

Alpha Networks Inc.

2023 ANNUAL REPORT

1. Company's Spokesperson

	Spokesperson	Deputy Spokesperson
Name:	Kathy Chen	Neal Peng
Title:	CFO	Deputy Director
Tel:	+886-563 6666	+886-563 6666
Email:	IR@alphanetworks.com	IR@alphanetworks.com

2. Contact Information of the Head Office, Branch Offices and Factories

Office	Address	Telephone
Head Office / Factory	No. 8, Li-Hsin 7th Rd., Hsinchu Science Park, Hsinchu 300094, Taiwan, R.O.C.	+886-563 6666
Dongguan (China) / Factory	Xingang Road,Xin'an Area, Chang An, Dongguan City Guangdong Province, China	+86-769-85318000
Changshu (China) / Factory	No.6, Yintong Road, National New & Hi-Tech Industrial Development Zone, Changshu, Jiangsu Province, China	+86-512-52156789
Vietnam / Factory	Lot CN03, Dong Van 4 Industrial Park, Dai Cuong Commune, Kim Bang District, Ha Nam Province, Vietnam	+84-226-3638800

3. Stock Transfer Handling Agency:

Agent: China Trust Commercial Bank
Address: 5F, 83 Chung-Ching South Road, Sec. 1, Taipei, Taiwan
Website: www.ctbcbank.com
Tel: + 886-2-6636-5566

4. Name of the CPAs and CPA Firm Auditing the Financial Statements in the Most Recent Year:

CPAs: Hai-Ning, Huang and Wei Ming Shih.
CPA Firm: KPMG
Address: 68F, TAIPEI 101 TOWER, No.7, Sec.5, Xinyi Road, Taipei, 110, Taiwan, R.O.C.
Website: www.kpmg.com.tw
Tel: +886-2-8101-6666 +886-3-579-9955

5. Overseas Security Exchange Listing: N.A.

6. Company Website: <http://www.alphanetworks.com>

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Letter to Shareholders

Dear Shareholders,

I. Business Results in 2023

(I) Implementation Results of Business Plan in 2023

Reviewing the past year, the supply chain shortage issue was resolved in the second half of 2023. However, our Company experienced a decline starting in the second half of 2023 due to rapid adjustments in clients' inventories. As a result, the overall revenue performance for the year was lower compared with 2022. Despite the revenue decline, the gross profit margin only showed a slight decrease due to adjustments in the product portfolio. Additionally, we continued to achieve success in developing and expanding with new products and customers. We also efficiently planned factory capacity by merging the Dongguan and Changshu factories. Some products affected by tariffs were relocated to Vietnam. These actions were taken to improve our resilience and prepare for growth amidst ongoing economic instability.

Looking ahead to this year, despite facing uncertainties such as customer inventory adjustment, delayed order demand, and the launch of new business ventures in enterprise networking, product shipment momentum is expected to recover from the previous year, driven by the momentum of key products such as network switches, Wi-Fi 6, and 5G. We are optimistic but cautious about this year's operating performance, believing that we will regain growth momentum with the Company's strong R&D capabilities.

(II) Budget Implementation Status

The Company did not disclose its financial forecast for 2023.

(III) Analysis of Financial Results and Profitability

In 2023, the consolidated revenue was NT\$ 28,272 million, which was 15.9% lower compared with the number recorded in the last year; the consolidated gross margin was 18.4%, which was about 0.2% lower than the previous year's 18.6%; the consolidated net operating profit was NT\$829 million; the net profit attributable to the owners of the parent company was NT\$548 million, equivalent to NT\$1.01 per share.

(IV) Research and Development Status

The Company has complete network communication software/hardware technologies, and its research and development focuses in 2023 were as follows:

1. Despite the challenging business environment in the second half of 2023, Alpha Network continued to invest in research and development and made significant progress on patent applications.

(1) 5G :

Focuses on the development of Wireless Radio Unit (RU), Distributed Unit (DU) and Centralized Unit (CU), Sub-6G, Millimeter Wave 5G CPE of base station for private 5G network, 5G Small Cell devices, along with Wi-Fi 6/Wi-Fi 6E/Wi-Fi 7 wireless network technology to enter into the enterprise and family markets. The 5G Smart Factory project, in collaboration with the Industrial Bureau, has successfully concluded this year, setting the stage for future instances of 5G network deployments.

(2) 6G :

Focuses on the development of essential user terminal modules for Low Earth orbit satellite ground communications equipment. These modules include antenna array modules, frequency conversion modules, Wi-Fi modules, radar covers, and heat dissipation modules. The National Low Earth Orbit Satellite Ground Receiver

Project, in cooperation with the Ministry of Economy, was successfully completed this fiscal year, providing valuable experience for future efforts in the field of low earth orbit satellites.

2. The Company continually developing telecommunication-grade switches and industry-grade switches due to the trend in 5G and IoT.
3. The Company developed 800G high-speed Ethernet switches for data centers, and did tests and simulation of signal and power integrity engineering development of high-speed network.
4. The Company integrated 24GHz millimeter-wave radar into home monitoring equipment for motion detection; in addition, edge computing was introduced to improve the accuracy of image recognition.
5. The Company developed side blind spot detection radar, AI Dashcams above L3, Radar+AVM Sensor Fusion and industrial embedded radars that comply with UN regulations UN/ECE R151.

II. Summary of Business Plan for the Year

(I) Business Direction

1. Continuously commit to group resource integration for the synergy effect.
2. Improve the Company's service quality and strengthen the core competitive advantages.
3. Continue to develop strategic partnership with customers and suppliers.
4. Accelerate the development and mass production schedule of new products, contributing to the Company's profitability and competitiveness.
5. Continue to seek suitable strategic partners to expand the Company's territory.

(II) Sales Volume Forecast and Basis

The sales forecast and planning of the Company's business entities this year are as follows:

1. LAN/MAN BU

To continuously develop high-speed Ethernet network switches for the data center, enterprise, telecommunications, and industrial markets. The continuous surge in data traffic demand within data centers has propelled the widespread adoption of 100G switches and boosted the penetration of 400G switches. Furthermore, the introduction of the IEEE 800G technical standard has catalyzed the uptake of 800G high-speed switches as the forthcoming solution for data centers. We have also partnered with a software systems provider in the United States to provide integrated network management services for 400G and 10G/100G MDU product systems to telecommunications operators in the United States. This collaboration includes high-speed Ethernet network switches and MDU integration for data centers and telecommunications, facilitating the creation of a more comprehensive network service.

Additionally, the advancement of Wi-Fi technology and speed has increased the demand for Multi-Gigabit switches. The upload interface bandwidth has also increased accordingly. In addition, chip manufacturers have developed high-density Multi-Gigabit PHY chips, resulting in a more streamlined circuit design. In addition, the integration of high-power Power over Ethernet (PoE++) technology is simplifying Wi-Fi deployment and consequently driving the growth rate of high-power PoE switches. The Company consistently develops telecommunications-grade 5G xHaul transmission switches, OLT cable terminal equipment, and telecommunications core network switches. These products are designed with high-precision time synchronization to meet the requirements of high bandwidth and low latency, thereby enhancing customers' market competitiveness.

In response to the demands of Industry 4.0 applications and the promotion of carbon emission net-zero policies,

our focus for the new product planning in 2024 is on developing a new generation of Single Pair Ethernet (SPE) switches. These switches will utilize energy-saving and carbon-reducing networking technologies to meet the new requirements of Industrial Internet of Things (IIoT) applications. By combining the low power consumption and low operating costs of SPE switches with the integration of traditional industrial operational technology (OT) and information technology (IT) requirements through IP transformation, we can achieve further advances. In addition, the development of key technologies for IIoT Ultra Reliable Low Latency Communications (URLLC) applications through Time Sensitivity Network (TSN) will open up new markets for industrial switches, expanding business opportunities for industrial-grade SPE switches in untapped areas. Our existing customers have consistently expressed their need for SPE switch products, including 10Base-T1L and the associated PoDL power supply technology. They are looking to upgrade to a new generation of SPE network switches that can meet the demands of IIoT smart factories and provide a comprehensive solution for Industry 4.0. This will enable a new approach to OT and IT integration. Furthermore, leveraging the same technology development, we aim to simultaneously address the low-latency and high-reliability requirements of Building Automation, enhance Connectivity, and reduce communication costs through large-scale Sensor deployment via SPE Switches, thereby enhancing the market competitiveness of industrial control and applications products.

2. Wireless Broadband BU

Global telecommunications operators are rapidly upgrading fiber optic fixed network infrastructure, deploying 5G networks, and increasing the number of wireless base stations in response to the growing demand for high bandwidth for remote work and smart home environments. Going forward, they will continue to focus on integration and development in the two key areas of 5G and wireless broadband.

In the 5G segment, the Company is focusing not only on expanding in the 5G enterprise vertical market, but also on developing wireless radio frequency units (RU) and end-to-end solutions that can be customized and flexibly applied in various vertical fields. The Company is investing to meet the application service requirements of the 5G telecommunications market by integrating 5G CPE (FWA) and 5G small cell (RU, CDU) product solutions. Telecommunications operators have significantly increased the number of wireless access points (Wi-Fi AP) and terminal devices, such as high-speed wireless routers and extenders, in response to the growing demand for high bandwidth in remote work and smart home networks. This trend will also continue to drive the demand for enterprise-grade wireless APs and home routers. The advancement of Wi-Fi 7 technology also results in a significant increase in network bandwidth, simplifying the integration of XGSPON ONT and facilitating the transition to the 10G network era and the future multi-10G broadband network.

3. Business Entity for Digital Multimedia and Mobile Solutions

The growth demands of IoT and 5G will drive the continued growth of digital multimedia in the future, with smart home and residential security surveillance video products leading the way.

To enhance product differentiation and competitiveness of ODM/OEM/JDM, key initiatives include vertical integration of new key technologies such as millimeter wave radar, AI deep learning, and software-related algorithms such as facial recognition and motion detection. Integration with public and private clouds will also be crucial.

In the second half of 2023, we ventured into the cloud baby monitor market to increase future revenue for the Company. In response to the growing number of accidents caused by blind spots in large vehicles, our company has conducted extensive road tests with customers for commercial vehicles using the UN/ECE R151 side blind spot detection radar. Additionally, we have refined our strategies to improve the accuracy of detecting false alarms

and missed detections. At the same time, we are actively collaborating with electric bus manufacturers to integrate our company's ADAS Domain Controller into the AEB/LKA sub-control unit. Our goal is to harmonize the ADAS requirements of Taiwanese electric buses with international standards.

(III) Major Production and Marketing Strategies for the Year

1. In line with global trade protection measures, we are constantly striving to make the most appropriate supply chain adjustments to enhance our relationships with strategic suppliers. This will optimize logistics costs, stabilize material sources and improve our shipping capabilities.
2. Improve overall efficiency by continuously optimizing production capacity planning. Collaborate with newly established Vietnamese subsidiary to optimize production capacity allocation, thereby improving the overall quality of product manufacturing quality and cost competitiveness.
3. Actively expand core businesses combining with group resources to provide the comprehensive solutions to customers.

III. Future Development Strategies of the Company

The Company's long-term strategies are as follows to enhance profitability and maintain sustainability:

- (I) Strengthening the foundation: We will optimize the switch, focus on broadband-related business, increase the proportion of high-end models, cultivate long-term partnerships with customers and suppliers, explore new sales markets, and strive for growth. Strictly control the quality and cost of manufacturing to improve the operation efficiency and profitability of the Company.
- (II) Strengthening the foundation: We will optimize the switch, focus on broadband-related business, increase the proportion of high-end models, cultivate long-term partnerships with customers and suppliers, explore new sales markets, and strive for growth. Strictly control the quality and cost of manufacturing to improve the operation efficiency and profitability of the Company.
- (III) Expansion: Constantly seeking opportunities to enter new markets and expand distribution channels.
- (IV) M&A: Continue to leverage mergers and acquisitions to build an ecosystem of strategic partners, to become a highly capable mid-size fleet and rapidly expanding the Company's combat capabilities.
- (V) We continue to invest in ESG-related sustainable development, leveraging the Group's experience to become a leader in the field.

IV. Impact of External Competitive Environment, Regulatory Environment and Overall Business Environment

The Company will continue to focus on core technologies and develop high-end integrated products to enhance their value and avoid price competition with low-end products. We will also actively expand sales channels and provide customers with comprehensive solutions. In terms of the business environment, although the supply chain bottleneck continues to ease, factors such as high inflation risks, interest rate hikes, and geopolitical disruptions continue to create uncertainty in the global economy and international trade. However, the development of technology applications such as 5G, Wi-Fi7, connected cars, and artificial intelligence has become an inevitable trend and is expected to provide growth opportunities for the telecommunications industry.

In addition to strengthening its core competitive capabilities and integrating cross-product line technologies, Alpha Network will continue to improve its corporate sustainability by prioritizing environmental protection, social responsibility, and corporate governance performance. The Company will promote Alpha Network's ESG strategy and implement various initiatives to protect the environment and create a friendly workplace.

We would like to express our sincere gratitude to all shareholders for the unwavering support and encouragement towards the Company. Looking ahead to 2024, Alpha Network will proceed cautiously in the market, expanding our product and service offerings in existing channels, actively exploring new channels, and venturing into new application areas. Internally, we will strive to optimize and integrate our existing businesses, minimize duplicate investments within the Group, and improve operational efficiency. Moreover, the Company consistently enhances its technology and distribution channels by engaging in mergers and acquisitions, to maximize benefits for both the Company and the shareholders.

Alpha wish you good health and all the best!

Sincerely,

Chairperson: Wen-Fang Huang

Company Profile

I. Founding Date: September 4, 2003

II. Corporate History:

Date	Summary
August 2003	Alpha Networks Inc. was founded as a spin-off of the D-Link Corporation with capital of NT\$2 billion. Launch of the world's fastest VDSL product (50M/30M). The number of the broadband integrated access device (IAD) produced and sold to Japan reached 1 million.
September 2003	The Company obtained ISO14001 and TL9000 certification.
October 2003	The Company acquired MTT (the third party of Russia) certification.
November 2003	The Company developed the worldwide fastest (50M) ADSL2++ product.
December 2003	The Company developed digital media player (DMA series) and network driver for participating in the Consumer Electronics Show (CES) held in January 2004. The Company's home network gateway was the first product to pass IPv6 certification among the network communication companies in Taiwan. The Company won the 2003 network accessories procurement tender of Department of Education, Taipei City Government, with the firewall and layer 3 switch products.
February 2004	The Company completed the seasoned equity offering which resulted in the paid-up capital increased to NT\$2.5 billion.
February 2004	The Company's DPH-80 and DVG-102 products were included in the VoIP product testing & assessment of Network Benchmarking Lab of ITRI. And, the products surpassed similar offerings of domestic and foreign manufacturers in voice quality and SIP compatibility.
March 2004	The Company submitted the first integrated access device (IAD) with IPv6 support for testing by IPv6 certifier in the world. The Company, ahead of competitors, launched digital multimedia player (the DMA series) which received high praises from customers in Europe and USA. The Company formed the strategic alliance with Quanta Computer which acquired a 17% ownership interests in the Company.
April 2004	The ADSL Wireless IAD passed certification of IPv6 Ready Logo Committee.
December 2004	Alpha Networks Inc. was listed on TWSE.
January 2005	The wireless voice integration gateway won the Taiwan Excellence Award.
May 2005	The Company was ranked 2004 Taiwan Manufacturing Top 1000 in Business Weekly issue No. 912. Besides, the Company was also ranked 2 nd in the fastest growing businesses and 6 th in the communication electronics category.
December 2005	The Ethernet passive optical network switch won the Hsinchu Science Park Innovative Products Award.
January 2006	The first unsecured convertible corporate bond was issued.
April 2006	The board of directors of the Company resolved the merger of Sun Asia Enterprise.
July 2006	The Company was named Info Tech 100 by Business Next Magazine.
October 2006	The merger of Sun Asia Enterprise is completed.
October 2006	The Company obtained certificate for SONY OEM Partner.
January 2007	The Company received the INTEL ViiV certification for the wireless digital media player.
March 2007	Wistron Corporation acquired a 5.63% ownership interests in the Company and was one of the major shareholders of the Company.
September 2007	The Company launched WiMAX products.

October 2007	The Company invested Aescu Technology and went forward medical communication equipment industry.
May 2008	The Company launched the "real-time bio-information monitor system" for a solution for remote healthcare service.
May 2008	The Company was ranked 143 rd among 2007 Taiwan Manufacturing Top 1000 in CommonWealth Magazine issue No. 396 and 6 th in the communication and networking category.
October 2008	The Company was chosen by Microsoft as the only worldwide technology development partner for Microsoft Media Center Extender for Windows 7.
February 2009	After being evaluated on corporate governance, corporate commitment, social engagement and environmental protection aspects, the Company was ranked 30 th among Commonwealth Magazine's 2009 "Excellence in Corporate Social Responsibility TOP50."
April 2009	The Chengdu R&D center was opened.
May 2009	The Company was ranked 129 th among 2008 Taiwan Manufacturing Top 1000 in CommonWealth Magazine issue No. 421 and 7 th in the communication and networking category.
May 2009	The ECG device passed GMP certification.
December 2009	The Company, ahead of competitors, reached the mass production and shipment milestone in Datacenter Switch (a cloud server switch).
December 2009	The Company, ahead of competitors, completed development of 40GE Switch Product Module and offered to telecom carriers for testing and evaluation.
January 2010	The Company started to ship the PON Broadband Access Switch (MDU).
March 2010	The Company developed the 3G Femtocell AP with cost-effective feature and integration of software & hardware and participated in ETSI Femtocell Plugfest.
June 2010	The HD player passed certification of DLNA 1.5 Server, Player and Renderer.
September 2010	The Company launched the cloud service, LINKnLOOK, for IP Cam offering simple setup and reliable connection.
September 2010	The North America maintenance center was established in Irvine, CA.
October 2010	The Company launched OTT set top box with 2.5-inch 1TB drive built in. The product came pre-installed with Facebook and video on demand services including Netflix and Blockbuster.
October 2010	The Company's two manufacturing sites, Hsinchu Plant & Dongguan Plant, passed ISO 14064-1 certification and obtained the application instructions of greenhouse gas survey.
October 2010	The Company completed the 1 st submission of the product greenhouse gas certification and received the carbon footprint certification.
January 2011	The Company, ahead of competitors, launched HD digital media player with multiple features including DVB-T, time shifting with simultaneous two-way scheduled recording, picture-in-picture and online streaming.
May 2011	The Changshu Plant in Jiangsu was opened.
September 2011	The maintenance center was established in Kanagawa Prefecture, Japan.
October 2011	The Company issued the 2 nd unsecured convertible bond.
November 2011	The development and testing of rackmount switch supporting 192 ports 40GE sockets for cloud data center was done.
December 2011	The "Changshu Mingzhen Technology Service Co., Ltd.", one of the Company's maintenance centers, was established in Changshu, Jiangsu.
January 2012	The Company developed synchronized playback and remote control functions for media player on PC, smartphone, tablet and TV.
January 2012	The Company completed the development of the most advanced 3G anti-interference technology to solve carriers' issues concerning the interference from signals of base stations when installing Femtocell.
April 2012	The development and testing of IEEE802.11ac router, IEEE802.11ac network adapter and IEEE802.11ac USB Dongle was completed.

May 2012	The Company was ranked 146 th among 2011 Taiwan Manufacturing Top 1000 in CommonWealth Magazine issue No. 496and 8 th in the communication and networking category.
August 2012	The Company Alpha Networks developed the fastest, high-capacity and physical layer-free flagship switch for cloud data center supporting 32 ports 40GE sockets.
March 2013	The new department, Mobile Enterprise Solutions Business Unit, was established.
March 2013	The Company was awarded the invention patents in Republic of China, USA and People's Republic of China for the firewall traversal solution for cloud computing. This technology can be used on video streaming products including IP Cam.
May 2013	The Company was ranked 142 nd among 2012 Taiwan Manufacturing Top 1000 in CommonWealth Magazine issue No. 522and 9 th in the communication and networking category.
July 2013	The Changshu Plant passed the certification of ISO13485, Medical Devices Quality Management Systems.
August 2013	The Changshu Plant passed the certification of TS16949, Global Quality Management System Standard for the Automotive Industry.
September 2013	The Company completed the development and testing of IoV product, 24GHz automotive radar sensors.
December 2013	The sales volume of the network media players reached more than 5 million units worldwide, the top-selling product of similar ones.
May 2014	The Company was ranked 141 st among 2013 Taiwan Manufacturing Top 1000 in Commonwealth Magazine issue No. 547and 7 th in the communication and networking category.
November 2014	The Company was awarded the design patents in China, Japan and Australia for the “Non-isolated DC/DC circuit design” of the high-speed power line adapter.
January 2015	The Company obtained MFi Manufacturing License from Apple Inc.
February 2015	The Company successfully developed and tested the fastest, high-density and high-capacity switch for high-end cloud data center supporting 32 ports 100GE sockets and supports the ONIE standard.
February 2015	The Company successfully developed and tested 24GHz automotive radar sensors in blind spot detection for large transport vehicles.
March 2015	The cloud data center switch SNX-60A0-486F capable of supporting up to 40G passed ONIE certification.
March 2015	The Company completed the development and testing of HD 4K/HEVC digital set-top box.
June 2015	The Company successfully developed and tested 2.5G /5G /10G multi-speed switch.
August 2015	The Company successfully tested high-end cloud data center switch supporting 48 ports 25G Fiber downlink sockets and 4 ports 100G uplink sockets.
October 2015	The 180-degree fisheye IP Cam was entering into mass production and launched.
October 2015	The Company designed STB with 4 802.11ac 5G antennas and 2 BT/FR4CE 2.4G antennas on board.
October 2015	The Company passed the AEO (Authorized Economic Operator) renewal certification.
December 2015	The Company successfully applied and tested 24GHz automotive radar sensors in rear collision detection for general vehicles.
February 2016	The Company successfully tested high-density rackmount switch for cloud data center containing 128 and 512 optical sockets.
August 2016	The Company successfully tested switches designed for Internet service providers supporting 48 ports 10G Fiber downlink sockets and 6 ports 100G uplink sockets.
November 2016	The smart home gateway passed the Z-Wave Plus certification.
November 2016	The Company successfully developed and tested the enterprise Access Point (AC3400) with dual Wi-Fi 5Ghz modules and 2.5Gbps Ethernet uplink socket.
October 2017	The Company provided E2E solutions for smart parking application, including NB-IoT sensors, NB-IoT small cells, cloud IoT platforms and APP programs.

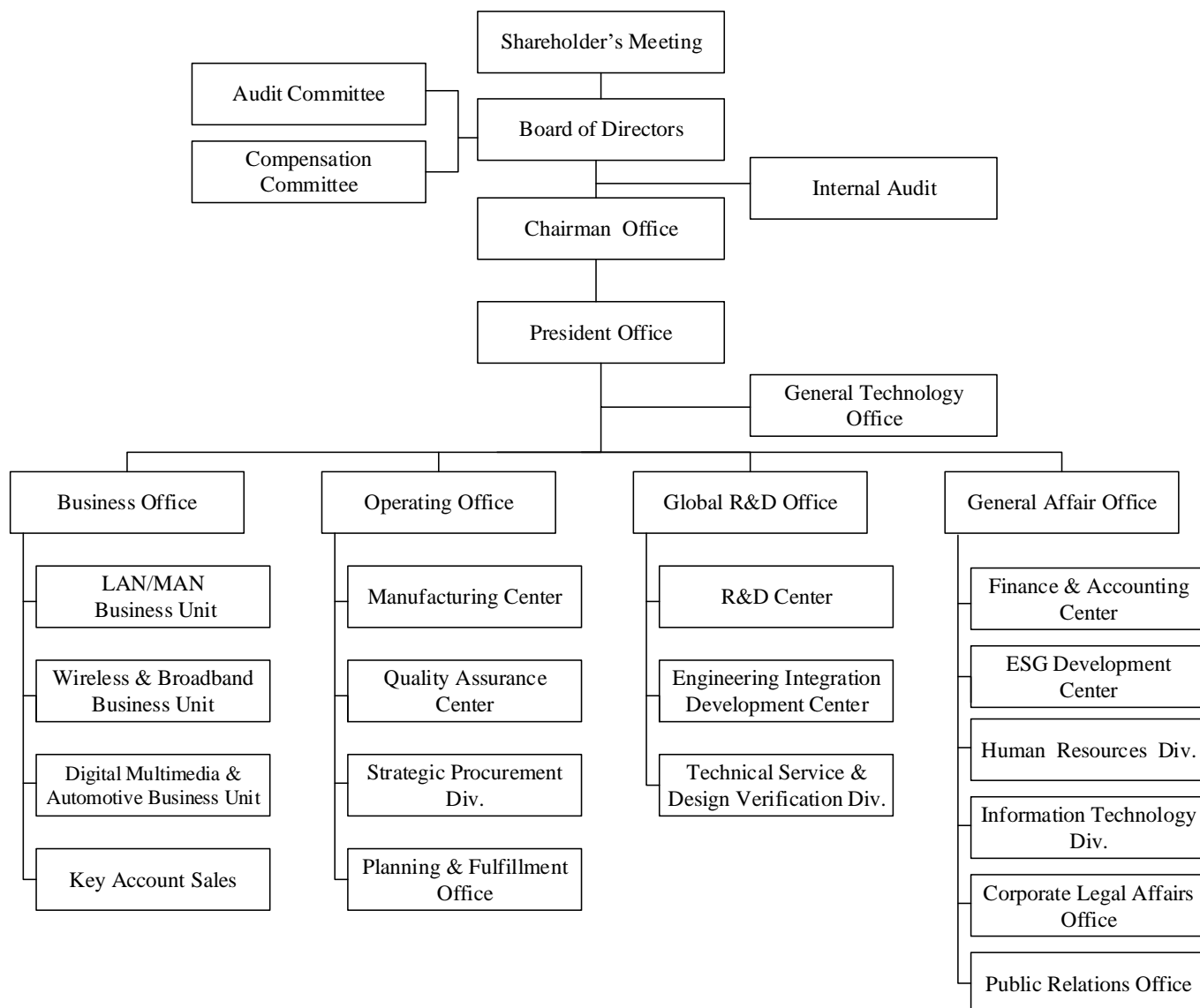
October 2017	The Company successfully developed and tested new functions enabling IP Camera images transmitted to Google Chromecast through Google Home
November 2017	The Company completed the development and testing of 24 dBm Small Cell & C-RAN platform integrating 4G and Wi-Fi for higher download speed.
November 2017	The Company designed its first local end equipment switch with G.fast technology.
December 2017	The Company demonstrated the network backbone switch with IEEE1588v2 technology in RRH (Remote Radio Head) and C-RAN (Cloud of Radio Access Network) applications.
December 2017	The Company provided customers with 24 GHz 3-in-1 radar solution incorporating automotive camera for real car test.
December 2017	The Company successfully implemented human/face detection and recognition (IVA solution) on IP Camera and Hub
March 2018	Qisda Corporation acquired shares of the Company through private placement of equity as a strategic investor.
June 2018	The "Self-Organizing Network" (SON) jointly developed by Industrial Technology Research Institute (ITRI), Far EasTone and the Company won the JUDGES' CHOICE in the Small Cell Forum (SCF) Awards.
August 2018	The Company was named one of the recommended 10GPON ONU suppliers on OPENCORD website.
October 2018	The mmWave radars were shipped to industrial customers. The solution was adopted by ACER iTS for radar-assisted vehicle detection, which works with parking information App.
November 2018	The 24GHz mm Wave Radar was shipped to Southeast Asia markets.
February 2019	The Company was designated as the disaggregated cell site gateway (DCSG) supplier for TIP (Telecom Infra Project).
March 2019	The Wi-Fi 6 wireless routers, outdoor 4G small cells and Wi-Fi 6-enabled VDSL IAD were shipped worldwide.
June 2019	The IP Cameras with integrated IVA technology and ZigBee smart gateway were shipped worldwide.
August 2019	The outdoor wireless battery-powered IP cameras were shipped worldwide.
November 2019	The indoor enterprise 5G NR radio units (RU) were shipped worldwide.
December 2019	The MPTCP-enabled Hybrid VDSL/LTE IADs were shipped worldwide.
December 2019	The Company acquired the shares of Hitron Technologies through private placement.
January 2020	The Company acquired 100 million shares of Hitron Technologies through the tender offer.
May 2020	The Company cooperated with a US system provider for its 1 st AVM system and obtained the customer certification. The AVM systems were successfully shipped to the North America's largest logistics company.
October 2020	The Company started shipping the 5G end-to-end enterprise network equipment to Japan and the local 5G private network PoC field trial was kickoff in Japan.
November 2020	The Company successfully obtained the customer certification for the truck version of the internal wheel difference radar system and the Company began to ship the radar systems.
December 2020	The Company obtained the customer certification for the mm wave radar and began to ship the radars to Thai automakers.
December 2020	The Company shipped more than 6 million units of IP Camera.
January 2021	The Company developed independent 5G enterprise network end-to-end solutions successfully.
August 2021	The Company invested in Aespula Technology Inc. a company with industry-leading 5G PHY technology.
December 2021	The Company entered the field of low-orbit satellite communication equipment development officially.
January, July 2022	Hsinchu Factory & Dongguan Factory passed the ISO 14064-1:2018 verification from subcontractor.
February 2022	The Company developed a new generation of 4D radar to improve the resolution of the radar in the horizontal and pitch directions, as well as increase the accuracy of the ADAS.
October 2022	The Company has the honor to get the silver medal of "Electronic Information Manufacturing _ Category 1" from "Taiwan Corporate Sustainability Awards".

November 2022	The Company obtained an order from an Asian customer to cooperate in the production of smart traffic detection radar.
November 2022	Vietnam factory passed ISO9001 and ISO14001 certification.
November 2022	Alpha Vietnam factory started trial production in 2022
July 2023	Alpha won the 2023 Taiwan Sustainability Action Award for promoting eco-friendly packaging to effectively reduce plastic and waste.
August 2023	Alpha's 400G (TD4-X11) Ethernet switch platform successfully passed the Broadcom Enterprise SONIC qualification review.
October 2023	Alpha won the certificate of the top 500 import and export manufacturers in 2022 issued by the International Trade Administration.
November 2023	Alpha won two TCSA Taiwan Enterprise Sustainability Awards: "Sustainability Comprehensive Performance - Taiwan's Top 100 Sustainability Model Enterprises Award" and "Sustainability Report - Electronic Information Manufacturing First Category Gold Level Award".
December 2023	Alpha won Extreme Networks 2023 Supplier Award
December 2023	Alpha participated in the National Science and Technology Council of Hsinchu Science Park Administration's "Promoting Equality in the Workplace" Excellent Institutions selection and won the Excellent Award.

Corporate Governance

I. Organization Structure:

(I) Organization Chart



(II) Business Scope for Main Departments

Departments	Functions and Responsibilities
Internal Audit	Establish robust, reasonable and effective internal control system and execute accordingly.
President Office	Formulate strategies and implementation details with operational goals outlined by the board of directors and execute accordingly.
General Technology Office	Coordinate and handle networking technologies appropriately.
LAN/MAN BU	Execution of operational goals; promotion, planning, research, development and testing of Ethernet switch and related products.
Wireless Broadband BU	Execution of operational goals; promotion, planning, research, development and testing of wireless broadband products.
Digital Multimedia & Automotive Business BU	Execution of operational goals; promotion, planning, research, development and testing of digital multimedia & automotive business products.
Key Account Sales	Manage relationship and service with major customers; communicate with BUs and expand the markets to achieve the Company's operational goals.
Manufacturing Center	Supervise, plan and manage the production, quality, delivery and service of manufacturing departments. Explore improvements in terms of quality, cost and timeliness of shipment in line with customers' requirements.
Quality Assurance Center	Enforce quality enhancement and maintenance across the organization, ensure that product quality meets customers' requirements and develop systematic platforms for product information and experience.
Strategic Procurement Division	In response to the raw material market and the Company's product trends, formulate procurement strategies and plan, implement and supervise the processes related to supplier management and procurement operations.
Production-marketing Coordination Office	Utilize the Company's resources efficiently for stable production with the least inventory to achieve the highest output, generate the maximum profit and satisfy the needs of customers.
R&D Center	Responsible for the effective use of R&D resources, communication and integration with each BU, and assisting them to achieve the company's and BU's operational goals
Engineering Integration Development Center	Execution of the quality policy, assurance for the product design quality, establishment of the standard flow for auto test and providing the efficient technical support service to enhance customer satisfaction.
Technical Service & Design Verification Division	Planning and execution of cabling works, safety standards and EMC technology for network-related hardware.
Finance & Accounting Center	Planning and control of internal financial policies and accounting systems in accordance with laws and operational requirements.
ESG Development Center	Undertake the corporate sustainable development vision of the management, collect and compile sustainable development trends and information, formulate relevant strategies and plans, and promote their implementation; formulate, plan, supervise and promote safety and health management policies and matters.
Human Resource Division	Organizational and talent development strategic planning and human resource management and development system establishment and continuous improvement.
Information Technology Division	Launch Information Technology and Management Information Systems of the Company and offer improvement suggestions.
Corporate Legal Affairs Office	Ensure the legal status of the Company's investment, technology, procurement, marketing, creditor's rights, intellectual property rights and other related businesses. To safeguard the Company's maximum rights and interests.
Public Relations Office	Shape corporate image and manage public relations, including duration, operation of the foundation and participation in ESG report compilation.

II. Information Regarding Directors, President, Vice Presidents, Associate Vice Presidents and Managers of Departments and Divisions

(I) Directors

1. Directors Information

April 2, 2024; unit: shares, %

Title	Nationality or Place of Registration	Name	Gender & Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding by Spouse & Minors		Shareholding in the Names of Other Persons		Career (Academic) Backgrounds	Selected Current Positions at Alpha and Other Companies (Note 1)	Remark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			
Chairperson	Republic of China	Representative of Qisda Corporation	-	05/31/2023	3	06/15/2018	295,797,126	54.60%	295,797,126	54.60%	0	0.00%	0	0.00%	-	-	The reason why the chairman also serves as the president is to represent the company externally and effectively coordinating the management team to expand 5G networks business, and play a comprehensive effect. At the same time, in order to strengthen the independence and supervision function of the board of directors, the board of directors of the Company has four independent directors and more than half of the directors are not an employee or a manager of the Company, so as to improve the operation of the board of directors and comply with the principles of corporate governance.
	Republic of China	Wen-Fang Huang	Female 51~60	05/31/2023	3	08/28/2019	0	0.00%	0	0.00%	0	0.00%	0	0.00%	B.S. Economic, NTU EMBA, NTU Vice President & General Manager, Commercial & Industrial Products of Qisda Corp Director of Qisda Optronics Corp.	President and CEO, Alpha Networks, Inc. Chairperson, Hitron Technologies Inc. Chairperson, Innoauto Technologies Inc. Director, BenQ Foundation Chairperson, Alpha Foundation (Note 1)	
Vice Chairperson	Republic of China	Representative of Qisda Corporation	-	05/31/2023	3	06/15/2018	295,797,126	54.60%	295,797,126	54.60%	0	0.00%	0	0.00%	-	-	strengthen the independence and supervision function of the board of directors, the board of directors of the Company has four independent directors and more than half of the directors are not an employee or a manager of the Company, so as to improve the operation of the board of directors and comply with the principles of corporate governance.
	Republic of China	Chi-Hong Chen	Male 61~70	05/31/2023	3	06/15/2018	0	0.00%	0	0.00%	0	0.00%	0	0.00%	B.S. Electrical Engineering, NCKU M.S. International Business Management ,Thunderbird School of Global Management MBA, NCCU Technology Product Center EVP, BenQ Corp.	Chairperson & CEO, Qisda Corporation Director, Darfon Electronics Corp. Chairperson, DFI Inc. Director, Hitron Technologies Inc. Chairperson, BenQ Medical Technology Corporation Chairperson, Partner Tech Corp Director, BenQ Materials Corp. Director, BenQ corporation Director, Darly Venture Inc Director, Darly2 Venture, Inc. Director, Darly Consulting Corporation. Director , BenQ Healthcare Consulting Corporation Director, BenQ Hospital Management Consulting (NanJing) Co., LTD. Director, NANJING BenQ Hospital Co., Ltd Director, Suzhou BenQ Hospital Co., Ltd. Director, Qisda Corporation Director, BenQ BM Holding Corp. Director, BenQ BM Holding Cayman Corp. Director, Qisda (L) Corp. Director, Darly Venture (L) Ltd. Director, BenQ Foundation Director, Phoenix Venture Capital Co., Ltd. Director, Phoenix 2 Venture Capital Co., Ltd. Director, Phoenix 3 Venture Capital Co., Ltd.	

Title	Nationality or Place of Registration	Name	Gender & Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding by Spouse & Minors		Shareholding in the Names of Other Persons		Career (Academic) Backgrounds	Selected Current Positions at Alpha and Other Companies (Note 1)	Remark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			
Director	Republic of China	Representative of Qisda Corporation	-	05/31/2023	3	06/15/2018	295,797,126	54.60%	295,797,126	54.60%	0	0.00%	0	0.00%	EMBA, Tsing Hua University in Beijing MBA, Greenwich University in the UK Senior Vice President, Qisda Corporation President of Global Supply Chain COO, BenQ China VP of Global Manufacturing, BenQ	Director, Qisda Corporation CEO, Qisda Corporation Director, AU Optonics Corporation Director, Topview Optonics Corp. Chairperson, Simula Technology Inc. Chairperson, Action Star Technology. Chairperson, Dataimage Corporation Chairperson, DIVA Laboratories. Ltd. Chairperson, Qisda Optonics Corp. Director, BenQ Foundation	
	Republic of China	Han-Chou, Huang	Male 61~70	05/31/2023	3	04/29/2022	0	0.00%	0	0.00%	0	0.00%	0	0.00%			
Director	Republic of China	Representative of Qisda Corporation	-	05/31/2023	3	06/15/2018	295,797,126	54.60%	295,797,126	54.60%	0	0.00%	0	0.00%	-	-	
	Republic of China	Chiu-Chin Hung	Female 51~60	05/31/2023	3	01/28/2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	EMBA, National Taiwan University MBA, California State University, Fullerton Chief Financial Officer, Daxon Technology Co., Ltd.	Chief Financial Officer, Qisda Corp. Director, Darfon Electronics Corp. Director, Sysage Technology Co., Ltd Director, Simula Technology Inc. Director, Data Image Corporation Director, K2 International Medical Inc. Director, BenQ corporation. Chairperson, Darly Venture Inc. Chairperson, Darly2 Venture Inc. Chairperson, Darly Consulting Corporation. Director, BenQ Healthcare Consulting Corporation Director, BenQ Hospital Management Consulting (NanJing) Co., LTD. Director, NANJING BenQ Hospital Co., Ltd. Director, Suzhou BenQ Hospital Co., Ltd. Director, Suzhou BenQ Investment Co., Ltd. Director, BenQ Biotech (Shanghai) Co., Ltd. Director, Shanghai Filter Technology Co., Ltd. Director, Qisda Corporation. Director, BenQ Co.,Ltd Director, BenQ BM Holding Corp. Director, BenQ BM Holding Cayman Corp. Director, Qisda Sdn. Bhd. Director, Qisda (L) Corp. Director, Darly Venture (L) Ltd. Director, Topview Optonics Corp.	

Title	Nationality or Place of Registration	Name	Gender & Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding by Spouse & Minors		Shareholding in the Names of Other Persons		Career (Academic) Backgrounds	Selected Current Positions at Alpha and Other Companies (Note 1)	Remark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			
Independent Director	Republic of China	Shu-Hsing Li	Male 61~70	05/31/2023	3	01/28/2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D., New York University B.B.A., National Chengchi University Vice President for Financial Affairs, National Taiwan University Dean of College of Management, National Taiwan University Chairperson, Department of Accounting, National Taiwan University President, Taiwan Accounting Association	Chair Professor, Department of Accounting, Tunghai University Independent Director, Fubon Financial Holding Co., Ltd. Independent Director, Healthconn Corp. Independent Director, Sharehope Medicine Co., Ltd.	
Independent Director	Republic of China	Cheng-Jung Chiang	Male 71~80	05/31/2023	3	01/28/2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D., Business Administration, University of Maryland, U.S.A EMBA, Program, National Chengchi University, Independent Director, Chen Full International Co., Ltd. Independent Director, Glory Science Co., Ltd.	Chairperson and General Manager, Taiwan-Asahi Environmental Technology Co., Ltd Chairperson and General Manager, Diamond Technical & Trading Corp. Independent Director, Sampo Corporation Independent Director, Cheman Metal Industrial Corp. Independent Director, FIT Holding Co., Ltd. Adjunct Professor, Dept. of Aerospace Engineering, Tamkang University	-
Independent Director	Republic of China	Ming-Der Hsieh	Male 61~70	05/31/2023	3	06/12/2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D., Electrical Engineering, Michigan State University, U.S.A Dean, Miin Wu School of Computing, National Cheng Kung University Chairperson, Taiwan IC Design Society Dean of Department of Electrical Engineering, National Cheng Kung University Deputy General Director, Information and Communications Research Laboratories, Industrial Technology Research Institute	Professor, Department of Electrical Engineering, National Cheng Kung University CTO, Institute of Electro-Optics, Industrial Technology Research Institute.	-
Independent Director (Note 3)	Republic of China	Julian Chen	Male 61~70	05/31/2023	3	05/31/2023	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA, East Illinois University, U.S.A Vice Chairperson, Yuanta Securities Investment Consulting Co., Ltd.	Chairperson, Ray Wing Research & Investment Corp. Independent Non-Executive Director and Audit Committee Member, VEDAN Enterprise Corporation. Independent Director, Pili International Multimedia Co., Ltd. Director, Forcecon Tech. Co., Ltd. Independent Director, Longwell Company. Director, Tai-Saw Technology Co., Ltd.	-

Note 1: Please refer to the section “Directors, Supervisors and Presidents of Affiliates” in the annual report.

Note 2: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed.

Note 3: The annual shareholders meeting re-elected directors in advance and added one independent director on May 31st, 2023.

Note 4: Any Executive, Director, or supervisor who is a spouse or relative within the second degree of kinship: None.

2. Substantial Shareholders of the Institutional Shareholder

Name of Institutional Shareholder (Note1)	Substantial Shareholders of the Institutional Shareholders	Shareholding Percentage (%)
Qisda Corporation	AUO Corporation	11.96%
	Acer Inc.	4.53%
	Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	3.97%
	Taipei Fubon Commercial Bank in Custody for Fuh Hwa Taiwan Technology Dividend Highlight ETF	3.73%
	Konly Venture Corporation.	2.55%
	Darfon Electronics Corp.	2.03%
	Hua Nan Commercial Bank in Custody for Yuanta Taiwan Value High Dividend ETF	1.49%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for the special investment accounts of J.P. Morgan Asset Management	1.25%
	Chunghwa Post Co., Ltd.	0.98%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds.	0.95%

Note1: Directors are Institutional Shareholders.

