gist of proceedings and its results. The minutes, attendant directors' visitor's book, and the power of attorney for deputy attendance shall be kept at the Company.

Article 25: If the director's tenure expires and it is too late for re-election, his or her duties shall be extended until the re-elected director takes office.

Article 26: The Company has established an Audit Committee from 2016 in compliance with the regulations of Securities and Exchange

Act. The audit committee shall be composed of the entire number of independent directors. One of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The audit committee's duty, organizational regulations, use of authority, and other rules which needed to be followed, all shall be regulated and done based on Company Acts and related regulations by competent securities authority.

Chapter 5 Managers

Article 27: The Company may have a manager, whose appointment, dismissal, and remuneration shall be governed by the provisions of Article 29 of the Company Law.

Chapter 6 Accounting

Article 28: Fiscal year of the Company starts from January 1st and ends on December 31st annually. The board of directors shall prepare the following reports in compliance with legal procedures and submit to shareholders' meeting after the end of fiscal year.

- (I) Business Reports
- (II) Financial Statements
- (III) Motions of Surplus Earning Distribution or Provision for Losses

Article 28-1: If the Company's final accounting of revenue and expenditure is profitable, the remunerations of employees, directors, and supervisors shall be allocated as follows. However, if the Company still has accumulated losses, it shall reserve the profits in advance and make up for the losses, and then allocate:

- I. The employees' compensation is not less than 8% and not more than 15%. The objects offered employees' compensation in cash or shares have to meet certain requirements of subsidiaries. The relevant measures are authorized to the Board of Directors to regulate.
- II. The directors' remuneration is not more than 1.5%
The aforementioned profits refer to the profits before that pre-tax profit deducts dispatched employees' compensation and directors' compensation.

Article 29: If the Company's general annual report has surpluses, in addition to paying taxes in accordance with the law, shall make up for past losses and allocate 10% of statutory surplus reserves based on the balance. However, if statutory surplus reserves have reached the total capital, this limitation does not apply. If necessary, after the allocation or turnaround special surplus reserve according to the regulations, the rest incorporates initial undistributed earnings as shareholders' cumulative distributed earnings. The Board of Directors may propose earnings allocation motion and report it to shareholders' meeting for resolution.

Article 29-1: The implementation of the Company's dividend policy requires consideration of the Company's future capital budget planning, meeting the needs of shareholders for cash inflow, and ensuring market competitiveness, etc., in which the cash dividends should be no less than 10% of the total of shareholders' dividends. Its method of distribution is handled according to Article 29.

Chapter 7 Supplementary Provisions

Article 30: The matters not covered in the articles of association shall be handled in accordance with the provisions of the Company Law and other relevant regulations.

Article 31: The company's articles of association and office rules shall be determined by the Board of Directors separately. The same shall apply to amendment.

Article 32: This constitution was regulated on May 10, 1965.
The first amendment was made on October 26, 1966.
The second amendment was made on December 1, 1966.
The third amendment was made on July 6, 1969.
The fourth amendment was made on March 1, 1971.
The fifth amendment was made on August 5, 1972.
The sixth amendment was made on May 14, 1973.
The seventh amendment was made on July 1, 1976.
The eighth amendment was made on March 11, 1979.
The ninth amendment was made on February 8, 1984.
The tenth amendment was made on September 1, 1986.
The eleventh amendment was made on December 1, 1986.
The twelfth amendment was made on March 2, 1987.

The thirteenth amendment was made on January 28, 1988.
The fourteenth amendment was made on July 20, 1988.
The fifteenth amendment was made on August 15, 1989.
The sixteenth amendment was made on September 5, 1989.
The seventeenth amendment was made on May 7, 1990.
The eighteenth amendment was made on October 19, 1990.
The nineteenth amendment was made on August 20, 1991.
The twentieth amendment was made on June 15, 1992.
The twenty-first amendment was made on July 11, 1992.
The twenty-second amendment was made on March 4, 1993.
The twenty-third amendment was made on May 8, 1993.
The twenty-fourth amendment was made on May 9, 1994.
The twenty-fifth amendment was made on May 23, 1995.
The twenty-sixth amendment was made on May 6, 1996.
The twenty-seventh amendment was made on May 8, 1997.
The twenty-eighth amendment was made on May 26, 1998.
The twenty-ninth amendment was made on May 24, 1999.
The thirtieth amendment was made on May 15, 2000.
The thirty-first amendment was made on May 31, 2001.
The thirty-second amendment was made on May 27, 2002.
The thirty-third amendment was made on August 23, 2002.
The thirty-fourth amendment was made on April 30, 2003.
The thirty-fifth amendment was made on June 13, 2005.
The thirty-sixth amendment was made on June 12, 2006.
The thirty-seventh amendment was made on June 13, 2008.
The thirty-eighth amendment was made on June 16, 2009.
The thirty-ninth amendment was made on June 17, 2010.
The fortieth amendment was made on June 17, 2011.
The forty-first amendment was made on June 22, 2012.
The forty-second amendment was made on June 21, 2013.
The forty-third amendment was made on June 17, 2014.
The forty-fourth amendment was made on June 23, 2015.
The forty-fifth amendment was made on June 29, 2016.
The forty-sixth amendment was made on June 23, 2017.

ABILITY ENTERPRISE CO., LTD
Chairman of the Board: Tseng, Ming Jen

【Appendix 4】

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

The amount of shares held by individual and all directors on the shareholders' list as of April 16, 2019.
The legal minimum amount of all directors' share holding shall be: 12,000,000 shares.

Title	Name	Appointment Date	Tenure	Shares Held During Election		Book Closure Date of Shareholders' List Record of Amount of Shares Held	
				Amount of Shares	At-the-time issued %	Amount of Shares	At-the-time issued %
Chairman of the board	Tseng, Ming Jen	2016.06.29	Three Years	1,029,129	0.36	1,209,093	0.43
Director	Representative of ViewQuest Investment Co., Ltd.: T say, Wen Bin	2016.06.29	Three Years	225,000	0.08	1,650,000	0.58
Director	Representative of ViewQuest Investment Co., Ltd.: Zhou, Zheng Wei		Three Years				
Director	Representative of AVY Precision Technology INC.: Dong, Jun Ren	2016.06.29	Three Years	288,544	0.10	4,138,544	1.47
Director	Representative of AVY Precision Technology INC.: Huang, Li An		Three Years				
Director	Representative of Ling Xu Investment (stock) company: Zhan, Wen Xiong	2016.06.29	Three Years	3,163,799	1.12	5,433,757	1.92
Independent Director	Lam, Tai Seng	2016.06.29	Three Years	0.00	0.00	0.00	0.00
Independent Director	Chen, Kuo Hong	2016.06.29	Three Years	0.00	0.00	0.00	0.00
Independent Director	Lu, Chien Min	2016.06.29	Three Years	0.00	0.00	0.00	0.00
Total of All Directors				4,706,472	1.66	12,431,394	4.40

Note: The total of issued shares on book closure date, May 1, 2016, was 282,677,745 shares.
The total of issued shares on book closure date, April 16, 2019, was 282,362,812 shares.

【Appendix 5】

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

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