



ACES ELECTRONICS CO., LTD.

**Handbook for the 2022 Annual
Meeting of Shareholders**

Date: June 29, 2022

Place: 3F, No.398, Minquan Rd, Zhongli District,
Taoyuan City, Taiwan
(Hotel Kuva Chateau)

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ACES ELECTRONICS CO., LTD.

Procedure for the 2022 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairman Remarks
3. Reports Items
4. Proposals Items
5. Discussion Items
6. Election Items
7. Other Proposals
8. Extemporary Motions
9. Meeting Adjourn

ACES ELECTRONICS CO., LTD.

Agenda of 2022 Annual Meeting of Shareholders

Type of Meeting: Physical Meeting

Time : 9:00 a.m. on Wednesday, June 29, 2022

Place : 3F, No.398, Minquan Rd, Zhongli District, Taoyuan City (Hotel Kuva Chateau)

Meeting Agenda :

1. Report on attending shares of shareholders
2. Call the Meeting to Order
3. Chairman Remarks
4. Reports Items
 - (1) The 2021 Business Report
 - (2) The Supervisor's Review Report on the 2021 Financial Statements
 - (3) The 2021 Employees', Directors' and Supervisors' Remuneration
 - (4) Cash dividend distribution report of 2021 Earnings Distribution
 - (5) The status of the issuance of the domestic 2nd unsecured Convertible Bonds
5. Proposals Items
 - (1) Adoption of the 2021 Financial Statements and Business Report
 - (2) Adoption of the proposal for distribution of 2021 Earnings
6. Discussion Items
 - (1) Amendment to the Articles of Incorporation
 - (2) Amendment to the Rules of Procedure for Shareholders Meetings
 - (3) Amendment to the Procedures for Election of Directors and Supervisors
 - (4) Amendment to the Operational procedures for Acquisition and Disposal of Assets
 - (5) Amendment to the Operational Procedures for Loaning of Company Funds
 - (6) Amendment to the Operational Procedures for Endorsements and Guarantees
7. Election Items
 - (1) To Elect Directors
8. Other Proposal
 - (1) To Release Directors from Non-competition Restrictions
9. Extemporaneous Motions
10. Meeting Adjourn

Reports Items

1. The 2021 Business Report.
Explanation : The 2021 Business Report is attached as page 10-11.

2. The Supervisor’s Review Report on the 2021 Financial Statements.
Explanation : The 2021 Supervisor’s Review Report is attached as page 12-14.

3. The 2021 Employees’, Directors’ and Supervisors’ Remuneration.
Explanation :
The Board of Directors meeting on March 30, 2022 approved the employees’ remuneration totaling NT\$39,825,803 and the Directors’ and Supervisors’ remuneration totaling NT\$14,924,325, both are paid in cash.

4. Cash dividend distribution report of 2021 Earnings Distribution.
Explanation :
 - (1)According to Article 25 of the Articles of Incorporation, the Board of Directors is authorized to make a decision to distribute all or part of the dividends and bonuses to be paid in cash and report to the shareholders' meeting.
 - (2)The Board of Directors meeting on March 30, 2022 approved to distribute the cash dividends of NT\$201,593,826 and a dividend of NT\$1.5 per share. The cash dividends will be calculated to the nearest NT dollars. The remainder will be transferred into the account of the company’s other income.
 - (3)In the event of that the outstanding shares are affected by any other factors in future, it is proposed that the Chairman be authorized to adjust the dividend rate. And, it’s proposed that the Chairman be authorized to resolve the ex-dividend date and other relevant issues.

5. The status of the issuance of the domestic 2nd unsecured Convertible Bonds.
Explanation :
The Company issued the domestic 2nd unsecured Convertible Bonds on November 22, 2021 for the purpose of building factories to meet future operational needs, the main issuance conditions and related matters are as follows:

Type of Corporate Bonds	Domestic 2nd unsecured Convertible Bonds (ACES II / Bond Code : 36052)
Approved date by the Board of Directors	August 12, 2021
Approved No. by the Competent Authority	Approved by the FSC (Financial Supervisory Commission) in letter No.11003574891 dated October 5, 2021. Approved by the TPEX (Taipei Exchange) in letter No.11000128212 dated November 16, 2021.

Issue Date	November 22, 2021
Denomination	NT\$100,000 each bond
Total Amount	Total 6,000 bonds are issued, in a total of NT\$60 million
Issue Period	Three years ; Maturity Date : November 22, 2024
Issue Price	Issued at 101% of face value
Annual Interest Rate	0%
Conversion Price	Conversion Price at issuance : NT\$51.3 Latest Conversion Price : NT\$50.4
Subject matter of conversion	The company's common shares which will be fulfilled by issuing new shares
Conversion Period	From February 23, 2022 to November 22, 2024
Repayment Method	The Company shall repay the Bonds held by the bondholders in cash within ten business days from the day after the maturity of the bonds, at their face value add interest compensation, unless the bonds are converted into common shares of the Company by the bondholders in accordance with Article 10 of the Issue and Conversion Act, or redeemed by the Company in advance in accordance with Article 18 of the Act, or purchased and cancelled by the Company from the securities dealer's office.
Circumstances of conversion	As of the closing date of May 13, 2022, no bonds had been converted.