Note2: The shareholding reference date was March 31, 2024.

Note 3: Institutional person shareholders are not company organizers. The names of shareholders and shareholding ratios that should be disclosed at the beginning are the names of capital contributors or donors and their capital contribution or donation ratios.

Note 4: Please refer to the names of major shareholders in this annual report and capital raising information.

3. Substantial Shareholders of Institutional Shareholders of Substantial Shareholders of the Company's Institutional Shareholders.

Name of Institutional Shareholders	Substantial Shareholders of the Institutional Shareholders	Shareholding Percentage (%)
AUO Corporation (Note1)	Qisda Corporation	6.90%
	CTBC Bank in Custody for Yuanta Taiwan Value High Dividend ETF	4.71%
	Bank SinoPac in Custody for the Employees Stock Ownership Trust account for the Committee of Employees Stock Ownership Trust of AUO Corporation.	4.62%
	Quanta Computer Inc.	4.61%
	ADR of AUO Corporation.	2.52%
	Nan Shan Life Insurance Company, Ltd.	1.50%
	Labor Pension Fund (The New Fund)	1.27%
	JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	0.91%
	CTBC Bank in Custody for Yuanta/P-shares Taiwan Top 50 ETF	0.88%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds.	0.86%
Acer Incorporated (Note2)	Taishin International Bank entrusted with Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	7.64%
	Hung Rouan Investment Corp.	2.42%
	JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	1.31%
	Standard Chartered Bank in Custody for iShares ESG Aware MSCI Emerging Markets ETF	1.26%
	JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.23%
	Stan Shih	1.15%
	Labor Pension Fund (The New Fund)	0.97%
	Citibank Taiwan in Custody for Acer GDR	0.93%

Name of Institutional Shareholders	Substantial Shareholders of the Institutional Shareholders	Shareholding Percentage (%)
	JPMorgan Chase Bank N.A., Taipei Branch in custody for the special investment accounts of J.P. Morgan Asset Management	0.88%
	Citibank Taiwan in custody for Norges Bank	0.86%
Konly Venture Corporation. (Note 3)	AUO Corporation	100%
Darfon Electronics Corp. (Note4)	Qisda Corporation	20.72%
	BenQ Corporation	5.01%
	Taishin International Bank entrusted with the Darfon Electronics Corp, Employee Stock Ownership Trust Account	2.91%
	Mega International Commercial Bank Co., Ltd.	1.62%
	Labor Pension Fund (The New Fund)	1.48%
	Kai-Chien Su	1.45%
	Chang Hwa Commercial Bank Ltd.	1.21%
	JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	1.20%
	JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.06%
	Citi Bank N.A. Taipei Branch in custody for Norges Bank	0.69%

Note 1: The shareholding reference date was October 7, 2022.

Note 2: The shareholding reference date was April 8, 2023.

Note 3: MOEA registration publicity materials.

Note 4: The shareholding reference date was April 11, 2023.

Directors' information

I. Professional Qualifications and Independence Analysis of Directors

Criteria Name	Professional qualifications and experience	Independence situation (Note 1)	Number of Other Public Companies Concurrently Serving as an Independent Director
Representative of Qisda Corporation: Wen-Fang Huang	<ol style="list-style-type: none"> Mrs. Wen-Fang Huang has served as the director representative appointed by Alpha Networks Inc. since August 2019. Currently she is the chairperson, CEO and president of the Company and the chairperson of Hitron Technologies Inc. and Interactive Digital Technologies Inc. Mrs. Wen-Fang Huang graduated from the Department of Economics of National Taiwan University and holds an EMBA from National Taiwan University. She once served as Vice President & President at Commercial & Industrial Products of Qisda Corp. Mrs. Wen-Fang Huang is the President of Networking and Communication Business of Qisda Corp and was assigned to Alpha. She has rich business and management experiences and is fully committed to promoting the development of 5G Netcom business in line with the group's strategy. 	<ol style="list-style-type: none"> Qisda Corp is an institutional shareholder and holds more than 5% of the company's issued shares and is the Company's biggest shareholder. Mrs. Wen-Fang Huang was elected as a director as the designated representative of Qisda Corp. Mrs. Wen-Fang Huang was elected as the chairperson of the Company with the unanimous consent from the directors and independent directors. She is also the CEO and president of the Company and is a manager. 	0
Representative of Qisda	1. Mr. Chi-Hong Chen has served as the	1. Qisda Corp is an institutional	

Corporation: Chi-Hong Chen	<p>director representative appointed by Qisda Corp. since June 2018. Currently, he is a director and vice chairperson, of the Company and the chairperson & CEO of Qisda Corp and the director of Hitron Technologies Inc.</p> <p>2. Mr. Chi-Hong Chen graduated from the Department of Electrical Engineering of National Cheng Kung University and holds a master's degree in international business management from Thunderbird in the United States. He served as the president of the product technology center of BenQ Corp. and the president of Qisda Corp.</p> <p>3. Mr. Chi-Hong Chen has been responsible for different product R&D and business departments, and has also held management positions along the way. His comprehensive experiences in R&D and management has enabled him to accumulate profound industry experiences and innovative leadership thinking, and he is the chief helmsman of the large fleet.</p>	<p>shareholder and holds more than 5% of the company's issued shares and is the Company's biggest shareholder.</p> <p>2. Mr. Chi-Hong Chen was elected as a director as the designated representative of Qisda Corp. Mr. Chi-Hong Chen was elected as the vice chairperson of the Company from the unanimous consent of the directors and independent directors.</p>	0
Representative of Qisda Corporation: Han-Chou, Huang	<p>1. Mr. Han-Chou, Huang has served as the director representative appointed by Qisda Corp. since April 2022. Currently he is a director of the Company and the director & president of Qisda Corp.</p> <p>2. Mr. Han-Chou, Huang also holds a MBA from University of Greenwich in the UK. He served as the president of Qisda Global Supply Chain and the vice president of Qisda Corporation.</p> <p>3. Mr. Han-Chou, Huang has extensive experiences in supply chain management, factory operation management, and brand operation management. He has served as the head of Qisda's business department and business group. In addition, he has been stationed overseas. He has rich and diverse qualifications and business performance, and is familiar with industry.</p>	<p>1. Qisda Corp is an institutional shareholder and holds more than 5% of the company's issued shares and is the Company's biggest shareholder.</p> <p>2. Mr. Han-Chou, Huang was elected as a director as the designated representative of Qisda Corp.</p>	0
Representative of Qisda Corporation: Chiu-Chin Hung	<p>1. Mrs. Chiu-Chin Hung has served as the director representative appointed by Qisda Corp. since January 2021. Currently, she is a director of the Company and the vice president & group chief financial officer and spokesperson of Qisda Corp.</p> <p>2. Mrs. Chiu-Chin Hung also holds an EMBA degree from National Taiwan</p>	<p>1. Qisda Corp is an institutional shareholder and holds more than 5% of the company's issued shares and is the Company's biggest shareholder.</p> <p>2. Mrs. Chiu-Chin Hung was elected as a director as the designated representative of Qisda Corp.</p>	0

	<p>University and was the chief financial officer of Daxon Technology Co., Ltd.</p> <p>3. With her rich experiences in financial management, mergers and acquisitions and communication skills, Mrs. Chiu-Chin Hung leads the Grand Fleet subsidiary of Qisda Group to coordinate the financial management of the Grand Fleet and effectively assists the growth of the group.</p>		
Shu-Hsing Li	<p>1. Mr. Shu-Hsing Li has served as the independent director of the Company since January 2021. Currently, he is a chair professor, Department of Accounting, Tunghai University; Independent Director, Fubon Financial Holding Co., Ltd., Healthconn Corp. and Sharehope Medicine Co., Ltd.</p> <p>2. Mr. Shu-Hsing Li holds Ph.D., in Department of Accounting from New York University; Vice President of Finance, National Taiwan University, Dean of School of Management, National Taiwan University, Director of the Department of Accounting and Research Institute, National Taiwan University, Chairperson of the Taiwan Accounting Association.</p> <p>3. Mr. Shu-Hsing Li is professional in finance and accounting and has many years of experiences as an independent director in other industries; he can share the company's experience in operating multiple industries and provide management decision-making opinions on industry integration analysis, risk management, etc.</p>	<p>Independent Director Shu-Hsing Li has met the qualification requirements set forth in the "Regulations on the Establishment and Matters to be Observed of Independent Directors of Publicly Offering Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act during the two years before his election and during his term of office, and All independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and accordingly execute relevant powers independently.</p>	3
Ming-Der Hsieh	<p>1. Mr. Ming-Der Hsieh has served as the independent director of the Company since June 2020. Currently, he is a professor in the Department of Electrical Engineering at National Cheng Kung University and the technical director of the Institute of Electro-Optics of the Industrial Research Institute.</p> <p>2. Mr. Ming-Der Hsieh holds Ph.D., in Electrical Engineering from Michigan State University, U.S.A; served as Dean of Miin Wu School of Computing, National Cheng Kung University; Chairperson, Taiwan IC Design Society; Dean of Department of Electrical Engineering, National Cheng Kung University; Deputy General Director, Information and</p>	<p>Independent Director Ming-Der Hsieh has met the qualification requirements set forth in the "Regulations on the Establishment and Matters to be Observed of Independent Directors of Publicly Offering Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act during the two years before his election and during his term of office, and All independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and accordingly execute relevant powers independently.</p>	0

	<p>Communications Research Laboratories, Industrial Technology Research Institute.</p> <p>3. Mr. Ming-Der Hsieh has been engaged in teaching and cultivating talents for 30 years. He imparts his experiences and knowledge to others, and provides opinions on company management decision-making based on his insight into the industry.</p>		
Cheng-Jung Chiang	<p>1. Mr. Cheng-Jung Chiang has served as the independent director of the Company since January 2021. Currently, he is a Chairperson and General Manager of Taiwan-Asahi Environmental Technology Co., Ltd, Chairperson and General Manager, Diamond Technical & Trading Corp. Independent Director, Sampo Corporation, Chernan Metal Industrial Corp., FIT Holding Co., Ltd. and Adjunct Professor, Dept. of Aerospace Engineering, Tamkang University.</p> <p>2. Mr. Cheng-Jung Chiang holds Ph.D. in Business Administration, from University of Maryland, U.S.A; Independent Director, Chen Full International Co., Ltd., Glory Science Co., Ltd. and Giga Solar Materials Corp.</p> <p>3. Mr. Cheng-Jung Chiang has thirty years of experiences in environmental engineering. With his insight into environmental issues, he provides management decision-making advice on promoting sustainable development for the Company.</p>	<p>Independent Director Cheng-Jung Chiang has met the qualification requirements set forth in the "Regulations on the Establishment and Matters to be Observed of Independent Directors of Publicly Offering Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act during the two years before his election and during his term of office, and All independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and accordingly execute relevant powers independently.</p>	2
Julian Chen	<p>1. Mr. Julian Chen has served as the independent director of the Company since May 2023. Currently, he is a Chairperson of Ray Wing Research & Investment Corp., Independent Non-Executive Director and Audit Committee Member of VEDAN Enterprise Corporation., Independent Director, Pili International Multimedia Co., Ltd., Director, Forcecon Tech. Co., Ltd, Independent Director, Longwell Company and Director, Tai-Saw Technology Co., Ltd.</p> <p>2. Mr. Julian Chen holds a master's degree in business administration from East Illinois University in the United States. He served as the senior deputy general manager of Concord Securities Group, the chairperson of Concord Securities Investment</p>	<p>Independent Director Julian Chen has met the qualification requirements set forth in the "Regulations on the Establishment and Matters to be Observed of Independent Directors of Publicly Offering Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act during the two years before his election and during his term of office, and All independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and accordingly execute relevant powers independently.</p>	2

	Consulting Co., Ltd., the president of Yuanta Securities Investment Consulting Co., Ltd. vice Chairperson. 3. Mr. Julian Chen has experienced many booms and busts during his securities service and has rich practical experience in securities. He provides opinions on company management decision-making with his insight into the financial industry.		
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Note 1: Independence situation:

- (1) All comply with the provisions of Article 3, Paragraph 1 of the "Regulations on the Establishment of Independent Directors of Publicly Offered Companies and Matters to be Observed"
- (2) Article 27 of the Company Law does not stipulate that the government, legal persons or their representatives are elected
- (3) In the past two years, the company has not provided business, legal, financial, accounting and other services to the company or its affiliated companies
- (4) None of the independent directors, their spouses, or relatives within the second degree (or using the names of others) hold shares in the company. Please provide details of directors, general managers, deputy general managers, associates, and heads of departments and branches. (1) Director information.

Note 2: None of the directors of the Company has fallen into any of the circumstances specified in Article 30 of the Company Law.

II. Diversification and Independence of Board

(I) Diversification of Board

1. The Company's board of directors has formulated the "Corporate Governance Code of Practice", and in Chapter 3 "Strengthening the Functions of the Board of Directors", there is a policy of diversification. The nomination and selection of Board Members comply with articles of incorporation that the Company adopts the candidate nomination system. Aside from evaluating each candidate's qualifications including education and experience, the Company also refers to stakeholders' opinions as well as comply with "Rules for Director and Supervisor Elections" and "Corporate Governance Principles" in order to ensure the diversity and independency of Board Members. The composition of the board shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- (1) Ability to make operational judgment.
- (2) Ability to perform accounting and financial analysis
- (3) Ability to conduct management administration. (Including operation and management of subsidiaries)
- (4) Ability to conduct crisis management.
- (5) Industrial knowledge.
- (6) International market perspective.
- (7) Ability to lead.
- (8) Ability to make decisions.
- (9) Risk management knowledge and ability.

The composition of Board Members shall be determined by taking diversity into consideration and formulating an appropriate approach on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- Basic requirements and values: Age, gender, identity, and more. The company pays attention to gender equality in the composition of board members, and aims to increase at least one female director in the future.
- Professional knowledge and skills: Professional background, professional skills, industry experience, and more.

2. The implementation of diversification of the board of directors of the company in 2023 was as follows

Title	Name	Gender	Diverse Industry and Professional Skills								Term of office of independent director
			Business Management	Industry information	Venture capital investment	ESG	Finance and Accounting	Risk Management	Information Technology	Academic Research	
Chairperson	Wen-Fang Huang	Female	V	V		V					
Vice Chairperson	Chi-Hong Chen	Male	V	V	V	V		V			
Director	Han-Chou Huang	Male	V	V		V					
Director	Chiu-Chin Hung	Female	V		V		V	V			
Independent Director	Shu-Hsing Li	Male	V	V			V			V	Three terms or less
Independent Director	Ming-Der Hsieh	Male		V					V	V	Three terms or less
Independent Director	Cheng-Jung Chiang	Male	V	V		V				V	Three terms or less
Independent Director	Julian Chen	Male	V		V		V				Three terms or less

The Company currently has a total of 8 directors, one directors concurrently an employee of the Company accounts for 12.5% and four independent directors respectively for 50%. Two director is aged between 51-60 years of age and five directors between 61-70 and one director is aged between 71-80.

The specific management objectives and achievement of the Company's diversification policy are as follows

The specific management objectives	Achievement
Directors who concurrently serve as company managers should not exceed one-third of the directors' seats	Achieved
More than one-third of independent directors	Achieved
Term of office of independent director less three terms	Achieved
Two seats for Female Directors	Achieved

3. In consideration of the list for Alpha's Board Members, Number of Directors who has experience in business management, multi-industry knowledge, and venture capital investment, and is committed to environmentally sustainable development and public welfare contributions exceed half of all Directors; besides that, the Independent Director Shu-Hsing Li have possess financial accounting expertise, the Independent director Julian Chen has professional abilities in financial investment, industrial research, company management and risk management, the Independent Director Ming-Der Hsieh and Cheng-Jung Chiang have a background in information technology industry and academia, respectively. The diverse experience and capabilities of the members of the Board of Directors of the Company have greatly contributed to the overall business operation of the Company.

(II) The Board of Director Independence

The Company currently has a total of 8 directors, including 4 independent directors (accounting for 50% of the directors respectively), and the number of independent directors exceeds one-third. By the end of 2023, all independent directors meet the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors, and there is no relationship between the directors of a spouse or within the second degree of kinship. Therefore, there is no requirement of Article 26-3 of the Securities and Exchange Act, and the matter of item 3 & 4. In conclusion, the Board of Directors of the Company is independent.

(II) Information of President, Vice President, Associate Vice President and Managers of Each Department and Division

April 2, 2024; Unit: share

Title	Nationality	Gender	Name	On-board Date	Current Shareholding		Shareholding by Spouse & Minors		Career (Academic) Backgrounds	Selected Current Positions at and Other Companies (Note 1)	Remark (Note 2)
					Shares	%	Shares	%			
CEO & President	Republic of China	Female	Wen-Fang Huang	03/19/2021	0	0.00%	0	0.00%	B.S. Economic, NTU EMBA, NTU Vice President & General Manager, Commercial & Industrial Products of Qisda Corp Director of Qisda Optronics Corp.	Chairperson, Hitron Technologies Inc. Chairperson, Interactive Digital Technologies Inc. Director, BenQ Foundation Chairperson, Alpha Foundation (Note 1)	The reason why the chairperson also serves as the CEO and President is to represent the Company externally and effectively coordinating the management team to effectively implement investment and mergers and acquisitions, lead the value transformation of Alpha, quickly strengthen the medical business, accelerate on solution development, expand 5G networks business, and play a comprehensive effect. At the same time, in order to strengthen the independence and supervisory functions of the board of directors, the board of directors of the company has
Vice President (Note 3)	Republic of China	Male	Patrick Chiu	03/01/2024	0	0.00%	0	0.00%	Master of Electrical Engineering, University of Nebraska, Lincoln President of Hitron Technologies Inc.	—	
Associate Vice President (Note 4)	Republic of China	Male	David Chou	—	—	—	—	—	—	—	
Associate Vice President	Republic of China	Male	Morgan Chiu	09/01/2020	0	0.00%	0	0.00%	Master of Graduate Institute of HRM, NCU Vice President, Altek Corporation	(Note 1)	
Associate Vice President (Note 5)	Republic of China	Female	Brenda Chen	07/28/2023	0	0.00%	0	0.00%	Department of English, Tamkang University Director of Qisda Corp	(Note 1)	
Associate Vice President (Note 5)	Republic of China	Male	Daniel Huang	07/28/2023	0	0.00%	0	0.00%	Master of Marketing Administration, The City University of New York Vice President, D Business Group of Hon Hai Technology Group COO, Baotek Inc.	(Note 1)	
Associate Vice President (Note 6)	Republic of China	Male	ML Chien	03/01/2024	0	0.00%	0	0.00%	Master of Electrical Engineering, Syracuse University Vice President, Product Center of D-Link Corporation Director, Product Marketing of Accton Technology Corporation	—	
Senior Director Head of R&D	Republic of China	Male	Wen-Jiunn Tsai	09/01/2020	20,000	0.00%	0	0.00%	Ph.D., University of Massachusetts Master, Arizona State University Bachelor of Electronic Engineering, NCTU Associate Vice President, Arcadyan Technology Corporation Chairperson and CEO, Airdio Wireless Inc. CTO, AboCom Corporation Vice President, Giga Solution	(Note 1)	

Title	Nationality	Gender	Name	On-board Date	Current Shareholding		Shareholding by Spouse & Minors		Career (Academic) Backgrounds	Selected Current Positions at and Other Companies (Note 1)	Remark (Note 2)
					Shares	%	Shares	%			
Director Head of Finance & Accounting	Republic of China	Female	Shao-Ling Chen	03/17/2020	50,000	0.01%	0	0.00%	Financial Management Section, Department of Business Management, Taichung Institute of Technology Master of Commerce, Department of International Business, NTU Senior Finance Manager, Parexel International Co., Ltd. Finance Manager, UTStarcom Inc., Asia Pacific. Finance Manager, WorldCom Inc.	(Note 1)	four independent directors, and two-thirds of the directors are not employees or managers, so as to improve the operation of the board of directors and comply with the principles of corporate governance

The Company's shares held by managers in the name of other persons: None.

Any spouse or relative within the second degree of kinship of any manager who serves as the Company's executive: None

Note 1: Please refer to the section "Directors, supervisors and presidents of affiliates" in annual report.

Note 2: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed.

Note 3: Mr. Patrick Chiu formerly served as the president of Hitron Technologies Inc. The Company borrowed his rich experiences to integrate the R&D and product blueprints among Alpha's Group companies to enhance technology and product development. He now serves as vice president of the company starting March 1, 2024.

Note 4: Mr. David Chou was transferred to Hitron Technologies Inc. as the president and resigned from the associate vice president of the Company on March 1, 2024.

Note 5: Ms. Brenda Chen and Mr. Daniel Huang were promoted to the position of associate vice president of the Company on July 28, 2023.

Note 6: Mr. ML Chien was promoted to the position of associate vice president of the Company on March 1, 2024.

III. Compensation of Directors, Supervisors, President and Vice President

(I) Compensation Paid to Directors

Unit: NTD thousand; thousand shares

Title	Name	Director's Compensation								(A+B+C+D) as a % of Profit (Note 5)		Remuneration Earned by a Director Who is an Employee of the Company or of All Consolidated Entities								(A+B+C+D+E+F+G) as a % of Profit (Note 5)		Compensation Paid to Directors from Non-consolidated Affiliates (Note 8)
		Base Compensation (A) (Note 1)		Pension (B) (Note 2)		Remuneration to Directors (C) (Note 3)		Allowances (D) (Note 4)				Base Compensation, Bounces and Allowances (E) (Note 6)		Pension (F) (Note 2)		Employee's Remuneration (G) (Note 7)						
		The Company	From All Consolidated Entities (Note 9)	The Company	From All Consolidated Entities (Note 9)	The Company	From All Consolidated Entities (Note 9)	The Company	From All Consolidated Entities (Note 9)	The Company	From All Consolidated Entities (Note 9)	The Company	From All Consolidated Entities (Note 9)	The Company	From All Consolidated Entities (Note 9)	The Company		From All Consolidated Entities (Note 9)		The Company	From All Consolidated Entities (Note 9)	
Director	Representative of Qisda Corporation	7,000	10,225	0	0	3,653	3,653	294	444	2.00%	2.61%	7,576	7,576	0	0	6,500	0	6,500	0	4.57%	5.18%	125,656
Chairperson	Representative of Qisda Corporation: Wen-Fang Huang																					
Vice Chairperson	Representative of Qisda Corporation: Chi-Hong Chen																					
Directors	Representative of Qisda Corporation : Han-Chou, Huang																					
Director	Representative of Qisda Corporation: Chiu-Chin Hung																					
Independent Director	Shu-Hsing Li	4,961	4,961	0	0	1,861	1,861	220	220	1.29%	1.29%	0	0	0	0	0	0	0	0	1.29%	1.29%	0
Independent Director	Ming-Der Hsieh																					
Independent Director	Cheng-Jung Chiang																					
Independent Director	Julian Chen																					

1. Please describe the independent directors' compensation policies, procedures, standards and structure, as well as the linkage to duties, risk and time spent:

The board of directors is authorized to determine and distribute the compensation paid to directors pursuant to the Company's articles of incorporation, based on individual director's participation and contributions to the Company's operations and pursuant to the "Compensation Policy to the Directors and Functional Committee Members" in reference to domestic and overseas industry standards. When distributing earnings, the Board of Directors will resolve on the amount of directors' remunerations based on the Company's articles of incorporation. Independent directors are ex officio members of the audit committee. In addition to the base remuneration paid to directors, the Company takes into account of each director's individual responsibilities, risks and time spent to determine reasonable remunerations. The remuneration of directors is paid in accordance with the "Remuneration Regulations for Directors and Functional Committee Members". Directors who also serve as managers do not participate in the distribution of remuneration. It is also stipulated in the Company's articles of association that if the Company makes profits, it should allocate no more than 1% as directors' remuneration.

2. In addition to the information disclosed in the table above, any director of the Company provided services to any of all consolidated entities included in the financial statements and received compensation for such services (e.g. provided consultation services in a non-employee capacity):
None.

Table of Compensation Range

Compensation Range for Directors	Names of Directors			
	Sum of the First Four Items (A+B+C+D)		Sum of the First Seven Items (A+B+C+D+E+F+G)	
	The Company	From All Consolidated Entities (Note 9)	The Company	From parent Company and all subsidiaries and investees (Note 9)
Less than NT\$ 1,000,000	Wen-Fang Huang, Chi-Hong Chen, Chiu-Chin Hung, Han-Chou, Huang	Chiu-Chin Hung, Han-Chou, Huang	Chi-Hong Chen, Chiu-Chin Hung, Han-Chou, Huang	Chiu-Chin Hung, Han-Chou, Huang
NT\$ 1,000,000 (included) ~ 2,000,000 (excluded)	Ming-Der Hsieh, Cheng-Jung Chiang, Julian Chen	Chi-Hong Chen, Ming-Der Hsieh, Cheng-Jung Chiang, Julian Chen	Ming-Der Hsieh, Cheng-Jung Chiang, Julian Chen	Chi-Hong Chen, Ming-Der Hsieh, Cheng-Jung Chiang, Julian Chen
NT\$ 2,000,000 (included) ~ 3,500,000 (excluded)	Shu-Hsing Li	Wen-Fang Huang, Shu-Hsing Li	Shu-Hsing Li	Shu-Hsing Li
NT\$ 3,500,000 (included) ~ 5,000,000 (excluded)	—	—	—	—
NT\$ 5,000,000 (included) ~ 10,000,000 (excluded)	—	—	—	—
NT\$ 10,000,000 (included) ~ 15,000,000 (excluded)	Qisda Corporation	Qisda Corporation	Qisda Corporation, Wen-Fang Huang	Qisda Corporation
NT\$ 15,000,000 (included) ~ 30,000,000 (excluded)	—	—	—	Wen-Fang Huang
NT\$ 30,000,000 (included) ~ 50,000,000 (excluded)	—	—	—	—
NT\$50,000,000 (included) ~ 100,000,000 (excluded)	—	—	—	—
NT\$100,000,000 and above	—	—	—	—
Total	9 (Include 1 corporation)	9 (Include 1 corporation)	9 (Include 1 corporation)	9 (Include 1 corporation)

Note 1: Refer to compensation paid to directors in 2023, including base compensations, allowances, severance pays, bonuses and incentives.

Note 2: The amount of provisions and payments comply with regulations in 2023.

Note 3: Directors' Remuneration in 2023.

Note 4: Refer to directors' allowances in 2023 (including provisions of base compensation, travel fees, special allowances, various allowances, accommodations, or company cars and other physical items for serving as representatives of institutional directors or supervisors designated by the Company on behalf of its subsidiaries).

Note 5: Profit refers to the profit for the year in the 2023 parent company only financial statements of Alpha Networks Inc.

Note 6: Refers to compensation paid to directors who also served as president, vice president, other managers or employees in 2023 including base compensation, job allowance, severance pay, bonuses, incentives, travel fees, special allowances, various allowances, accommodation, company cars and other physical items, etc. Any salary expenses recognized under IFRS 2 Share-Based Payment, including employee stock option plan, employee restricted stock and cash capital increase by stock subscription shall also be included in compensation.

Note 7: Refers to compensation paid to directors who also served as president, vice president, other managers or employees in 2023 those who obtain employee compensation (including stock and cash), the amount of employee compensation shall be distributed according to the proposal approved by the board of directors on February 27, 2024.

Note 8: Remuneration (including remuneration of employees, directors and supervisors) and business execution fees and other related remunerations received by directors as directors, supervisors or managers of the subsidiary's foreign investment business in 2023.

Note 9: All companies included in the consolidated statements include the Company.

(II) Compensation Paid to Supervisors: Not applicable; Since June 15, 2012, the audit committee has been responsible for the implementation of the authority of supervisors as required by the relevant laws and regulations

(III) Compensation Paid to the President and Vice Presidents

Unit: NTD thousand

Unit: NTD thousand

Title	Name	Salary (A) (Note 1)		Pension (B) (Note 2)		Bonus and Special Allowances (C) (Note 3)		Employee Remuneration (D) (Note 4)				(A+B+C+D) as a % of Profit (Note 5)		Compensation from Non- consolidated Affiliates (Note 6)
		The Company	From All Consolidat ed Entities (Note 7)	The Company	From All Consolidate d Entities (Note 7)	The Company	From All Consolida ted Entities (Note 7)	The Company		From All Consolidated Entities (Note 6)		The Company	From All Consolidat ed Entities (Note 7)	
								Cash	Stock	Cash	Stock			
CEO & President	Wen-Fang Huang	3,960	3,960	-	-	3,616	3,616	6,500	-	6,500	-	2.57%	2.57%	1,200
Vice President (Note 8)	Patrick Chiu													

Table of Compensation Range

Compensation Range for Each President and Vice President	Names of the President and Vice Presidents	
	The Company	All Consolidated Entities (E) (Note 7)
Less than NT\$ 1,000,000	Patrick Chiu	Patrick Chiu
NT\$ 1,000,000 (included) ~ 2,000,000 (excluded)	—	—
NT\$ 2,000,000 (included) ~ 3,500,000 (excluded)	—	—
NT\$ 3,500,000 (included) ~ 5,000,000 (excluded)	—	—
NT\$ 5,000,000 (included) ~ 10,000,000 (excluded)	—	—
NT\$ 10,000,000 (included) ~ 15,000,000 (excluded)	Wen-Fang Huang	—
NT\$ 15,000,000 (included) ~ 30,000,000 (excluded)	—	Wen-Fang Huang
NT\$ 30,000,000 (included) ~ 50,000,000 (excluded)	—	—
NT\$50,000,000 (included) ~ 100,000,000 (excluded)	—	—
NT\$100,000,000 and above	—	—
Total	2	2

Note 1: Refer to compensation paid to President and Vice Presidents in 2023, including base compensations, allowances and severance pays.

Note 2: The amount of provisions and payments comply with regulations in 2023.

Note 3: Refer to President and Vice Presidents' allowances in 2023 (including provisions of base compensation, travel fees, special allowances, various allowances, accommodations, or company cars and other physical items for serving as representatives of institutional directors or supervisors designated by the Company on behalf of its subsidiaries).

Note 4: Employee remuneration in 2023, according to the Company's board of directors approved the proposed distribution of employee remuneration amount on February 27, 2024.

Note 5: Profit refers to the profit for the year in the 2023 parent company only financial statements of Alpha Networks Inc.

Note 6: Refers to the remuneration, remuneration (including the remuneration of employees, directors and supervisors) and business execution expenses received by the general manager and deputy general managers as directors, supervisors or managers of the subsidiary's foreign investment business or the parent company in 2023 and other related remuneration.

Note 7: All companies included in the consolidated statements include the Company.

Note 8: Mr. Patrick Chiu formerly served as the president of Hitron Technologies Inc. The Company borrowed his rich experiences to integrate the R&D and product blueprints among Alpha's Group companies to enhance technology and product development. He now serves as vice president of the company starting March 1, 2024.

(IV) Employees' Profit Sharing Paid to Managers:

Unit: NTD thousand

Title	Name	Stock (Note 1)	Cash (Note 1)	Total	Total as a % of Profits (Note 2)
CEO and President	Wen-Fang Huang	0	15,900	15,900	2.90%
Associate Vice President (Note 4)	David Chou				
Associate Vice President	Morgan Chiu				
Associate Vice President (Note 5)	Brenda Chen				
Associate Vice President (Note 5)	Daniel Huang				
Senior Director Head of R&D	Wen-Jiunn Tsai				
Senior Director Head of Finance & Accounting Center	Shao-Ling Chen				

Note 1: Current Company managers as of the end of 2023.

Note 2: It is employee compensation in 2023.

Note 3: Refers to the net profit after tax in the 2023 standalone financial report.

Note 4: Mr. David Chou was transferred to Hitron Technologies Inc. as president and resigned from the associate vice president of the Company on March 1, 2024.

Note 5: Ms. Brenda Chen and Mr. Daniel Huang were promoted to the position of associate vice president of the Company on July 28, 2023.

- (V) Compare and Analyze the Total Compensation Paid to Directors, Supervisors, President and Vice Presidents of the Company as a Percentage of Profits Stated in the Parent Company Only Financial Statements or Individual Financial Statements in the Most Recent Two Years. Describe the Compensation Policies, Standards, Packages of Compensation, the Procedures for Determining Compensation and the Linkage to Business Performance and Future Risk Exposure:
1. The Total compensation Paid to Directors, Supervisors, President and Vice Presidents of the Company as a Percentage of Profits Stated in the Parent Company Only Financial Statements or Individual Financial Statements Analysis

Unit: NTD thousand

	2023	2022
Net income after taxes on the Company's Parent Company Only Financial Statements	547,920	917,075
Ratio of compensation for Directors paid by the Company	3.28%	2.22%
Ratio of compensation for Directors paid by all companies listed in the Consolidated Financial Statements	3.90%	2.49%
Ratio of compensation for Managers such as Vice President or above paid by the Company	2.57%	4.49%
Ratio of compensation for Managers such as Vice President or above paid by all companies listed in the Consolidated Financial Statements	2.57%	4.49%

2. Compensation policies, standards and combinations, procedures for determining compensation, and their relevance to business performance and future risks. In order to regularly evaluate the remuneration of directors and managers, the evaluation results of the Company's "Measures for Performance Evaluation of the Board of Directors" and the "Measures for Performance Management" applicable to managers and employees are used as the basis respectively.
 - (1) The remuneration of the directors of the Company is paid by the board of directors in accordance with the authorization of the Company's articles of incorporation, according to the director's participation in the Company's operation and contribution and with reference to the "remuneration rules for directors and functional committee members" stipulated by domestic and foreign industry standards. The procedures for determining compensation are handled in accordance with article 30 of the Company's articles of incorporation. If there is a profit in the year, no more than 1% of the profit shall be appropriated as directors' compensation. The Company regularly evaluates the remuneration of directors in accordance with the "Measures for the Performance Evaluation of the Board of Directors" and the relevant performance evaluation and the reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors.
 - (2) The Company's manager's remuneration, according to the relevant regulations on remuneration (salary) management, handles various work allowances and bonuses to sympathize with and reward employees for their hard work. Relevant bonuses also depend on the Company's annual operating performance, financial status, operating status and personal work performance appraisal. According to Article 30 of the Articles of Incorporation of the Company, more than 10% to 22.5% shall be allocated as employee compensation (including managers) if the Company makes a profit in the current year. The results of the performance appraisal carried out by the Company in accordance with the "Performance Management Measures" are used as the reference basis for issuing managers' bonuses. Managers' performance appraisal items are divided into 1. Financial indicators: According to the Company's management profit and loss statement, the contribution of each business group to the Company's profit is allocated and the target achievement rate of the manager is considered. 2. Non-Financial indicators: The practice of the Company's core values, the ability of operation and management and the participation in sustainable operations, etc., calculate the remuneration for its business performance and review the remuneration system at any time according to the actual operating conditions and relevant laws and regulations.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors:

The board of directors convened 6 (A) regular meetings in 2023 with the following attendance status:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note 1&2)	Remarks
Chairperson	Representative of Qisda: Wen-Fang, Huang	6	0	100%	Re-elected Taking office on 2023/5/31
Vice Chairperson	Representative of Qisda: Chi-Hong, Chen	6	0	100%	Re-elected Taking office on 2023/5/31
Director	Representative of Qisda Corporation: Han-Zhou Huang	5	1	83%	Re-elected Taking office on 2023/5/31
Director	Representative of Qisda Corporation: Chiu-Chin Hung	6	0	100%	Re-elected Taking office on 2023/5/31
Independent Director	Shu-Hsing Li	6	0	100%	Re-elected Taking office on 2023/5/31

Independent Director	Ming-Der, Hsieh	6	0	100%	Re-elected Taking office on 2023/5/31
Independent Director	Cheng-Jung Chiang	6	0	100%	Re-elected Taking office on 2023/5/31
Independent Director	Julian Chen	4	0	100%	Newly Taking office on 2023/5/31

Note1: If a director resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance (%) rate shall be calculated based on the number of board meetings and the actual number of attendances (%) during his tenure.

Note2: If there is a re-election of directors before the end of the year, both new and old directors should be filled in, and the remark should indicate whether the director is old, new or re-elected and the date of re-election. The actual attendance (%) rate (%) is calculated based on the number of board meetings and the actual number of meetings attended (in attendance) during the company's tenure.

Other items shall be recorded:

- When one of the following matters occurs during the operation of the board of directors, the dates, terms, contents of proposals of the meetings, the opinions of all independent directors and the responses of the Company shall be clearly described:
 - Items listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee and the provisions of Article 14-3 of the Securities and Exchange Act are not applicable. For relevant information, please refer to the "Operation of the Audit Committee" in this annual report.
 - In addition to the aforementioned matters, any other resolutions made by the board of directors where an independent director expressed a dissenting or qualified with records stated in writing: None.
- When directors abstain themselves from being a stakeholder in certain proposals, the name of the directors, the contents of the proposal, reasons for abstentions and the results of voting counts shall be stated:

Date	Name	Proposals	Reasons for Avoid Conflicts of Interest	Participation in Voting
February 24, 2023	Representative of Qisda Corporation: Wen-Fang Huang, Chi-Hong Chen, Han-Zhou Huang and Chiu-Chin Hung Independent Director: Shu-Hsing Li, Ming-Der, Hsieh and Cheng-Jung Chiang	To Release the Newly Elected Directors and Their Representatives from Non-competition Restrictions	Candidates for this proposal	Do not participate in discussion and voting
	Representative of Qisda Corporation: Wen-Fang Huang, Chi-Hong Chen, Han-Zhou Huang and Chiu-Chin Hung Independent Director: Shu-Hsing Li, Ming-Der, Hsieh and Cheng-Jung Chiang	To Release the Newly Elected Directors and Their Representatives from Non-competition Restrictions	As directors and independent directors who have been released from non-competition restrictions	Do not participate in discussion and voting
	Chairperson, Wen-Fang Huang Vice Chairperson, Chi-Hong Chen	Donate to BenQ Foundation	The directors of BenQ Foundation	Do not participate in discussion and voting
	Representative of Qisda Corporation: Wen-Fang Huang	Employee remuneration distribution for senior managers in 2022	Serve as manager of the Company	Do not participate in discussion and voting
	Representative of Qisda Corporation: Wen-Fang Huang	To propose the salary index of senior managers in 2023	Serve as manager of the Company	Do not participate in discussion and voting
	Representative of Qisda Corporation: Wen-Fang Huang	The bonuses and salary adjustments for senior managers in 2023 are proposed to be implemented in accordance with the "Senior Manager Salary and Remuneration Policies and Principles"	Serve as manager of the Company	Do not participate in discussion and voting
May 31, 2023	Independent Director: Shu-Hsing Li, Ming-Der, Hsieh, Cheng-Jung Chiang and Julian Chen	Proposed appointment of members of the Salary and Remuneration Committee	The person appointed in this proposal	Do not participate in discussion and voting

- Implementation Status of Board Evaluation
The board of directors approved the "The Rules for Performance Evaluation of the Board of Directors" on November 9, 2020, which stipulated the requirements of commencing performance appraisal of the Board at least once per year. The Company completed the evaluation of the board of directors at least once per year and an external professional independent agency or a team of external experts and scholars conducts a performance evaluation of the board of directors at least once every three years.

- (a) The Company completed the performance evaluation of the board of directors at the end of 2023, and reported the evaluation results of the board of directors held on February 27, 2024. The evaluation results of the board of directors, director members and two functional committees were all "excellent", which sufficiently indicates that the functions and operational efficiency of the company's board of directors and functional committees are good.
- (b) The Company has entrusted an independent evaluation institution, Taiwan Corporate Governance Association in 2021, to evaluate the performance of the board of directors of the Company. The evaluation was conducted with respect to eight main aspects: the composition, guidance, authorization, supervision, communication, self-discipline, internal control, and risk management of the board of directors. The evaluation method includes online self-evaluation, written review of relevant documents, and a field survey that was conducted in July, 2023. The subjects of the evaluation included the chairperson, two independent directors, the corporate governance officer and the Internal auditing officer. And Board meeting to report the evaluation results in October, 2023.
- (c) Implementation status:

Board of Directors evaluation implementation status	
Evaluation Cycles	The Company completed the evaluation of the board of directors at least once per year and an external professional independent agency or a team of external experts and scholars conducts a performance evaluation of the board of directors at least once every three years.
Evaluation Period	Internal performance evaluation of the board of directors: From January 1, 2023 to December 31, 2023 External performance evaluation of the board of directors: From June 1, 2022 to May 31, 2023
Evaluation Scope	Internal performance evaluation includes performance evaluation of the board of directors, individual board members, audit committee and salary and remuneration committee The scope of evaluation by external professional independent institutions is the effectiveness evaluation of the operation of the board of directors (excluding its audit committee and remuneration committee)
Evaluation Method	Internal self-evaluation by the board of directors, self-evaluation by board members, peer evaluation, appointment of external professional organizations, experts or other appropriate methods
Evaluation Items	<p>I. Internal Self-Evaluation made by the Board and Board members</p> <ol style="list-style-type: none"> 1. Alignment of the goals and missions of the Company 2. Participation in the operation of the Company 3. Management of internal relationship and communication 4. Improvement of the quality of the board of directors' decision making 5. Composition and structure of the board of directors 6. Awareness of the duties of a director 7. Election, professionalism and continuing education of the directors 8. Internal control <p>II. Internal Self-Evaluation made by the Audit Committee</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company 2. Awareness of the duties of Audit Committee 3. Improvement of quality of decisions made by Audit Committee 4. Makeup of Audit Committee and election of its members 5. Internal control <p>III. Internal Self-Evaluation made by the Remuneration Committee</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company 2. Awareness of the duties of Remuneration Committee 3. Improvement of quality of decisions made by Remuneration Committee 4. Makeup of Remuneration Committee and election of its members
Evaluation result (internal)	The Company's performance evaluation of directors (including functional committees) adopts an internal questionnaire method in 2023. The evaluation results of the board of directors, director members and two functional committees are all "excellent".
Evaluation result (external)	<p>Conclusion of checking:</p> <ol style="list-style-type: none"> 1. The chairperson of the company focuses on participatory leadership, widely accepts suggestions and opinions from directors, and fully communicates in advance on major issues, so that board members and independent directors can fully express their opinions and effectively perform their leadership and role functions. 2. The directors of the company are all people with professional experience and rich management experience. In addition, there are two female members. Therefore, the composition of the board of directors has the spirit of professionalism, diversification and effective division of functions, and it also meets the needs of the company's development.

Board of Directors evaluation implementation status	
	<p>3. After the new director of your company takes office, the corporate governance manager will arrange for communication and briefings with relevant company executives so that the new director can fully understand the company's situation. Provide complete information required for board meetings to facilitate directors' performance of their functions.</p> <p>4. The company's audit committee has smooth communication channels and complete information with the internal audit director and certified accountants, and the audit committee can fully exert its guidance and supervision functions.</p> <p><u>Optimization suggestions:</u></p> <p>1. The Company has established a "CSR Committee" in 2018, and changed its name to the "Sustainable Development Committee (ESG Committee)" in 2021 (affiliated with the Chairman's Office). In order to deepen and systematically implement the corporate sustainable development vision, it is recommended that your company consider elevating the "Sustainability Committee" to a functional committee under the board of directors. The board of directors is responsible for the direction of sustainable development and the supervision of specific promotion plans, so as to maintain the capacity of the execution unit and strengthen the discussion of important issues of sustainable development through the participation of professional independent directors.</p> <p>2. In order to strengthen the communication channel between stakeholders and independent directors (audit committee), it is recommended that the Company disclose the independent director's mailbox on the company's official website so that employees, suppliers, and other stakeholders can communicate directly or simultaneously through this channel contact and communicate with independent directors.</p> <p>3. In order to ensure that directors can fulfill their supervisory duties, it is recommended that the Company establish a reporting mechanism and procedures for occasional major information, and standardize the major events that should be reported immediately, the reporting procedures, and the reporting period. Among them, the reporting process should cover all board members to ensure that outside directors can fully grasp the company's important information during non-meeting periods.</p> <p>4. The Company has a "Board of Directors Performance Evaluation Method" and conducts self-evaluations of the Board of Directors, individual directors, and various functional committees every year. It is recommended that your company regularly review the design of the performance evaluation questionnaire and add forward-looking and strategic qualitative indicators regarding the company's future development so that it can more effectively reflect the guidance and supervision effectiveness of the board of directors, functional committees, and individual directors. To implement self-disciplinary review of the functions of the board of directors and functional committees, and to improve the effectiveness of the overall board of directors.</p> <p><u>The company's implementation status and future improvement directions:</u></p> <p>1. Since the Company's sustainable development committee (ESG committee) regularly reports the work execution status to the board of directors and listens to the board's recommendations, it can currently meet the company's sustainable development tasks; and whether it has been promoted to a functional committee under the board of directors. Included in internal homework discussions.</p> <p>2. The whistle blowing mailbox of independent directors (audit committee members) has been added and disclosed as recommended as a communication channel with stakeholders.</p> <p>3. After reviewing the Company's "incident classification notification standards and procedures", it has covered and standardized the handling mechanism for occasional major information notifications, and the company has a LINE group for directors to ensure that outside directors can fully communicate during non-meeting periods. Master the company's important information and achieve risk control goals.</p> <p>4. After reviewing the company's existing self-assessment performance questionnaire of the board of directors, individual directors and various functional committees, it has covered the key quantitative indicators of the company's future development. The questionnaire will be refined in the future based on the opinions of the directors, legal requirements and corporate governance development trends' survey design.</p>

- Targets for strengthening the functions of the board of directors in the current and the most recent year (e.g., setting up an audit committee and enhancing information transparency) and evaluation of target implementation:
Please refer to (2) Operation of Audit Committee, (3) Operation of Corporate Governance and Governance Practices of Listed and OTC Companies in "Corporate Governance Operation" of this annual report for the Company's current and most recent years to strengthen the objectives and implementation of the functions of the Board of Directors Circumstances and reasons for discrepancies in the codes and (4) If the Company has set up a remuneration committee, it shall disclose its composition, responsibilities and operation.
The Company adheres to the consistent attitude of information transparency and immediately publishes important resolutions on the public information observatory after the meeting of the board of directors to maintain shareholders' rights and interests and regularly holds legal person briefings to enhance investors' recognition of the Company.

(II) Status of the Audit Committee:

The Company has established an Audit Committee, which is composed of all independent directors in accordance with legal provisions. It meets at least once every quarter and can be convened at any time as necessary. The annual work focus of the Audit Committee includes supervising the proper presentation of the company's financial statements, the selection (removal), independence and performance of certified accountants, the effective implementation of the company's internal controls, the Company's compliance with relevant laws and rules, and the management and control of the company's existing or potential risks. . In addition to the internal audit report being sent to each independent director for review every month, the internal audit department also reports on major findings of the company's internal control management to the members and directors at the audit committee and board of directors meetings, and the independent directors meet with them at least once a quarter. The internal audit supervisor's communication on important findings of the company's internal control management is disclosed on the company's website "Communications between Independent Directors and Internal Audit Supervisors and Accountants".

The audit committee convened 5 (A) regular meetings in 2023 with the following attendance status:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Remarks
Independent Director	Shu-Hsing Li	5	0	100%	Re-elected Re-election on May 31, 2023 Served for no more than three consecutive terms
Independent Director	Ming-Der Hsieh	5	0	100%	Re-elected Re-election on May 31, 2023 Served for no more than three consecutive terms
Independent Director	Cheng-Jung Chiang	5	0	100%	Re-elected Re-election on May 31, 2023 Served for no more than three consecutive terms
Independent Director	Julian Chen	3	0	100%	Newly Re-election on May 31, 2023 Served for no more than three consecutive terms

Note 1: If an independent director resigns before the end of the year, the date of resignation should be noted in the remarks column, and the actual attendance rate (%) will be calculated based on the number of audit committee meetings held during his tenure and the number of actual attendances.

Note 2: At the end of the year, if an independent director is re-elected, both new and old independent directors should be filled in, and the date of the old, new, re-election and re-election of the independent director should be noted in the remarks column. The actual attendance rate (%) is calculated based on the number of audit committee meetings and the number of actual attendances during the period of service.

Other items that shall be recorded:

1. If any of the following matters occurs during the operation of the Audit Committee, the dates, terms, contents of the proposal of the Board meetings, the opinions of all Independent Directors and the responses by the Company shall be cleanly described:

(1) Matters included in Article 14-5 of the Securities and Exchange Act.

Contents of Proposals	Objections/Reservations/Major Suggestions	Results	The Company's handling of the Audit Committee's opinions
The first Audit Committee in 2023 (2023.2.24)			
• Proposal of the 2022 "Internal Control System Effectiveness Assessment".	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.

Contents of Proposals	Objections/Reservations/Major Suggestions	Results	The Company's handling of the Audit Committee's opinions
• Revision of some provisions of the Company's "internal control system"	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.
• Proposal of 2022 consolidated financial statements and 2023 operation plans.	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.
• Proposal of The Company's 2022 Earnings Distribution	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.
• Proposal of the service fees of CPAs in 2023	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.
• Proposal of formulate the Company's pre-approved non-certified service policy	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.
The second Audit Committee in 2023 (2023.5.2)			
• Proposal of 2023Q1 consolidated financial statements	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to	After consultation with the chairperson of the board of directors, all directors present unanimously approved.

Contents of Proposals	Objections/Reservations/Major Suggestions	Results	The Company's handling of the Audit Committee's opinions
		the board of directors for resolution.	
• Proposal of organizational adjustment of the group and acquisition of subsidiary equity	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.
The third Audit Committee in 2023 (2023.7.28)			
• Proposal of 2023Q2 consolidated financial statements	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.
• Lending Funds to ALPHA NETWORKS VIETNAM COMPANY LIMITED	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.
The fourth Audit Committee in 2023 (2023.10.31)			
• Proposal of the 2023 internal audit plan.	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.
• Proposal of 2023Q3 consolidated financial statements.	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.
• Proposal of the appointment of CPAs for the audit of 2024 financial statements.	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without	After consultation with the chairperson of the board of directors, all directors present unanimously approved.

Contents of Proposals	Objections/Reservations/Major Suggestions	Results	The Company's handling of the Audit Committee's opinions
		objection by all members after discussion and sent to the board of directors for resolution.	
The fifth Audit Committee in 2023 (2023.12.28)			
• Approved to sell 100% equity of subsidiary D-LINK ASIA INVESTMENT PTE LTD and affiliated Alpha Networks (Dongguan) Co., Ltd.	None	After the chairperson consulted the opinions of all members present, the resolution was adopted without objection by all members after discussion and sent to the board of directors for resolution.	After consultation with the chairperson of the board of directors, all directors present unanimously approved.

(2) Except the preceding ones, other resolutions which were not approved by the audit committee but were approved by two thirds or more of all directors.

- For the implementation of Directors' avoidance due to conflicts of interest of Directors, please clearly specify the names of Directors, the content of the proposals, the reasons of avoidance due to conflicts of interest and the participation in the voting and resolution: None.
- Communication between independent directors, the internal audit officer and CPAs (which should include the major issues, channels and results of the audits on the corporate finance and/or operations, etc.):

The Audit Committee of the Company regular meets and discusses by quarterly and invites accountants, internal audit, financial accounting and other units to report or discuss the audit findings of the most recent financial statements (including the responsibility and independence of the lead accountant, audit or review) to the members of the Audit Committee. Scope and method, second quarter or annual financial report review or review results, analysis of important financial ratios, important accounting treatments, important regulatory updates and other related issues), internal audit results (including the report on audit matters in this period, the implementation of this period Post-period follow-up event report and update of important audit laws and regulations), major litigation case reports, financial business overview and other information.

All independent directors communicated well with internal audit officer and accountants. In order to let the members of the audit committee have a better understanding of the relevant laws and regulations and the actual operation of the Company, the Company also arranges meetings from time to time to conduct other special reports, such as risk management and other topics, so that the members of the audit committee can assist investors to ensure the Company's corporate governance and information. Transparency and other aspects of credibility to protect shareholders' rights.

For the communication between independent directors, audit supervisors and accountants, please refer to the company's website: Investor Relations-Alpha Networks Inc.

4. Annual key functions and operations:

(1) Annual key functions

- Regularly communicate the audit report results with the internal audit officer according to the annual audit.
- Regularly communicate with the Company's certified accountants on financial statement review or audit results.
- Review financial reports.
- Assess the effectiveness of the internal control system.
- Pre-review of the appointment, dismissal, remuneration and service matters of the certified public accountant.
- Review the cases of "Procedures for Acquiring or Disposing of Assets", "Procedures for Lending Funds to others" and "Procedures for Endorsement Guarantees".
- Legal compliance.

(2) 2023 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of

the Audit Committee with no dissent from any of the Independent Directors.

(III) Implementation of corporate governance, differences between the implementation results and the contents of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons of the differences:

Evaluation Item	Implementation Status			Differences between Implementation and the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Causes of the Differences
	Yes	No	Explanation	
I. Does the Company follow the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies” to establish and disclose its corporate governance practices?	✓		The Company approved the resolution of the board of directors to formulate the "Corporate Governance Code of Practice" and published it on the company's official website. In response to subsequent amendments to relevant laws and regulations, they will be updated in a timely manner. After the latest amendment, it has been disclosed on the Public Information Observatory and our company's website.	Comply with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”
II. The Shareholding Structure & Shareholders' Rights				Comply with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”
(I) Does the Company establish the internal operating procedures to handle the shareholders' proposals, inquiries, disputes and litigations issues? If yes, have these procedures been implemented accordingly?	✓		(I) The Company approved the resolution of the board of directors to formulate the "Code of Corporate Governance Practice" and set a spokesperson, proxy spokesperson and investor relations unit and fully discloses the contact information on the Company's website. Shareholders can share their opinions by telephone or email. The Company will respond accordingly re: relevant operating procedures.	
(II) Does the Company possess a list major shareholders and beneficial owners of these shareholders?	✓		(II) The Company obtains shareholder information through the shareholder registry on the book closing date and shareholder who holds more than 10% of the company's total shares is regularly reported to the company every month the changes in the number of shares held from the previous month. The list of the Company's top ten shareholders is disclosed in the annual report and the company's website.	
(III) Has the Company built and executed a risk management system and firewall mechanism between the Company and its affiliates?	✓		(III) The company has passed the resolution of the shareholders' meeting to formulate "Procedures for Acquisition or Disposal of Assets ", " Procedures for Lending Funds to Other Parties ", " Procedures for Endorsements and Guarantees ", and has established internal control procedures such as "related party transaction management operations" in accordance with the law. Relevant risk management and firewall mechanisms have been established.	
(IV) Has the Company established the internal guidelines prohibiting insider trading on the undisclosed information?	✓		(IV) The Company approved the resolution of the board of directors to formulate the " Ethical Corporate Management Best Practice Principles " and "Major Information Handling and Prevention of Insider Trading Operational Procedures" to regulate members to avoid conflict of interest related to other positions, and are not allowed to use undisclosed information and leak it to others. , to prevent insider trading. The Company also stipulates in the "Corporate Governance Best Practice Principles " that insiders shall not disclose the relevant financial status and performance in the company's financial report during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. Relevant regulations for trading its stocks and education and publicity for colleagues regarding the provisions of Article 157-1 of the Securities and Exchange Act, including reminders during the silence period, the applicable scope and objects of the prohibition on insider trading, the scope and disclosure of information that significantly affects stock prices Methods, penalties and legal provisions, etc., to specifically implement the prevention of insider trading. The relevant education and promotion for current directors, managers and employees has been completed. The online education and promotion for company colleagues has been completed, with a total number of class attendance of 966/total hours of 302 hours since 2023.	
III. Composition and Responsibilities of the Board of Directors				Comply with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”
(I) Has the board of directors established a diversification policy of the composition of the board of directors and has it been implemented accordingly?	✓		(I) For the formulation and implementation of the Company's policy on diversity of board members, please refer to the chapter on diversity and independence of the board of directors.	
(II) Other than the remuneration committee and the audit committee which are required by law, does the Company plan to set up other functional committees voluntarily?	✓		(II) The Company has established the Risk Management Committee. For more details on the operations, please see the chapter regarding risk management of the annual report. On the other hand, although the Company does not establish the Nomination Committee, it adopts the candidate nomination system for the election of the directors (including independent directors) in terms of practical operations. The candidate list of the existing directors (including independent	

Evaluation Item	Implementation Status			Differences between Implementation and the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Causes of the Differences																											
	Yes	No	Explanation																												
(III) Has the Company established the methodology for evaluating the performance of the board of directors and use results as reference for directors’ remuneration and renewal?	✓		<p>directors) shall be submitted by the shareholders holding more than 1% of the total number of outstanding Shares or by the Board of Directors. Meanwhile, the Board of Directors shall review and approve in advance the candidate list in accordance with the laws, and shall report to the regular shareholders' meeting for election.</p> <p>(III) On November 9, 2020, the Board of Directors of the Company has passed the “Rules for Board Performance Evaluation”. The board of directors shall conduct an internal performance evaluation at least once a year and an evaluation at least once every three years by an external independent agency or a team of external experts and scholars. Please see the chapter of Implementation of Corporate Governance. According to the provisions in Article 30 specified in the Articles of Incorporation, the Company’s director compensation shall not exceed 1% of annual profit. The directors’ compensation is prescribed based on the Company’s operating results and the “Remuneration Guidelines for Directors and Committee Members of Functional Committee” with reference to evaluation results of Board performance by the Remuneration Committee and Board of Directors. According to the results of performance evaluation, the remuneration of directors is determined and the nomination for renewal is considered.</p>																												
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		<p>(IV) The company may, by a resolution adopted by the Audit Committee and Board of Directors, regularly hire the attesting CPA (including independence assessment) on an annual basis. The Company shall require the CPA to provide the independence statement and his / her brief biography document before meeting, ensure that the accounting firm (attesting CPAs and members of audit team) follows the request for independence. Independence assessment indicators of CPA:</p> <table><tr><th>Evaluation Items</th><th>Results</th><th>Independency</th></tr><tr><td>1. Whether the CPAs have a direct or significant indirect financial interests relationship with the Company</td><td>No</td><td>Yes</td></tr><tr><td>2. Whether the CPAs have any financing or guarantee arrangements with the Company or the directors of the Company</td><td>No</td><td>Yes</td></tr><tr><td>3. Whether the CPAs have a close business relationship and potential employment relationship with the Company?</td><td>No</td><td>Yes</td></tr><tr><td>4. Whether the CPAs and their audit team members currently or in the past two years have served as directors, managers or positions that have a significant impact on the audit assignment in the Company</td><td>No</td><td>Yes</td></tr><tr><td>5. Whether the CPAs provide the Company with non-audit services that may directly affect the audit assignment?</td><td>No</td><td>Yes</td></tr><tr><td>6. Whether the CPAs have the stocks or other marketable securities issued by the Company?</td><td>No</td><td>Yes</td></tr><tr><td>7. Whether the CPAs act as the defenders of the Company or coordinate conflicts with other third parties on behalf of the Company?</td><td>No</td><td>Yes</td></tr><tr><td>8. Whether the CPAs are related to the Company’s directors, managers, or persons with positions that have a significant influence on the audit case</td><td>No</td><td>Yes</td></tr></table> <p>The Company evaluates the CPA’s independence and competency once per year. The evaluation result of 2022 has been proposed for a resolution by the board of directors and was reviewed and approved by the Audit Committee and the Board of Directors on Oct. 31, 2023, the CPA met the Company’s requirement about independence and competency and should be held qualified to act as the Company’s CPA.</p> <p>The Company also obtained audit quality indicators (AQIs) provided by accounting firms, focusing on five aspects and thirteen indicators including professionalism, independence, quality control, supervision, and innovation capabilities, and based on the "Audit Committee's Interpretation of Audits" issued by the competent authority. Quality Indicators (AQI) Guidelines" to evaluate the audit quality of accounting firms</p>	Evaluation Items	Results	Independency	1. Whether the CPAs have a direct or significant indirect financial interests relationship with the Company	No	Yes	2. Whether the CPAs have any financing or guarantee arrangements with the Company or the directors of the Company	No	Yes	3. Whether the CPAs have a close business relationship and potential employment relationship with the Company?	No	Yes	4. Whether the CPAs and their audit team members currently or in the past two years have served as directors, managers or positions that have a significant impact on the audit assignment in the Company	No	Yes	5. Whether the CPAs provide the Company with non-audit services that may directly affect the audit assignment?	No	Yes	6. Whether the CPAs have the stocks or other marketable securities issued by the Company?	No	Yes	7. Whether the CPAs act as the defenders of the Company or coordinate conflicts with other third parties on behalf of the Company?	No	Yes	8. Whether the CPAs are related to the Company’s directors, managers, or persons with positions that have a significant influence on the audit case	No	Yes	
Evaluation Items	Results	Independency																													
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5. Whether the CPAs provide the Company with non-audit services that may directly affect the audit assignment?	No	Yes																													
6. Whether the CPAs have the stocks or other marketable securities issued by the Company?	No	Yes																													
7. Whether the CPAs act as the defenders of the Company or coordinate conflicts with other third parties on behalf of the Company?	No	Yes																													
8. Whether the CPAs are related to the Company’s directors, managers, or persons with positions that have a significant influence on the audit case	No	Yes																													

Evaluation Item	Implementation Status			Differences between Implementation and the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Causes of the Differences												
	Yes	No	Explanation													
			and audit teams. After full communication with the appointed accountant, the company has evaluated the competency of the appointed accountant one by one. The company is not aware of anything that may affect the independence and competency of the certified accountant. The evaluation results of the most recent year have been discussed and approved by the Audit Committee on October 31, 2023, and submitted to the Board of Directors for approval on October 31, 2023.													
IV. Does the Company appoint the competent and appropriate corporate governance personnel and the corporate governance officer to be responsible for corporate governance matters (including but not limited to furnishing required information for business execution by directors and supervisors, assisting compliance of laws, handling matters related to the meetings of the board of directors and shareholders' meetings in accordance with the laws and recording meeting minutes of the board of directors and shareholders' meeting)?	✓		<p>On March 17, 2020, the Company, after a resolution adopted by the board of directors, hired Kathy Chen to take part as a role of financial division and corporate governance officer responsible for supervision and planning of corporate governance. Chen’s qualifications meet the requirements of the position in the provisions regarding the corporate governance officer set out in Paragraph One of Article 3-1 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies”. The major responsibilities of the corporate governance officer include providing the information required by the directors and audit committee and the latest regulations regarding corporate operation, providing assistance in legal compliance of the directors and audit committee, handling matters related to the meetings of the board of directors and shareholders' meetings in accordance with the laws, preparing the meeting minutes of the board of directors and shareholders' meetings and providing assistance in assuming office to directors and the audit committee members and continuous education.</p> <p>The execution in 2023 is updated as follows:</p> <ol style="list-style-type: none">1. Assist all directors to perform their duties, provide the required information and arrange the continuous education for directors.2. Regularly inform the board members dedicated to the revised regulations regarding corporate business operation and corporate governance.3. Inspect the confidential levels of relevant information and provide the corporate information required by the directors to maintain the communication and smooth interaction between directors and managers.4. Review the release of announcement of material information upon the adoption of important resolutions after the meetings to ensure the compliance and correctness of the material information and the information transparency to investors.5. The all board members have completed continuous education at least 6 courses.6. There were six meetings of the board of directors and five meetings of the audit committee convened in 2023.7. There was one general shareholders' meeting convened in 2023.8. The Company purchases liability insurance for directors and reports to the board of directors regarding insurance renewal matters in July 2023.9. The internal performance evaluation of the board of directors and functional committees in 2023 has been carried out, and the evaluation results are excellent, and the report has been reported to the board of directors in February 2024.10. External agency evaluation of board performance (at least once every three years) in 2023.11. The board of directors’ performance evaluation has been conducted, and the evaluation result was ranked as excellent. Regarding the 9th term of Corporate Governance Evaluation of the Company, the result was 6-20%.12. The continuing education status of the corporate governance officer is as follows: <table><tr><th>Host by</th><th>Courses</th><th>Date</th><th>Hours</th></tr><tr><td>Chinese National Association of Industry and Commerce</td><td>Company Directors and Supervisors Training - "Corporate Resilience, Taiwan's Competitiveness"</td><td>2023/03/27</td><td>3</td></tr><tr><td>Taiwan Institute of Directors</td><td>Spotting opportunities in a surging net zero world</td><td>2023/04/13</td><td>3</td></tr></table>	Host by	Courses	Date	Hours	Chinese National Association of Industry and Commerce	Company Directors and Supervisors Training - "Corporate Resilience, Taiwan's Competitiveness"	2023/03/27	3	Taiwan Institute of Directors	Spotting opportunities in a surging net zero world	2023/04/13	3	Comply with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”
Host by	Courses	Date	Hours													
Chinese National Association of Industry and Commerce	Company Directors and Supervisors Training - "Corporate Resilience, Taiwan's Competitiveness"	2023/03/27	3													
Taiwan Institute of Directors	Spotting opportunities in a surging net zero world	2023/04/13	3													

Evaluation Item	Implementation Status					Differences between Implementation and the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Causes of the Differences		
	Yes	No	Explanation					
			TWSE	Publicity meeting on sustainable development action plans for listed companies	2023/04/27	3		
			TIRI	The establishment and key points of enterprise intellectual property rights management system	2023/06/01	3		
			Note: As of 2023.					
V. Has the Company established a means of communicating with stakeholders (including but not limited to shareholders, employees, customers, suppliers and so on.) or created a stakeholder section on the Company’s website in response to stakeholders’ questions on corporate responsibilities?	✓		The Company has built an ESG section (https://www.alphanetworks.com/csr) on the Company's website since 2015 to transparently disclose information regarding the company's sustainable development of the company. We also has [Stakeholders] website page to provide communication channels for stakeholders in order to respond appropriately and immediately regarding issues of concern. Online) stakeholder questionnaire was also launched in October 2022. All stakeholders can express their focus which provides an important direction for the Company to consolidate its sustainable development strategy. Financial and business information is also regularly announced on the public information observation station and the Company's website, and major information is also released in a timely manner for events that may affect stakeholders. Since 2021, report to the board of directors every year on "Corporate Social Responsibility (Sustainable Development) Implementation Plan and Achievements". In addition, report the communication with various stakeholders to the board of directors on a regular basis (at least once a year), The communication situation of various stakeholders in 2023 was reported to the board of directors on February 27, 2024, and fully disclosed in the sustainable report of the Company. For details, please refer to the Company’s Corporate Social Responsibility Report.					Comply with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”
VI. Has the Company appointed a registrar for the matters of the shareholders’ meeting?	✓		The Company has appointed CTBC Bank Co., Ltd. Stock Affairs Department as the registrar for the shareholders’ meeting.					Comply with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”
VII. Information Disclosure (I) Has the Company set up a website containing the information regarding the financial, business operations and corporate governance status?	✓		(I) The Company has established the Investor Relations section in its website in Chinese and English and Simplified Chinese (www.alphanetworks.com) that discloses the information regarding financial, business operations and corporate governance and the Company also discloses the information in Market Observation Post System in accordance with related regulations.					Comply with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”
(II) Does the Company use other information disclosure channels (such as setting up the English website, appointing personnel responsible for gathering and disclosing the information, establishing a spokesperson system and webcasting the investor conference etc.)?	✓		(II) The Company has set up a Chinese and English corporate website to provide relevant information for shareholders and interested parties (www.alphanetworks.com, Chinese and English version) and appointed Shao-ling, Chen as the spokesperson. Dedicated personnel are responsible for company information collection and disclosure and provide the replays of investor conferences on the corporate website. The company regularly (twice a year) or irregularly holds legal person briefings, and puts presentation materials and audio-visual files of the process on the investor relations section of the company's website to facilitate inquiries from all walks of life, and uploads public information observation stations in accordance with regulations					
(III) Does the Company publicly announce the annual financial reports within two months after the end of each fiscal year and announce the first, second and third quarter financial reports as well as the operating prior to the designated deadlines?	✓		(III) The Company publicly announced the 2023 consolidated financial statements and parent company only financial statement on February 27, 2024. The 2023 first quarter, second quarter and third quarter financial statements, plus the monthly operating status, were publicly announced on the Market Observation Post System prior to the designated deadlines and then showed on the Company’s website.					
VIII. Has the Company disclosed other important information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholders’ rights, continuing education records of directors and supervisors, risk management policy and execution of risk measurement standards, execution of customer								Comply with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”

Evaluation Item	Implementation Status			Differences between Implementation and the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Causes of the Differences
	Yes	No	Explanation	
policy and purchasing liability insurance directors and supervisors.)? (I)Employee Rights and Employee Care	✓		(I) The Company has always placed great emphasis on talent development; we encourage employees to participate in training courses, arrange a multitude of welfare measures and have an Employee Safety and Health Department in place to prevent and share information on hazard prevention. Furthermore, health seminars and checkups are organized from time to time to provide assurance over employees' safety and health. During the COVID-19, provide colleagues with necessary information and resources for epidemic prevention publicity and health management. Please refer to this Annual Report Overview of Operation of Labor-Management Relations.	
(II)Investor Relations	✓		(II)The finance division has designated personnel to handle shareholder-related matters. In accordance with relevant regulations, the designated personnel will immediately announce information about financial, business and insider shareholding changes in the Market Observation Post System in accordance with relevant regulations to achieve the publicity and transparency of information. Moreover, there is the investor contact information in the corporate website.	
(III)Supplier relationship	✓		(III)The Company has established a supplier review and evaluation process and the relevant internal departments will review the supplier's quality/service level, green products, environmental safety and health risks, ethical standards and social responsibility. Only those who pass the review can become partners.	
(IV)Rights of interested parties	✓		(IV)The Company's website has an ESG section, which actively discloses the relevant measures and results of Alpha's sustainable development and provides communication and interaction channels for various interested parties on the ESG section [Interested parties] webpage. People interaction and communication. The identification of issues concerned by interested parties and the implementation effectiveness of various corporate sustainable development are also disclosed in the corporate sustainable development report every year and are reported to the board of directors on a regular basis (at least once a year).	
(V)Situation of training for directors and supervisors	✓		(V)The Company's 2023 training for directors has been handled in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies " issued by the Taiwan Stock Exchange Corporation. For the training of directors of the Company in 2023, please refer to the latest annual director's training.	
(VI)Implement risk management policies and risk measures	✓		(VI)The Company formally established the "Risk Management Committee" (hereinafter referred to as RMC) in accordance with the "Risk Management Vision, Policies and Procedures" passed by the board of directors. RMC regularly (quarterly) or irregularly identifies risks and outputs risks. The radar chart summarizes the identified risks into company-level major risks and proposes countermeasures in 2023. RMC collects, identifies and aggregates corporate risks according to four major dimensions (strategic risk, operational risk, financial risk and hazard risk) and manages risks through procedures such as risk identification, risk prevention and risk transfer. RMC's operation status and risk management results are reported to the board of directors by regularly (at least once a year, reported on February 27, 2024) and relevant information is disclosed on the Company's website. The Company has set up a risk management committee to formulate risk management policies and regularly evaluate company risks to reduce corporate risks. For relevant information, please refer to the special chapter on risk management. Note: "Risk Management Vision, Policies and Procedures" was approved by the Board of Directors on February 24, 2023, and the article was amended and renamed "Risk Management Policies and Procedures".	
(VII)Implementation of Customer Policy	✓		(VII)The Company usually maintains close contact with customers, informs the products that meet their interests at any time and ensures that the products meet the expected reliability and quality.	

Evaluation Item	Implementation Status			Differences between Implementation and the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Causes of the Differences
	Yes	No	Explanation	
(VIII)Purchase of Liability Insurance for Directors	✓		(VIII)The Company has purchased liability insurance for directors and managers, regularly assesses the insurance amount every year and reports the renewal of directors' liability insurance to the board of directors. Report the director and supervisor liability insurance coverage to the board of directors at least once a year, and the report was completed in July 2023.	
IX. The improvement status for the results of Corporate Governance Evaluation announced by Governance Center of Taiwan Stock Exchange Corporate (TWSE) in recent years. In addition, the Company shall propose the first priority matters and measures. <ol style="list-style-type: none"> 1. The Company has set up a section for interested parties on the Company website to understand and respond to important corporate social responsibility issues that interested parties are concerned about. Strengthen and improve projects such as corporate social responsibility. 2. In order to strengthen corporate governance and enhance shareholders' rights and interests, the Company published the annual financial report verified by accountants within two months after the end of the fiscal year in 2023, and convened a regular shareholders' meeting before the end of May. 3. The chairperson and president of the Company are the same person, and an independent director was added on May 31, 2023. 4. In order to strengthen the functions of the Board of Directors, the Company revised the Company's "Board of Directors Performance Evaluation Methods" to incorporate an external performance evaluation mechanism, and on July 28, 2023, it commissioned an external professional and independent agency to conduct an external performance evaluation of the overall Board of Directors. The results of the evaluation have been published in the Republic of China. Report to the Board of Directors on October 31, 2023. 5. In order to strengthen the information security management mechanism, in addition to setting up an information security organization, the top manager of the information department serves as the organizational representative. Members of the information department handle information security operations and are responsible for reviewing information security policies and reviewing the development and implementation of the company's overall information security system management mechanism. In addition to reporting to the board of directors regularly, it also introduced the ISO 27001 information security management system standard and obtained ISO 27001 certification. 6. After the annual evaluation results are announced, the Company will review the projects that have not yet met the standards and continue to improve to implement information disclosure and transparency, reduce information asymmetry and enhance shareholders' rights. 				

Note: Please refer to the Company's 2023 annual report for the corporate governance operation of the Company's subsidiary Hitron Technologies Inc.

(IV) Composition, Duties and Operations of the Company's Remuneration Committee:

1. Information regarding the members of the remuneration committee

Position	Criteria Name	Professional Qualifications and Experience	Independence Situation (Note)	Number of Other Public Companies Concurrently Serving as a Remuneration Committee Member
Independent Director (convener)	Ming-Der Hsieh	Please refer to Professional qualifications and independence analysis of directors	Compliant	0
Independent Director	Shu-Hsing Li		Compliant	3
Independent Director	Cheng-Jung Chiang		Compliant	2
Independent Director	Julian Chen		Compliant	2

Note: Independence; including but not limited to whether the person, spouse, or relatives within the second degree act as directors, supervisors or employees of the Company or its related enterprises;) The number and proportion of shares held in the Company; whether he is a director, supervisor or subject of a Company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with). Employed persons; the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

2. Responsibilities of the Remuneration Committee:

The Remuneration Committee shall faithfully perform the following functions and powers with the attention of a good manager, and submit the recommendations to the Board of Directors for discussion:

- (1) Formulate and regularly review the policies, systems, standards and structures for performance evaluation and salary of directors and managers.
- (2) Regularly evaluate and determine the remuneration of directors and managers.

3. Information of Operations of the Remuneration Committee

- (1) There are four members in the remuneration committee.
- (2) Term of the current Committee: From May 31, 2023 to May 30, 2026. Four meetings (A) of the remuneration committee are convened in 2023 and up to the publication date of this annual report. The attendance information is as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note 1 & 2)	Remarks
The convener	Ming-Der Hsieh	4	0	100	Re-elected Taking office on May 31, 2023

Member	Shu-Hsing Li	4	0	100	Re-elected Taking office on May 31, 2023
Member	Cheng-Jung Chiang	4	0	100	Re-elected Taking office on May 31, 2023
Member	Julian Chen	3	0	100	Newly Taking office on May 31, 2023

Note1: If a member of the Salary and Remuneration Committee resigns before the end of the year, the date of resignation should be noted in the remarks column, and the actual attendance rate (%) will be calculated based on the number of meetings of the Salary and Remuneration Committee during their tenure and the number of actual attendances.

Note2: At the end of the year, if there is re-election by the Salary and Remuneration Committee, both new and old independent directors should be filled in, and the date of the old, new or re-election of the member should be noted in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Salary and Remuneration Committee during the period of employment and the number of actual attendances.

4. Discussion from the Remuneration Committee in 2023 and up to the publication date of this annual report, resolutions, and ways the Company handled opinions from committee members:

Date	Meeting session	Contents of Resolutions	Results of Resolutions	Company's Response to the Opinions from the Remuneration Committee
2023.2.24	The first	1.2022 annual salary report for senior managers. 2.2023 annual salary index plan for senior managers. 3.Proportion of employee and director compensation allocation since 2022. 4.Remuneration distribution for senior managers in 2022. 5.The implementation of bonuses and salary adjustments for senior managers in 2023 in accordance with the "Senior Managers' Salary and Remuneration Policies and Principles".	All attending members of the remuneration committee agreed.	The resolution of the board of directors was approved by all the attending directors.
2023.7.28	The second	1.Appointment of senior director Daniel Huang as new associate vice president. 2.Appointment of senior special assistant Brenda Chen as new associate vice president	All attending members of the remuneration committee agreed.	The resolution of the board of directors was approved by all the attending directors.
2023.10.31	The third	1.2023 annual salary report for senior managers. 2.Amendment to the "Organizational Rules of the Salary and Remuneration Committee".	All attending members of the remuneration committee agreed.	The resolution of the board of directors was approved by all the attending directors.
2024.2.27	The first	1.2023 annual salary report for senior managers. 2.2023 Employee and director remuneration allocation. 3.2023 Remuneration distribution for senior managers. 4.2024 annual salary index plan for senior managers. 5.The implementation of bonuses and salary adjustments for senior managers in 2024. 6.Appointment of new associate vice president regarding salary and remuneration. 7.Appointment of new vice president regarding salary and remuneration.	All attending members of the remuneration committee agreed.	The resolution of the board of directors was approved by all the attending directors.

Other items that shall be recorded:

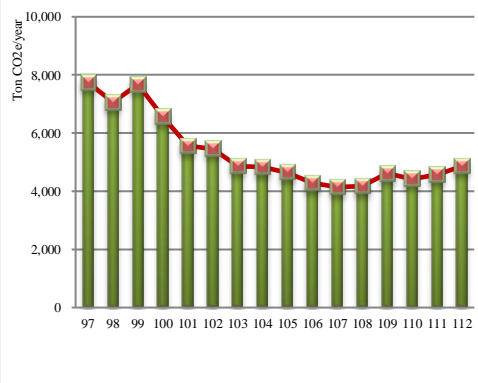
- I. If the board of directors chooses not to adopt or revise recommendations proposed by the remuneration committee, the date of the meeting of the board of directors, session, contents of proposals, results of resolutions and the Company's actions toward opinions provided by the remuneration committee shall be described in detail (also, where the salary and compensation approved by the meeting of the board of directors is better than the one recommended by the remuneration committee, the differences and the reason for the approval shall be described in detail): None.
- II. For the resolutions made by the remuneration committee, if there are members who hold objection or reservation to a resolution and such objection or reservation is on record or raised through a written statement, the date, session, contents of proposals, all members' opinions and ways in handling these opinions should be elaborated: None.

(V) Status on Execution of Social Responsibility, the Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Difference:

Promotion Items	The Executions			Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences
	Yes	No	Summary	
I. Whether the Company has established a governance structure to promote sustainable development and set up a (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management and the supervision of the board of directors?	✓		<p>1. The Company has formulated a code of practice for the practice of sustainable development of enterprises and established the sustainable development policy of enterprises as: a. Implement corporate governance; b. Develop a sustainable environment; c. Provide a friendly workplace; d. Maintain society Public welfare; e. Strengthen the disclosure of sustainable development information.</p> <p>2. The sustainable development governance structure of the Company includes the board of directors, the "Sustainable Development Committee" and the "Sustainability Report Compilation Group", as described below:</p> <p>a. The Company has set up "CSR Committee" since 2018 and changed its name to "Sustainable Development Committee" (hereinafter referred to as ESG Committee) in 2021. The ESG Committee is responsible for condensing the Company's strategies for sustainable development and integrating internal Various organizations, including the Accounting Center, Business Units, Manufacturing Center, Quality Center, Labor Safety Department, Human Resources Department and Alpha Foundation, have invested in various tasks for the sustainable development of the enterprise and have provided information on the Company. The progress of the sustainable development of enterprise and the communication with interested parties shall be reported to the board of directors regularly (at least once a year) and the board will review the relevant strategies and request the ESG committee to make adjustments if necessary (and reported to the board on 2024.2.27).</p> <p>b. The Company has set up a "Sustainability Development Center" since July 2023 as a staff unit of the Chief Sustainability Officer to assist the ESG Committee in integrating sustainability trends and formulating strategies, integrating all company units to jointly promote the implementation of various sustainability tasks.</p> <p>c. In order to comply with and implement the principle of "strengthening information disclosure for sustainable development", the ESG Committee has established a "Sustainability Report Compilation Team" to strengthen both "Promotion of Work Items (ESG Committee)" and "Transparent Disclosure (Compilation Team)")" and divide the work. The report compilation team compiles and publishes the Company's Sustainability Report every year according to the operating method, which fully discloses the relevant information of the sustainable development of the Company. In addition, before the issuance of the sustainability report, the content is verified by an external third-party impartial unit and checked by the ESG committee before it is released to the public.</p> <p>d. In March 2023, the Company participated in the TSAA Taiwan Sustainability Action Award with its "Modular Packaging Material Project" and won the "Enterprise Group SDG12-Silver Award"; in August, it participated in the TCSA Taiwan Enterprise Sustainability Award and won the "Sustainable Action Award". Continued Comprehensive Performance - Taiwan's Top 100 Model Enterprises Award' and 'Sustainability Reporting Award - Electronic Information Manufacturing (Category 1) Gold Award'; and participated in the "Promoting Workplace Equality" Excellent Institutions Selection</p>	Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”

Promotion Items	The Executions			Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences
	Yes	No	Summary	
			<p>organized by the Hsinchu Science Park Bureau and won the "Excellent Award". Various outstanding achievements show that the Company's sustainable development governance structure is operating well and it has made progress in promoting sustainable development. For relevant award information, please refer to the Company's website > Latest News</p> <p>3. For the governance structure and operation structure of the Company in the sustainable development of the enterprise, please refer to the ESG section of the Company website.</p> <p>(https://www.alphanetworks.com/csr)</p>	
II. Does the Company follow materiality principle to conduct the risk assessment for environmental, social and corporate governance topics related to corporate operation and establish risk management related policy or strategy?	✓		<p>1. According to the five principles of interest parties (dependency, responsibility, tension, influence and multiple viewpoints), the Company's ESG Committee identifies important interest parties including: employees, customers, suppliers, investors, media, etc. In addition, with reference to international trends, research reports and documents related to sustainable development, third-party evaluation agencies and issues that internal units attach importance to, extensive internal and external investigations and collection of information on various important stakeholders (environmental, social) and corporate governance, etc.) issues, through stakeholder surveys and statistics, to effectively identify, measure and evaluate issues that may have a significant impact on the Company, investors and other stakeholders, and comprehensive assessment as a corporate sustainability An important development direction basis for development, and a concrete action plan for ESG strategy and planning.</p> <p>2. With reference to GRI Standards, the ESG Committee listed a total of 31 issues of concern to interest parties in terms of corporate governance, environmental protection and social responsibility and conducted a stakeholder survey. The total of 313 questionnaires were collected in 2023. The issues of concern to stakeholders (nine items) include: operational performance, continuous operation management, supply chain management, innovative research and development, technology and quality, energy management, carbon emission management, environmental protection regulations and compliance, and occupational safety and health. The Company properly plans its sustainable development strategy to actively respond to the expectations of all stakeholders.</p>	Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”
III. Environmental Issues (I) Does the Company establish an environmental management system according to industry characteristics?	✓		<p>(I) All manufacturing plants of the Company have established an environmental management system to promote environmental management activities and have passed ISO14001:2015 certification by a third-party certification organization. At the same time, in order to effectively implement the management of hazardous substances and reduce the greenhouse gas emissions of the organization, establish a relevant management system and obtain IECQ QC080000:2017 and ISO 14064-1 certification and the relevant environmental management system can effectively reduce the impact and impact on the environment.</p> <p>Environmental management system total achieved 6 Target Projects in 2023:</p>	Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”

Promotion Items	The Executions			Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences																		
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			<table><tr><th>Environmental Policy</th><th>Environmental Target</th><th>Achieve Rate</th></tr><tr><td rowspan="3">1. Improve employees' awareness of environmental protection and implement participation in environmental protection work</td><td>Alpha's green website update</td><td rowspan="6">100%</td></tr><tr><td>Biodiversity Practice Activities (Three billboards update in B1 restaurant)</td></tr><tr><td>Biodiversity practical activities (such as beach cleaning, mountain cleaning, tree planting, environmentally friendly farmland maintenance)</td></tr><tr><td rowspan="3">2. Save energy and improve energy efficiency</td><td>Collection of related green regulations</td></tr><tr><td>Carbon footprint checking</td></tr><tr><td>The number of products that do not comply with international energy-related regulations (eg: ErP Directive, DoE, CEC, NRCan).</td></tr></table>	Environmental Policy	Environmental Target	Achieve Rate	1. Improve employees' awareness of environmental protection and implement participation in environmental protection work	Alpha's green website update	100%	Biodiversity Practice Activities (Three billboards update in B1 restaurant)	Biodiversity practical activities (such as beach cleaning, mountain cleaning, tree planting, environmentally friendly farmland maintenance)	2. Save energy and improve energy efficiency	Collection of related green regulations	Carbon footprint checking	The number of products that do not comply with international energy-related regulations (eg: ErP Directive, DoE, CEC, NRCan).							
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			<p>The hazardous substance management system total achieved 9 target items in 2023:</p> <table><tr><th>Environment al Policy</th><th>Environmental Target</th><th>Achieve Rate</th></tr><tr><td rowspan="5">1. Comply with an environme ntal laws and regulations on the restriction of hazardous substances</td><td>RoHS 2011/65 EU, EU2015/863, Packaging 94/62/EC, Battery 2013/56/EU are fully implemented, GPM system card control and maintenance management must be accurate.</td><td rowspan="5">100%</td></tr><tr><td>REACH SVHC, REACH XVII, TPHC, TSCA integrated report color management must be displayed correctly</td></tr><tr><td>Date of expiry to exclusion clauses made preparations 1 year beforehand.</td></tr><tr><td>The accuracy review of MCD data in GPM system.</td></tr><tr><td>Collection of regulations</td></tr><tr><td rowspan="3">2. Research and develop green products to pursue the realm of complete HSF products</td><td>The number of items controlled by the GPM system that do not in consonance with green materials is 0.</td><td rowspan="3"></td></tr><tr><td>Regulatory requirements are communicated to colleagues through the platform</td></tr><tr><td>Hazardous substance risk assessment</td></tr><tr><td></td><td>Integrated report production</td><td></td></tr></table>	Environment al Policy	Environmental Target	Achieve Rate	1. Comply with an environme ntal laws and regulations on the restriction of hazardous substances	RoHS 2011/65 EU, EU2015/863, Packaging 94/62/EC, Battery 2013/56/EU are fully implemented, GPM system card control and maintenance management must be accurate.	100%	REACH SVHC, REACH XVII, TPHC, TSCA integrated report color management must be displayed correctly	Date of expiry to exclusion clauses made preparations 1 year beforehand.	The accuracy review of MCD data in GPM system.	Collection of regulations	2. Research and develop green products to pursue the realm of complete HSF products	The number of items controlled by the GPM system that do not in consonance with green materials is 0.		Regulatory requirements are communicated to colleagues through the platform	Hazardous substance risk assessment		Integrated report production		
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			Organizational Greenhouse Gas Emissions Management in 2023.																			