Proposals Items

1. Adoption of the 2021 Financial Statements and Business Report.

(Proposed by the Board of Directors)

Explanation :

(1)The Company's 2021 Financial Statement, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by Heng-Shen Lin and Pei-Chi Chen, accountants at CPA firm of KPMG.

(2)The 2021 Business report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, page 10-11 and page 15-30.

(3)The proposal is submitted for discussion.

Resolution :

2. Adoption of the proposal for distribution of 2021 Earnings.

(Proposed by the Board of Directors)

Explanation :

(1)The 2021 Earnings Distribution was approved by the Board of Directors and reviewed by the Supervisors.

(2)The 2021 Earnings Distribution Table, please refer to the page 31.

(3)The proposal is submitted for discussion.

Resolution :

Discussion Items

1. Amendment to the Articles of Incorporation.

(Proposed by the Board of Directors)

Explanation :

(1)In order to conform to the laws and the company's practical needs, to set up an Audit Committee to replace the duties of supervisors. The company hereby proposes to amend the Articles of Incorporation.

(2)Please refer to Page 32-34 for details.

(3)The proposal is submitted for discussion.

Resolution :

2. Amendment to the Rules of Procedure for Shareholders Meetings.

(Proposed by the Board of Directors)

Explanation :

(1)In order to conform to the laws and the company's practical needs, to set up an Audit Committee to replace the duties of supervisors. The company hereby proposes to amend the Rules of Procedure for Shareholders Meetings.

(2)Please refer to Page 35-39 for details.

(3)The proposal is submitted for discussion.

Resolution :

3. Amendment to the Procedures for Election of Directors and Supervisors.

(Proposed by the Board of Directors)

Explanation :

(1)In order to conform to the laws and the company's practical needs, to set up an Audit Committee to replace the duties of supervisors. The company hereby proposes to amend the name of " the Procedures for Election of Directors and Supervisors " to " the Procedures for Election of Directors ", and amend some provisions.

(2)Please refer to Page 40-41 for details.

(3)The proposal is submitted for discussion.

Resolution :

4. Amendment to the Operational procedures for Acquisition and Disposal of Assets.

(Proposed by the Board)

Explanation :

(1)In order to conform to amendments to related commercial laws and the company's practical needs, the company hereby proposes to amend the Operational procedures for Acquisition and Disposal of Assets.

(2)Please refer to Page 42-54 for details.

(3)The proposal is submitted for discussion.

Resolution :

5. Amendment to the Operational Procedures for Loaning of Company Funds.
(Proposed by the Board)

Explanation :

(1)In order to conform to the company's practical needs, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds.

(2)Please refer to Page 55-58 for details.

(3)The proposal is submitted for discussion.

Resolution :

6. Amendment to the Operational Procedures for Endorsements and Guarantees.
(Proposed by the Board)

Explanation :

(1)In order to conform to the company's practical needs,, the company hereby proposes to amend the Operational Procedures for Endorsements and Guarantees.

(2)Please refer to Page 59-61 for details.

(3)The proposal is submitted for discussion.

Resolution :

Election Items

1. To Elect Directors (Proposed by the Board)

Explanation :

- (1)The term of the Compnay Directors and Supervisors will be end on June 27, 2022. According to the company Act 195 and 217, to extend the duties of Directors and Supervisors until re-election.
- (2)In accordance with the Article 14-4 of the Securities and Exchange Act, to set up an Audit Committee to replace the duties of supervisors. The Audit Committee is composed of all independent directors.
- (3)The 7 directors (include 3 independent directors) shall be elected in the shareholders' meeting. Their three-year term will start from June 29, 2022 and conclude on June 28, 2025.
- (4)The directors shall be elected from the nomination list, the nomination list had benn approved by the Board of Directors meeting on May 13, 2022. Personal information of the nominated directors, please refer to the page 62-64.

Election Result :

Other Proposals

1. To Release Directors from Non-competition Restrictions.

(Proposed by the Board)

Explanation :

- (1)According to Article 209 of Company Act, adopt a proposal for release the prohibition on new directors from participation in competitive business.
- (2)The details of releasing of Non-competition restrictions for the nominated directors, please refer to the page 65.
- (3)The proposal is submitted for discussion.

Resolution :

Extemporary Motions

Meeting Adjourn