Promotion Items	The Executions			Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences								
	Yes	No	Summary									
			<div><p>Green House Gas emissions(Ton CO2e/year)</p></div> <p>GHG emission reduction $\geq 3\%$; Completed the new version of ISO14064-1:2018 checking and calculation method training. The Company’s Official Website: Environmental Sustainability - Alpha Networks Inc. The Sustainability Report of the Company can be downloaded from the ESG section【Sustainability Report Download】Website)</p>									
(II) Is the Company committed to enhancing resource efficiency and to the use of recycled materials with low environmental impact?	✓		<p>(II) All products of the Company are complied with EU RoHS, WEEE and other instructions in 2022 and the Company continues to execute product performance improvement to meet the requirements of the EU ErP directive under strict control. In the product development stage, Life Cycle Thinking (LCT) is introduced and green design concepts are successively added and adjustments are made in accordance with the updates of international environmental regulations.</p> <p>1. The Company follows the EU WEEE product design principles, chooses the components that can be recycled and reused as much as possible and avoids coating, welding and adhesion and other difficult-to-disassemble designs. The Company meets WEEE requirements and makes product dismantling manuals and WEEE 3R report related technical documents to ensure that the product recovery rate target is achieved.</p> <p>2. The concept of life cycle is introduced in the product development stage. It is expected that at all stages of the product life cycle, including the acquisition of raw materials, manufacturing, distribution and sales, use and waste recycling, etc., the major environmental considerations can be identified and the goal is to minimize the environment impact.</p> <p>3. The energy efficiency of the product is based on the EU's ErP and the consideration of the relevant implementation method (EC) No.1275/2008 Energy consumption in standby and shutdown modes of household or office equipment and (EU) 2019/1782 external power supply.</p> <p>4. With the green material management platform and under strict internal control of the Company, except for the introduction of lead-free manufacturing processes, all manufacturing parts are complied with EU RoHS and REACH regulations.</p> <ul style="list-style-type: none">Statistics on the number of products complying with environmental regulations in 2023 <table><tr><th>Pieces\Month</th><th>Total</th></tr><tr><td>Number of pieces to be completed</td><td>1,066</td></tr><tr><td>Actual number of pieces</td><td>1,066</td></tr><tr><td>Achieved rate %</td><td>100%</td></tr></table> <ul style="list-style-type: none">Products compliance declaration in 2023	Pieces\Month	Total	Number of pieces to be completed	1,066	Actual number of pieces	1,066	Achieved rate %	100%	Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”
Pieces\Month	Total											
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Promotion Items	The Executions			Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences																								
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BSMI	6																											
TSCA	26																											
(III) Does the Company evaluate the current and future climate change potential risks and opportunities and take response measures to climate related issues?	✓		<p>(III) The Company is well aware of the impact caused by the earth's climate, ecology and environment. As a member of the global citizen, the Company shall fulfill the corporate responsibilities in order to respond to the global green new deal and green economy. Since 2013, it has participated in the "Carbon Disclosure Project (CDP)" and registered the greenhouse gas inventory records on the project website. After the disclosure, CDP will announce the annual disclosure and performance results for customers and relevant interested parties for reference. The project includes the disclosure of projects such as climate change, water and supplier participation in 2023. The Company will continue to pay attention to global climate change and other related issues and work together to improve it.</p> <p>The CDP result from 2020 to 2023</p> <table><tr><td>Result \ Year</td><td>2020</td><td>2021</td><td>2022</td><td>2023</td></tr><tr><td>Climate change</td><td>B-</td><td>B-</td><td>B-</td><td>C</td></tr><tr><td>Saving water</td><td>B</td><td>B-</td><td>B-</td><td>C</td></tr><tr><td>Supplier engagement assessment</td><td>C</td><td>C</td><td>A-</td><td>-</td></tr></table>	Result \ Year	2020	2021	2022	2023	Climate change	B-	B-	B-	C	Saving water	B	B-	B-	C	Supplier engagement assessment	C	C	A-	-	Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”				
Result \ Year	2020	2021	2022	2023																								
Climate change	B-	B-	B-	C																								
Saving water	B	B-	B-	C																								
Supplier engagement assessment	C	C	A-	-																								
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity over the past two years and formulate policies regarding carbon reduction, greenhouse gas emission reduction, water consumption reduction or other waste management?	✓		<p>(IV)The Company collects data about greenhouse gas emissions, water consumption and total waste weight every year and formulates energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction and waste management, which are disclosed in the annual corporate social responsibility report. Relevant statistics in 2023 are as follows:</p> <p>(1) The Company (Hsinchu Factory) is in response to the requirements of the new version of ISO14064-1:2018 to identify greenhouse gases, including: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated Carbides (PFCs), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) and other seven greenhouse gases. The operating boundaries of the Company (Hsinchu Plant) include direct greenhouse gas emission sources (type 1), indirect greenhouse gas emission sources (type 2, type 3, type 4, type 5, type 6). The total amount of greenhouse gas emission sources of Mingtai Technology (Hsinchu Plant) in 2011 was 533,513.58 ton CO2e, and the emissions of each category are shown below.</p> <p>• The statistics of the Company in 2023 as follows:</p> <table><tr><td>Type</td><td>Type 1</td><td>Type 2</td><td>Type 3</td><td>Type 4</td><td>Type 5</td><td>Type 6</td><td>Total</td></tr><tr><td>(ton CO2e)</td><td>74.62</td><td>4,791.75</td><td>549.17</td><td>162,223.35</td><td>645,804.45</td><td>0.00</td><td>667,442.35</td></tr><tr><td>(%)</td><td>0.01%</td><td>0.72%</td><td>0.10%</td><td>2.45%</td><td>96.71%</td><td>0%</td><td>100.00%</td></tr></table> <p>(2)The sewage of the Company produced is sewage and kitchen sewage. It is not the waste water generated by the process, it is only self-disclosed sewage, including discharge water. Effluent Testing: the Company entrusts an environmental inspection and measurement agency approved by the Environmental Protection Administration of the Executive Yuan every</p>	Type	Type 1	Type 2	Type 3	Type 4	Type 5	Type 6	Total	(ton CO2e)	74.62	4,791.75	549.17	162,223.35	645,804.45	0.00	667,442.35	(%)	0.01%	0.72%	0.10%	2.45%	96.71%	0%	100.00%	Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”
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Promotion Items	The Executions			Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences																																
	Yes	No	Summary																																	
			<p>year and test and save test report. Flowmeter calibration: Use a calibration ruler to measure and record the head overflow height actually in the triangular weir water tank pipeline on site.</p> <ul style="list-style-type: none">The statistics of the Company in the past two years (2021 ~2023) are as follows: <table><tr><th>Year</th><th>Hsinchu Emissions (tons)</th><th>Changshu Emissions (tons)</th><th>Vietnam Emissions (tons)</th></tr><tr><td>2021</td><td>22,193</td><td>79,787</td><td>-</td></tr><tr><td>2022</td><td>29,110</td><td>73,014</td><td>5,339</td></tr><tr><td>2023</td><td>28,845</td><td>56,649</td><td>20,310</td></tr></table> <p>(3)The Company formulates waste management procedures and establishes an internal effective waste management system to avoid environmental pollution due to improper waste management. Waste is divided into general waste, hazardous industrial waste and business waste. The Hsinchu Plant has set up a waste storage area that meets the regulations and entrusts the waste disposal company that has been approved by the government and has not been penalized in the past year to deal with it. To achieve waste reduction targets.</p> <ul style="list-style-type: none">The statistics of the Company's Hsinchu, Dongguan, Changshu and Vietnam factories in the past two years from (2021~2023) are as follows <table><tr><th>Year</th><th>General Waste (Kilogram)</th><th>Hazardous waste (Kilogram)</th><th>Total Waste (Kilogram)</th></tr><tr><td>2021</td><td>555,239.5</td><td>44,425</td><td>599,664.5</td></tr><tr><td>2022</td><td>652,495.4</td><td>60,766.66</td><td>713,262.06</td></tr><tr><td>2023</td><td>729,514.3</td><td>77,960.22</td><td>807,474.52</td></tr></table> <p>The Sustainability Report of the Company can be downloaded from the ESG section 【Sustainability Report Download】 Website)</p>	Year	Hsinchu Emissions (tons)	Changshu Emissions (tons)	Vietnam Emissions (tons)	2021	22,193	79,787	-	2022	29,110	73,014	5,339	2023	28,845	56,649	20,310	Year	General Waste (Kilogram)	Hazardous waste (Kilogram)	Total Waste (Kilogram)	2021	555,239.5	44,425	599,664.5	2022	652,495.4	60,766.66	713,262.06	2023	729,514.3	77,960.22	807,474.52	
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IV. Social Issues (I) Does the Company set up policies and procedures in compliance with laws and regulations as well as the international recognized human rights principles?	✓		<p>(I) The Company supports and abides by the "United Nations Universal Declaration of Human Rights", "United Nations Global Covenant", "United Nations Guiding Principles on Business and Human Rights" and the "Declaration on Fundamental Principles and Rights at Work" of the international labor convention, and adopts a partnership with the Responsible Business Alliance (RBA)) standards consistent with the code of conduct, complying with local laws and regulations in each operating base around the world, and protecting the human rights of employees. In terms of policies, the Company has also formulated relevant policies and other internal management measures to clearly declare the protection of employees' rights and to properly take care of colleagues.</p> <p>In view of the principle of human rights protection that the Company attaches great importance to, the company follows the Labor Standards Act, formulates employee work rules in accordance with the law, and submits them to the park administration for approval before implementation to protect the legitimate rights and interests of employees. An employee welfare committee is also set up, which is run by labor representatives through internal elections among employees. This committee can plan and handle various employee welfare matters. We also adopt standards that are consistent with the Responsible Business Alliance (RBA) Code of Conduct, comply with local laws and regulations in all operating locations around the world, and protect the human rights of employees. In line with the principle of human rights protection that Alpha attaches great</p>	Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”																																

Promotion Items	The Executions			Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences												
	Yes	No	Summary													
			<p>importance to, and in accordance with the Company's appointment methods for new employees, the company provides equal job opportunities to job seekers and every employee regardless of race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, belief, political affiliation, community membership or marital status, etc., and child labor and forced labor are not allowed.</p> <p>The Company has always attached great importance to human rights and labor issues, and implemented them in the workplace through ESG, RBA and other policy derivation.</p> <p>A total of 38 people participated in the 112-year internal related theme courses, with a total training time of 15.25 hours.</p> <p>In order to fulfill its corporate social responsibilities and implement human rights policies, the Company develops management measures and risk mitigation measures through human rights issue assessment and risk identification, and conducts improvement and follow-up tracking to effectively reduce the impact and impact of human rights risks. We referred to the RBA Responsible Business Alliance Code of Conduct and various international human rights policies to select 11 important issues of concern as human rights risk assessment projects.</p> <p>For human rights risk assessment projects, a matrix risk assessment is conducted using two vectors: "probability of occurrence" and "degree of impact." After the comprehensive score is calculated to form a risk coefficient, it is used to determine the severity of potential risks. Take corresponding mitigation or remedial measures for potential risks.</p> <table><tr><th>No.</th><th>Human right risks</th><th>Risk assessment</th><th>Mitigation and remedial measures</th></tr><tr><td>1</td><td>Child labor</td><td>Low probability, low impact</td><td>1. Strictly review personal information during recruitment 2. Third-party security consulting for personnel appointment implementation</td></tr><tr><td>2</td><td>Working hour management</td><td>High probability, high impact</td><td>1. Monitor attendance through human resources and attendance system 2. Regularly issue abnormal reminders and early warnings to colleagues and their supervisors 3. Send reminders to those who have reached the working hour standard on the day to avoid overtime situations. 4. Strengthen communication on the factory management system and plan appropriate</td></tr></table>	No.	Human right risks	Risk assessment	Mitigation and remedial measures	1	Child labor	Low probability, low impact	1. Strictly review personal information during recruitment 2. Third-party security consulting for personnel appointment implementation	2	Working hour management	High probability, high impact	1. Monitor attendance through human resources and attendance system 2. Regularly issue abnormal reminders and early warnings to colleagues and their supervisors 3. Send reminders to those who have reached the working hour standard on the day to avoid overtime situations. 4. Strengthen communication on the factory management system and plan appropriate	
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Promotion Items	The Executions						Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences	
	Yes	No	Summary					
							manpower reserves	
				3	Salary and benefits	Low probability, high impact	1. Formulate and implement performance appraisal and promotion systems 2. Review changes in the internal and external environment and participate in salary surveys to adjust salary policies and salary planning plans to optimize the company's overall salary competitiveness	
				4	Fair chance	Low probability, low impact	1. Formulate and implement performance appraisal and promotion systems 2. Colleagues' work performance is combined with bonus and salary adjustment systems	
				5	Health and safety	Medium probability, high impact	1. Establish a clear reporting process for industrial safety accidents and occupational disasters 2. Conduct regular safety escape drills 3. Provide colleagues in special working environments with protective equipment that is suitable and meets regulatory requirements 4. Implement various safety promotions and protective equipment inspections 5. Provide regular occupational safety and health examinations to employees working with occupational hazards 6. Specify the investigation and handling methods for various safety and health incidents. Record and	

Promotion Items	The Executions						Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences	
	Yes	No	Summary					
							review each incident in detail.	
				6	Sexual harassment	Medium probability, medium impact	1. Set up the Company’s human right policy	
				7	workplace bullying	Medium probability, medium impact	2. Strengthen internal training on relevant issues	
				8	discriminate (Race/Nationality/Age/Gender)	Low probability, low impact	3. Formulate and implement "Complaint and Punishment Measures for Preventing and Controlling Sexual Harassment in the Workplace" 4. Establish internal multiple communication channels and grievance mechanisms 5. Optimize employee psychological consultation and counseling measures	
				9	Personal privacy Protect	Medium probability, high impact	1. Formulate information security management policies to protect the security of employees, customers, suppliers and other employees, business contacts and operation-related information assets 2. Formulate the "Code of Integrity Business", "Operation Methods for Ethical Conduct" and other measures to clearly declare the protection of the privacy of relevant information of stakeholders.	
			10	Freedom of association and group consultation	Low probability, low impact	1. Set up the Company’s human right policy 2. Strengthen internal training on relevant issues		

Promotion Items	The Executions						Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences
	Yes	No	Summary				
						3. Implement the function of labor-management meetings and provide effective communication channels	
				11	Forced labor	Low probability, high impact	Set up a working time warning and reminder function in the attendance system to review and control employee working hours every day °
(II) Does the Company establish and implement the rational employee benefit measures (including remuneration, leave and other benefits...etc.), link operational performance or achievements with employee remuneration?	✓		(II) 1. Employee remuneration: The Company regularly measures the market salary level to formulate a reasonable salary and remuneration policy to ensure the overall salary competitiveness. It is stipulated in the Company's articles of incorporation that if the Company has a profit in the year, 10%~22.5% should be allocated as employee compensation and the Company's operation Linking performance and employee rewards. The Company’s Remuneration Committee convenes at least twice a year and will be convened at any time as needed. The committee faithfully performs its relevant duties and powers with the care of a good steward in accordance with the law and submits its recommendations to the board of directors for discussion. The distribution of remuneration to employees and directors of the company is reported to the shareholders' meeting after approval by the salary and remuneration committee and the board of directors. This is used as a way to measure the management performance of the Company's top management unit. Remuneration information related to senior management such as the board of directors and managers is also appropriately disclosed in the company's annual report, so that all stakeholders can fully understand the correlation between senior executive compensation and the company's operating performance. 2. Employee benefits: The Company provides employees with considerate and high-quality welfare measures every year, including: overseas travel insurance, free annual health examinations, weddings and funerals, hospitalization subsidies for injuries and illness, employee three-day gift subsidies and other fixed welfare projects; in order to let employees have a work and life. balance, there are annual travel subsidies, community activity subsidies and Chinese language test study subsidies every year; free indoor parking spaces for automobiles and motorcycles, so colleagues don’t have to worry about their cars being exposed to wind and sun; the staff restaurant provides diverse and nutritious meals; There are also chain convenience stores stationed in the factory, irregular group company product sales, employee purchase discounts, etc., and various welfare measures, hoping to provide colleagues with convenient life functions after work. In 2023, as we usher in the post-epidemic era of COVID-19, the company can intensify its efforts to improve various workplace-friendly measures. After measuring and investigating various internal and external resources and information, it finally				Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”

Promotion Items	The Executions			Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences																						
	Yes	No	Summary																							
			<p>combines NPO groups to increase employee benefits. At the same time, it can support public welfare organizations to promote projects including visually impaired massage, psychological counseling, and afternoon tea for birthday guests, etc.</p> <p>The Birthday Afternoon Tea, a total of 1,240 handmade cakes/biscuits made by charity groups were distributed in 2023.</p> <p>To reduce negative energy and increase positive energy, our company has planned stress relief methods for colleagues from the inside out.</p> <p>The Company cooperates with professional psychological counseling units to provide multi-channel psychological counseling services in both Chinese and English. Colleagues can talk to psychological counselors through letters, phone calls, videos, etc. Through psychological counseling, they can find an outlet for their emotions and turn negative energy into positive thinking. A total of 70 people have used it in 2023, and the average user satisfaction score reached 4.99 points (out of 5 points).</p> <p>In addition, the company cooperates with the local Visually Impaired Massage Association, and the association dispatches masters to be stationed in the factory. This service effectively relieves the fatigue feelings and body soreness of colleagues, and colleagues’ comments are full of praises. From February 2023 to the end of the year, approximately 1,700 people used it, with an average of more than 150 people per month.</p> <p>3. Workplace diversity and equality</p> <p>The Company focuses on gender equality, equal remuneration and promotion opportunities. 47% of employees were women. Men and women were paid equally for equal work in 2023.</p> <p>The Company’s new recruits starting salary ratio</p> <table><tr><th>Area</th><th>Type</th><th>Female</th><th>Male</th></tr><tr><td rowspan="2">Taiwan</td><td>direct personnel</td><td>1</td><td>1</td></tr><tr><td>indirect personnel</td><td>1</td><td>1</td></tr></table> <p>Note: Ratio of starting salary of new recruits = starting salary of female new recruits / starting salary of male new recruits</p> <p>The average salary ratio of Alpha’s new recruits</p> <table><tr><th>Area</th><th>Type</th><th>Female</th><th>Male</th></tr><tr><td rowspan="2">Taiwan</td><td>direct personnel</td><td>1.10</td><td>1.10</td></tr><tr><td>indirect personnel</td><td>1.91</td><td>1.91</td></tr></table> <p>Note: Starting salary standard for new recruits/local legal basic salary</p> <p>4. Retirement systems</p> <p>The Company has established employee retirement methods and retirement systems, please refer to the "Labor-Management Relations" section of this annual report.</p>	Area	Type	Female	Male	Taiwan	direct personnel	1	1	indirect personnel	1	1	Area	Type	Female	Male	Taiwan	direct personnel	1.10	1.10	indirect personnel	1.91	1.91	
Area	Type	Female	Male																							
Taiwan	direct personnel	1	1																							
	indirect personnel	1	1																							
Area	Type	Female	Male																							
Taiwan	direct personnel	1.10	1.10																							
	indirect personnel	1.91	1.91																							
(III) Does the Company provide a safe and healthy working environment to employees, with regular safety and health education?	✓		<p>(III) The Company strives to create a healthy and safe working environment, formulates occupational safety related regulations, conducts workplace hazard identification and risk assessment and change management, regularly implements occupational safety and health audits and implements the Taiwan Occupational Safety and Health Management System (TOSHMS).</p> <p><u>Safety and Health Policy</u></p> <p>The Company is committed to improving a healthy and safe working environment, formulating safety and health policies, management manuals and work rules while respecting the safety and health requirements of relevant stakeholder groups to build a healthy and happy workplace.</p> <p>The Company takes occupational accident prevention</p>	Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”																						

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	Yes	No	Summary																									
			<p>and disaster prevention as its core concepts, implements workplace hazard identification, risk assessment and change management through appropriate management tools, technologies and resources, and conducts regular safety and health audits, implementing the Taiwan Occupational Safety and Health Management System (TOSHMS)</p> <p>Through integration, each factory area formulates countermeasures to continue to promote safety and health goals, and also strengthens the protection management of workers to create a zero-disaster environment. In addition, quantitative safety and health indicator tracking management is established to improve safety and health performance and reduce risks.</p> <p><u>Accident investigation and improvement</u></p> <p>Except for one occupational accident in 2023, there were no occupational accidents at work. The company continues to strengthen work safety promotion, conducts regular automatic inspections, cares for the physical and mental condition of colleagues, and ensures the safety of colleagues during work from 2021 to 2023.</p> <p><u>Labor working environment monitoring</u></p> <p>In order to ensure that workers are not exposed to harmful substances in the workplace and provide a healthy and safe working environment for workers, the company performs secondary operating environment monitoring every year, regularly monitoring organic solvents, noise, carbon dioxide and lighting in the workplace, and gradually understands exposed status of staff.</p> <p><u>Work safety inspection</u></p> <p>The Company has an annual safety and health management plan and implements industrial safety audits according to the following categories and cycles:</p> <table><tr><td>Work safety audit</td><td>Twice per week</td></tr><tr><td>Employee safety observation</td><td>Three times per month</td></tr><tr><td>Environment safety audit</td><td>Once per week</td></tr><tr><td>Contractors construction inspections</td><td>Irregularly</td></tr></table> <p><u>Equipment security management</u></p> <p>Our company classifies hazardous machinery and equipment in accordance with the law and conducts detailed inspections to ensure that the equipment can be operated safely. Relevant inspection categories and cycles are as follows to ensure the safety of the equipment.</p> <table><tr><td>Checking type</td><td>Checking cycle</td></tr><tr><td colspan="2">General machinery</td></tr><tr><td>Automatic storage equipment</td><td>Per day/ month</td></tr><tr><td>Vehicles</td><td>Per month/per year</td></tr><tr><td>Forklift</td><td>Per month/year/before operating</td></tr><tr><td colspan="2">Hazardous machinery and equipment</td></tr><tr><td>Lift</td><td>Per week/month/year</td></tr><tr><td>High pressure gas specific equipment</td><td>Per month/ year/before operating</td></tr></table> <p>In addition, the following measures and activities are also implemented to enhance the concept of labor safety and provide a healthy working environment for employees:</p> <ol style="list-style-type: none">1. The training organization arranges for each new employee to conduct general education training on safety, hygiene and hazards.2. General safety and health on-the-job education	Work safety audit	Twice per week	Employee safety observation	Three times per month	Environment safety audit	Once per week	Contractors construction inspections	Irregularly	Checking type	Checking cycle	General machinery		Automatic storage equipment	Per day/ month	Vehicles	Per month/per year	Forklift	Per month/year/before operating	Hazardous machinery and equipment		Lift	Per week/month/year	High pressure gas specific equipment	Per month/ year/before operating	
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Promotion Items	The Executions			Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences												
	Yes	No	Summary													
			<p>and training of employees.</p> <p>3. Training of employees for special operations, such as first aid personnel, ionizing radiation operators, organic solvent operations supervisors, stacker operators, etc.</p> <p>4. The Company has set up sports venues and equipment in the factory for employees to exercise, and conducts regular employee health examinations every year to maintain the physical and mental health of employees.</p> <p>The Company's industrial safety education training and promotion in the past three years</p> <table><tr><th>Year</th><th>education training amount</th><th>education training hours</th></tr><tr><td>2021</td><td>995</td><td>2,014</td></tr><tr><td>2022</td><td>1,657</td><td>4,962</td></tr><tr><td>2023</td><td>858</td><td>2,876</td></tr></table> <p>5. There has been no fire incident in the Company since 2023. To prevent fires, in addition to fire safety promotions, the company holds employee fire training every 6 months and conducts regular fire safety inspections.</p>	Year	education training amount	education training hours	2021	995	2,014	2022	1,657	4,962	2023	858	2,876	
Year	education training amount	education training hours														
2021	995	2,014														
2022	1,657	4,962														
2023	858	2,876														
(IV) Does the Company establish the effective career development training?	✓		<p>(IV)The company is well aware that training development is a long-term plan for the company, and talents are the most valuable assets of the company. Therefore, it spares no effort in employee training and career planning, and invests a huge training budget and resources year by year to expand multiple learning channels. As the COVID-19 epidemic eases, some courses have gradually returned to physical courses. The company plans to have a complete training system (newcomer training/management functions/core functions/professional training). At the same time, in line with company policies and business promotion, it has added courses with diverse contents such as sustainable development and technical courses to assist the development of employees' career capabilities.</p> <p>According to the development of the organization's business strategy and the implementation of management objectives, courses required for management functions are organized for managers at all levels to strengthen the concepts and abilities of managers at all levels. A total of 232 people attended management function course, and the total training hours were 1,554 hours in 2023.</p> <p>In order to cultivate the company's own R&D talents specializing in 5G, 6G and other technologies, and in line with the company's technological development trend, experts and scholars are invited to serve as lecturers. The total training hours have reached 1,505 hours in 2023; on average, each trainee has received 4.67 hours of training. The highest over the years.</p> <p>In order to deepen ESG knowledge and make sustainable development a consensus among all employees, the Company has incorporated the “ESG Sustainable Development” and “Integrity Governance” units into the fixed training courses for new employees starting from 2022. In addition, external lecturers are invited to the factory to give lectures on important topics including “green supply chain”, “packaging material reduction”, “process reduction” and other important topics. In 2023, the total training hours of ESG-related courses for newcomers reached 414 hours, and the number of participants reached 678. The annual ESG course has a total training hours of 1,277.5 hours and 1,275 participants.</p> <p>The Company-wide annual training results include the above-mentioned management & professional training as well as the company's internal manufacturing, quality, safety and health training. The total training hours of the company in 2012 reached 26,474 hours, and the total number of trainees</p>	Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”												

Promotion Items	The Executions			Differences between the Execution and the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the Reasons of the Differences
	Yes	No	Summary	
			was 18,557.	
(V) Does the Company's products and services comply with relevant laws, regulations and international guidelines for customers' health and safety, privacy, sales, labeling and set policies to protect customers' rights and consumer apple procedures?	✓		<p>(V) Based on the E-CAN values, the Company puts the customer's value and needs in the first place and must achieve 【customer value】 with its mission and it is not false marketing to customers.</p> <p>Besides, the Company is the foundry of Netcom products and the sales activities of products to end consumers are the affairs of the OEM customers. The Company does not directly face end consumers. The content of product labels is produced and posted according to customer needs. In line with the relevant laws and regulations of various places, The Company has not violated the information and labeling regulations of products and services in 2023, nor has it violated relevant marketing communication (including advertising, promotion) regulations.</p> <p>Moreover, the Company uses an objective method through the questionnaire survey of customer satisfaction, hoping to understand from different customer groups whether the products and services provided can meet the needs of customers, as a basis for continuous improvement.</p> <p>The 【interest parties】 of the ESG section of the Company's website provides communication and interaction channels for various interest parties. For the issues raised by each interest parties, a special person is responsible for handling related matters.</p>	Comply with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"
(VI) Does the Company establish the supplier management policy and ask the suppliers to follow the related rules for the issues of environmental protection, occupational safety and health or labor rights and the implementation status?	✓		<p>(VI) According to the RBA Responsible Business Alliance Code of Conduct, the Company sets the basic guidelines for suppliers and asks suppliers to comply with relevant social responsibility and integrity commitments. The Company continues to implement supplier annual audits and new supplier introduction and requires all suppliers to comply with the standard for labor rights, health and safety, environmental protection, ethics, management systems and social impact.</p> <p>Suppliers are required to implement procurement management based on the green supply chain in addition to the evaluation of Quality, Cost, Delivery, Service and Technical capabilities. The control of hazardous substances is also included in the incoming material inspection procedures. Suppliers are required to immediately propose corrective and prevent recurrence measures for the raw materials of the anti-controlled substance regulations.</p> <p>The average ratio of excellent (A) and good (B) suppliers was 98.90% and the ratio of poor (E) suppliers was 0.31% in 2023. The Company asks the inferior (E)-level suppliers to improve on a project basis and continuously asks the normal (C) and poor (D)-level suppliers to improve through counsel in order to enhance the overall delivery quality of suppliers.</p> <p>The supplier management policy in 2023.</p> <p>In order to create a green supply chain, the Company strictly requires suppliers to follow the "Alpha Environmental Management Substance Management Measures", and when necessary, submit a test report from a third impartial unit, and incorporate green management principles into the supplier management mechanism.</p> <p>Suppliers are expected to jointly fulfill their corporate social responsibilities, and do a good job in risk management and business continuity planning. Ensure commitment to comply with RBA requirements and must return the "Supplier RBA Self-Assessment Questionnaire" to understand the supplier's implementation results, and then start the on-site audit according to the supplier category and continue to track and supervise to ensure proper improvement. The main trading manufacturers of the Company (the ones with large volume and high transaction value) are evaluated by the procurement,</p>	Comply with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Promotion Items	The Executions			Differences between the Execution and the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons of the Differences
	Yes	No	Summary	
			<p>engineering and quality assurance units based on quality, cost, delivery date, service and technical capabilities. A total of 72 suppliers audition had been executed in 2023, including 49 currently audited suppliers and 23 newly audited suppliers. If the score is lower than 70 points, it will be listed as an unqualified supplier. A total of 164 suppliers were evaluated, 0 suppliers were not recommended, and no supplier was suspended for new material transactions in the year.</p>	
V. Does the Company refer to international reporting rules or guidelines to publish the CSR report to disclose non-financial information of the Company? Has the Company obtained a 3 rd certification party verification or statement of assurance?	✓		<p>The Company's sustainability report is compiled in accordance with the GRI International General Reporting Standard (GRI Standard), and has been verified by the third-party certification unit Taiwan Rheinland Technology Guardian Co., Ltd. AA1000Type I moderate assurance level, and is included in the report. The appendix provides an external verification statement.</p> <p>The relevant information of TCFD and SASB is also disclosed in the relevant chapters of the report, and a comparison table of TCFD and SASB (in the appendix) is compiled for indexing.</p> <p>The Sustainability Report of the Company can be downloaded from the ESG section【Sustainability Report Download】Website)</p>	Comply with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”
<p>VI. If the Company has established its own corporate social responsibility code of practices according to the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies”, please describe the operational status and differences.</p> <p>The Company has established its own code of practices for corporate social responsibility and its related operations are implemented in accordance with the content of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies" and there are no major differences.</p>				
<p>VII. Other important information to facilitate better understanding of the Company's implementation of corporate social responsibility:</p> <ol style="list-style-type: none"> 1. The implementation plan and results of sustainable development are reported to the board of directors regularly every year (the situation in 2023 was reported to the board of directors on February 27, 2024). 2. The Company has set up an ESG area (https://www.alphanetworks.com/csr) on the Company's website since 2015, and all sustainable development information is transparently disclosed on the website. The company regularly issues sustainability reports (formerly known as corporate social responsibility reports) every year to report to all stakeholders the company's investments and results in corporate governance, environmental protection, employee rights and interests, and social participation. This report is available in Chinese and English. The content is published in the ESG area of the company's website (https://www.alphanetworks.com/csr) and is available for stakeholders to download and browse. 3. In March 2023, the Company participated in the TSAA Taiwan Sustainability Action Award with its "Modular Packaging Material Project" and won the "Enterprise Group SDG12-Silver Award"; in August, it participated in the TCSA Taiwan Enterprise Sustainability Award selection and won the "Sustainability Comprehensive Performance-Taiwan's Top 100 Model Enterprises Award" and "Sustainability Reporting Award-Electronic Information Manufacturing (Category 1) Gold Award"; and participated in the "Promoting Workplace Equality" excellent business unit selection organized by the Hsinchu Science Park Bureau. Won the "Excellence Award" <p>Various outstanding achievements sufficiently prove that the Company's efforts and achievements in sustainable development. For relevant award information, please refer to our Company's website > Latest News.</p>				

(VI-I) Climate related Information for Listed Companies

1. Execution Status of Climate related Information

Items	Execution Status
1. Description the supervision and governance of climate related risks and opportunities by the board of directors and management.	<ul style="list-style-type: none"> - Board of Directors and Functional Committees: The Company's Board of Directors is responsible for reviewing and guiding climate change strategies, action plans and annual goals. The Sustainability Development Committee is responsible for formulating, planning and promoting them, and is implemented every quarter by the Risk Management and Corporate Sustainability Management Committee. Detect and respond to climate change risks, report the implementation status to the board of directors regularly every year, and review greenhouse gas reduction targets and achievement levels - Risk Management Committee: Coordinates relevant departments within the company to jointly review the internal and external risks faced by the company (including climate change risks), formulates risk response strategies for company-wide major risk issues, and reports to the board of directors every year. - Sustainability Committee: Responsible for the proposal and implementation of corporate social responsibility vision and tasks, systems or related management policies and specific promotion plans (including climate change), and reporting climate change-related promotion plans and operational results to the board of directors every year.
2. Explain how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise (short term, medium term, long term).	<p>The Company identifies the climate risks and opportunities that the company may face based on the TCFD structure (transformation risks: policy/regulation, technology, market, goodwill and physical risks). The possible impacts are analyzed as follows.</p> <p>Transition risks:</p> <ul style="list-style-type: none"> • Policy - If the government collect carbon fees/taxes or needs to purchase carbon rights (neutralization), operating expenses may increase. • Technology - Because product energy-saving or carbon-reducing technology lags behind competitors, customers may be less willing to cooperate, thereby impacting orders and revenue. <p>- In response to carbon emission issues, energy efficiency needs to be improved, equipment needs to be updated, and old equipment needs to be phased out (energy-saving projects), resulting in an increase in capital expenditures.</p> <ul style="list-style-type: none"> • Market - In order to reduce carbon emissions in the supply chain or reduce the carbon footprint of products, you may be forced to choose raw materials with better carbon emissions but higher costs, resulting in increased costs. <p>- In response to the national carbon reduction goals, the conversion of power generation methods in power plants may lead to an increase in electricity charges (rates) and cost.</p> <p>- In response to carbon reduction issues and customer requirements to switch to green electricity and achieve the RE 100 target, it is necessary to purchase green energy certificates (increased fees) and build solar power generation devices (capital expenditure).</p> <ul style="list-style-type: none"> • Reputation - Poor carbon reduction efficiency affects the company's reputation, which in turn affects financial ratings, resulting in increased financing or financing costs; the company's reputation affects the public image, resulting in increased recruitment costs, and may even require an increase in salary to increase employees' willingness to work. ; Or in order to maintain the company's reputation, public relations expenses will increase. <p>Physical risks:</p> <ul style="list-style-type: none"> • Factory shutdown - Due to heavy rainfall, typhoons and other factors, the factory area was flooded or had a power outage, resulting in the production line being shut down. • Final damage and personal damage - due to heavy rainfall, typhoons, earthquakes and other factors, factory equipment is damaged or personnel are injured. • Recovery costs - recovery costs for equipment damaged or personnel injured as mentioned above. <p>Chance:</p> <ul style="list-style-type: none"> • Technical and Specialist Subsidy - In response to government policy direction, we received a project subsidy from the Industrial Development Administration of the Ministry of Economic Affairs to promote low-carbon and smart upgrading and transformation of small manufacturing industries. • Energy-saving products - develop energy-saving products or launch new products that meet energy-saving issues to increase customers' willingness to cooperate.
3. Describe the impact of extreme weather events and transition actions on finances.	<p>Transition risks:</p> <ul style="list-style-type: none"> • Policy-Introduction of carbon fees/taxes, resulting in an increase in operating expenses. • Technology

Items	Execution Status
	<p>Products with backward energy-saving or carbon-reducing technologies may have an impact on orders and revenue.</p> <p>In order to improve energy efficiency, invest in energy-saving equipment and increase capital expenditures.</p> <ul style="list-style-type: none"> • Market <p>Choose raw materials with better carbon emissions but higher costs, resulting in increased costs.</p> <p>Electricity bills (rates) are rising and costs are increasing.</p> <p>Purchasing green energy certificates (increased costs) and building solar power installations (capital expenditure).</p> • Reputation - Increase in raising and financing costs; increase in salary expenses; increase in public relations expenses <p>Physical risks:</p> <ul style="list-style-type: none"> • Food flooding or power outage in the factory area will prevent production lines from starting, which may affect output and revenue. • Loss caused by damage to property or persons. • Recovery costs for equipment damaged or personnel injured as mentioned above.
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	<p>The Company's risk management is handled in accordance with the "Risk Management Policies and Procedures" approved by the board of directors. The chairman of the company is the chairman of the Risk Management Committee (RMC), and the first-level managers of each unit are RMC members. The RMC meets regularly (quarterly) to identify the company's risks, develop countermeasures, and establish a reporting mechanism to respond to emergencies faced by the company. Accidents, quickly command and coordinate relevant units to respond to various emergencies.</p> <p>The RMC meeting also follow the TCFD structure. Each committee member/unit identifies and evaluates the physical risks and transition risks brought about by climate change based on its business-related aspects. Each physical risk is linked to the BCP plan to establish contingency measures. ; Transformation risks are linked to ESG strategies, and the ESG committee develops promotion policies and implements relevant action plans. Regular (at least once a year) reports from the RMC and ESG Committee to the Board of Directors include climate risks, related issues and plans.</p>
5. If scenario analysis is used to assess resilience to climate change risks, details should be provided on the scenarios, parameters, assumptions, analysis factors, and key financial impacts.	<p>Our Company's TCFD assessment is mainly based on the RCP4.5 scenario (the medium emission scenario, by 2080, emissions will be reduced to half of today's levels, and the temperature increase will likely not exceed 2°C by 2100). Each risk will be reviewed one by one based on the risk description. Hypotheses, setting parameters, evaluating variables.</p> <p>(Policy) Carbon fee/tax \Rightarrow Carbon emissions (tons) \times Carbon fee/tax per ton</p> <p>(Technical) Revenue Impact \Rightarrow Expected Revenue \times Order Impact %</p> <p>(Market) Raw material cost \Rightarrow Expected revenue \times Raw materials account for % of revenue \times Cost increase %;</p> <p>Electricity bill (rate) increase \Rightarrow Electricity consumption (kWh) \times amount of increase per kWh;</p> <p>See item 8 for green energy certificates (RECs) fees and solar power generation capital expenditures.</p> <p>(Reputation) Increase in financing costs \Rightarrow Loan amount \times interest rate increase %;</p> <p>Increase in salary expenses \Rightarrow Salary expenses \times salary increase %.</p>
6. If there is a transformation plan to address and manage climate-related risks, describe the content of the plan, as well as the indicators and objectives used to identify and manage physical risks and transition risks.	<p>The Company has announced the 2030/40/50 sustainable environmental vision, with the goal of achieving RE 60 and 30% supply chain carbon reduction by 2030; RE 100 by 2040; Net Zero by 2050. Achieve the '30/40/50' vision and plan five major carbon reduction strategies and plans:</p> <ul style="list-style-type: none"> • Green energy - In order to achieve the goals of RE 60 in 2030 and RE 100 in 2040, we must first (Reduce) invest in energy-saving measures, reduce electricity consumption, build solar power generation devices, and use green electricity (Replace). The rest must still use traditional For the electricity part, green energy certificates will be purchased year by year, so that the proportion of renewable energy (RE %) will reach more than 60% before 2030. • Green supply chain - In order to achieve the goal of 30% carbon reduction in the supply chain in 2030, the Company held the "Supplier Energy Saving and Carbon Reduction Conference" at its Hsinchu headquarters on November 17, 2023, announcing its commitment to sustainability initiatives with suppliers. Experts from the Industrial Bureau and the Information Policy Council were also invited to share practical

Items	Execution Status
	<p>experience in carbon reduction and global trends, and work with suppliers to create a sustainable low-carbon supply chain.</p> <p>The Company received a project subsidy from the Industrial Development Administration of the Ministry of Economic Affairs in 2023 to "bring large-scale and small manufacturing industries to low-carbon and smart upgrading and transformation", which will be used for supplier (carbon emission information) platforms, related guidance and other measures, and will be used with suppliers in the future. Work together to move towards carbon reduction goals.</p> <ul style="list-style-type: none"> • Green operations - Plan to introduce product carbon footprint calculations to facilitate the development of future low-carbon products and reduce product carbon footprints. • Green Transformation Platform - In addition to the above-mentioned supplier (carbon emission information) platform, we plan to introduce a carbon footprint management platform in the future, so that we can quickly conduct carbon footprint inspections on different products in the future to meet customer needs and improve customer satisfaction. • Green Initiative - The plan will join the SBTi international initiative and commit to reaching the Net Zero goal by 2050. According to the SBTi standard guidelines, it will formulate specific scientifically based carbon reduction targets and carbon reduction pathways, and launch relevant carbon reduction actions.
7. If using internal carbon pricing as a planning tool, details should be provided on the pricing basis.	No internal carbon pricing mechanism yet.
8. If climate-related goals are set, details should be provided on the activities covered, greenhouse gas emission scopes, planning timeframe, progress achieved annually, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, details should be provided on the source and quantity of carbon offsets or the quantity of RECs.	<ul style="list-style-type: none"> • The goals of RE 60 in 2030 and RE 100 in 2040 (category 2 carbon emissions) include several activities such as power saving measures, construction of solar power generation devices, and purchase of green energy certificates (RECs). Estimate the future power consumption situation based on the operational outlook, plan power saving measures (Reduce), convert (Replace) the net power consumption to solar power generation, and purchase a certain proportion of green energy certificates for the insufficient self-generated power. A. Energy-saving project - equipment is updated year by year and old equipment is eliminated. It is estimated that by 2030, about 20% of the estimated electricity consumption will be reduced through energy-saving measures. B. Solar power generation - Based on the current conditions of each plant, the planned power generation capacity will be assessed and constructed in phases from 2024 to 2026. It is expected that solar power generation will account for approximately 5% by 2030. C. Green energy certificates - In order to achieve RE 60 in 2030, green energy certificates (RECs) will be purchased to make up for the shortfall in self-generated power. One green energy certificate must be purchased for every 1,000 kilowatt hours (each one is 1,000 kilowatt hours). <p>*Note: RE%=(self-generated electricity + green energy certificate) ÷ net electricity consumption</p> <ul style="list-style-type: none"> • The supply chain carbon reduction target of 30% (Category 4 carbon emissions) in 2030, the Company has held a "Supplier Energy Saving and Carbon Reduction Conference" on November 17, 2023, announcing its commitment to a sustainable vision to suppliers and planning and construction Supplier (carbon emission information) platform to collect carbon emission information from suppliers and provide relevant coaching measures, hoping that through joint efforts with suppliers, we can jointly move towards carbon reduction goals. The supplier (carbon emission information) platform is planned to be completed in 2024. Suppliers will then be promoted to log in to the platform and upload carbon emission

Items	Execution Status
	information, and the promotion will be promoted year by year. By 2030, 80% of the Company's suppliers will be logged in to the platform. <ul style="list-style-type: none"> 2050 Net Zero target - Join the SBTi international initiative and commit to achieve the Net Zero target in 2050 and formulate specific science-based carbon reduction targets based on SBTi standard guidelines within 24 months (2 years) and carbon reduction path, submit SBTi and pass the review.
9.Greenhouse gas inventory and confirmation status with reduction targets, strategies, and specific action plans (also filled in 1-1 and 1-2)	Details of the greenhouse gas inventory and confirmation status are provided in 1-1 and 1-2.

1-1 Recent two year company greenhouse gas inventory and verification status

1-1-1 Greenhouse Gas Inventory Information

Describe the emissions (in metric tons CO₂e), intensity (in metric tons CO₂e per million dollars), and coverage scope of greenhouse gases for the most recent two years.

In response to the requirements of the new version of ISO14064-1:2018, Alpha Hsinchu completed the ISO14064-1:2018 new version inventory and calculation method training on 110/12/8, and updated the base year to 2021; the Company (Hsinchu Factory) Follow the inventory statistics guidelines of the United Nations Intergovernmental Panel on Climate Change (IPCC) and the Environmental Protection Agency's Greenhouse Gas Reduction and Management Act, and conduct greenhouse gas identification in accordance with the Kyoto Protocol controls, including: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), nitrogen trifluoride (NF₃) and other 7 greenhouse gases. The operational boundaries of the Company (Hsinchu Factory) include direct greenhouse gas emission sources (Category 1) and indirect greenhouse gas emission sources (Category 2, Category 3, Category 4, Category 5, Category 6). The types of greenhouse gases identified by our company: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), among which the greenhouse gases PFCs, SF₆, NF₃ and biomass controlled by the Kyoto Protocol Carbon and other projects have not identified emission sources. The Company's greenhouse gas inventory information in the past two years is compiled as follows:

Greenhouse Gas Category Emissions and Intensity in 2022

Category	Category 1	Category 2	Category 3	Category 4	Category 5	Category 6	Total
The emissions (in metric tons CO ₂ e)	91.38	4,471.90	925.05	18,722.64	510,071.75	0	534,282.71
Intensity (in metric tons CO ₂ e per million dollars)	0.00009138	0.0044719	0.00092505	0.01872264	0.51007175	0	0.53428271

Greenhouse Gas Category Emissions and Intensity in 2023

Category	Category 1	Category 2	Category 3	Category 4	Category 5	Category 6	Total
The emissions (in metric tons CO ₂ e)	74.88	4,791.80	689.80	16,389.36	645,804.45	0	667,750.27
Intensity (in metric tons CO ₂ e per million dollars)	0.00007488	0.0047918	0.0006898	0.01638936	0.64580445	0	0.66775027

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions resulting from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions generated by the company's activities that are not energy indirect emissions but rather from sources owned or controlled by other companies).

Note 2: The scope of direct emissions and energy indirect emissions data should be processed according to the schedule specified in Article 10, Paragraph 2 of this standard. Other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but data calculated based on revenue (in million New Taiwan Dollars) should be provided at least.

1-1-2 Greenhouse Gas Assurance Information

Describe the assurance status for the most recent two years as of the printing date of the annual report, including the scope of assurance, assurance organization, assurance criteria, and assurance opinion

The greenhouse gas emission information of Alpha's Hsinchu plant has been verified by a qualified third-party organization (TÜV Rheinland Taiwan Ltd.) and is in a spirit of confidence. The relevant verification scope, verification institutions, and verification criteria are as shown in the table below:

Year	Checking standard	Verification scope	Verification standard	Verification unit	Certificate No
2022	ISO 14064-1:2018	Hsinchu plant	ISO 14064-3:2006	TÜV Rheinland Taiwan Ltd.	CF50536403 0001
2023	ISO 14064-1:2018	Hsinchu plant	ISO 14064-3:2006	TÜV Rheinland Taiwan Ltd.	CF50584002 0001

Greenhouse gas inventory results are externally verified in March every year, and deficiencies are corrected after verification by TÜV Rheinland Taiwan Ltd.

Note 1: In accordance with the provisions of Article 10, Paragraph 2 of this standard, if the company fails to obtain a complete greenhouse gas assurance opinion by the printing date of the annual report, it should be noted as 'Complete assurance information will be disclosed in the Sustainability Report'. If the company has not prepared a Sustainability Report, it should be noted as 'Complete assurance information will be disclosed on the Market Observation Post System', and complete assurance information should be disclosed in the next year's annual report.

Note 2: Assurance organizations should comply with the relevant regulations set forth by the Taiwan Stock Exchange Corporation and the Taiwan Securities Association for Sustainable Report Assurance Organizations.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Describe the baseline year and its data, reduction targets, strategies, and specific action plans, as well as the achievement of reduction targets.

The Company announced the 2030 RE60 / 2040 RE100 / 2050 Net Zero initiative, launching green energy, green supply chain, joining world initiative organizations and organizing carbon inventory and product carbon footprint actions. First, using 2021 as the base year, we set the goal of reducing electricity consumption by 60% (category 2) and suppliers by 2030 to reduce carbon emissions by 30% (category 3). It is estimated that electricity consumption can be reduced by 2024 and Reduce carbon emissions by 10% and gradually move towards the RE60 goal in 2030.

In 2023, the Company received a project subsidy from the Industrial Development Administration of the Ministry of Economic Affairs to "bring large-scale and small manufacturing industries to low-carbon and smart upgrading and transformation", and held a "Supplier Energy Saving and Carbon Reduction Conference" at the Hsinchu headquarters on November 17, 2023. Announced a commitment to sustainability initiatives with suppliers, and shared at the meeting the five major carbon reduction steps of "green energy", "supply chain carbon reduction", "green operational carbon footprint", "green transformation platform" and "international carbon reduction initiative", also invited experts from the Industrial Bureau and the Information Policy Council to share practical experience in carbon reduction and global trends. We hope to contribute to environmental sustainability through joint efforts with suppliers, and work together to create a sustainable low-carbon supply chain, and jointly Towards carbon reduction goals. Specific actions include that suppliers need to cooperate in completing a carbon inventory in Q3 2024 and jointly formulate future carbon reduction paths and actions. The company also plans internally to carry out the SBTi initiative in the third quarter of 2024, and launch related planning actions with the goal of 2050 Net Zero.

In terms of carbon footprint and carbon inventory actions, we plan to complete organizational carbon inventory and third-party verification of production sites in 2024, as well as carbon footprint inventory and third-party verification of 2 products, and at the same time train internal company personnel to be able to conduct carbon footprint inspections ability. Follow-up plans are to introduce a carbon footprint management platform to facilitate the rapid carbon footprint inventory of different products in the future to meet customer needs and improve customer satisfaction.

Note 1: Should be processed according to the schedule specified in Article 10, Paragraph 2 of this standard.

Note 2: The baseline year should be the year in which the greenhouse gas inventory is completed within the scope of the consolidated financial statements. For example, according to the provisions specified in Article 10, Paragraph 2 of this standard, companies with capital of over 10 billion NT dollars should complete the inventory of consolidated financial statements for the fiscal year 2024 by the year 2025, so the baseline year is 2024. If a company has completed the inventory of consolidated financial statements earlier, the earlier year can be used as the baseline year. Additionally, the data for the baseline year can be calculated based on a single year or an average of several years.

(VI) Implementation of Integrity, Deviations and Causes of Deviations between Implementation and the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”:

Assessment Items	Implementation Status			Differences between Implementation and the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Causes of the Differences
	Yes	No	Summary	
<p>I. Establishment of the Corporate Ethics Policy and Implementation Measures</p> <p>(I) Does the Company establish the clear ethical management policies approved by the board of directors and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and commitment regarding implementation of such policies from the board of directors and senior management?</p> <p>(II) Whether the Company has established the assessment mechanism for the risk of unethical behavior; regularly analyzes and evaluates within a business context, the business activities with higher risk of unethical behavior; has formulated a program to prevent unethical conduct with a scope on less than the activities prescribed in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”?</p> <p>(III) Whether the Company has established relevant policies that are duly enforced to prevent unethical behavior, provided implementation procedures, guidelines, consequences of violation and complaint procedures and periodically reviews and revises such policies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company is willing to take social and environmental responsibilities and abide by corporate ethics practices, enhance the Company’s social image and comply with international standards for labor, health and safety, environmental protection and ethics and so on. The Company has established "Integrity Management Code" and "Ethics Code of Conduct" and "Alpha Networks Inc.’s Working Rules" which ask the board members, employees of the Company and all employees of affiliated companies to avoid conflicts of interest, follow laws and regulations, and strictly keep business secrets and to report any illegal or unethical behavior etc. It is also regulated and monitored through reliable internal control and financial statements.</p> <p>(II) The "Integrity Management Code" was approved by the board of directors on May 2, 2016 and was implemented. The Company has formulated the "Integrity Management Code" and "Ethics Code of Conduct" and introduced the importance of integrity during internal training. Moreover, it is committed to following the (RBA) Responsible Business Alliance, publicizing and practicing the Company's concept of integrity management and regularly cooperates with auditing, reviewing and revising. All employees of the Company should absolutely abide by the "Integrity Management Code", "Ethics Code of Conduct" and "Alpha Networks Inc.’s Working Rules". If a colleague is involved in corruption and fraud, he will be punished in accordance with the Company's "Disciplinary Management Rules".</p> <p>(III) The Company has formulated the "Integrity Management Code" and "Ethics Code of Conduct" and introduced the importance of integrity during internal training. Moreover, the Company is also committed to complying with the Responsible Business Alliance (RBA), to executing the integrity management and to regularly cooperating with audits and revising after reviews. The Company implements anti-fraud measures in the selection and recruitment process. All indirect newcomers are verified by authenticity before appointment. The implementation rate reached 100% in 2023.</p>	<p>Comply with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”</p>
<p>II. Implementation on ethical management</p> <p>(I) Does the Company consider the ethical practices of the transaction partner as well as the clauses regarding ethical conduct contained in the agreement with the other party?</p> <p>(II) Whether the Company has established the designated unit, set up under the board of directors, responsible for promoting the corporate ethics standards and regularly (at least once a year) reporting directly to the board for directors on its ethical management policy, prevention programs of unethical behavior and implementation status?</p> <p>(III) Whether the Company has established the policies for preventing conflicts of interests, providing the appropriate communication and complaint channels and implementing strictly?</p> <p>(IV) To implement relevant policies on ethical conducts, has the Company established the effective accounting and internal control systems, audit plans</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company will evaluate the integrity record for both suppliers and customers and have relevant documents signed.</p> <p>(II) The Company has established an integrity management working group, which is implemented by the assistant manager of the administrative management center as the chairperson. Members include relevant professionals from the general manager's office, audit, human resources, and accounting center. Based on the unit's work responsibilities and scope, they are responsible for the integrity culture from the formulation of rules and regulations, education and training, complaint channels and integrity risk review to ensure the integrity management code. Implement and report the implementation status to the board of directors regularly (at least once a year), with the latest report date being February 27, 2024.</p> <p>(III) The Company has established and enforced the "Integrity Management Code", "Ethics Code of Conduct" and "Employee Work Rules" to prevent conflicts of interests. Employees may report any illegal or unethical conduct using "Employee Opinion Box" or directly to the Human Resources Division.</p> <p>(IV) The Company follows the requirements of laws and regulations, continuously revises the internal control system and checks and evaluates the effectiveness of the implementation of the internal control system. The internal</p>	<p>Comply with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”</p>

Assessment Items	Implementation Status			Differences between Implementation and the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Causes of the Differences
	Yes	No	Summary	
<p>based on assessment of unethical conducts and have its ethical conduct program audited by internal auditors or CPA periodically?</p> <p>(V) Does the Company regularly provide the internal and external ethical conduct training sessions?</p>	✓		<p>audit office draws up relevant audit plans based on the results of the risk assessment of dishonest conduct and conducts regular inspections. The internal audit office puts all the items required by laws and regulations in its annual audit items and reports the audit results and improvements to the audit committee and the board of directors quarterly. The Company's accounting system is formulated in accordance with the requirements of laws and regulations. The CPAs also audit or review the Company's financial statements and issue audit or review reports and regularly report the results of the audit or review to the audit committee.</p> <p>(V) In order to establish a corporate culture of integrity management and to establish a good business operation structure, the Company has formulated the "Integrity Management Code", which is disclosed on the Company's website and is regularly reviewed and updated every year and colleagues can reach the code in the internal E-learning platform. Besides, the Company has formulated an "Ethics Code of Conduct" and each newcomer is required to sign a letter of integrity ensure that every colleague knows and complies with it.</p> <p>The training on integrity-related issues, has a total of 1,096 participants and a total of 383.5 hours of training in 2023.</p>	
<p>III. The operations of corporate whistleblowing system</p> <p>(I) Does the Company establish the specific complaint and reward systems, set up the conveniently accessible channels as well as assign the appropriate special personnel to handle complaints received?</p> <p>(II) Whether the Company has established the standard operating procedures for the investigating the complaints received, follow-up measures after investigation completed and ensuring such complaints are handled in a confidentiality mechanism?</p> <p>(III) Does the Company adopt the measures to prevent a complainant from retaliation for filing a complaint?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has the "Ethics Code of Conducts", dedicated personnel and reporting channels available to reflect and disclose issues to the senior management. Employees who are proven to have violated ethical behavior standards are handled according to the "Reward and Disciplinary Policy." The whistleblowing channel information is as follows: Whistleblowing mailbox: ·Stakeholder whistleblowing mailbox (improvement@alphanetworks.com) ·Independent director's email address (integrity@alphanetworks.com) ·Employee grievance mailbox (talk@alphanetworks.com) Units that accept whistleblowing cases: ·Stakeholder whistleblowing mailbox: A dedicated person in the chairperson's office will handle complaints of various violations of business ethics. ·Employee complaint mailbox: Human Resources Department.</p> <p>(II) According to the Company's "Ethical Code of Conduct Operating Procedures", the reporting information provided by the whistleblower through the employee opinion mailbox or to the human resources or auditing unit will be regarded as confidential information and will only be notified to relevant and necessary management personnel.</p> <p>(III) According to the Company's "Ethical Code of Conduct Operating Procedures", the company should protect the safety of whistleblowers from retaliation, and the company prohibits any supervisor or employee from retaliating against a good-faith whistleblower. There were no whistleblowing cases in 2023.</p>	Comply with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"
<p>IV. Information Disclosure</p> <p>Does the Company disclose its business ethics guidelines as well as information about implementation of such guidelines on its websites and Market Observation Post System (MOPS)?</p>	✓		<p>The "Code of Integrity Management" and "Ethical Code of Conduct" are disclosed in the corporate governance section of the Company's website. In addition, relevant and reliable information related to integrity management is also disclosed in the annual report and the Company's sustainable report.</p>	Comply with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"
<p>V. If the Companies has established corporate governance policies based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", please describe any discrepancy between the principles and the implementation. The Company established "Integrity Management Code" on May 2, 2016 and revised in November 2020; there was no significant deviation in terms of overall implementation between the code and "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies."</p>				
<p>VI. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices:</p> <p>(I) In the "Rules and Procedures of Meetings of the Board of Directors", there is a system for avoiding the interests of directors. If the proposals listed by the board of directors have an interest in the board of directors and the representative, which may be harmful to the Company's interests, the opinions and inquiries shall be stated. And the directors with interests shall not participate in discussion and voting, avoid during discussion and voting and shall not act for other directors to exercise the voting rights.</p> <p>(II) The Company has a "Management Regulations for Prevention of Insider Trading", which clearly stipulates that directors, managers and employees shall</p>				

Assessment Items	Implementation Status			Differences between Implementation and the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Causes of the Differences
	Yes	No	Summary	
<p>not disclose material internal information they know to others and must not inquire or collect information from persons who know material internal information of the Company. If the aforementioned persons knows the material internal information which are not related to their personal duties, they are not allowed to disclose the material internal information that is not disclosed by the Company for reasons other than the execution of business.</p> <p>(III) The Company has established the "Integrity Management Code". In order to achieve a clean, transparent and responsible business philosophy, the Company formulates a policy based on integrity and establishes a good corporate governance and risk control mechanism to create sustainable development operating environment.</p> <p>(IV) Regarding the various operating procedures of daily operating activities, the Company has designed an appropriate internal control mechanism for operations that may have potential corruption risks to reduce the possibility of corruption and prevent problems before they occur. The internal audit office of the Company regularly evaluates the management status of the internal control mechanism and collects suggestions from the senior executives of various departments on various potential risks (including fraud and corruption), formulates appropriate audit plans and performs relevant audit based on them and regularly reports to the audit committee and the board of directors on the results of the internal audit. By doing so, the management understands the current status of corporate governance and achieves management goals.</p> <p>(V) For other information about the Company’s integrity management, please refer to the Company’s corporate social responsibility reports over the years, or refer to the corporate social responsibility section of the Company’s ESG website. (https://www.alphanetworks.com/csr)</p>				

Note: Please refer to the 2023 annual report of implementation of Integrity and measurement the Company's subsidiary Hitron Technologies Inc.

(VII) Disclose the Access to the "Corporate Governance Best Practice Principles" and Relevant Regulations:

1. The Company has established the "Corporate Governance Best Practice Principles" on November 10, 2014. For the Company's corporate governance executions, please refer to the chapter of Implementation of Corporate Governance of this annual report and corporate governance report. Regulations such as the Company's "Integrity Management Code", "Corporate Social Responsibility Code of Practices", "Prevention of Insider Trading Regulations", "Procedures for Acquisition or Disposal of Assets", "Rules and Procedure for Shareholders' Meeting", "Organizational Rules for the Audit Committee", "Organizational Rules for the Remuneration Committee", "Procedures for Endorsements and Guarantees", "Rule for the Board of Directors Self-evaluation or Peer-evaluation", "Rules and Procedure for Meetings of the Board of Directors", "Regulations for the Election of Directors", "Procedures for Lending Funds to Other Parties", "Ethics Code of Conducts", etc., have been formulated and issued by the Company, please visit www.alphanetworks.com for details of these regulations.
2. The directors of the Company uphold a high self-discipline and refrain from discussing and voting on proposals in the board of directors that have an interest in themselves or the legal person they represent. The Company's internal audit personnel also regularly check the compliance with the accounting system and internal control system and prepare audit reports for submission to the board of directors.
3. The Company's managers and employees signed a confidentiality agreement at the beginning of their employment and publicized it.

(VIII) Other Important Information for Enhancing Understanding of the Implementation of Corporate Governance:

1. The Company approved a resolution of the board of directors to appoint a corporate governance officer to protect the rights and interests of shareholders and strengthen the functions of the board of directors on March 17, 2020.
2. The newly-elected directors of the Company will be given the brochure published by the authority with the contents including various laws, regulations and precautions to facilitate legal compliance.
3. The Company approved the resolution of the board of directors to formulate the "major information processing and insider trading prevention operation procedures" on November 9, 2020, which will be promoted to directors and employees from time to time.

(IX) The Company regularly arranges for directors to attend corporate governance courses. Please see the following table for corporate governance training undertaken by directors and senior executives in 2023:

Title	Name	Date	Host by	Course Name	Hours
Chairperson	Wen-Fang Huang	06/01/2023	Taiwan Investor Relations Institute	The establishment and key points of enterprise intellectual property rights management system	3
		12/01/2023	Independent Director Association Taiwan	Tax governance in the new tax environment	3
Director	Chi-Hong Chen	06/01/2023	Taiwan Investor Relations Institute	The establishment and key points of enterprise intellectual property rights management system	3
		12/01/2023	Independent Director Association Taiwan	Tax governance in the new tax environment	3
Director	Han-Zhou Huang	06/01/2023	Taiwan Investor Relations Institute	The establishment and key points of enterprise intellectual property rights management system	3
		07/06/2023	Corporate Management and Sustainable Development Association	Corporate Governance and Securities Regulations - Senior personnel of listed companies' understanding of supervision by competent authorities	3
Director	Chiu-Chin Hung	06/01/2023	Taiwan Investor Relations Institute	The establishment and key points of enterprise intellectual property rights management system	3
		12/01/2023	Independent Director Association Taiwan	Tax governance in the new tax environment	3
Independent Director	Shu-Hsing Li	09/01/2023	Independent Director Association Taiwan	"Fubon Money Laundering Control Lecture - International Perspective" The world's largest financial corruption case - 1MDB	3
		04/29/2022	Independent Director Association Taiwan	Industry changes, opportunities and challenges under generative AI	3

Independent Director	Ming-Der, Hsieh	06/02/2023	Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Power Summit Forum	3
		08/09/2023	The Greater Chinese Financial Development Association	The impact of carbon pricing on corporate operations	3
Independent Director	Cheng-Jung Chiang	01/12/2023	Taiwan Corporate Governance Association	International Forum on Corporate Ethics and ESG	3
		05/04/2023	Taiwan Corporate Governance Association	Smart manufacturing trends and the application of digital technology in business management	3
		08/08/2023	Taiwan Corporate Governance Association	Legal matters that boards of directors should understand when supervising companies: Be careful of accidentally touching the red line of joint behavior	3
Independent Director	Julian Chen	04/27/2023	TWSE	Publicity meeting on sustainable development action plans for listed companies	3
		07/18/2023	Chinese National Association of Industry and Commerce	Generative artificial intelligence and responsible innovation	3
Accounting Officer	Shao-Ling Chen	06/15/2023~06/16/2023	Securities and Futures Institute	Continuing training courses for accounting officers of issuers, securities firms and securities exchanges	12

Note1: The date of inauguration of each director is May 31, 2023, and they have met the number of training hours in accordance with the regulations:

Note2: The accounting officer has met the training hours according to the regulations.

(X) Status of Implementation of Internal Control System

1. Statement of Internal Control System

Alpha Networks Inc.
Statement of Internal Control System

Date: February 27, 2024

Based on the findings of a self-assessment, Alpha Networks Inc. (Alpha) states the following with regard to its internal control system during the year 2023.

- I. Alpha's board of directors and management are responsible for establishing, implementing and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting and compliance with applicable rulings, laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms and Alpha takes immediate remedial actions in response to any identified deficiencies.
- III. Alpha evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communications and 5. monitoring activities.
- IV. Alpha has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Base on the findings of such evaluation, Alpha believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency , reliability, timeliness, transparency of reporting and compliance with applicable rulings, laws and regulations.
- VI. This Statement is an integral part of Alpha's annual report for the year 2023 and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This statement was passed by the board of directors in their meeting held on February 27, 2024, with eight attending directors all affirming the content of this Statement.

Alpha Networks Inc.

Chairperson: Wen-Fang Huang

President: Wen-Fang Huang

2. Companies of Which CPAs are Retained to Review the Internal Control System Shall Disclose the Review Report Provided by the CPAs: Not applicable.

(XI) The Company and Its Personnel Have Been Punished by Law, or the Company Has Undertaken Disincentive Measures for Its Personnel for Breaching the Internal Control System, or Any Material Deficiencies and Revisions in the Most Recent Year Up to the Publication Date of the Annual Report: None.

(XII) Material Resolutions Approved by the Board Meeting and Shareholders' Meeting

Material Resolutions Approved by the Board Meeting		
Date	Proposals	Resolutions
2023.02.24	1. 2022 statement of internal control system and self-evaluation implementation result report	After consultation by the chairperson, all the present directors and independent directors approved.
	2. To proposed amendments to some provisions of the Company's "internal control system"	After consultation by the chairperson, all the present directors and independent directors approved.
	3. The distribution of the employees' compensation and directors' remuneration of 2022	After consultation by the chairperson, all the present directors and independent directors approved.
	4. To adopt the 2022 business report and 2023 consolidated financial statements	After consultation by the chairperson, all the present directors and independent directors approved.
	5. To adopt the 2022 statement of earnings distribution	After consultation by the chairperson, all the present directors and independent directors approved.
	6. The distribution of cash dividends from 2022 earnings	After consultation by the chairperson, all the present directors and independent directors approved.
	7. To elect the eight directors (including four independent directors)	After consultation by the chairperson, all the present directors and independent directors approved.
	8. Nomination of directors and independent director candidates	In accordance with Article 206 of the Company Law, mutatis mutandis the provisions of Article 178 of the same law, all directors did not participate in discussions and votes on matters that were of interest to themselves or the corporate directors they represented. This proposal was approved by the remaining independent directors and directors who were present and did not recuse themselves.
	9. To release the newly elected directors and their representatives from non-competition restrictions	In accordance with Article 206 of the Company Law, mutatis mutandis the provisions of Article 178 of the same law, all directors did not participate in discussions and votes on matters that were of interest to themselves or the corporate directors they represented. This proposal was approved by the remaining independent directors and directors who were present and did not recuse themselves.
	10. To approve the amendment of the "Rules of Procedures for Shareholders' Meeting"	After consultation by the chairperson, all the present directors and independent directors approved.
	11. Approval of amendments of the "Risk Management Vision, Policies and Procedures".	After consultation by the chairperson, all the present directors and independent directors approved.
	12. Approve the amendment of the "Audit Committee Organizational Rules"	After consultation by the chairperson, all the present directors and independent directors approved.
	13. Established the date and agenda of the 2023 Annual General Meeting of Shareholders	After consultation by the chairperson, all the present directors and independent directors approved.
	14. Donation to BenQ Foundation	Except for chairperson: Wen-Fang Huang, vice chairperson: Chi-Hong Chen and director Han-Zhou Huang serving as directors of BenQ Foundation who all avoided to vote, it was approved by the remaining directors present and independent directors assent and consent.
	15. New and renewed bank facilities	After consultation by the chairperson, all the present directors and independent directors approved.
	16. To examine 2023 accounting service fees	After consultation by the chairperson, all the present directors and independent directors approved.
	17. Formulate the Company's pre-approved non-confirmed service policy	After consultation by the chairperson, all the present directors and independent directors approved.
	18. Remuneration distribution for 2022 senior managers and employees	Except for Wen-Fang Huang, the chairperson of the board and serving as manager, who avoided to vote, it was approved by the remaining directors present and independent directors assent and consent.
	19. 2023 Salary Index for senior managers	Except for Wen-Fang Huang, the chairperson of the board and serving as manager, who avoided to vote, it was approved by the remaining directors present and independent directors assent and consent.
	20. Senior managers' bonuses and salary adjustments are proposed to be implemented in accordance with the "Senior Managers' Salary Remuneration Policy and Principles" in	Except for Wen-Fang Huang, the chairperson of the board and serving as manager, who avoided to vote, it was approved by the remaining directors present and

Material Resolutions Approved by the Board Meeting		
Date	Proposals	Resolutions
	2023	independent directors' assent and consent.
2023.05.02	1. The first quarter of 2023 consolidated financial report	After consultation by the chairperson, all the present directors and independent directors approved.
	2. Amendment to the Company's "Corporate Governance Code of Practice"	After consultation by the chairperson, all the present directors and independent directors approved.
	3. Amendments to the " Code of Practice for Sustainable Development"	After consultation by the chairperson, all the present directors and independent directors approved.
	4. Group organizational adjustment and acquire subsidiary equity	After consultation by the chairperson, all the present directors and independent directors approved.
2023.05.31	1. Election of the chairperson of the company	All the present directors and independent directors agreed to elect Wen-Fang Huang as the chairperson of the company.
	2. Election of the vice chairperson of the company	All the present directors and independent directors agreed to elect Chi-Hong Chen as the vice chairperson of the company.
	3. Appointment of members of the Remuneration Committee	Except for the independent directors Ming-Der Hsieh, Shu-Hsing Li, Cheng-Jung Chiang and Julian Chen, who recused themselves because they were appointees in this case, it was approved without objection by the other attending directors and the independent directors.
2023.07.28	1. The second quarter of 2023 consolidated financial report	After consultation by the chairperson, all the present directors and independent directors approved.
	2. Renewed bank facilities	After consultation by the chairperson, all the present directors and independent directors approved.
	3. Lending Funds to the Company's 100% owned Vietnam subsidiary	After consultation by the chairperson, all the present directors and independent directors approved.
	4. Establishment of "Operational Standards for Financial Business Between Related Parties" and the Abolition of "Operational Procedures for Transactions between Related Parties, Specific Companies and Group Enterprises"	After consultation by the chairperson, all the present directors and independent directors approved.
	5. Appointed Mr. Daniel Huang as the Company's assistant vice president.	After consultation by the chairperson, all the present directors and independent directors approved.
	6. Appointed Mrs. Brenda Chen as the Company's assistant vice president.	After consultation by the chairperson, all the present directors and independent directors approved.
2023.10.31	1. Established the 2024 internal audit plan	After consultation by the chairperson, all the present directors and independent directors approved.
	2. The third quarter of 2023 consolidated financial report	After consultation by the chairperson, all the present directors and independent directors approved.
	3. New and renewed bank facilities	After consultation by the chairperson, all the present directors and independent directors approved.
	4. The proposed appointment of CPA for 2024 financial statements	After consultation by the chairperson, all the present directors and independent directors approved.
	5. Amendments to the " Rules of the Salary and Remuneration Committee "	After consultation by the chairperson, all the present directors and independent directors approved.
2023.12.28	Agree to sell 100% owned subsidiary D-LINK ASIA INVESTMENT PTE LTD and affiliated Alpha Networks (Dongguan) Co., Ltd.	After consultation by the chairperson, all the present directors and independent directors approved.
2023.02.27	1. 2023 statement of Internal Control System and Self-evaluation Implementation Result Report	After consultation by the chairperson, all the present directors and independent directors approved.
	2. The Distribution of the Employees' Compensation and Directors' Remuneration of 2023	After consultation by the chairperson, all the present directors and independent directors approved.
	3. To adopt the 2023 business report and 2024 consolidated financial statements	After consultation by the chairperson, all the present directors and independent directors approved.
	4. 2023 Earnings Distribution	After consultation by the chairperson, all the present directors and independent directors approved.
	5. The Distribution of Cash Dividends from 2023 Earnings	After consultation by the chairperson, all the present directors and independent directors approved.
	6. To Release the Newly Elected Directors and Their Representatives from Non-competition Restrictions	In accordance with Article 206 of the Company Act, Article 178 of the same law applies mutatis mutandis, all directors did not participate in the discussion and voting on matters that have an interest in themselves or the legal person directors they represent.
	7. Set the date and meeting agenda for the 2024 Annual General	After consultation by the chairperson, all the present

Material Resolutions Approved by the Board Meeting		
Date	Proposals	Resolutions
	Meeting of Shareholders	directors and independent directors approved.
	8. New and renewed bank facilities	After consultation by the chairperson, all the present directors and independent directors approved.
	9. To examine 2024 accounting service fees	After consultation by the chairperson, all the present directors and independent directors approved.
	10. Remuneration distribution for 2023 senior managers and employees	Except for Wen-Fang Huang, the chairperson of the board and serving as manager, who avoided to vote, it was approved by the remaining directors present and independent directors assent and consent.
	11. 2024 Salary Index for senior managers	Except for Wen-Fang Huang, the chairperson of the board and serving as manager, who avoided to vote, it was approved by the remaining directors present and independent directors assent and consent.
	12. Propose to 2024 bonus and salary adjustment policy for senior managers.	Except for Wen-Fang Huang, the chairperson of the board and serving as manager, who avoided to vote, it was approved by the remaining directors present and independent directors assent and consent.
	13. Appointed Mr. ML Chien as the Company's assistant vice president.	After consultation by the chairperson, all the present directors and independent directors approved.
	14. Appointed Mr. Patrick Chiu as the Company's vice president.	After consultation by the chairperson, all the present directors and independent directors approved.

Material Resolutions Approved by Shareholders' Meeting			
Date	Proposals	Resolutions	
2023.05.31	1. To elect eight directors (including four independent directors)	Election results: The list of eight elected directors (including four independent directors) is as follows:	
		Title	Number of votes (including electronic voting)
		Director	Representatives of Qisda Corporation: Wen-Fang Huang 526,291,458
		Director	Representative of Qisda Corporation: Chi-Hong Chen 460,122,446
		Director	Representative of Qisda Corporation: Han-Zhou Huang 375,866,899
		Director	Representatives of Qisda Corporation: Chiu-Chin Hung 351,821,903
		Independent director	Shu-Hsing Li 345,769,095
		Independent director	Ming-Der Hsieh 324,963,886
		Independent director	Cheng-Jung Chiang 315,802,334
		Independent director	Julian Chen 309,774,896
	2. To adopt 2022 Business Report and Consolidated Financial Statements	The voting results for this proposal are as follows: Voting rights of shareholders present at the time of voting (including electronic voting): 399,878,099 Approval votes: 376,462,382, voting right 94.14% Disapproval votes: 51,523, voting right 0.01% Invalid votes: 0, voting right 0.00% Abstention votes / no votes: 23,364,194, voting right 5.84% The proposal was approved.	
	3. To adopt the Proposal of the Distribution of 2022 Earnings	The voting results for this proposal are as follows: Voting rights of shareholders present at the time of voting (including electronic voting): 399,878,099 Approval votes: 377,048,575, voting right 94.29% Disapproval votes: 58,522, voting right 0.01%	

Material Resolutions Approved by Shareholders' Meeting		
Date	Proposals	Resolutions
		Invalid votes: 0 , voting right 0.00% Abstention votes / no votes: 22,771,002, voting right 5.69% The proposal was approved.
	4. To approve the Amendment of "Rules of Procedure for Shareholders' Meeting"	The voting results for this proposal are as follows: Voting rights of shareholders present at the time of voting (including electronic voting): 399,878,099 Approval votes: 377,054,770, voting right 94.29% Disapproval votes: 51,587 , voting right 0.01% Invalid votes: 0 , voting right 0.00% Abstention votes / no votes: 22,771,742, voting right 5.69% The proposal was approved.
	5. To release the Newly Elected Directors and Their Representatives from Non-competition Restrictions	The voting results for this proposal are as follows: Voting rights of shareholders present at the time of voting (including electronic voting): 399,878,099 Approval votes: 376,988,037, voting right 94.27% Disapproval votes: 93,484, voting right 0.02% Invalid votes: 0 , voting right 0.00% Abstention votes / no votes: 22,796,578, voting right 5.70% The proposal was approved.

Implementation of Resolutions of the 2023 Annual General Meeting of Shareholders:

- To elect eight directors (Including Four Independent Directors)
Implementation Status: According to the list of candidates elected at the annual general meeting of shareholders, it was approved and registered by the Hsinchu Science Park Administration Bureau of the National Science and Technology Commission on June 14, 2023.
- To adopt 2022 Business Report and Consolidated Financial Statements
Implementation Status: Approved.
- To adopt the Proposal of the Distribution of 2022 Earnings
Implementation Status: Approved. 2022 cash dividend, amounted to NT\$915,504,197, calculated based on 541,718,460 shares currently issued by the Company entitled to participate in the distribution, was distributed at NT\$1.69 per share. The chairperson set July 23, 2023 as the ex-dividend date, and August 11, 2023 as the payment date.
- To approve the Amendment of "Rules of Procedures for Shareholders' Meeting"
Implementation Status: Approved. After amendment of the "Rules of Procedures for Shareholders' Meeting" effective on May 31, 2023.
- To release the Newly Elected Directors and Their Representatives from Non-competition Restrictions
Implementation Status: The non-competition of the following directors holding important job positions in other companies has been released by the resolution of the shareholders' meeting.

Name	Important positions in other companies	Title
Qisda Corporation	Darfon Electronics Corp.	Director
	AU Optronics Corp.	Director
	DFI Inc.	Chairperson
	Sysage Thchnology Co., Ltd.	Chairperson
	BenQ Materials Corp.	Chairperson
	Topview Optronics Corp.	Director
	Simula Technology, Inc.	Chairperson
	Partner Tech Corp.	Chairperson
	Data image Corporation.	Chairperson
	QS Control Corp.	Director

Name	Important positions in other companies	Title
	TCI Gene Inc.	Director
	Rapidtek Technologies Inc.	Director
	K2 International Medical Inc.	Chairperson
	BenQ Corp.	Chairperson
	Golden Spirit Co., Ltd.	Chairperson
	Darly Venture Inc.	Chairperson
	BenQ Dialysis Technology Corp.	Chairperson
	Qisda Optronics Corp.	Chairperson
	BenQ Biotech (Shanghai) Co., Ltd.	Chairperson
	Qisda Vietnam Co., Ltd.	Chairperson
Representative of Qisda Corporation: Chi-Hong Chen	Qisda Corporation	Chairperson
	Representative of Darfon Electronics Corp.	Director
	Representative of DFI Inc.	Chairperson
	Representative of Hitron Technologies Inc.	Director
	Representative of BenQ Medical Technology Corporation.	Chairperson
	Representative of Partner Tech Corp.	Chairperson
	Representative of BenQ Materials Corp.	Director
	Representative of BenQ corporation.	Director
	Representative of Darly Venture Inc.	Director
	Representative of Darly2 Venture, Inc.	Director
	Representative of Darly Consulting Corporation.	Director
	Representative of BenQ Healthcare Consulting Corporation.	Director
	Representative of BenQ Hospital Management Consulting (NanJing) Co., Ltd.	Director
	Representative of Nanjing BenQ Hospital Co., Ltd.	Director
	Representative of Suzhou BenQ Hospital Co., Ltd.	Director
	Qisda Corporation	Director
	BenQ BM Holding Corp.	Director
	BenQ BM Holding Cayman Corp.	Director
	Qisda (L) Corp.	Director
	Darly Venture (L) Ltd.	Director
	BenQ Foundation.	Director
	Representative of Phoenix Venture Capital Co., Ltd.	Director
	Representative of Phoenix 2 Venture Capital Co., Ltd.	Director
	Representative of Phoenix 3 Venture Capital Co., Ltd.	Director
Representative of Qisda Corporation: Wen-Fang Huang	Representative of Hitron Technologies Inc.	Chairperson
	Representative of Interactive Digital Technologies Inc.	Director
	Representative of Enrich Investment Corporation.	Chairperson
	Representative of Transent Corporation.	Chairperson
	Representative of Innoauto Technologies Inc.	Chairperson
	Representative of Aespula Technology Inc.	Chairperson
	Alpha Networks Foundation.	Director

Name	Important positions in other companies	Title
	Alpha Holdings Inc.	Director
	D-Link Asia Investment Pte Ltd.	Director
	Representative of Alpha Networks (Hong Kong) Limited.	Director
	Alpha Networks, Inc.(USA)	Chairperson
	Alpha Solutions Co., Ltd.	Chairperson
Representative of Qisda Corporation: Han-Zhou Huang	Representative of AU Optronics Corp.	Director
	Representative of Qisda Corporation.	Director
	Representative of Topview Optronics Corp	Director
	Representative of Simula Technology, Inc.	Chairperson
	Representative of Action Star Technology Co., Ltd.	Chairperson
	Representative of Data image Corporation.	Chairperson
	Representative of DIVA Laboratories, Ltd.	Chairperson
	Representative of Qisda Optronics Corp.	Chairperson
	BenQ Foundation.	Director
Representative of Qisda Corporation: Chiu-Chin Hung	Representative of Darfon Electronics Corp.	Director
	Representative of Sysage Technology Co., Ltd.	Director
	Representative of Data image Corporation.	Director
	Representative of K2 International Medical Inc.	Director
	Representative of BenQ Corp.	Director
	Representative of Qisda Optronics Corp.	Director
	Representative of Darly Venture Inc.	Chairperson
	Representative of Darly2 Venture, Inc.	Chairperson
	Representative of Darly Consulting Corporation.	Chairperson
	Representative of BenQ Healthcare Consulting Corporation.	Director
	Representative of BenQ Hospital Management Consulting (NanJing) Co., Ltd.	Director
	Representative of NanJing BenQ Hospital Co., Ltd.	Director
	Representative of Suzhou BenQ Hospital Co., Ltd.	Director
	Representative of Suzhou BenQ Investment Co., Ltd.	Director
	Representative of BenQ Biotech (Shanghai) Co., Ltd.	Director
	Representative of Shanghai Filter Technology Co., Ltd.	Director
	Qisda Corporation.	Director
	BenQ BM Holding Corp.	Director
	BenQ BM Holding Cayman Corp.	Director
	Qisda Sdn. Bhd.	Director
	Qisda (L) Corp.	Director
	Darly Venture (L) Ltd.	Director
Shu-Hsing Li	Fubon Financial Holding Co., Ltd.	Independent Director
	Healthconn Corp.	Independent Director
	Sharehope Medicine Co., Ltd.	Independent Director
Cheng-Jung Chiang	Taiwan-Asahi Environmental Technology Co., Ltd.	Chairperson
	Diamond Technical & Trading Corp.	Chairperson

Name	Important positions in other companies	Title
	Sampo Corporation.	Independent Director
	Chernan Metal Industrial Corp.	Independent Director
	FIT Holding Co., Ltd.	Independent Director
	Commerce Development Research Institute.	Director
Julian Chen	Ray Wing Research & Investment Corp.	Chairperson
	VEDAN Enterprise Corporation.	Independent Non-Executive Director and Audit Committee Member
	Pili International Multimedia Co., Ltd.	Independent Director
	Forcecon Tech. Co., Ltd.	Director
	Longwell Company.	Independent Director
	Tai-Saw Technology Co., Ltd.	Director

(XIII) Major Contents of Any Dissenting Opinions on Record or Stated in a Written Statement Made by Directors or Supervisors Regarding Material Resolutions Approved by the Meeting of the Board of Directors in the Most Recent Year Up to the Publication Date of this Report: None.

(XIV) In the Most Recent Year Up to the Publication Date of the Annual Report, a Summary of the Resignation and Dismissal of the Company's Personnel such as Chairperson, President, Accounting Manager, Financial Manager, Internal Audit Officer and R&D Director: None.

V. Information on the Professional Fees of the Attesting CPAs:

Unit: NTD thousands

Name of Accounting Firm	Name of CPA	Period of Audit Service	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Hai-Ning, Huang	01/01/2023 ~ 12/31/2023	4,190	660	4,850	-
	Wei-Ming, Shih					

Note: Non-audit Fees mainly related to tax services etc.

- (1) Non-audit fees paid to the CPA, accounting firm of CPA and its affiliates were more than 25% of the audit fees: None.
- (2) Replacement of the accounting firm and the audit fees in the replacing year is less than that in the previous year: Not applicable.
- (3) Audit fees were reduced by over 10% compared with the previous year: None.

VI. Information on Replacement of CPAs:

(I) Regarding former CPA

Replacement date	January 18, 2024		
Reason and explanation for replacement	The CPAs are changed from Hai-Ning, Huang to Jun-Yuan, Wu because of the internal adjustment from the accounting firm.		
Explain why the appointer or CPA terminated or refused to accept the appointment	Parties	CPAs	Appointer
	Status		
	Appointment terminated	Not applicable	Not applicable
	Refused to accept (continue) appointment	Not applicable	Not applicable
Audit report opinions other than unqualified opinion over the last two years and reason	None		
Did issuer have a different opinion	None		
Other items requiring disclosure (disclosures for Clause 6.1.4~7, Article 10 of these guidelines)	None		

(II) Regarding the Succeeding CPA

Name of CPA firm	KPMG
Name of CPAs	Jun-Yuan, Wu and Wei-Ming, Shih
Date of Appointment	January 18, 2024
Inquiries regarding the accounting treatment methods of specific transactions, accounting principles or opinions provided on financial report prior to the appointment and results	No
Written opinion of successor CPA regarding discrepancies in opinion with the prior CPA	No

(III) Former CPA Letters Regarding Clause 5.1 and 5.2.3, Article 10 of these Guidelines: Not applicable

VII. Has Any of the Company's Chairperson, President, or Managers Responsible for Finance or Accounting Duties Served in the Company's CPA Firm or Its Affiliated Company within the Most Recent Year: None.

VIII. The Status of Equity Transfer or Changes to Equity Pledge of Directors, Managers or Shareholders Holding More than 10% of the Company's Shares in the Most Recent Year Up to the Publication Date of this Report:

(I) Changes in shares held by directors, managers and shareholders holding 10% or more of shares:

Unit: shares

Title	Name	April 2, 2024		2023	
		Net Change of Shares Held	Net Change of Shares Pledged	Net Change of Shares Held	Net Change of Shares Pledged
Chairperson	Representatives of Qisda Corporation: Wen-Fang Huang	0	0	0	0
Director	Representatives of Qisda Corporation: Chi-Hong Chen				
Director	Representatives of Qisda Corporation: Han-Zhou Huang				
Director	Representatives of Qisda Corporation: Chiu-Chin Hung				
More than 10% shareholding	Qisda Corporation				
Independent Director	Ming-Der Hsieh	0	0	0	0
Independent Director	Shu-Hsing Li	0	0	0	0
Independent Director	Cheng-Jung Chiang	0	0	0	0
Independent Director	Julian Chen (Taking office Date: 05/31/2023)	0	0	0	0
CEO & President	Wen-Fang Huang	0	0	0	0
Vice President	Patrick Chiu (Taking office Date: 03/31/2024)	0	0	0	0
Associate Vice President	Morgan Chiu	0	0	0	0
Associate Vice President	Daniel Huang (Taking office Date: 07/28/2023)	0	0	0	0
Associate Vice President	Brenda Chen (Taking office Date: 07/28/2023)	0	0	0	0

Title	Name	April 2, 2024		2023	
		Net Change of Shares Held	Net Change of Shares Pledged	Net Change of Shares Held	Net Change of Shares Pledged
Associate Vice President	ML Chien (Taking office Date: 03/01/2024)	0	0	0	0
R&D Senior Director	Wen-Jiunn Tsay	0	0	0	0
Accounting Officer, Corporate Governance Officer and Spokesperson	Shao-Ling Chen	0	0	0	0
Associate Vice President	Nicholas Ting (Dismissal Date: 03/03/2023)	0	0	0	0
Associate Vice President	David Chou (Dismissal Date: 03/01/2024)	0	0	0	0

(II) Information of Equity Transfer: None.

(III) Information of Equity Pledge: None.

IX. Information of Relationships between Top 10 Shareholders Who are Related Parties, Spouses or Relatives within the Second Degree of Kinship Relationship:

April 2, 2024

Name (Note1)	Shares Held		Shares Held by Spouse or Minors		Total Share Held in the Name of Other Persons		Name & Relationship between the Top 10 Shareholders (Note2)	
	Shares	%	Shares	%	Shares	%	Title or Name	Relationship
Qisda Corporation	295,797,126	54.60%	0	0.00%	0	0.00%	Darly Consulting Corporation	Parent and Subsidiary Company
							Darly Venture Inc.	Parent and Subsidiary Company
							Darly2 Venture, Inc.	Parent and Subsidiary Company
Representatives of Qisda Corporation: Chi-Hong Chen	0	0.00%	0	0.00%	0	0.00%	None	None
Darly Consulting Corporation	12,710,000	2.35%	0	0.00%	0	0.00%	Qisda Corporation	Parent and Subsidiary Company
							Darly Venture Inc.	Parent and Subsidiary Company
							Darly2 Venture, Inc.	Parent and Subsidiary Company
Representatives of Darly Consulting Corporation: Chiu-Chin Hung	0	0.00%	0	0.00%	0	0.00%	None	None
Darly Venture Inc.	12,236,000	2.26%	0	0.00%	0	0.00%	Qisda Corporation	Parent and Subsidiary Company
							Darly Consulting Corporation	Parent and Subsidiary Company
							Darly2 Venture, Inc.	Parent and Subsidiary Company
Representatives of Darly Venture Inc.: Chiu-Chin Hung	0	0.00%	0	0.00%	0	0.00%	None	None
Darly2 Venture, Inc.	4,185,000	0.77%	0	0.00%	0	0.00%	Qisda Corporation	Parent and Subsidiary Company
							Darly Consulting Corporation	Parent and Subsidiary Company
							Darly Venture Inc.	Parent and Subsidiary Company
Representatives of Darly2 Venture Inc.: Chiu-Chin Hung	0	0.00%	0	0.00%	0	0.00%	None	None
Deutsche Bank in custody for University Retirement Equity Fund - Stock Investment Account	4,176,000	0.77%	0	0.00%	0	0.00%	None	None
Standard Chartered Bank in custody for TIAA-CREF Quant Small Cap Equity Fund Institutional Class	3,763,000	0.69%	0	0.00%	0	0.00%	None	None
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of the investment account of Arcadia Emerging Markets	2,456,000	0.45%	0	0.00%	0	0.00%	None	None
JP Morgan Chase Bank Custody ABP Retirement Fund Investment Account	2,045,000	0.38%	0	0.00%	0	0.00%	None	None
Chuangtai Investment Co., Ltd.	2,000,000	0.37%	0	0.00%	0	0.00%	None	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Investment account of J.P. Morgan Funds	1,951,133	0.36%	0	0.00%	0	0.00%	None	None

Note 1: All the top ten shareholders should be listed and if they are legal person shareholders, the name of the legal person shareholder and the name of the representative should be listed separately.

Note 2: The shareholders listed in the previous disclosure include legal persons and natural persons and the relationship between them should be disclosed in accordance with the issuer's financial reporting standards.

X. Shareholdings and Joint Shareholdings of Businesses Invested by the Company, Directors, Supervisors, Executive Officers and Companies Directly or Indirectly Controlled by the Company:
None.

Capital and Shares

I. Capital and Shares

(I) Source of Capital

April 2, 2024; Unit: thousand shares; NTD thousands

Year / Month	Price	Authorized Capital		Paid-up Capital		Remarks				
		Shares	Amount	Shares	Amount	Source of Capital (NTD Thousands)	Approval Date	Certification No.	Capital Increase by Assets other than Cash	Others
September, 2003	11.77	300,000	3,000,000	200,000	2,000,000	Incorporated with a capital of NTD\$2,000,000 through spin-off	2003/9/4	2003/9/4 No. Yuan-Shang-0920023079	Non-cash net assets totaling NTD\$1,533,635	-
December, 2004	18	300,000	3,000,000	250,000	2,500,000	Seasoned equity offering \$500,000	2004/2/5	2004/2/5 No. Yuan-Shang-0930002818	-	-
August, 2005	10	300,000	3,000,000	282,900	2,829,000	Capitalization of earnings \$329,000	2005/8/18	2005/8/18 No. Yuan-Shang-0940021583	-	-
May, 2006	12.4	350,000	3,500,000	290,845	2,908,450	Exercise of employee warrants \$79,450	2006/5/9	2006/5/9 No. Yuan-Shang-0950010655	-	-
August, 2006	12.4	500,000	5,000,000	292,446	2,924,460	Exercise of employee warrants \$16,010	2006/8/16	2006/8/16 No. Yuan-Shang-0950020672	-	-
August, 2006	10	500,000	5,000,000	332,962	3,329,621	Capitalization of earnings \$405,161	2006/8/16	2006/8/16 No. Yuan-Shang-0950020672	-	-
October, 2006	10	500,000	5,000,000	333,512	3,335,121	Exercise of employee warrants \$5,500	2006/10/25	2006/10/25 No. Yuan-Shang-0950028601	-	-
October, 2006	10	500,000	5,000,000	355,292	3,552,922	Raised \$217,800 of capital for the merger of Sun Asia Enterprise	2006/10/25	2006/10/25 No. Yuan-Shang-0950028601	-	-
February, 2007	10	500,000	5,000,000	355,437	3,554,372	Exercise of employee warrants \$1,450	2007/2/16	2007/2/16 No. Yuan-Shang-0960004534	-	-
April, 2007	10	500,000	5,000,000	359,254	3,592,542	Exercise of employee warrants \$38,170	2007/4/26	2007/4/26 No. Yuan-Shang-0960010850	-	-
August, 2007	10	660,000	6,600,000	360,123	3,601,232	Exercise of employee warrants \$8,690	2007/8/23	2007/8/23 No. Yuan-Shang-0960022108	-	-
August, 2007	10	660,000	6,600,000	377,623	3,776,231	Conversion of corporate bonds \$175,000	2007/8/23	2007/8/23 No. Yuan-Shang-0960022108	-	-
August, 2007	10	660,000	6,600,000	400,101	4,001,007	Capitalization of earnings \$224,776	2007/8/23	2007/8/23 No. Yuan-Shang-0960022108	-	-
November, 2007	10	660,000	6,600,000	400,682	4,006,817	Exercise of employee warrants \$5,810	2007/11/12	2007/11/12 No. Yuan-Shang-0960029618	-	-
November, 2007	10	660,000	6,600,000	406,287	4,062,872	Conversion of corporate bonds \$56,055	2007/11/12	2007/11/12 No. Yuan-Shang-0960029618	-	-
February, 2008	10	660,000	6,600,000	409,056	4,090,562	Exercise of employee warrants \$27,690	2008/2/29	2008/2/29 No. Yuan-Shang-0970005716	-	-
February, 2008	10	660,000	6,600,000	411,604	4,116,037	Conversion of corporate bonds \$25,474	2008/2/29	2008/2/29 No. Yuan-Shang-0970005716	-	-
May, 2008	10	660,000	6,600,000	416,854	4,168,537	Exercise of employee warrants \$52,500	2008/5/14	2008/5/14 No. Yuan-Shang-0970012364	-	-
August, 2008	10	660,000	6,600,000	417,212	4,172,117	Exercise of employee warrants \$3,580	2008/8/26	2008/8/26 No. Yuan-Shang-0970023433	-	-
August, 2008	10	660,000	6,600,000	448,313	4,483,127	Capitalization of earnings \$311,010	2008/8/26	2008/8/26 No. Yuan-Shang-0970023433	-	-
November, 2008	10	660,000	6,600,000	448,774	4,487,737	Exercise of employee warrants \$4,610	2008/11/13	2008/11/13 No. Yuan-Shang-0970031854	-	-
February, 2009	10	660,000	6,600,000	448,835	4,488,347	Exercise of employee warrants \$610	2009/2/25	2009/2/25 No. Yuan-Shang-0980005035	-	-
May, 2009	10	660,000	6,600,000	448,949	4,489,497	Exercise of employee warrants \$1,150	2009/5/22	2009/5/22 No. Yuan-Shang-0980013981	-	-
September, 2009	10	660,000	6,600,000	449,422	4,494,227	Exercise of employee warrants \$4,730	2009/9/3	2009/9/3 No. Yuan-Shang-0980024050	-	-
September, 2009	10	660,000	6,600,000	449,471	4,494,717	Conversion of corporate bonds \$491	2009/9/3	2009/9/3 No. Yuan-Shang-0980024050	-	-
September, 2009	10	660,000	6,600,000	464,119	4,641,195	Capitalization of earnings \$146,477	2009/9/3	2009/9/3 No. Yuan-Shang-0980024050	-	-
November, 2009	10	660,000	6,600,000	464,203	4,642,035	Exercise of employee warrants \$840	2009/11/20	2009/11/20 No. Yuan-Shang-0980032344	-	-
March, 2010	10	660,000	6,600,000	465,457	4,654,575	Exercise of employee warrants \$12,540	2010/3/25	2010/3/25 No. Yuan-Shang-0990007827	-	-
May, 2010	25	660,000	6,600,000	465,513	4,655,132	Exercise of employee warrants \$562k	2010/5/26	2010/5/26 No. Yuan-Shang-0990014571	-	-

Year / Month	Price	Authorized Capital		Paid-up Capital		Remarks				
		Shares	Amount	Shares	Amount	Source of Capital (NTD Thousands)	Approval Date	Certification No.	Capital Increase by Assets other than Cash	Others
May, 2010	10	660,000	6,600,000	468,518	4,685,183	Conversion of corporate bonds \$30,047	2010/5/26	2010/5/26 No. Yuan-Shang-0990014571	-	-
August, 2010	25	660,000	6,600,000	468,543	4,685,433	Exercise of employee warrants \$250	2010/5/26	2010/8/6 No. Yuan-Shang-0990022836	-	-
August, 2010	10	660,000	6,600,000	470,955	4,709,557	Conversion of corporate bonds \$24,123	2010/8/6	2010/8/6 No. Yuan-Shang-0990022836	-	-
December, 2010	23.7	660,000	6,600,000	470,985	4,709,857	Exercise of employee warrants \$300	2010/8/6	2010/12/1 No. Yuan-Shang-0990035467	-	-
December, 2010	10	660,000	6,600,000	471,114	4,711,143	Conversion of corporate bonds \$1,286	2010/12/1	2010/12/1 No. Yuan-Shang-0990035467	-	-
February, 2011	23.7	660,000	6,600,000	471,236	4,712,365	Exercise of employee warrants \$1,222	2010/12/1	2011/3/2 No. Yuan-Shang-1000005462	-	-
February, 2011	24.8	660,000	6,600,000	471,335	4,713,355	Exercise of employee warrants \$990	2011/3/2	2011/3/2 No. Yuan-Shang-1000005462	-	-
February, 2011	10	660,000	6,600,000	475,618	4,756,184	Conversion of corporate bonds \$42,829	2011/3/2	2011/3/2 No. Yuan-Shang-1000005462	-	-
April, 2011	23.7	660,000	6,600,000	475,678	4,756,784	Exercise of employee warrants \$600	2011/3/2	2011/5/13 No. Yuan-Shang-1000013452	-	-
March, 2012	10	660,000	6,600,000	478,566	4,785,667	Conversion of corporate bonds \$28,883	2011/5/13	2012/3/19 No. Yuan-Shang-1010008041	-	-
May, 2012	10	660,000	6,600,000	514,338	5,143,383	Conversion of corporate bonds \$357,715	2012/3/19	2012/5/30 No. Yuan-Shang-1010016250	-	-
May, 2012	23.2	660,000	6,600,000	515,156	5,151,563	Exercise of employee warrants \$8,180	2012/5/30	2012/5/30 No. Yuan-Shang-1010016250	-	-
May, 2012	22.2	660,000	6,600,000	516,235	5,162,358	Exercise of employee warrants \$10,795	2012/5/30	2012/5/30 No. Yuan-Shang-1010016250	-	-
August, 2012	10	660,000	6,600,000	516,614	5,166,144	Conversion of corporate bonds \$3,786	2012/5/30	2012/8/31 No. Yuan-Shang-1010027575	-	-
August, 2012	23.2	660,000	6,600,000	516,779	5,167,794	Exercise of employee warrants \$1,650	2012/8/31	2012/8/31 No. Yuan-Shang-1010027575	-	-
August, 2012	22.2	660,000	6,600,000	516,947	5,169,474	Exercise of employee warrants \$1,680	2012/8/31	2012/8/31 No. Yuan-Shang-1010027575	-	-
November, 2012	20.9	660,000	6,600,000	516,997	5,169,974	Exercise of employee warrants \$500	2012/8/31	2012/11/28 No. Yuan-Shang-1010036791	-	-
November, 2012	10	660,000	6,600,000	513,676	5,136,764	Retirement of treasury stock \$33,210	2012/11/28	2012/11/28 No. Yuan-Shang-1010036791	-	-
March, 2013	10	660,000	6,600,000	513,831	5,138,310	Conversion of corporate bonds \$1,546	2012/11/28	2013/3/28 No. Yuan-Shang-1020009089	-	-
March, 2013	10	660,000	6,600,000	491,752	4,917,520	Retirement of treasury stock \$220,790	2013/3/28	2013/3/28 No. Yuan-Shang-1020009089	-	-
August, 2013	10	660,000	6,600,000	491,772	4,917,726	Conversion of corporate bonds \$206	2013/3/28	2013/8/29 No. Yuan-Shang-1020025846	-	-
March, 2014	10	660,000	6,600,000	494,344	4,943,441	Conversion of corporate bonds \$25,714	2013/8/29	2014/3/26 No. Zhu-Shang-1030009036	-	-
May, 2014	10	660,000	6,600,000	489,127	4,891,271	Retirement of treasury stock \$52,170	2014/3/26	2014/5/29 No. Zhu-Shang-1030015867	-	-
May, 2014	10	660,000	6,600,000	497,127	4,971,271	Conversion of corporate bonds \$80,000	2014/5/29	2014/5/29 No. Zhu-Shang-1030015867	-	-
April, 2015	10	660,000	6,600,000	492,127	4,921,271	Retirement of treasury stock \$50,000	2014/5/29	2015/4/10 No. Zhu-Shang-1040009624	-	-
August, 2015	10	660,000	6,600,000	442,914	4,429,144	Cash capital reduction \$492,127	2015/8/27	2015/8/27 No. Zhu-Shang-1040025336	-	-
July, 2016	10	660,000	6,600,000	434,470	4,344,697	Retirement of treasury stock \$84,447	2016/7/22	2016/7/22 No. Zhu-Shang-1050019711	-	-
October, 2017	10	660,000	6,600,000	444,470	4,444,697	Issuance of restricted shares to employees \$100,000	2017/10/19	2017/10/19 No. Zhu-Shang-1060028610	-	-
March, 2018	10	660,000	6,600,000	544,470	5,444,697	Private placement of new shares \$1,000,000	2018/3/29	2018/3/29 No. Zhu-Shang-1070009589	-	-
March, 2018	10	660,000	6,600,000	543,953	5,439,527	Recall and retirement of restricted stock \$5,170	2018/3/29	2018/3/29 No. Zhu-Shang-1070009589	-	-
January, 2019	10	660,000	6,600,000	543,517	5,435,172	Recall and retirement of restricted stock \$2,255 Retirement of treasury stock \$2,100	2019/1/4	2019/1/4 No. Zhu-Shang-1080000041	-	-
April, 2019	10	660,000	6,600,000	543,262	5,432,617	Recall and retirement of restricted stock \$2,555	2019/4/2	2019/4/2 No. Zhu-Shang-1080009196	-	-
July, 2019	10	660,000	6,600,000	543,129	5,431,287	Recall and retirement of restricted stock \$1,330	2019/7/3	2019/7/3 No. Zhu-Shang-1080018595	-	-

Year / Month	Price	Authorized Capital		Paid-up Capital		Remarks				
		Shares	Amount	Shares	Amount	Source of Capital (NTD Thousands)	Approval Date	Certification No.	Capital Increase by Assets other than Cash	Others
September, 2019	10	660,000	6,600,000	542,891	5,428,907	Recall and retirement of restricted Stock \$2,380	2019/9/2	2019/9/2 No. Zhu-Shang-1080025442	-	-
November, 2019	10	660,000	6,600,000	542,727	5,427,273	Recall and retirement of restricted stock \$1,634	2019/11/20	2019/11/20 No. Zhu-Shang-1080033539	-	-
March, 2020	10	660,000	6,600,000	542,482	5,424,825	Recall and retirement of restricted stock \$2,448	2020/3/24	2020/3/24 No. Zhu-Shang-1090008003	-	-
June, 2020	10	660,000	6,600,000	542,248	5,422,477	Recall and retirement of restricted stock \$2,348	2020/6/2	2020/6/2 No. Zhu-Shang-1090014954	-	-
August, 2020	10	660,000	6,600,000	541,818	5,418,177	Recall and retirement of restricted stock \$4,300	2020/8/21	2020/8/21 No. Zhu-Shang-1090023868	-	-
November, 2020	10	660,000	6,600,000	541,718	5,417,185	Recall and retirement of restricted stock \$992	2020/11/24	2020/11/24 No. Zhu-Shang-1090033301	-	-
June, 2022	10	800,000	8,000,000	541,718	5,417,185	Increase the approved share capital	2022/06/20	2022/06/20 No. Zhu-Shang-1110018909	-	-

(II) Shares Types

Book closure date: April 2, 2024

Type of Stock	Authorized Capital			Notes
	Outstanding Shares	Unissued Shares	Total	
Common shares	541,718,460	258,281,540	800,000,000	-

(III) Shareholder Structure:

Book closure date: April 2, 2024

Shareholders Structure	Government Institutions	Financial Institutions	Other Corporations	Foreign Institutions and Foreigners	Individual	Treasury Stock	Total
Number of Shareholders	0	5	205	187	45,028	0	45,425
Shareholding	0	468,772	328,342,329	41,066,845	171,840,514	0	541,718,460
Shareholding percentage (%)	0.00%	0.09%	60.61 %	7.58%	31.72%	0.00%	100.00%

(IV) Diffusion of Ownership

Book closure date: April 2, 2024

Shareholding Range	Number of Shareholders	Shareholding	Shareholding Percentage (%)
1-999	14,522	1,786,464	0.33%
1,000-5,000	24,753	51,828,613	9.58%
5,001-10,000	3,479	28,734,770	5.31%
10,001-15,000	834	10,798,907	1.99%
15,001-20,000	627	11,806,347	2.18%
20,001-30,000	422	11,075,368	2.04%
30,001-40,000	197	7,156,172	1.32%
40,001-50,000	153	7,226,072	1.33%
50,001-100,000	244	17,674,306	3.26%
100,001-200,000	113	15,774,368	2.91%
200,001-400,000	42	12,256,247	2.26%
400,001-600,000	10	5,063,419	0.93%
600,001-800,000	7	4,824,899	0.89%
800,001-1000,000	5	4,408,000	0.81%
1,000,001 and above	17	351,304,508	64.86%
Total	45,425	541,718,460	100.00%

(V) List of Major Shareholders

Book closure date: April 2, 2024

Shareholder	Shareholding	Shareholding Percentage (%)
Qisda Corporation	295,797,126	54.60%
Darly Consulting Corporation	12,710,000	2.35%
Darly Venture Inc.	12,236,000	2.26%
Darly2 Venture, Inc.	4,185,000	0.77%
Deutsche Bank in custody for University Retirement Equity Fund - Stock Investment Account	4,176,000	0.77%
Standard Chartered Bank in custody for TIAA-CREF Quant Small Cap Equity Fund Institutional Class	3,763,000	0.69%
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of the investment account of Arcadia Emerging Markets	2,456,000	0.45%
JP Morgan Chase Bank Custody ABP Retirement Fund Investment Account	2,045,000	0.38%
Chuangtai Investment Co., Ltd.	2,000,000	0.37%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Investment account of J.P. Morgan Funds	1,951,133	0.36%

(VI) Information on Market Price, Net Worth, Earnings and Dividends per Common Share

Unit: NTD thousand; thousand shares

Item		Year	As of March 31, 2024 (Note 6)	2023	2022
Market Price Per Share (Note 1)	High		39.80	48.80	35.65
	Low		34.50	28.05	23.90
	Average		37.82	38.71	30.73
Book Value Per Share (Note 2)	Before Distribution		(Note 7)	18.48	19.15
	After Distribution		-	17.47	17.46
Earnings Per Share	Weighted Average Outstanding Shares (thousand shares)		(Note 7)	541,719	541,719
	EPS	Before retrospective	(Note 7)	1.01	1.69
		After retrospective	-	1.01	1.69
Dividends Per Share	Cash Dividend		-	1.01	1.69
	Issuance of bonus shares	Dividend from retained earnings	-	-	-
		Dividend from capital surplus	-	-	-
	Accumulated unpaid dividends		-	-	-
Return on Investment	Price/Earnings Ratio (Note 3)		(Note 7)	36.12	17.54
	Price/Dividends ratio (Note 4)		-	36.12	17.54
	Cash Dividend Yield (Note 5)		-	2.77%	5.70%

Note 1: The highest and lowest of common stock. The average market value is calculated using the trading volume and price for each year.

Note 2: Based on the number of issued shares at the end of the year and according to the distribution situation of the resolution of the board of directors in the next year.

Note 3: Price/Earnings Ratio = average closing price per share for the year / earnings per share (after retrospective adjustments).

Note 4: Price/Dividend ratio = average closing price per share for the year / cash dividends per share.

Note 5: Cash Dividend Yield = cash dividends per share / average closing price per share for the current year.

Note 6: As of April 2, 2024, the publication date of the annual report, for the accurate data, only listed to March 31, 2024.

Note 7: As of the publication date of the annual report, there is no information that has been certified or reviewed by the CPAs.

Note 8: The financial information in this annual report was made according to IFRS.

(VII) Dividend Policy and Execution Status:

1. Dividend policy

When the Company distributes earnings, in accordance with the provisions of the Company Act and the Company's Articles of Incorporation, if there are earnings, the Company shall pay tax at first and offset the losses of the previous years and then reserve 10% of the remaining as the legal reserve. When the legal reserve is equal to or larger than the paid-in capital, no further reserves shall be made. Then, together with the accumulated undistributed surplus at the beginning of the period, the adjustment amount of the undistributed surplus of the current year and the special surplus reserve according to the law, as the surplus available for distribution, the board of directors will submit a distribution proposal.

(1) Dividend Distribution Principles

In addition to the relevant laws and regulations and the Company's Articles of Incorporation, the board of directors initiates a proposal of the distribution of dividends based on consideration of the profitability, future operating needs, improvement of the financial structure and maintenance of a stable dividend distribution policy and the reasonable compensation of the shareholders.

(2) Dividend Distribution Procedures

The Company's dividend distribution process is based on the Company Act. When the Company issues new shares as dividends, the dividend distribution proposal shall be approved by the audit committee and the board of directors and then shall be submitted to the shareholders' meeting for resolution. When cash is distributed, the dividend distribution proposal shall be approved by the audit committee and the board of directors and then shall be reported to the shareholders' meeting only.

(3) Dividends Distribution Method

Article 30-1 of the Company's Articles of Incorporation, the Company is in a technological and capital-intensive industry. In order to fulfill the Company's long-term capital planning and take into account of the interests of shareholders in the growth period, the Company adopts a residual dividend distribution policy to sustain the growth and operation of the Company.

When distributing dividends, the Company shall deliberate the needs for future scale of operation expansion and cash flows requirement. If the annual operating result is positive at the end of each fiscal year and the retained earnings available for distribution of the current year reaches 2% of the paid-in capital of the Company, no less than 10% of the retained earnings available for distribution of the current year shall be distributed as dividend. The proportion of cash dividends paid each year shall not be less than 10% of the total amount of the cash and stock dividends.

2. The Dividend Distribution To Be Resolved by the General Shareholders' Meeting

On February 27, 2024, the board of directors is going to make resolutions to distribute the cash dividends from earnings amounted to NT\$547,135,645 (NT\$ 1.01 per common share), which will be reported at the 2024 Annual Shareholders' Meeting.

3. Whether there has been a material change in the expected dividend policy: None.

(VIII) The Impact of Stock Dividend Distribution Proposed by this Shareholders' Meeting on the Company's Operating Performance and Earnings per Share:

No issuance of bonus shares was proposed at this ordinary general meeting of shareholders and the Company did not disclose the 2024 financial forecast information and thus does not apply.

(IX) Compensation for Employees and Directors:

1. The percentage or range of compensation for employees and director specified in the Articles of Incorporation:
If there are earnings, the Company shall set aside 10%~22.5% of earnings as compensation for employees and no higher than 1% as remuneration for the directors. However, when there are accumulated losses in the book, the Company shall reserve a portion of the earnings to offset the losses first. The Company may appropriate the employee remuneration prescribed in the preceding paragraph in the form of stock or cash to employees of affiliates when the employees meet certain conditions.
2. Estimation basis for the compensation for employees and directors and the calculation basis for the employee compensation as stock dividends and the accounting approach for handling the differences between the actual distributed amount and the estimated number of shares:
The estimated amount of this Annual Period for distribution of remuneration and compensation to employees and Directors is based on the amount (which shall also be listed as operating expenses for the annual period) obtained from the calculation of each pre-tax income (prior to being deducted by remuneration to employees and Directors) from such period multiplying the distribution percentage of remuneration to employees and Directors based on the Company's Articles of Incorporation. If there is any difference between the actual distributed amount and the estimated amount, it shall be recognized as profit or loss of next annual period based on the change in accounting estimation.
3. The resolution of the distribution of compensation by the board of directors:
 - (1) Cash or stocks as remuneration for employees and directors: The Company has approved the resolution of the board of directors to the distribution of the employees' compensation and directors' remuneration of 2023 at NT\$ 73,510,268 and NT\$ 5,513,271 respectively on February 27, 2024.
If there is discrepancies between the estimated expenses and the recognized expenses, the amount of discrepancies, reasons and handling measures shall be disclosed: Not applicable.
 - (2) The amount of employee remuneration distributed by stocks and the percentage to the net income and total remuneration of the parent company only or individual financial statements for the period: Not applicable.
4. The actual distributed remuneration of employees and directors for the 2023 and any if there is discrepancies between actual distribution and the figures previously recognized, explain the amount, the cause and treatment of such discrepancies:
 - (1) Actual distribution of remuneration to employees and directors in the previous year: The amount distributed to employees' remuneration in cash was NT\$ 116,793,846 and NT\$ 8,759,538 for directors' remuneration.
 - (2) Differences between the proposed distribution and actual amount approved by the original board of directors: the

actual distributed amount was the same as the proposed distribution amount approved by the Board of Directors.

(X) Status of the Company repurchasing its own shares:

No repurchase of the Company's shares by the Company was conducted in the most recent two years and as of the publication date of the annual report.

II. Corporate Bonds Handling Status: None.

III. Preferred Shares Handling Status:

- (1) Preferred shares handling status: none.
- (2) Preferred shares with warrants: none.

IV. Global Depository Receipts Handling Status: None.

V. Employee Stock Option Handling Status: None.

- (1) Employee stock option handling status:
 - 1. As of the publication date of the annual report, the processing situation and impact on shareholders' right from employee stock option that have not matured yet: None.
 - 2. Names, acquisition, and subscription of managers who have obtained employee stock option as well as employees who rank among the top 10 in terms of the number of shares obtained via employee stock option, cumulative up to the date of publication of the annual report: None.
- (2) New restricted employee shares:
 - 1. As of the date of publication of the annual report, new restricted employee shares that have not fully met the conditions and the impact on shareholders' right: None.
 - 2. Names of managers and top ten employees holding new restricted employee shares as of the publication date of the annual report and the conditions of receiving such shares: None.

VI. Issuance of New Shares in Connection with the Merger or Acquisition of other Corporations: None.

- (1) In the most recent year up to the publication date of the annual report, the Company has completed merger and acquisition of other corporations to issue new shares: None.
- (2) In the most recent year up to the publication date of the annual report, the Board of Directors of the Company has approved merger and acquisition of other corporations to issue new shares: None

VII. Implementation Status of Funds: Not acceptable

- (1) As of one quarter before the publication date of this annual report, plan for previous issuance or private placement of securities that have not been completed, or that have been completed but no benefits achieved within the past three years: None.
- (2) As of one quarter before the publication date of this annual report, processing condition for previous issuance or private placement of securities that have not been completed, or that have been completed but no benefits achieved within the past three years: None

Overview of Operations

I. Description of Business

(I) Scope of Business:

1. Principal Business Activities

- (1) CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing.
- (2) CC01070 Telecommunication Equipment and Apparatus Manufacturing.
- (3) CF01011 Medical Materials and Equipment Manufacturing.
- (4) F108031 Wholesale of Drugs, Medical Goods.
- (5) F401010 International Trade.
- (6) Research, development, design, manufacturing and sale of the following products:
 - A. Computer network systems, equipment and components.
 - B. Metropolitan area network (MAN) and enterprise network products.
 - C. Broadband products.
 - D. Wireless network products.
 - E. Medical equipment, products and parts.
 - F. Import/export trade and medical application of the above products.
 - G. Product maintenance, testing and after-sale service.

2. Sales of Major Products (Services)

Unit: NTD thousands

Main Products	2023	
	Amount	%
LAN/MAN Products	12,953,409	45.82%
Wireless and Broadband Products	11,347,190	40.14%
Digital Multimedia Products	1,707,767	6.04%
Other Networking Products	2,263,825	8.00%
Total	28,272,191	100.00%

3. Current Products (Services) Offered by the Company

- (1) LAN MAN Products
 - A. Fronthaul/ Middlehaul /Backhaul High Speed Switch
 - B. 10G/25G/40G/50G 100G/200G/400G/800G Data Center Switch
 - C. Enterprise/Campus Ethernet Switch
 - D. SMB Ethernet Switch
 - E. Carrier-Grade Ethernet Switch
 - F. IoT Ethernet Switch
 - G. L2/3/4 High Speed Ethernet Switch (Including Multi-Rate Gigabit 2.5G/5G/10G)
 - H. Switches with Synchronous Ethernet and IEEE1588
- (2) Wireless Broadband Products
 - A. VDSL/G.fast Router/IAD
 - B. GPON/10G-PON ONT/ONU
 - C. 5G/LTE Router/IAD
 - D. 5G RRH/ LTE Small Cell
 - E. G.fast + LTE MPTCP Hybrid IAD
 - F. Wi-Fi 5/Wi-Fi 6 Access Point
 - G. Wi-Fi 5/Wi-Fi 6 Router
- (3) Digital Multimedia Products
 - A. Video Surveillance System & IP Camera
 - B. NAS
 - C. PLC
 - D. Smart Home IoT Devices
- (4) Mobile Enterprise Solutions Products
 - A. 24GHz Smart Radar Sensor
 - B. 7GHz Smart Radar Sensor
 - C. 79GHz Smart Radar Sensor

4. New products and Technologies planned for Development

- (1) LAN/MAN Products
 - A. 400G/800G Data Center Ethernet Switch
 - B. OCP based 400G/800G Carrier Grade and Data Center Switch
 - C. Multi-Giga (1G/2.5G/5G/10Gbps) PoE (802.3bt) high-performance and PoE++ switch
 - D. 5G Mobile Fronthaul/Backhaul Switch
 - E. Network function virtualization (NFV) platform technology

- F. XGS-PON OLT
- G. Multi-layer, rack switch (Chassis)
- H. Industry 4.0, smart factory, IoT Ethernet Switch and solutions
- I. Security Gateway
 - (a) Large enterprise network security server
 - (b) Small and medium enterprise network security server
- J. Enterprise SD-WAN Appliance
- (2) Wireless Broadband Products
 - A. Wi-Fi 6 & 6E Access Point
 - B. Wi-Fi 6 Mesh AP/Router
 - C. 5G RAN End-to-End Solution
 - D. 5G FWA CPE
 - E. 5G Small Cell
 - F. NB-IoT Industrial Sensor Module
- (3) Digital Multimedia Products
 - A. Smart Surveillance Solution
 - B. Intelligent Video and Audio Analytics
- (4) Mobile Enterprise Solutions Product
 - A. mmWave Radar with Image Fusion Technology
 - B. AVM & Radar Sensor System
 - C. AVB Ethernet Gateway

(II) Industry Overview:

The Company is a professional networking communication equipment provider and the product lines include LAN/MAN, wireless broadband, and digital multimedia & automotive solutions. The Company also possesses competent software development capability for providing clients with customized and value-added solutions. The Company is one of the few professional network equipment suppliers in Taiwan that provides a complete range of networking/communication products and integrated services for hardware & software.

Despite the negative impact of global inflation and uncertain monetary policies on the market demand for consumer communications for the telecommunications industry in Taiwan, the momentum of digital transformation in enterprises remains strong. Artificial intelligence (AI), in particular, has fueled the growth of cloud and data centers, as well as the demand for product upgrades and replacements. Furthermore, the gradual commercialization of 5G products around the world has resulted in an increased demand for network traffic, driving the growth of communication products, such as Ethernet LAN Switch, Wi-Fi 6/6E, and 5G mobile broadband access products. Based on the review and analysis of Taiwan's telecommunications industry in the second half of 2023 conducted by the Industrial Technology Research Institute (ITRI), as for network communication equipment, in the first half of 2023, amid concerns over global economic sluggishness due to rising inflationary pressure, WLAN downstream manufacturers took a conservative attitude toward inventory preparation and the number of new orders to be received. It was estimated the impact of inventory adjustments gradually eased, leading to a rebound in WLAN shipments in the second half of the year. As for Ethernet switches, the demand for enterprise-grade Ethernet switches continued to be driven by AI applications, resulting in network bandwidth upgrades in the first half of the year. In the second half of the year, the negative impact of inventory adjustment was being mitigated through the promotion of infrastructure development in the United States, thus maintaining the momentum of the demand. Looking forward to 2024, the inventory adjustment effect of networking equipment will gradually fade, and shipments will begin to recover.

The development of Wi-Fi wireless network technology has led to the introduction of the new-generation Wi-Fi 6 technology. With the gradual development of 5G, Wi-Fi 6 has become the mainstream specification for internet connectivity. Additionally, the rise of remote work has triggered a wave of replacements of smartphones, laptops, tablets, and broadband end products. According to TrendForce's research, Wi-Fi 6 is developing rapidly, and Wi-Fi 6 and 6E surpassed Wi-Fi 5 as the mainstream technologies, with a projected global market share of 58%. Wi-Fi technology is also expanding into the commercial, industrial, and residential sectors, with the greatest growth observed in the demand for smart homes and smart lighting. The annual compound growth rate of Wi-Fi-based smart home device shipments between 2021 and 2026 is projected to reach 18%. By connecting household devices through

Wi-Fi networks as the core home network, this trend will drive applications, such as AR/VR, cloud gaming, 4K video calls, and 8K streaming media.

As for mobile communications technology, according to Ericsson's Mobility Report for November 2023, by the end of 2023, 5G networks would cover over 40% of the global population; by the end of 2029, 5G would cover 85% of the global population. In the North American market, the penetration rate of 5G users is projected to reach 61% by the end of 2023, making it the global leader in 5G.

The arrival of the 5G era gives rise to enormous demand for infrastructures including core network, 5G RAN, small cell, transmission equipment, network terminals, and tailor-made private networks for enterprises. 5G applications such as smart city, smart home, Industry 4.0, IoT and Internet of Vehicles (IoV) all involve real-time AI analysis at low latency, a requirement that drives the development of edge computing. Deployment of services and buffers at the network edge can effectively relieve congestion of the mobile core network and lessen the cloud computing workload. SDN and NFV will be the key software development for the future mobile infrastructure.

With regard to the Ethernet switch industry development, mass data transmission demand of cloud-based data centers will continue to drive growth of 10Gbps and 100Gbps network switches. 400Gbps switches will begin to make their way into the market as demand for higher network speed grows. The transition to high-speed wireless network and the increased demand for high-power connection equipment give rise to demand for 2.5Gbps/5Gbps switches and switches that support high power over Ethernet (PoE++).

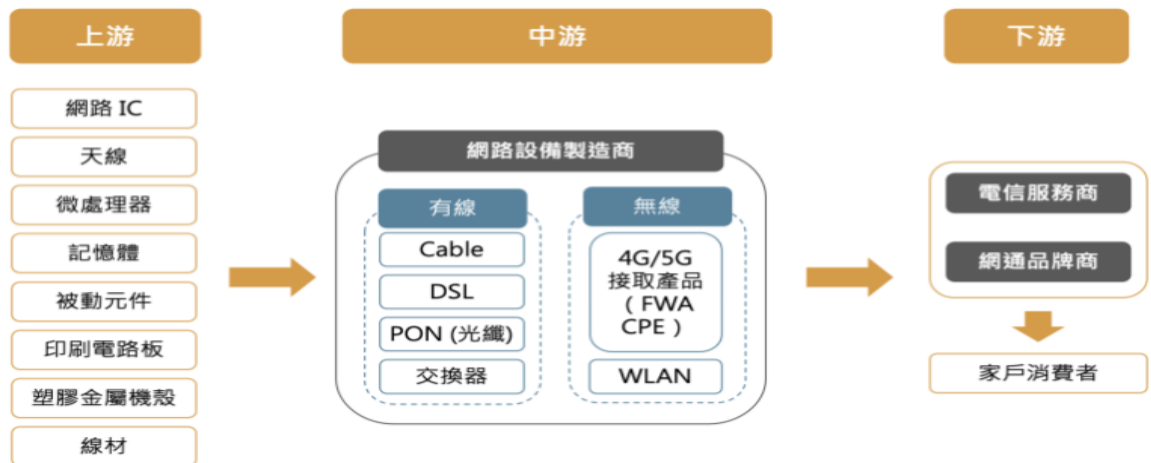
In terms of smart home, home security/surveillance, smart energy control and smart appliances will be the main focus of smart home solutions in the future. The development of smart home solutions will accelerate with artificial intelligence (AI) and deep learning, which will speed up the development of applications such as voice control and image recognition technologies. With respect to security and surveillance, the penetration of IP-Cams keeps growing. The rise of smart home solutions and the demand for high-definition video streaming has consistently increased the needs for higher bandwidth, which in turn supports development of VDSL2 and G.fast in copper wire production. In terms of fiber broadband, there is an ongoing shift from GPON to 10G-PON. However, due to the longer time and higher costs associated with FTTH (fiber-to-the-home) deployment, most carriers still choose to deploy fiber to FTTdp (fiber-to-the distribution point) as a way to reduce cost for the last mile of the fiber network. G.fast plays an important role in FTTdp as it allows existing copper wires to deliver higher speeds in the last mile. As for cable networks, the introduction of DOCSIS 3.1 will enable full duplex speeds up to 10Gbps, and carriers are starting to implement fixed wireless access (FWA) service to improve deployment efficiency for the last mile and provide users with faster transfer speed.

In recent years, the advancement of the internet and the Covid-19 pandemic have promoted the development of our country's satellite microwave industry, thereby advancing the technologies gradually. The concept of building collaborative and heterogeneous network environments that incorporate the Internet of Things, Wi-Fi 6/6E/7, satellite television, and low-orbit satellites is gaining considerable attention from the satellite communication industry and governments worldwide. As a result, the manufacturing of satellite communication equipment in our country primarily focuses on digital set-top boxes and satellite receivers. The main products include base stations, digital set-top boxes, antennas, and low-orbit satellites. Its revenue constitutes 24% of the total communication equipment industry.

Inspired by the development of self-driving cars, mmWave radar has quickly emerged to become one of the key technologies for advanced driver-assistance systems (ADAS). In short- and mid-range, mmWave radar can be used for applications such as blind spot detection (BSD), rear cross traffic alert, lane departure warning (LDW) etc. to prevent vehicle collision, and for industrial scenarios such as intelligent traffic monitoring and safety monitoring. In long range anti-collision radar, mmWave offers uses such as auto emergency braking (AEB), adaptive cruise control (ACC) and forward collision warning (FCW). According to the data from Topology Research Institute, the millimeter-wave radar market has risen rapidly in recent years, mainly because the millimeter-wave radar is used as the main sensor in the ADAS in the new car evaluation system for many countries. Among them, AEB has become the evaluation standard for new cars in the United States and EU. Japan mandated the installation of AEB in new cars in 2020. The United States has set AEB as standard equipment for new cars in 2022. In China, new cars without AEB installed cannot obtain a 5-star rating in the new car evaluation system starting in 2019. As the three major automobile markets force the adoption and actively encourage the installation of the AEB system, it has become the

driver of growth in the number of millimeter-wave radars.

1. Links between Upstream, Midstream and Downstream of the Industry



Source: Fugle research

2. Development Trends and Competitors for the Company's Product

(1) Product Development Trends

A. Mobile broadband network deployment and upgrade

More and more users across the world enjoy mobile broadband Internet access and mobile video and audio streaming has increased the demand for high-speed mobile Internet access. The 4G LTE market will continue to grow. As 5G networks are launched across different countries, network infrastructure and terminal equipment will also continue to be developed, and the versatile 5G network will be able to materialize more emerging application services, thereby generating high bandwidth, low latency, and broad connection applications. The aim is to develop diverse applications and solutions for consumers, telecom operators, enterprises, and vertical markets of various industries.

B. The Increasing Demand for Fixed Network Bandwidth

User demand for network applications has expanded from simple data transmission to video and interactive applications. As the demand for bandwidth increases, telecom operators have accelerated the upgrading of their fixed-line network infrastructures. In terms of FTTx and terminal equipment development, copper broadband connections have evolved from ADSL to VDSL, and G.fast, while fiber broadband has been upgraded from GPON to 10G-PON, and the mainstream specification of cable is the DOCSIS 3.1. MSOs will also accelerate the deployment of fiber networks featuring 10G-PON as the mainstream specification.

C. Upgrade of Ethernet Switch for Higher Transmission Speed

Enterprise users' demand for high-speed switches will continue to rise. The increase in cloud computing service and high-quality video streaming data will also increase, facilitating the establishment and upgrade of internal networks in data centers. The bandwidth of switches will be upgraded from 10Gbps and 40Gbps to 25Gbps and 100Gbps, respectively. The demand for the next-generation 400Gbps Ethernet will also gradually increase.

D. Enhancement of Wi-Fi Transmission Speed and Increase of Applications

As fixed-line network and mobile broadband upgrade to the next generation standards, they also generate an increase in the speed of Wi-Fi in LAN to satisfy the users' high-speed Internet experience in different environments. Wi-Fi 6/6E has exceeded Wi-Fi 5 and become the mainstream standard in the wireless network market, and it is developing towards Wi-Fi 7 standard which offers higher speed wireless networks. As mobile data transmission increases, telecom carriers continue to deploy Wi-Fi hotspots to achieve mobile data traffic offload and uphold network service quality.

E. Development Trend of Smart Homes

With the increasing demand for home security surveillance and smart homes, AI development also

incorporates smart home products, where the technology development of voice control and image recognition will introduce more smart applications.

(2) Competition

As technology advances by leaps and bounds across the globe, wired and wireless network product technologies have also undergone groundbreaking developments. However, the rapid evolution in new technologies also means shorter product lifecycles as well as uncertainties associated with new product developments. In a bid to lower cost or simplify product functions, manufacturers are adopting the competitive pricing strategy by lowering their sales prices.

The Company offers the most comprehensive line of professional network products in Taiwan. With years of experience in product development and design, the Company provides a one-stop solution for procurement needs of major international manufacturers. Future developments in the network communication industry will focus on smart applications and integration, and the speed of network technology will continue to increase. Only manufacturers with sound network communication software/hardware technologies can provide clients with the latest and most complete solutions.

(III) Overview of Technology Research and Development:

1. Research and Development Expenses During the Current Fiscal Year

Unit: NTD thousands

Item	Year
R&D Expenses	2023
Net Sales	1,889,315
R&D Expense as a Percentage of Net Sales (%)	28,272,191
	6.68%

2. Achievements in Technologies or Products

Year	R&D Achievements
2006	Compact ADSL Modem, Digital Media Player with support of Intel ViVand IP-STB (Set Top Box) with support of H.264 encoding.
2007	Wireless Digital Media Player, HD Hybrid STB, WiMAX Pico Base Station and EPON ONU.
2008	Layer2 Green Switch, Tripleplay Residential Gateway and Wireless VDSL IAD.
2009	L3 Gigabit Switch, L3 10G Chassis Switch, 10G Top of Rack Switch, EPON/GPON MDU, GPON ONT and NAS through Win7 certified.
2010	HD Player through DLNA 1.5 Server, Player and Render certified, 40GE Switch Module, 3G Femtocell, IP Camera, LINKnLOOK Cloud Service, OTT Set Top Box with built-in 2.5-inch 1TB Drive and built-in Facebook, Netflix and Blockbuster, NAS through DLNA 1.5 Server certified, 500M Powerline Adapter, Home Gateway through Win7 and Ipv6 certified, Energy Efficient Ethernet Switch and Unified WLAN Switch.
2011	Introduction of HD Digital Media Player with built-in DVB-T, Time Shifting with Simultaneous Two-way Scheduled Recording, Picture-in-picture and Online Streaming. Development of Rack Mount 192 40GE Port Switch for Cloud Data Center.
2012	Development of Synchronized Playback and Remote Control Functions for Media Player on PC, Smartphone, Tablet and TV. Development of Advanced 3G Anti-interference Technology to fully resolve the signal interference issues of Femtocell base stations for telecom operators. Development of Fast Speed, High-capacity, Non-Physical Layer and 32 40GE Port Flagship Switch for Cloud Data Center.
2013	Cloud Traversing Firewall Technology was awarded the invention patents from Taiwan, USA and China. This technology could be used on video streaming products including IP Camera. Development of IoV Product "24GHz Automotive Radar Sensors."
2014	Non-isolated DC/DC circuit design of the high-speed power-line adapter was awarded patents in China, Japan and Australia. Development of world's fastest, high-density, high-capacity with 32 100GE port switch for high-end cloud data center which supports the ONIE standard. Development of 24GHz automotive radar sensors with blind spot detection for large transport vehicles. Cloud data center switch SNX-60A0-486F capable of supporting up to 40G passed ONIE certification. Completed the development and testing of HD 4K/HEVC digital set-top box.
2015	Successfully developed and tested 2.5G /5G /10G multi-speed switch. Successfully tested high-end cloud data center switch supporting 48 ports 25G Fiber downlink sockets and 4 ports 100G uplink sockets. Development of 180-degree fisheye IP camera. Development of STB with 4 802.11ac 5G antennas and 2 BT/BT4CE 2.4G antennas on board.

Year	R&D Achievements
	Development of 24GHz automotive radar sensors with rear collision detection for general vehicles.
2016	Completion of testing of high-density rack mount 128 and 512 optical port switch for cloud data center. Completion of testing of 48 10G fiber downlink ports and 6 100G uplink ports for Internet service provider. Completion of development of smart home gateway which passed Z-Wave Plus certification. Completion of development of enterprise access points with dual Wi-Fi 5 GHz modules and 2.5 Gbps Ethernet uplink port.
2017	Development of first central office terminal switch with G.fast technology. Demonstration of network backbone switch with IEEE1588v2 technology in Remote Radio Head and Cloud Radio Access Network applications. Development of 100G data center switch with 32 ports. Development of Top of Rack (TOR) switch with 48 x 25G downlink and 8 x 100G uplink ports. Provision of end-to-end solution for smart parking application which consists of NB-IoT sensor, NB-IoT small cell, cloud IoT platform and app. Development of 24 dBm small cell & cloud radio access network platform which integrates 4G and Wi-Fi for increasing download speed. Development of new functions that enabled IP camera images to be transmitted to Google Chromecast through Google Home. Implementation of human/face detection and recognition in IP camera and hub. Supply of 24 GHz 3-in-1 radar solution incorporating automotive camera to customers for validation.
2018	Development of 400G data center switch with 32 ports. Development of Multi-G (1G/2.5G/5Gbps) PoE (802.3bt) high-performance switch for access network and enterprise network. Development of fronthaul switch with IEEE1588v2. 10G PON ONU was listed as a recommended product for vOLTHA on the official website of ONF Lab. Self-Organizing Network (SON) jointly developed by Industrial Technology Research Institute (ITRI), Far EasTone and Alpha Networks won JUDGES'CHOICE in the Small Cell Forum (SCF) Awards. Implementation of beamforming technology on IP camera. Implementation of adaptive bitrate streaming on IP Camera. Radar solutions passed ISO 26262 which is world's highest safety standard on automobile electronics.
2019	Selection as DCSG (Disaggregated Cell-Site Gateway) supplier for TIP (Telecom Infra Project). Shipment of G.fast central office and terminal equipment to Japan. Shipment of Wi-Fi 6 (802.11ax) wireless router through global distribution channel of partner brands. Shipment of outdoor 4G small cell to overseas markets. Shipment of Wi-Fi 6- embedded VDSL IAD to North American carriers. Submission of samples of enterprise indoor 5G NR Radio Unit (RU) to Chinese customers. Shipment of MPTCP-embedded Hybrid VDSL/LTE IAD to European carriers. Development of Active Video Setting (AVS) technology and integration into IP camera. Outdoor wireless battery-powered IP camera was shipped worldwide. 77/ 79GHZ mmWave radar received MIC certification in Japan and was ready for mass production.
2020	Development of 400G data center switch with 64 ports. Development of XGS-PON OLT with 8 ports. Integration of the third-party software to virtual Optical Line Terminal (vOLT) platform to provide 8 port XGS-PON OLT. Development of Multi-G (1G/2.5G/5Gbps) PoE (802.3bt) switches with 48 ports and started shipping to customers. Development of DCSG (Disaggregated Cell Site Gateway) hardware platform of TIP (Telecom Infra Project), integration DCSG with third-party software and sent samples for customer verification. Joined DENT open network operating platform alliance led by Amazon and Linux foundation. Development of indoor enterprise 5G NR base station (Radio Unit, Distributed Unit and Centralized Unit) which supports the sub-6GHz frequency band and started sending samples to Japanese and Taiwanese customers for field trials. Shipment of 5G NR CPE to Korean and Japanese customers for testing and validation. Shipment of G.fast central office and terminal equipment to Japan. Development of ASL-810B with G.fast 106 MHz dual hybrid and shipment to Japanese market. Shipment of Wi-Fi 6- embedded VDSL IAD to North American carriers. Development of routers of ASL-84421L and ASL-84440L with Wi-Fi 6 and shipment to the North American telecom carrier. Shipment of MPTCP- embedded Hybrid VDSL/LTE IAD to European carriers. Development of VLT-743810F with hybrid VDSL/LTE router and shipment to European telecom carrier. Development of the first Wi-Fi 6E tri-band router and shipment of samples to the North American customers. Shipment of Wi-Fi 6 Easy MESH to global brand customer. Shipment of vast volume of video doorbell to tier one customers in the US. Development of 24GHz smart radar sensor.

Year	R&D Achievements
	<p>Development of 77GHz smart radar sensor.</p> <p>Development of 79GHz smart radar sensor.</p> <p>Development of mmWave radar with image fusion technology.</p> <p>Development of automotive surround view camera and Around View Monitoring (AVM) & radar sensor system.</p>
2021	<p>Development of 5G fronthaul switch with 18 ports x 25G.</p> <p>Development of 5G backhaul switch with 20 ports x 100G.</p> <p>Development of the world's first 48-port 25GBase-T data center switch.</p> <p>Development of Flex-PON OLT central office equipment with 16 ports.</p> <p>Use of Marvell's brand-new next-generation chips for the development of diverse and economic switches for small and medium enterprises.</p> <p>Collaboration with third-party software companies for the introduction of high-end data center software functions into 400G data center switch with 32 ports.</p> <p>Development and shipment of 400G data center switch with 32 ports.</p> <p>Development and shipment of XGS-PON OLT with 8 ports.</p> <p>Official mass production and shipment to the Japan market of the first indoor enterprise 5G NR base station (Radio Unit, Distributed Unit and Centralized Unit) which meets Japanese telecom regulations and supports the sub-6GHz frequency band.</p> <p>Development of the first 5W outdoor Radio Unit (RU) which supports the n78 frequency band and started sending samples to Taiwanese customers for field trials.</p> <p>Completed the O-RAN Alliance interoperability test for the first 10W outdoor Radio Unit (RU).</p> <p>Shipment of the first 5G indoor user equipment which supports Docker simulated technical service platform to Japanese customers for testing and validation.</p> <p>Development of PON-23440MS home gateway device with Wi-Fi 6/Bluetooth and 2.5GPON passive optical network connection technology and successful mass production and shipment to the Japanese telecom carrier.</p> <p>Development of PON-34000B device with 10G EPON Ethernet passive optical network connection technology and successful mass production and shipment to the Japanese customer.</p> <p>Development of PON-31001BC home Internet access device with 10GPON SFU passive optical network connection technology and successful mass production and shipment to the North American customer.</p> <p>Development of PON-33002B outdoor network connection device with Outdoor 10GPON ONU passive optical network connection technology and shipment to the North American customer.</p> <p>Development of Wi-Fi6 Easy MESH HGW and sent samples to European telecom operators for tests.</p> <p>Development of Wi-Fi6E tri-band router and shipment of samples to the North American and European customers.</p> <p>Shipment of Wi-Fi5/Wi-Fi6 Easy MESH certified routers to tier 1 customers in North America and Japan.</p> <p>Development of the 8m pixel PTZ (Pan/ Tilt/ Zoom), Gigabit Ethernet POE (802.3af) surveillance camera which have been shipped to the brand customer in Europe.</p> <p>Development of the 12m pixel 360° panoramic Gigabit Ethernet POE (802.3af) surveillance camera which have been shipped to the brand customer in Europe.</p> <p>Development and integration of the network surveillance camera and smart surveillance doorbell with 24GHz smart radar sensor and shipped samples to customers in North America.</p> <p>Development of the traffic flow surveillance camera with 24GHz smart radar sensor and shipment of samples to a major Japanese customer.</p> <p>Development of 77GHz water level detection sensor and shipment to the Japanese customer.</p> <p>Development of ADAS smart radar sensor with 79GHz & Electronic Control Unit (ECU) and shipment to commercial vehicle market in Taiwan.</p> <p>Development of the automotive surround view camera and Around View Monitoring (AVM) & radar sensor system and shipped samples to RV system integrators in North America.</p>
2022	<p>Development of 800G data center switch with 64 ports.</p> <p>Development of XGS-PON OLT central office equipment with 16 ports.</p> <p>The 48-Port 1G Enterprise SONiC Data Center Switch is in the leading position in the industry in TD3-X2 and has successfully obtained the Broadcom Enterprise SONiC certification.</p> <p>The 32-port 400G Data Center Switch was sent to Broadcom SONiC for testing and certification.</p> <p>Developed switch support of time synchronization function of Sync-E and IEEE 1588v2, allowing network applications to optimize their performance.</p> <p>Developed Intel x86 CPU Ice Lake D and Snow Ridge Platform.</p> <p>Official small scale mass production and shipment to the Japan market of the first outdoor enterprise 5G NR base station all-in-one integrated outdoors solution which meets Japanese telecom regulations and supports the local 5GHz frequency band.</p>

Year	R&D Achievements
	<p>The first indoor prototype 5G CPE (Mediatek T-750) has been sent to customers in Europe and Middle East for testing.</p> <p>The development of GPON Dual-band HGU has been completed and products have been shipped to North American and Asian customers.</p> <p>Customer testing of XGSPON Dual-band HGU has been completed and the mass production is expected to start in 2023.</p> <p>Launched the research and development of XGSPON Tri-band HGU and will be displayed at Europe BBWF in October.</p> <p>Launched the research and development of Wi-Fi7 Tri-band HGW. Wi-Fi 7 products will be displayed at Europe BBWF in October.</p> <p>Development of Wi-Fi6E tri-band MESH router has been completed and products have been shipped to the North American and Asian customers.</p> <p>Shipment of Wi-Fi6/Wi-Fi6E EasyMESH certified routers to tier 1 telecom customers in North America and Japan.</p> <p>The Company completed the development of 2m pixel wireless internet surveillance camera module, which was integrated into customers' smart garage door opening unit and has been shipped to the North American brand customers.</p> <p>Development of the 2m pixel 360° Gigabit Ethernet POE (802.3af) surveillance camera integrated with spotlight which have been shipped to the brand customers in Europe.</p> <p>Development and integration of the wireless network surveillance camera with 24GHz smart radar sensor and shipped to customers in North America.</p> <p>Developed wireless smart bell used with smart monitoring doorbell and sent samples to customers in North America.</p> <p>Worked with international AI partners to joint develop Advanced AI Dashcam to provide 360° out-car object detection and participated in a joint road test with Japanese car manufacturers.</p> <p>The development of the Sensor Hub with GPS functions was completed, and small shipments were made to the RV caravan companies in North America.</p> <p>The development of BSIS (Blind Spot Information System) that complies with the European car-side safety regulation UN ECE R151 was completed. The Company and camera industry partners jointly participated in international exhibitions.</p> <p>The development of 77GHz Radar for motorcycles has been completed, and samples were sent to Tier 1 customers.</p> <p>The multi-access edge computing (MEC) supports Container and Virtual Machine.</p> <p>The multi-access edge computing (MEC) has passed Chunghwa Telecom Laboratories' autonomy test and safety test.</p> <p>The multi-access edge computing (MEC) integrates 5G core network such as Saviah, Druid, and AGrand.</p> <p>The multi-access edge computing (MEC) integrates various solutions such as A10 Security, IronYun Surveillance, and BenQ healthcare system.</p>
2023	<p>Developed 800G data center switch with 64 ports.</p> <p>Developed 400G SyncE/1588 data center switch with 32-port.</p> <p>Developed Chassis 400G SyncE/1588 data center switch.</p> <p>The 32-port 400G Data Center Switch has been certified by Broadcom SONiC.</p> <p>Developed 800G data center switch with 64-port which effectively dissipates heat with liquid cooling technology, optimizing thermal efficiency.</p> <p>Completed the development of Wi-Fi7 Home Gateway and sent samples to telecom operators for testing.</p> <p>Completed the development of Wi-Fi7 XGS-PON HGU and sent samples to telecom operators for testing.</p> <p>Developed Wi-Fi7 Tri-band Enterprise AP and planned for mass production and shipment in 2024.</p> <p>Executed the development project on Wi-Fi6 Enterprise AP with LoRa low-power IoT and planned for mass production and shipment in 2024.</p> <p>Completed the development of Wi-Fi7 MESH router/extender and sent samples to telecom operators for testing.</p> <p>Developed outdoor mmWave 5G CPE that supports FR1+FR2+Wi-Fi6 functions, sent samples to Japanese clients for testing, and planned for mass production and shipment in 2024.</p> <p>Developed and integrated four-million-pixel wireless network surveillance cameras with 24GHz smart radar sensors and shipped them to clients in North America.</p> <p>Completed the development of four-million-pixel wireless smart monitoring doorbells and shipped them to brand clients in North America.</p> <p>Developed and integrated wireless network surveillance cameras with 24GHz smart radar sensor and shipped them to clients in North America.</p> <p>Developed wireless smart bells for smart monitoring doorbells and sent samples to clients in North America.</p>

Year	R&D Achievements
	Completed the development of the E-Bike 24GHz 1T2R RCW Radar and shipped a small quantity to domestic brand clients.
	Completed the development of Ku-band User Terminal in collaboration with our partners and shipped a small quantity to clients in Europe.

(IV) Long and Short-term Business Development Plans

1. Short-term Business Development Plans

In terms of marketing, the Company maintains close business relationships with clients to understand changes in market trends and clients' needs. Backed by strong research capacity and advantage in quality assurance, the Company aims to provide customized services such as hardware/software designs to help clients expand into new markets.

With respect to product development, the Company introduces new offerings that add value, optimize product portfolio and increase market share. Alpha also establishes collaborative relationships with key IC suppliers to secure critical technology.

In terms of operations, the Company aims to raise operating efficiency and performance through enhanced internal management.

2. Long-term Business Development Plans

In terms of marketing, the Company strives to expand and build up global reputation by forming business relationships with renowned manufacturers across the globe, and will continue to engage clients and suppliers in business dealings that promote long-term partnerships.

In terms of product development, the Company will continue improving its research capacity in line with industry trends and integrating knowledge from network communication, multimedia and smart application into developing next-generation products and enhancing competitive advantage.

As for operational management, the Company aims to strengthen its financial structure and place greater emphasis on operating efficiency.

II. Overview on Market and Production

(I) Market Analysis:

1. Locations where products (services) were mainly provided (supplied)

Unit: NTD thousands

Location	2023	
	Amount	% of Revenue
United States	16,366,044	57.89%
Taiwan	5,250,733	18.57%
Japan	1,277,505	4.52%
Other Countries	5,377,909	19.02%
Total	28,272,191	100.00%

Note: Sales (service) locations are categorized based on customers' location.

2. Market Share, Supply, Demand and Growth in the Future

(1) Market Share

The Company will continue offering total solutions across all product categories, including broadband equipment, optical products and enterprise wireless equipment, and attempt to satisfy clients' requirements, improve product quality and increase worldwide market share.

(2) Market Supply, Demand and Growth in the Future

When examining important issues in the global telecommunications industry, the first and foremost consideration is the impact of AI. AI is expected to drive demand for switches, set-top boxes, 5G base stations, Wi-Fi wireless routers, and IoT devices and transform the telecommunications industry and ecosystem. Additionally, the 6GHz frequency band launched for ultra-low power devices in the United States is expected to facilitate the development of smart wearables and IoT devices. Looking ahead to 2024, the effect of inventory adjustment for network communication equipment will gradually diminish, and shipment volume will begin to recover. Based on data from IEK Consulting in December 2023, network communication equipment is anticipated that there will be a 2.98% growth in for network

communications equipment in 2024 compared to 2023. The future supply and demand, as well as the growth potential of various communications equipment and products are outlined below:

A. Switches

In regard to Ethernet switches, the density of inventory adjustment by clients has not yet tailed off, and some clients even adopted a stronger approach, which has made it difficult for manufacturers to win new orders. However, the rise of AI applications has driven investment in network equipment bandwidth upgrades, promoting stable shipments of advanced high-speed switch products. IEK Consulting estimated that the production value of switches in Taiwan would increase by 3.03% in 2024 compared to 2023, reaching NT\$149.6 billion.

B. Wireless and Broadband Products

In terms of WLAN, the demand for Wi-Fi products in the consumer market is still affected by negative elements such as volatile global pandemic and the continuous rising global inflationary pressure. Regarding the demand from enterprises, the momentum of enterprises' digital transformation continues to drive bandwidth upgrades and cloud deployments, thereby increasing the penetration rate of the Wi-Fi 6/6E market. According to the ITRI, Taiwan's communications industry output was estimated to reach NT\$1.3009 trillion in 2023, with an annual growth rate of 2.4%. Despite the negative factors of macro-economic instability and geopolitical issues, the output in 2024 is projected to reach NT\$1.3254 trillion, with a growth rate of 1.9%, due to the demand for network communications equipment.

Regarding Fixed Wireless Access (FWA) services, according to Ericsson's Mobility Report for November 2023, around 80% of telecom providers have already commenced providing FWA services. At present, 121 telecom providers offer this service through the 5G network, which represents around 50% of the total number of FWA telecom providers. It is projected that the number of FWA connections will increase from 130 million in 2023 to 330 million by the end of 2029, representing 18% of all fixed broadband connections. Of the projected 330 million connections, approximately 85% may be from 5G FWA connections.

The number of users of mobile PCs, tablets, and routers is projected to maintain moderate growth, reaching approximately 680 million in 2028. In addition, the number of fixed broadband users is expected to grow by approximately 4% per annum and the number of mobile users is expected to increase from 8.4 billion at the end of 2022 to approximately 9.2 billion at the end of 2028, of which the proportion of mobile broadband will increase from 85% to 93%.

The latest report by Small Cell Forum showed that global small cell shipments will increase each year grow at a compound annual growth rate of approximately 77% from 2019 to 2026. According to research and forecast by Global Market Insights, the output of global Radio Access Network-related equipment will reach USD15 billion by 2025, and the shipment of global RAN equipment is expected to grow at a compound annual growth rate of 5.6% from 2020 to 2025.

C. Digital Multimedia

The IP Cam industry has been expanding at a constant rate. According to the latest report published by Global Market Insights, global demand for IP Cam is expected to exceed US\$35 billion in 2032, whereas global shipment of IP Cam is estimated to grow at a compound annual growth rate of more than 14.7% per annum from 2023 to 2032.

D. Millimeter Wave Radar

According to the latest forecast of Yole Développement, the market value of LiDAR used for automotive radar and industrial applications will reach US\$4.47 million in 2028 from US\$317 million in 2022. The compound annual growth rate of 55%.

3. Competitive Advantage

(1) Product Diversity

The Company offers complete product lineup that spans across multiple categories including LAN/MAN, wireless broadband, digital multimedia and mobile enterprise solutions, ranging from basic to high-end applications. It has the most complete line of network communication products among domestic peers.

The Company possesses key technologies in wired/wireless communication, edge computing, and AI; the company's comprehensive network communication products are applied to fields including smart cities, smart manufacturing, smart healthcare, and smart homes. Through the integration of IT, CT, and OT structures, the Company can provide complete and high-cost-effective end-to-end solutions. Alpha aspires to develop a variety of vertical services and industrial IoT applications to foster a win-win situation and continue to remain as the leader in private 5G network solutions.

(2) Competent R&D Team

The Company has a strong research team with extensive experience in the network communications field. The team has proven capable of reacting to market changes, launching new product ahead of peers, improving competitive advantage of the Company, and delivering products with excellent quality to fulfil the needs of the market.

(3) Professional Research and Development & Manufacturing Capacity

Backed by strong R&D capacity, extensive experience as an OEM for international brands and a comprehensive product lineup, the Company currently enjoys its position as the top-performing original design manufacturer (ODM) for network communication products, and is well-positioned to compete as products become more highly integrated with features in the future.

(4) Procurement Bargaining Power

The Company is a professional network communication ODM with a comprehensive product lineup and high production capacity. The headquarters in Hsinchu and subsidiaries in China and Vietnam have adopted the collective bargaining approach in procurement to save the cost of raw materials and enhance the price competitiveness of the Company's products in the market.

(5) Production Cost Control

In addition to the production and sales locations in Hsinchu, the Company can also capitalize on the cost advantage of subsidiaries in China and Vietnam, where orders are accepted in Taiwan and the products are manufactured by the factories of our overseas subsidiaries.

With regards to product yield and cost control, the Company applies rigorous testing and quality assurance, continually optimizes capacity allocation to increase production efficiency, and competitiveness in the market.

4. Future Opportunities, Threats, and Response Strategies

(1) Opportunities

A. Ongoing Increase in Data Volume

Advancement of networking and communication technology has changed the lifestyle and business model significantly and the convenience, responsiveness, security and versatility from these technologies has also been integrated into people's lifestyles. Breakthroughs in communication technology, the demand for higher quality products and faster transfer speed, and the increase of data volume in data centers resulted from cloud computing all contribute to the upgrade for network communication products. As a result, the industry is expected to sustain growth for an extended period of time.

B. Development of Smart Applications

The idea of smart home continues to inspire integration of smart features into consumer products, and advancements in AI expand this possibility by creating new applications. Meanwhile, applications such as smart manufacturing and smart city also present network communication products with new opportunities. The Company has a complete lineup of network communication products to provide clients with suitable hardware-software integration, research, development, design and manufacturing services and solutions.

(2) Threats and Response Measures

A. Intensified Industry Competition Compressed Gross Profit

The life cycle of networking products has shortened significantly due to rapid changes in the ICT market, which causes selling price to fall and gross profit margin to narrow over time.

Countermeasures:

The company will strengthen its R&D capabilities to increase the proportion of ODM business, increase the added value of the Company and establish product competitiveness. The Company will develop smart and integrated products based on current customer premise equipment (CPE) products. The Company will also gradually shift the development towards central office equipment (COE) products with higher gross profit margin to expand the full product line, which will provide one-stop shopping services to clients and increase business opportunities for the Company. In the meantime, the Company shall invest additional resources into process optimization and production automation for improved operating efficiency and productivity.

B. Shortage of Network Communication Software Talents

The communication industry has been able to grow at a fast pace following the worldwide deregulation of telecommunication regulations and breakthroughs of the Internet. As the hardware technology matures, software technology will be the key for enhancing the value added of products. However, the supply of talents is starting to fall short, given the increasing demand from manufacturers.

Countermeasures:

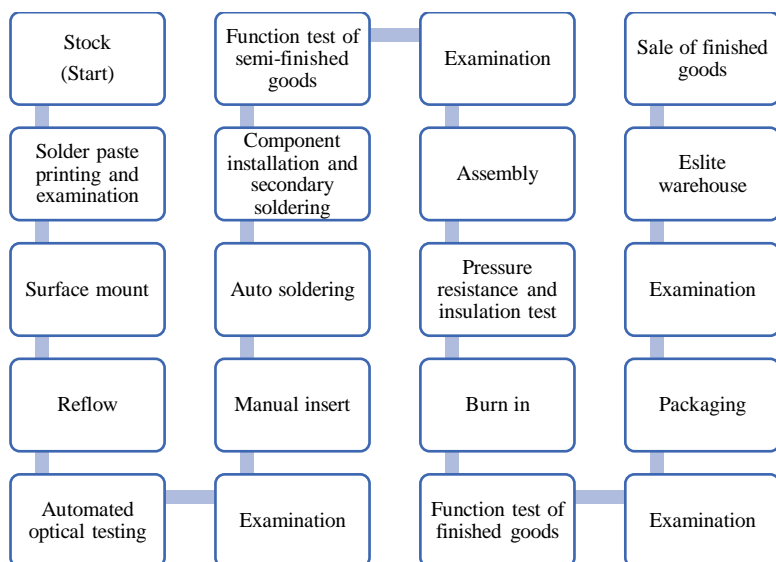
The Company will continue its efforts to create a sound work environment, plan complete training and a rewarding employee profit-sharing system to enhance the loyalty of employees. Furthermore, the Company will try to address the talent shortage issue by discovering software talents through campus recruitment and overseas recruiting.

(II) Main Product Applications and Manufacturing Processes

I. Main Product Applications

Product Category	Applications
Switch	The process of data transfer and exchange in IoT, IoV, 5G access network, enterprise network, telecommunication network, edge computing and data center.
Wireless Network	Provision of Wi-Fi compliance wireless network card and access bridge for internet connection or dial-up devices for internet applications.
Voice over IP (VoIP) Related Products	Provision of VoIP gateway that allowing user to make voice call over the internet by connecting to a regular phone, as well as using internet phone to connect directly to the internet to lower down the cost.
Multi-function Gateway	Integration of wireless network, broadband network and router technologies.
Digital Subscriber Line (DSL) Related Equipment	Inclusion of a series of DSL modem (xDSL modem, home gateway, etc.) allowing broadband fast internet service.
Optical Access Related Equipment	Inclusion of a series of Optical Network Unit (ONU) and Multi Dwelling Unit (MDU).
Mobile Broadband Network Related Equipment	Inclusion of a series of mobile network base station, Customer Premises Equipment (CPE) and IoT sensor device.
Smart Home Equipment	Integration of use of MPEG/H.264/H.265 compression technologies to combine various voice and video plus high definition IP camera to provide the need for smart home life, security surveillance, etc. on a multimedia image transmission device.
Radar Sensor	Detection of range, movement and speed and the applications of vehicle blind spot detection, parking assistance, collision warning, industrial sensing and monitoring assistance.

II. Manufacturing Processes



(III) The supply status of major materials

The major raw materials used by the Company include integrated circuits, memory, printed circuit boards, power supplies, connectors/connector wire, mechanical/packaging material components, chip modules, antenna modules, etc. Whenever necessary, the Company formulates corresponding strategies or cooperates with suppliers in order to have bargaining power and management ability in component supply.

The Company always maintains good relationship with suppliers and follows the principle of maintaining more than two suppliers to build up a stable supply chain. Regular audits and tests are performed on suppliers to review their product quality, timeliness of delivery, cost and service performance, and the results will be used as a reference for future procurement decisions to replace suppliers that underperform.

The Company will continue to optimize the Supplier Portal system to establish an information network with suppliers, shorten the procurement lead time for raw materials, deepen cooperation with suppliers, increase operational flexibility and enhance its competitive edge.

(IV) List of Any Suppliers and Clients Accounting for 10% or More of the Company's Total Procurement (Sales) Amount in either of the Two Most Recent Fiscal Years, the Amounts Bought from (Sold to) Each, the Percentage of Total Procurement (Sales) Accounted for by Each and an Explanation of the Reasons for Net Changes in the below Figures.

1. Major Suppliers Information for the Recent Two Years.

Unit: NTD thousands

Item	2023				2022			
	Name	Amount	% of Annual Net Purchases	Relationship with the Company	Name	Amount	% of Annual Net Purchases	Relationship with the Company
1	Vendor W	3,139,430	16%	-	-	-	-	-
2	Others	16,847,255	84%	-	Others	27,457,967	100%	-
Total	Net Purchase	19,986,685	100%		Net Purchase	27,457,967	100%	

Reasons for net changes: There are no significant changes in the recent two years.

2. Major Clients Information for the Recent Two Years

Unit: NTD thousands

Item	2023				2022			
	Name	Amount	% of Annual Net Sales	Relationship with the Company	Name	Amount	% of Annual Net Sales	Relationship with the Company
1	Client 1	4,572,202	16%	-	Client 1	5,907,615	18%	-
2	Client 3	3,887,262	14%	-	-	-	-	-
3	Others	19,812,727	70%	-	Others	27,726,582	82%	-
Total	Net sales	28,272,191	100%		Net sales	33,634,197	100%	

Reasons for net changes: There was no significant variation in the last two years.

(V) Production Volume and Value for the Recent Two Years

Unit: NTD thousands

Year Main Products	2023			2022		
	Production Capacity	Production Quantity	Production Value	Production Capacity	Production Quantity	Production Value
LAN/MAN Products		-	11,304,836		-	13,826,889
Wireless Broadband Products	-	-	8,628,194	-	-	14,363,131
Digital Multimedia Products	-	-	1,231,143	-	-	1,178,347
Others	-	-	37,164	-	-	44,389
Total	-	-	21,201,337	-	-	29,412,756

Note: There are many types of the Company's products and the measurement for each product is different, so production capacity and quantity are not listed.

(VI) Sales Volume and Value for the Recent Two Years

Unit: NTD thousands

Year Main Products	2023				2022			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
LAN/MAN Products	-	360,516	-	12,592,893	-	505,617	-	12,532,483
Digital Multimedia Products	-	19,085	-	1,648,727	-	46,491	-	1,600,832
Wireless Broadband Products	-	630,258	-	10,693,832	-	676,520	-	16,089,391
Others	-	2,238,896	-	87,984	-	2,088,076	-	94,787
Total	-	3,248,755	-	25,023,435	-	3,316,704	-	30,317,493

Note: There are many types of the Company's products and the measurement for each product is different, so sales quantity is not listed.

III. Employee Information in the Recent Two Years up to the Publication Date of this Annual Report

Year		As of March 31, 2024 (Note)	2023	2022
Total number of employees	Indirect Employees	1,166	1,340	1,325
	Direct Employees	1,473	1,433	1,645
	Total	2,639	2,773	2,970
Average Age		43.7	42.7	35.33
Average Years of Service		10.88	10.41	6.52
Distribution ratio of Education levels (%)	Ph.D.	0.30%	0.29%	0.27%
	Master's	16.33%	14.93%	14.99%
	Bachelor's	46.61%	46.23%	41.04%
	High School	19.71%	21.89%	21.58%
	Below High School	17.05%	16.66%	22.12%

Note: For the accurate information, it is only listed until March 31, 2024.

IV. Environmental Protection Expenditures

Losses (including indemnity) caused by environmental pollution and the total indemnity amount involved in the most recent year up to the date this report is published; accounts of future countermeasures (including improvement actions) and possible expenditures (including loss, disposition and an estimate of indemnity incurred by a failure to implement countermeasures; if a reasonable estimation cannot be made, the justification shall be provided):

1. Losses (including indemnity) caused by the environmental pollution in the most recent year up to the date this report is published:

Losses (including indemnity) caused by the environmental pollution in the most recent year up to the date this report is published, the Company is in compliance with the environmental protection acts. The Company and its subsidiaries were not fined for any other violations against the relevant regulations or requested of environmental improvement from environmental organization in the most recent year up to the date this report is published.

2. Future countermeasures thereof (including improvement actions) and possible expenditures: None.

The Company and its subsidiaries have always put emphasis on environmental protection works. Apart from internal

pollution prevention and controls, the factory areas are being continuously improved according to the requirements of the environmental management system and all facilities are set up according to the relevant regulations to prevent environmental pollution losses.

3. For information on environmental protection expenditures of Hitron Technologies Inc. a subsidiary of the Company, please refer to 2023 annual report.

V. Labor Relationships

- (I) List of Employee Benefits, In-service Training, Internal Training, Retirement System and Implementation Status, as well as Employer-employee Agreements and Protection Measures for Employee Entitlements:

1. Employee Benefits, In-service Training, Internal Training

- (1) Employee Benefits and Implementation

The Company takes care of the physical and mental health of employees and enables them to devote the work. Not only providing various welfare plans, but also has an employee welfare committee formed by colleagues, responsible for the planning and implementation of employee welfare services/measures. Examples are given here to illustrate as follows:

- A. In the Company:

The Company, in accordance with the Labor Standards Law and related labor laws and regulations, handles labor insurance and national health insurance for employees and contributes labor pensions (old and new systems). The Company formulates employee retirement rules in accordance with the Labor Pension Act and clearly stipulates employee retirement applications requirements, pension payment standards and payment methods. In addition, in order to carry out risk planning in advance, enhance the Company's image, strengthen the normal operation of the enterprise and enhance the life security of employees and achieve labor-management harmony and create a win-win situation, the Company also provides comprehensive group insurance for colleagues. Overseas subsidiaries are in accordance with the local laws and regulations and they will take out social insurance from the first day of new employment and pay various local social security such as pension and medical care by monthly. The Company implements the leave management measures and sends notices of the remaining hours of paid leave and compensatory time for employees at the beginning of each month, reminding employees to plan their leave properly; overseas factories follow local laws and regulations to approve leave. And implement a flexible working hour system, so that all colleagues can adjust their commuting time according to their own conditions and provide employees with flexible commuting to get off work. Besides, every year, the Directorate-General of Personnel Administration of the Executive Yuan announces that the calendar needs to make up the day and the Company (Taiwan) will give it a bridge-holiday, let colleagues have a little happiness.

Hsinchu headquarter also has employee fitness and leisure centers, health care rooms, breast-collecting rooms for mothers and parking spaces for pregnant women to provide colleagues with better health and women's care.

In addition, on the last working day before long weekend, the Company (Taiwan) gives employees the definite happiness of leaving get off work two hours early, so that employees can commute home early. In response to changes in work behavior in the post-epidemic era, employees are required to apply to work from home (WFH) one day each month.

- B. In the Employee Welfare Committee:

The Company has set up an employee welfare committee to coordinate various employee clubs, recreation, art and tourism and other activities. The Company also holds various lectures from time to time, covering popular topics such as health care, parent-child education and physical and mental stress relief. Provide employees with a work-life-friendly workplace environment and provide celebrations such as: annual gift, birthday gift, childbirth subsidy, wedding bonus, etc. and injuries Welfare service items such as condolences and funeral allowances.

Since 2023, we have further strengthened workplace-friendly measures, including afternoon tea for birthday colleagues, massage and free psychological consultation, etc.

- (2) Employee training

The employees have always been a very important asset for the Company. Therefore, the Company spares no effort to educate employees, investing huge funds and efforts year by year and provide employees with the best learning opportunities, resources and development stages and complete planning based on the needs of employees at different stages Training system.

- New employee orientation: Provide complete induction training for each new employee. Including physical courses and online courses. The contents include common courses such as company profile, organizational status, value objectives, regulations and benefits, various internal system operations, environmental safety and health, etc.; as well as professional courses that are individually allocated according to different grades. Help employees quickly understand the company and integrate into the organizational culture.
- Management training: According to the management functions required by the managers at all levels, corresponding management courses are offered to strengthen the management capabilities of the managers at all levels.
- Core competency training: The Company believes that deeply rooting organizational beliefs and developing employees' values of integrity, positive and friendliness are the keys to driving long-term and stable development of enterprises. Therefore, the Company provides employees with energy for positive thinking and self-inspiration through various courses and lectures every year.
- Professional training: Plan and conduct various professional skills courses for personnel of different grades to promote the improvement of professional abilities of various grades and technical exchanges across units. At the

same time, in conjunction with the lecturer training management system, lecturer training is launched to improve teaching quality and internal inheritance.

- General education training: The group's courses are training to bring consistent cognition and concepts to all colleagues. In order to achieve work-life balance, workplace life lectures mainly include intellectual topics such as parent-child, health, and spiritual growth.

The accumulated training hours reached 26,474 hours and the accumulated number of trainees reached 18,557 in 2023.

The Company encourages colleagues to share professional knowledge and pass on valuable experience, actively establishes and promotes the internal lecturer system.

Every year on the anniversary of Confucius's birthday in September, lecturer awards are held regularly to encourage more internal talents to carry on good inheritance.

The Company has established "Alpha's library" at headquarter. It buys new books every year and encourages employees to read and learn for self-enrichment. It also provides fixed rewards for colleagues to study foreign languages and obtain foreign language examination qualifications.

2. Retirement System

The Company follows retirement regulations and systems to protect employees' retirement rights and interests. The relevant instructions are as follows:

- (1) The Company has established employee retirement regulations.
- (2) In January 1993, the Labor Retirement Reserve Supervision Committee was established and after verification and inspection by the Science Industrial Park Administration, the pension began to be allocated in January 2004 and the monthly payment was 2% of the total monthly salary.
- (3) From July 1994, the new labor pension system was implemented according to Act.
- (4) In accordance with the provisions of the International Financial Reporting Standards (IFRS), commission an actuary to evaluate and calculate the labor retirement reserve and submit an actuarial evaluation report.
- (5) The Company's monthly retirement reserves in accordance with the Labor Standards Act are handed over to the Labor Retirement Reserve Supervision Committee for management and deposited into a special account in the Bank of Taiwan in the name of this committee. The cumulative amount of labor retirement reserves is NT\$145,878 thousand.
- (6) The pension funded in accordance with the Labor Pension Act shall be transferred to the individual account of the Bureau of Labor Insurance at the rate of 6% of the employee's monthly salary. The employees' pension fund was allocated NT\$57,599 thousand in 2023.

3. Agreements between Labor and Management and Various Employee Rights Protection Measures

The Company always pays attention to the welfare of employees and adopts communication and coordination methods between labor and management to deal with problems, so the labor-management relationship is quite harmonious. The Company has set up a Labor Safety and Health department to handle various safety and health tasks to actively prevent occupational disasters and ensure the safety and health of employees.

- (II) List of Labor Disputes in the Most Recent Years up to the Publication Date of this Report (Including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations and the content of the dispositions) and disclose the estimated amount and countermeasures that may occur at present and in the future. If it cannot be reasonably estimated, it should explain the fact that it cannot be reasonably estimated:

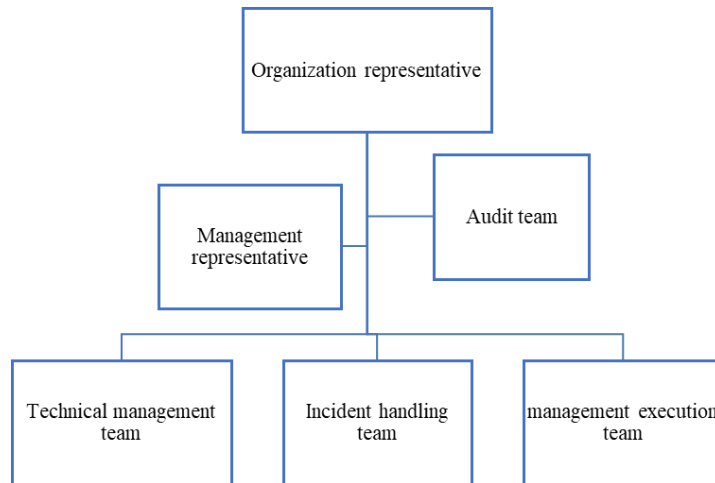
- (a) The Company's losses due to labor disputes in the most recent year and up to the date of publication of the annual report: The Company had no losses due to violations of the Labor Standards Act. The Company continues to develop the corporate culture of "integrity", "unity", "excellence", and "innovation". Labor relations have always been harmonious, and work rules are handled in accordance with relevant laws and regulations in 2023.
- (b) Please refer to the 2023 annual report of the Company's subsidiary Hitron Technologies Inc. for the disclosure of labor disputes.

VI. Cyber Security Management Act

- (I) State the cyber security risk management structure, the cyber security policy, the specific management plan and the resources invested in the cyber security management etc.:

Organizational structure of cyber security risk management

The Company established a cyber-security organization in 2019, with the head of Information Technology Division as the management representative. It holds an information security management review meeting every year, which is responsible for evaluating various internal and external information security risks and promoting relevant information protection measures. Its functions are divided into cyber security management execution team, the technical management team, the incident response team and the cyber security audit team are each headed by a designated person to implement the information security management policy.



(II) Policies of information security risk management.

In order to protect the security of information assets of the Company, customers and partners, the Company is committed to building an information security environment. On December 14, 2019, it passed the ISO/IEC27001 information security management system and formulated relevant security policies and measures according to the management system. Ensure the implementation and improvement of information security through the internal audit mechanism to effectively maintain the confidentiality, integrity and availability of information assets.

(III) Specific management plan and resources invested in the security management

1. Information Security Control Procedures

Information security control program, external security set up firewall and other protection systems and scan the system with third-party external information security weaknesses to prevent external intrusion risks; internal control program operation, standardize information equipment use management, network communication management, account authorization management, computer equipment carry-out control procedures, physical printing control, remote connection management and other related operational processes ensure that each stage of information use can be strictly controlled and reduce various operational data leakage and information security risks.

The internal and external information systems fully use encrypted connection to ensure the security protection of information system connection and transmission and exchange. The transfer process is carried out using trajectory tracking and the use of personal data is specially audited to avoid improper use or theft of important information of the Company and customers.

Physical security Through the environmental control system, real-time monitoring and warning of the environmental status of the information system, effectively maintaining the stable operation of the information room and building an enterprise cloud platform to centrally protect the information security of the Company's R&D, manufacturing and operation systems and provide a high-availability backup mechanism for the cloud system , to ensure that the relevant information systems continue to operate without interruption; in addition, for information systems and data preservation, refer to ISO22301 to establish an information system BCP (Business Continuity Planning), plan regular backup and disaster recovery drills for information systems and store backup data offsite to a third party Data Center, to ensure that the Company does not risk information damage due to man-made or force majeure natural disasters.

In order to comply with the "Intellectual Property Rights", the software asset audit system was introduced and the "software real-name system" management was carried out to cooperate with the continuous quarterly use audits to effectively implement the software authorization compliance principle; in terms of information security awareness enhancement, in addition to employee information security Study the course and promote information security and software license through internal information security bulletin, hoping to achieve the goal of enterprise information security and sustainable operation.

2. Strengthening of information security awareness

Continue to publicize information security policies and norms through the Company's internal website and convey information security information and security incident reports; conduct professional education and training for

information security organization personnel every year and organize general information security theme courses for colleagues and plan to implement internal employee social engineering practices to strengthen employees' awareness of daily information security vigilance.

3. Strengthening of information security execution

The Company has assessed that in recent years, the industry has suffered from external attacks and operational data encryption and other information security risks have increased. In order to strengthen the information security protection side, a budget has been prepared to increase active defense and monitoring of external attacks, and enhance the advanced protection functions of important operating systems; in addition, for the four major operations the system scans for weaknesses to improve risks. In terms of access security, it conducts an inventory of all information system management permissions to ensure decentralized management of access to each system, strengthens the password strength of privileged accounts, and forces remote management connections to enable multi-factor authentication to ensure Information system and operational data security protection enhancement.

- (IV) List the losses, possible impacts and countermeasures suffered due to major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, it should explain the fact that it cannot be reasonably estimated: None.

VII. Material Contracts:

As of the date of publication of this Report, the material long-term loan agreements and technical cooperation agreements that are still ongoing or are about to expire in the most recent year, are as follows: None.

Note: Please refer to the 2023 annual report of the Company's subsidiary Hitron Technologies Inc. for the disclosure of material contracts.

Financial Highlights

I. Most Recent 5 years Condensed Financial Information

(I) Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Consolidated Balance Sheet-International Financial Reporting Standards (IFRS)

Unit: NTD thousands

Year Item		Financial Information for the Most Recent Five years (Note 1)				
		2023	2022	2021	2020	2019
Current Assets		16,467,901	20,242,744	18,700,222	20,706,337	19,148,501
Property, Plant and Equipment		4,273,214	4,222,057	3,654,414	3,936,709	3,231,397
Intangible Assets		1,185,129	1,304,437	1,344,845	1,435,575	1,529,044
Other Assets (Note 2)		1,872,599	1,363,776	1,031,303	926,962	1,091,426
Total Assets		23,798,843	27,133,014	24,730,784	27,005,583	25,000,368
Current Liabilities	Before Distribution	8,761,524	13,047,095	11,583,515	13,715,201	9,584,608
	After Distribution	9,308,660	13,962,599	11,962,718	13,823,545	9,823,300
Non-current Liabilities		1,707,240	529,300	588,165	552,051	1,368,466
Total Liabilities	Before Distribution	10,468,764	13,576,395	12,171,680	14,267,252	10,953,074
	After Distribution	11,015,900	14,491,899	12,550,883	14,375,596	11,191,766
Equity Attributable to Shareholders of the Parent Company		10,012,721	10,371,312	9,602,419	9,704,182	9,980,798
Capital Stock		5,417,185	5,417,185	5,417,185	5,417,185	5,425,901
Capital Surplus		2,595,804	2,544,401	2,583,772	3,004,591	3,001,756
Retained Earnings	Before Distribution	2,267,715	2,636,275	2,048,554	1,731,210	2,301,960
	After Distribution	1,720,579	1,720,771	1,669,351	1,622,866	2,063,268
Others		(267,983)	(226,549)	(447,092)	(448,804)	(748,819)
Treasury Stock		-	-	-	-	-
Non-controlling Interests		3,317,358	3,185,307	2,956,685	3,034,149	4,066,496
Total Equity	Before Distribution	13,330,079	13,556,619	12,559,104	12,738,331	14,047,294
	After Distribution	12,782,943	12,641,115	12,179,901	12,629,987	13,808,602

Note 1: Consolidated financial information between 2019 and 2023 has been audited by CPAs. As of public date of the annual report, 2024 financial information has not been reviewed by CPAs.

Note 2: Other assets are non-current assets not including property, plant and equipment and intangible assets.

2. Condensed Consolidated Statement of Comprehensive Income-International Financial Reporting Standards (IFRS)

Unit: NTD thousands

Item \ Year	Financial Information for the Most Recent Five Years (Note)				
	2023	2022	2021	2020	2019
Operating Revenues	28,272,191	33,634,197	27,862,336	32,170,649	15,825,808
Gross Profit	5,211,173	6,253,241	4,585,899	5,006,293	2,614,001
Income from Operations	829,270	1,714,532	709,673	897,607	232,105
Non-operating Income and Expenses	(21,873)	(180,521)	45,189	21,899	107,688
Income before Income Tax	807,397	1,534,011	754,862	919,506	339,793
Income (Loss) from Continuing Operations	639,867	1,158,171	540,412	725,103	238,903
Loss from Discontinuing Operations	639,867	1,158,171	540,412	725,103	238,903
Net Income	(30,139)	366,793	(13,345)	124,503	(122,759)
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	609,728	1,524,964	527,067	849,606	116,144
Total Comprehensive Income (Loss) for the Year	547,920	917,075	433,888	556,997	238,903
Net Income Attributable to Shareholders of the Parent Company	91,947	241,096	106,524	168,106	-
Net Income Attributable to Non-controlling interests	505,510	1,187,467	427,400	695,527	116,144
Comprehensive Income (Loss) Attributable to Shareholders of the Parent Company	104,218	337,497	99,667	154,079	-
Earnings Per Share	1.01	1.69	0.80	1.03	0.44

Note: Consolidated financial information between 2019 and 2023 has been audited by CPAs. As of public date of the annual report, 2024 financial information has not been reviewed by CPAs.

3. Condensed Parent Company Only Balance Sheet-International Financial Reporting Standards (IFRS)

Unit: NTD thousands

Item \ Year		Financial Information for the Recent 5 years (Note1)				
		2023	2022	2021	2020	2019
Current Assets		5,487,368	6,044,912	4,866,766	6,926,493	6,927,424
Property, Plant and Equipment		707,444	677,140	585,435	625,500	591,134
Intangible Assets		186,725	202,515	203,829	176,486	179,097
Other Assets (Note 2)		8,413,060	9,766,928	8,841,547	8,705,541	8,528,141
Total Assets		14,794,597	16,691,495	14,497,577	16,434,020	16,225,796
Current Liabilities	Before Distribution	4,418,175	5,918,108	4,433,090	6,249,901	5,692,673
	After Distribution	4,965,311	6,833,612	4,812,293	6,358,245	5,931,365
Non-current Liabilities		363,701	402,075	462,068	479,937	552,325
Total Liabilities	Before Distribution	4,781,876	6,320,183	4,895,158	6,729,838	6,244,998
	After Distribution	5,329,012	7,235,687	5,274,361	6,838,182	6,483,690
Equity attributable to owners of parent		10,012,721	10,371,312	9,602,419	9,704,182	9,980,798
Capital Stock		5,417,185	5,417,185	5,417,185	5,417,185	5,425,901
Capital Surplus		2,595,804	2,544,401	2,583,772	3,004,591	3,001,756
Retained Earnings	Before Distribution	2,267,715	2,636,275	2,048,554	1,731,210	2,301,960
	After Distribution	1,720,579	1,720,771	1,669,351	1,622,866	2,063,268
Others		(267,983)	(226,549)	(447,092)	(448,804)	(748,819)
Total Equity	Before Distribution	10,012,721	10,371,312	9,602,419	9,704,182	9,980,798
	After Distribution	9,465,585	9,455,808	9,223,216	9,595,838	9,742,106

Note 1: The parent company only financial information presented above has been audited by CPAs. As of public date of the annual report, 2024 financial information has not been reviewed by CPAs.

Note 2: Other assets are non-current assets not including property, plant and equipment and intangible assets.

4. Condensed Parent Company Only Statement of Comprehensive Income-International Financial Reporting Standards (IFRS)

Unit: NTD thousands

Item \ Year	Financial Information for the Most Recent Five Years (Note)				
	2023	2022	2021	2020	2019
Operating Revenues	18,254,966	20,346,112	17,163,287	21,358,901	14,813,691
Gross Profit	2,880,501	2,957,512	2,219,040	2,449,000	2,189,117
Income from Operations	719,276	800,602	409,763	464,381	111,313
Non-operating Income and Expenses	(63,197)	241,783	85,584	162,045	167,319
Income before Tax	656,079	1,042,385	495,347	626,426	278,632
Net Income	547,920	917,075	433,888	556,907	238,903
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(42,410)	270,392	(6,488)	138,530	(122,759)
Total Comprehensive Income for the Year	505,510	1,187,467	427,400	695,527	116,144
Net Income (loss) attributable to parent	-	-	-	-	-
Net Income (loss) attributable to non-controlling interests	-	-	-	-	-
Comprehensive income attributable to parent	-	-	-	-	-
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings Per Share	1.01	1.69	0.80	1.03	0.44

Note: The parent company only financial information between 2019 and 2023 has been audited by CPAs. As of public date of the annual report, 2024 financial information has not been reviewed by CPAs.

(II) The Names of CPAs and Their Opinions for Most Recent Five Years

Year \ Items	CPAs and the Opinions for Most Recent Five Years				
	2023	2022	2021	2020	2019
CPAs Name	Hai-Ning, Huang Wei-Ming, Shih	Hai-Ning, Huang Wei-Ming, Shih	Hai-Ning, Huang Cheng-Chien, Chen	Cheng-Chien, Chen Hai-Ning, Huang	Wan-Yuan Yu Hai-Ning, Huang
Audit Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion

II. Financial Analysis for the Most Recent Five Years

(1) Financial Analysis on Consolidated Financial Statements

Analysis \ Year		Financial Analysis for the Most Recent Five Years (Note)				
		2023	2022	2021	2020	2019
Capital Structure Analysis	Debt Ratio (%)	44	50	49	53	44
	Long-term Funds to PP&E (%)	352	334	360	338	477
Liquidity Analysis	Current Ratio (%)	188	155	161	151	200
	Quick Ratio (%)	103	83	82	100	147
	Times Interest Earned (Times)	617	1,476	2,050	2,189	9,844
Operating Performance Analysis	Average Collection Turnover (Times)	5.38	6.96	5.13	5.79	4.89
	Days Sales Outstanding	68	52	71	63	75
	Average Inventory Turnover (Times)	2.73	2.93	2.86	4.48	2.99
	Accounts Payable Turnover (Times)	4.95	5.93	4.22	4.87	3.67
	Average Inventory Turnover Days	134	125	128	81	122
	Property, Plant and Equipment Turnover (Times)	6.65	8.54	7.34	8.97	6.21
	Total Assets Turnover (Times)	1.11	1.29	1.07	1.23	0.79
Profitability Analysis	Return on Total Assets (%)	3	5	2	3	1
	Return on Equity (%)	5	9	4	5	2
	Pre-tax Income to Paid-in Capital Ratio (%)	15	28	14	17	6
	Net Margin (%)	2	3	2	2	1
	Earnings Per Share (NTD)	1.01	1.69	0.80	1.03	0.44
Cash Flow	Cash Flow Ratio (%)	31	12	-8	0	4
	Cash Flow Adequacy Ratio (%)	36	14	6	58	159
	Cash Flow Reinvestment Ratio (%)	10	6	-8	-1	-1
Leverage	Operating Leverage	1.93	1.41	2.05	1.78	2.42
	Financial Leverage	1.23	1.07	1.05	1.05	1.01

Explanation to changes exceeding 20% in various financial ratios in the last two years:

(1) Increase in current ratio and quick ratio: Mainly due to decrease in short-term borrowings.

(2) Decrease in Times interest earned ratio: Mainly due to decrease in income before tax.

(3) Decrease in accounts receivable turnover, property, plant and equipment turnover and increase in days sales outstanding: Mainly due to decrease in sales revenue.

(4) Decrease in total assets turnover, return on equity, pre-tax income to paid-up capital, net margin and earnings per share: Mainly due to decrease in net income.

(5) Increase in cash flow ratio and cash flow reinvestment ratio: Mainly due to increase in net cash flows from operating activities.

(6) Increase in cash flow adequacy ratio: Mainly due to increase in cash flow from operating activities in the recent five years.

(7) Increase in operating leverage: Mainly due to decrease in operating income.

Note1: As of the publication date of the annual report, 2024 consolidated financial information was not reviewed by CPAs yet.

Note2: Negative numbers are not listed.

(2) Financial Analysis on Parent Company Only Financial Statements

Analysis		Year	Financial Analysis for the Most Recent Five Years (Note1)				
			2023	2022	2021	2020	2019
Capital Structure Analysis	Debt Ratio (%)		32	38	34	41	38
	Long-term Fund to PP&E (%)		1,467	1,591	1,719	1,628	1,782
Liquidity Analysis	Current Ratio (%)		124	102	110	111	122
	Quick Ratio (%)		105	76	87	103	112
	Times Interest Earned (Times)		3,930	5,164	7,151	6,904	10,155
Operating Performance Analysis	Average Collection Turnover (Times)		4.74	5.97	4.19	5.00	5.02
	Days Sales Outstanding		77	61	87	73	73
	Average Inventory Turnover (Times)		12.63	13.39	19.43	36.29	26.14
	Accounts Payable Turnover (Times)		6.09	7.88	4.98	5.10	4.61
	Average Inventory Turnover Days		29	27	19	10	14
	Property, Plant and Equipment Turnover (Times)		26.36	32.22	28.34	35.11	24.56
	Total Asset turnover (times)		1.15	1.30	1.10	1.30	0.97
Profitability Analysis	Return on Total Assets (%)		4	6	3	3	2
	Return on Equity (%)		5	9	4	6	2
	Pre-tax Income to Paid-in Capital Ratio (%)		12	19	9	12	5
	Net Margin (%)		3	5	3	3	2
	Earnings Per Share (NTD)		1.01	1.69	0.80	1.03	0.44
Cash Flow	Cash Flow Ratio (%)		29	19	-13	8	6
	Cash Flow Adequacy Ratio (%)		59	51	44	129	145
	Cash Flow Reinvestment Ratio (%)		4	6	-11	2	-2
Leverage	Operating Leverage		1.43	1.28	1.30	4.69	2.23
	Financial Leverage		1.02	1.02	1.01	1.02	1.02

Explanation to changes exceeding 20% in various financial ratios in the last two years:

(1) Increase in current ratio and quick ratio: Mainly due to decrease in short-term borrowings.

(2) Decrease in Times interest earned ratio: Mainly due to decrease in income before tax.

(3) Decrease in accounts receivable turnover, property, plant and equipment turnover and increase in days sales outstanding: Mainly due to decrease in sales revenue.

(4) Decrease in payables turnover rate: Mainly due to decrease in COGS.

(5) Decrease in total assets turnover, return on equity, pre-tax income to paid-up capital, net margin and earnings per share: Mainly due to decrease in net income.

(6) Increase in cash flow ratio: Mainly due to increase in net cash flows from operating activities.

(7) Increase in cash flow reinvestment ratio: Mainly due to increase in cash dividends.

Note1: As of the publication date of the annual report, 2024 consolidated financial information was not reviewed by CPAs yet.

Note2: Negative numbers are not listed.

1. Capital Structure Analysis

- (1) Debt ratio = Total liabilities / Total assets.
- (2) Long-term fund to PP&E = (Total equity + Non-current liabilities) / Net property, plant and equipment.

2. Liquidity Analysis

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
- (3) Times interest earned = Earnings before income tax and interest expenses / Interest expenses over this period.

3. Operating Performance Analysis

- (1) Average collection turnover (including accounts receivable and notes receivable from operation) = Net sales / average receivables balance (including accounts receivable and notes receivable from operation).
- (2) Days sales outstanding = 365 / Average collection turnover.
- (3) Average inventory turnover = Cost of goods sold / Average inventory balance.
- (4) Accounts payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).
- (5) Average inventory turnover days = 365 / Average inventory turnover.
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
- (7) Total asset turnover = net sales / average total assets.

4. Profitability Analysis

- (1) Return on total assets = [net income + interest expenses × (1 - tax rate)] / average total asset balance.
- (2) Return on equity = net income / average shareholders' equity.
- (3) Net margin = net income / net sales.
- (4) Earnings per share = (net income attributable to parent company shareholders - preferred share dividends) / weighted average outstanding shares.

5. Cash Flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities for the last 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
- (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit.
- (2) Financial leverage = operating profit / (operating profit - interest expense).

III. The 2023 Review Report of the Audit Committee

Date: February 27, 2024

To: Alpha Networks Inc. 2024 Annual General Shareholders' Meeting.

The board of directors has prepared the Company's 2023 consolidated financial statements. Hai-Ning, Huang and Wei-Ming, Shih of the CPA firm of KPMG were retained to audit the Company's financial statements and have issued an audit report relating to the financial statements. The 2023 consolidated financial statements, business report, independent auditors' report and the distribution of 2023 earnings have been reviewed and determined to be correct and accurate by the audit committee of Alpha Networks Inc. I, as the chairperson of the audit committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

The Audit Committee of Alpha Networks Inc.
Chairperson of the Audit Committee: Shu-Hsing Li

IV. 2023 Consolidated Financial Statements with Independent Auditors' Report: Please Refer to appendix 1 (P.125~ P.214)

V. 2023 Parent Company only Financial Statements with Independent Auditors' Report: Please Refer to appendix 2 (P.215~ P.290)

VI. Any Financial Difficulties Experienced by the Company and its Affiliates during the Most Recent Year up to the Publication Date of this Report Need to be Stated as well as the Impact on the Company's Financial Position Need to be Outlined: None

Review and Analysis of Financial Position and Financial Performance and Risk

Management

I. Financial Position:

Unit: NTD thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	16,467,901	20,242,744	(3,774,843)	(18.65)
Property, Plant and Equipment	4,273,214	4,222,057	51,157	1.21
Intangible Assets	1,185,129	1,304,437	(119,308)	(9.15)
Other Assets	1,872,599	1,363,776	508,823	37.31
Total Assets	23,798,843	27,133,014	(3,334,171)	(12.29)
Current Liabilities	8,761,524	13,047,095	(4,285,571)	(32.85)
Non-current Liabilities	1,707,240	529,300	1,177,940	222.55
Total Liabilities	10,468,764	13,576,395	(3,107,631)	(22.89)
Capital Stock	5,417,185	5,417,185	-	-
Capital Surplus	2,595,804	2,544,401	51,403	2.02
Retained Earnings	2,267,715	2,636,275	(368,560)	(13.98)
Others Equity	(267,983)	(226,549)	(41,434)	18.29
Equity Attributable to Shareholders of the Parent Company	10,012,721	10,371,312	(358,591)	(3.46)
Non-controlling Interests	3,317,358	3,185,307	132,051	4.15
Total Shareholders' Equity	13,330,079	13,556,619	(226,540)	(1.67)
Explanation to net change exceeding 20%:				
(1) Other assets: Mainly due to increase in right-of-use assets and deferred income tax assets.				
(2) Current liabilities and total liabilities: Mainly due to decrease in short-term borrowings.				
(3) Non-current liabilities: Mainly due to decrease in long-term borrowings.				

II. Financial Performance:

Unit: NTD thousands

Item \ Year	2023	2022	Net Change	Net Change %
Net Operating Revenues	28,272,191	33,634,197	(5,362,006)	(15.94)
Operating Costs	23,061,018	27,380,956	(4,319,938)	(15.78)
Gross Profit	5,211,173	6,253,241	(1,042,068)	(16.66)
Operating Expenses	4,381,903	4,538,709	(156,806)	(3.45)
Income from Operations	829,270	1,714,532	(885,262)	(51.63)
Non-operating Income and Expenses	(21,873)	(180,521)	158,648	(87.88)
Income before Tax	807,397	1,534,011	(726,614)	(47.37)
Less: Income Tax Expense	167,530	375,840	(208,310)	(55.43)
Net Income	639,867	1,158,171	(518,304)	(44.75)
Other Comprehensive Income, Net Tax	(30,139)	366,793	(396,932)	(108.22)
Total Current Comprehensive Income (Loss)	609,728	1,524,964	(915,236)	(60.02)
Explanation to net change exceeding 20%:				
(1) Operating profit, income before tax and net income: Mainly due to decrease in net operating revenues.				
(2) Non-operating income and expenses: Mainly due to foreign currency exchange loss.				
(3) Income tax expense: Mainly due to decrease in income before tax.				
(4) Other Comprehensive Income, Net Tax: Mainly due to increase in the exchange difference in the translation of financial statements of foreign operating institutions.				
(5) Total comprehensive profit and loss for the current period: Mainly due to the decrease in net profit in current year.				

III. Cash Flow:

(I) Changes in consolidated cash flow

Unit: NTD thousands

Balance at Beginning of Period in 2023	Cash Inflows (Outflows) for the Year	Cash Ending Balance
4,084,284	(883,609)	3,200,675

(II) Analysis of changes in consolidated cash flow in 2023

Unit: NTD thousands

	2023	2022	Change amount	Change %
Net cash flow from operating activities	2,702,352	1,561,164	1,141,188	73.10
Net cash flow from investing activities	(664,116)	(1,045,667)	381,551	(36.49)
Net cash flow from financing activities	(2,512,198)	(1,077,925)	(1,434,273)	133.06

Explanation:

1. Net inflow from operating activities: Mainly due to increase in operating profit.
2. Net outflow from investing activities: Mainly due to acquisition of real estate, plant and equipment.
3. Net outflow from financing activities: Mainly due to the repayment of short-term loans and distribution of cash dividends.

(III) Improvement plan for insufficient liquidity: The Company showed no signs of liquidity deficit in 2023.

(IV) Liquidity analysis for the coming year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

IV. Material Expenditures in the Most Recent Year and Impact on the Company's Finances and Operations: On the basis of the consolidated statement, the Company and its subsidiaries purchased real estate, plant and equipment of about NT\$640 million in 2023, accounting for 2.25% of the net sales, and had no significant impact on the Company's financial business.

V. Investment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated thereby, the Improvement Plan and Investment Plans for the Coming Year:

(I) The Company's investment policies are in line with business development strategies and operational needs and search for an appropriate investment environment.

(II) Investment plans for the coming year: In the future, the Company will continue to meet business development and operational needs, search for investment targets to strengthen the competitiveness, keep the Company's continuous growth momentum and achieve the Company's vision.

VI. Risk Management:

The Company's risk management focuses on the risk management system of corporate governance and risk control transfer planning: strategic, financial and operational and crisis risks and apply risk management to optimize the total cost of risk.

I. Risk management vision:

1. Commitment to continuously provide products and services to create long-term value for customers, shareholders, employees and society.
2. Risk management requires systematic organization and risk management operating procedures, timely and effective identification, assessment, processing, reporting and monitoring of major risks affecting the Company's viability and strengthening risk awareness of all employees.
3. Risk management is not the pursuit of "risk-free", but the pursuit of maximum benefit under the condition of acceptable risk to optimize the cost of risk management.

II. Risk management policy:

1. In order to ensure the sustainable operation of the Company, the risk management committee shall identify, evaluate, process, report and monitor the risks that may negatively affect the Company's operational objectives on a regular basis every year.
2. Risks should be identified and controlled before an accident occurs, losses should be restrained when an accident occurs and the provision of products and services should be quickly recovered after an accident occurs. It also formulates business continuity plans for major risk scenarios identified by the Risk Management Committee.
3. For risk that do not exceed the risk tolerance, risk management costs shall be considered and different management tools shall be used to deal with them, except for the following situations:
 - Negative impact on the life safety of employees.
 - Cause violation of laws and regulations.

- Negative impact on the Company's reputation.

III. Risk Management Principles:

The Company's risk management principles include: integration, structure and comprehensiveness, customization, inclusiveness, dynamics, effective use of information, personnel and culture, and continuous improvement. Please refer to the Company for details on each principle. "Risk Management Policies and Procedures".

IV. Risk Management Principles:

1. In accordance with the Company's risk management policy, a Risk Management Committee (RMC) is established. In principle, RMC meetings are held quarterly. In case of major situations, temporary meetings may be held.
2. According to the four major risk categories of strategy, finance, operation and harm, the risk radar chart is produced according to the steps of risk identification, risk analysis and risk assessment.
3. RMC committees formulate risk response strategies based on the major risks of each unit, and report and discuss at RMC meetings to monitor and review the effectiveness of risk management.
4. The risk management unit regularly collects the risk information provided by each unit, reports and provides it to the RMC committee after the compilation, so as to facilitate the dynamic response and adjustment of risk management.
5. Report the status of risk management operation and implementation to the Audit Committee and the Board of Directors every year.
6. Integrate the risk information provided by each unit, and through the dynamic management mechanism, timely predict, monitor, grasp and respond to changes in the Company's internal and external environments.

V. Operational Structure and Responsibilities of Each Unit

The Company's risk management operation includes the following units, and their responsibilities are as follows; the organization of the risk management committee includes the director and members (all the first-level unit managers of the Company are members). For its organizational structure, please refer to the Company's ESG area>Risk management.

	BOD	Audit Committee	RMC	RM Unit	Operating Unit
Permission	Approval of risk management vision, policies and procedures	Determining risk management policies and supervising implementation results	Launch the policies and resolutions of the Risk Management Committee	Planning, execution and review of risk management related affairs	
Responsibility	<p>a. To ensure that the operational strategy direction is consistent with the risk management policy,</p> <p>b. To ensure that an appropriate risk management mechanism and risk management culture have been established,</p> <p>c. To supervise and ensure the effective operation of the overall risk management mechanism,</p> <p>d. To allocate and assign sufficient and appropriate resources to enable risk management to operate effectively.</p>	<p>a. Review the risk management vision, policies and procedures, and regularly review their applicability and execution effectiveness,</p> <p>b. Approve risk appetite (risk tolerance) and guide resource allocation,</p> <p>c. To ensure that the risk management mechanism can adequately deal with the risks faced by the Company,</p> <p>d. Review the implementation of risk management, put forward necessary suggestions for improvement, and regularly report to the board of directors,</p> <p>e. Execute the risk management decisions of the board of directors.</p>	<p>a. Develop risk appetite (risk tolerance), and establish qualitative and quantitative measurement standards,</p> <p>b. Analyze and identify sources and categories of corporate risks, and regularly review their applicability,</p> <p>c. To ensure that the risk management mechanism can be integrated into the daily operation process.</p>	<p>a. Formulate risk appetite (risk tolerance), and establish qualitative and quantitative measurement standards,</p> <p>b. Analyze and identify sources and categories of corporate risks, and regularly review their applicability,</p> <p>c. Regularly report and submit reports on the implementation of risk management;</p> <p>d. Assist and supervise the implementation of risk management activities of various departments;</p> <p>e. Assist in cross-departmental interaction and communication in risk management operations;</p> <p>f. Execute the risk management decisions of the Risk Management Committee</p> <p>g. Plan risk management-related training to enhance the company's overall risk awareness and risk management culture.</p>	<p>a. All company executives and employees are obliged to do a good job in risk management for their respective scope of work,</p> <p>b. Responsible for the risk identification, analysis, evaluation and response of the affiliated units, and establish relevant crisis management mechanisms when necessary,</p> <p>c. Regularly submit risk management information to risk management promotion and execution units,</p> <p>d. Ensure the effective implementation of risk management and related control procedures of affiliated units to comply with risk management policies.</p>

VII. Matters for Analysis and Assessment for Risks:

(I) The impact of changes in interest rates and exchange rates and inflation on the Company's operating results and response measures to be taken in the future:

1. The bank loans of the Company and its subsidiaries are based on floating interest rates. The measures taken by the Company and its subsidiaries to respond to the risk of interest rate changes are to regularly evaluate the interest rates of banks and various currencies, and to maintain good relationships with financial institutions to obtain lower financing costs. Reduce the dependence on bank loans and disperse the risk of interest rate changes. The sensitivity analysis below is based on interest rate exposure. For floating rate liabilities, the method of analysis is to assume that the amount of liabilities outstanding at the reporting date is outstanding throughout the year.

If the interest rate increases or decreases by 0.25%, and all other variables remain unchanged, the company's pre-tax net profit (loss) in 2023 and 2022 will increase or decrease by NT\$1,375 and 1,171 in thousands respectively. The Company's cash and cash equivalents, financial assets measured at amortized cost - non-current and short-term borrowings variable interest rates

2. The impact of the latest annual exchange rate changes on the Company's profit and loss and future countermeasures:

The risk hedging strategy of the Company and its subsidiaries is to sign forward foreign exchange contracts and exchange rate exchange contracts to manage the exchange rate risk of net foreign currency positions generated by sales and purchase transactions that have occurred. The use of such derivative financial instruments can help the company and its subsidiaries reduce but still cannot completely eliminate the impact of foreign currency exchange rate changes.

The derivative financial instruments undertaken by the Company and its subsidiaries all have a maturity date shorter than three months and do not meet the conditions for hedging accounting.

The exchange rate risk of the Company and its subsidiaries mainly comes from foreign currency-denominated cash and cash equivalents, accounts receivable and other receivables, short-term loans, accounts payable and other payables, etc., which generate foreign currency exchange gains and losses during translation. On December 31, 2023 and 2022, when the NT dollar depreciates or appreciates by 1% relative to the US dollar and RMB, and all other factors remain unchanged, the pre-tax net profit in 2023 and 2022 will increase or decrease respectively NT\$1,176 and 13,195 in thousands. Due to the wide variety of functional currencies of the company and its subsidiaries, the information on exchange gains and losses of monetary items is disclosed by means of aggregation. The foreign currency exchange losses (including realized and unrealized) in 2023 and 2022 were respectively NT\$17,721 and 118,507 in thousands.

3. The impact of inflation on the Company's profit and loss and future response measures:

Prices have risen steadily in recent years. The Company and its subsidiaries will continue to pay close attention to inflation, and adjust product prices and inventory levels appropriately to reduce the impact of inflation on the Company and its subsidiaries. Signed contracts with major raw material manufacturers purchase contract.

- (II) The Company's policy concerning the high-risk, high-leveraged investments, loans to other parties, guarantee/endorsement and derivative transactions, the reasons of the profits or losses resulted from aforementioned arrangement and response measure to be taken in the future.

The Company and its subsidiaries have always adhered to the policy of not engaging in high-risk and high-leverage investments. Derivatives trading takes risk avoidance as a strategy and does not engage in speculative trading. Under the principle of risk avoidance, the Company and its subsidiaries derivative commodity transactions have no relevant operational risks in 2023. In the future, the Company will continue to engage in derivatives transactions on the principle of avoiding risks caused by exchange rate and interest rate fluctuations, and will continue to regularly assess foreign exchange positions and risks to reduce the company's operational risks.

The Company and its subsidiaries engage in forward exchange contracts and SWAP contract transactions, mainly to avoid the risks of foreign currency-denominated assets or liabilities due to exchange rate fluctuations, and to create derivatives that are highly negatively related to changes in the fair value of the hedged items. Financial products are used as hedging tools and are regularly evaluated. However, it does not meet the conditions for hedge accounting treatment, so it is listed as a financial asset or liability measured at fair value through profit or loss.

When the Company and its subsidiaries engage in capital lending to others, endorsement guarantees, and derivative commodity transactions, in addition to abiding by relevant operating procedures, they also regularly handle announcements and declarations in accordance with the regulations of the competent authority. As of the publication date of the annual report, the objects of capital loans and endorsement guarantees of the Company and its subsidiaries are limited to the subsidiaries of the Company.

- (III) R&D expenses for future R&D projects and investment amount:

1. Future R&D Plans:

- A. LAN/MAN BU

The Company's development in the field of Ethernet high-speed network switches covers switches in data center level, enterprise level, telecom level and industrial level. Enterprise Ethernet switches will continue to develop multi-rate 1G/2.5G/5G/10G switches, equipped with the latest PoE specifications, focusing on low-carbon design and providing high cost performance, and through factory automation and complete systemization Test the stable quality products to end customers. At the data center level, as innovative applications and data demands increase rapidly, network bandwidth increases and equipment power consumption gradually increases. This is a challenge. The R&D team will continue to strengthen optimization of high-speed signal/power current integration, heat dissipation, etc. to improve signal and product quality and reduce equipment power consumption. This product is under development. We will continue to develop higher transmission speeds such as 400G, 800G, etc. Today's technology is changing with each passing day. The R&D team will continue to invest in the field of innovative technologies, pioneering the development of technologies including artificial intelligence, virtualization, programmable Ethernet switches, etc., and achieve better development and development through some innovative applications.

- B. Wireless Broadband BU

The global 5G network connection has exceeded one billion in 2022, and it is expected to grow to two billion in 2025. With 5G business opportunities will continue to spread, the deployment of fixed wireless access (FWA) service applications by telecom companies will drive the demand of access routers and small cells for

the Company. In the 5G enterprise vertical-integrated market, in addition to the terminal radio unit (RU), the Company has also developed the end-to-end (End-to-End) solutions to provide the customized and flexible applications in various fields. Telecom companies are accelerating the upgrade of fixed network infrastructure. In the development of FTTx central office and terminal equipment, the Company's copper wire technology VDSL is upgraded to G.fast and the demand for optical fiber network 10G-PON will grow gradually. In addition, with the increase of terminal devices equipped with high-speed wireless network Wi-Fi 6 & 6E, it will also drive the demand of Wi-Fi 6 & 6E enterprise wireless AP and personal MESH routers for the Company. Besides, under the trend of work from home, the demand for VPN network security has greatly increased, which will also drive telecom companies' requirements for Home Gateway's virtual private network (VPN) and QoS functions and other software functions, which will also drive new CPE equipment investment. In the Post Epidemic Era, governments and telecom companies have accelerated the construction and penetration of high-speed networks in response to new business models and home needs, Working/Learning from Home. The rigid demand for 10G optical fiber networks has grown significantly. In response to the XGS-PON trend, the Company's wireless broadband network business unit plans to develop a series of products, from SFU/ONU to HGU equipped with the latest Wi-Fi6E. To meet the new demands of enterprise-level wireless APs and home routers, it will also be upgraded from Wi-Fi 6 to Wi-Fi 6E Dual-band/Tri-band. In the 5G enterprise private network, we will continue to deeply cooperate with telecom companies and develop the next generation of CU, DU, CDU and RU to provide a complete end-to-end solution.

C. Digital Multimedia BU

Development trends in security surveillance and AI have generated needs in IP-Cams and edge computing (Edge AI) applications. The Company's digital multimedia network product line will continue to focus on the development of IP-Cams To B and To C, edge computing image recognition and analysis applications. In the home security surveillance market, the application of network surveillance cameras equipped with radar detectors and smart surveillance doorbells that evolved from 2D radar to 3D radar to reduce the false alarm rate and false alarm rate is mainly based on the first-tier brands in the United States. In addition, the smart baby camera combined with edge computing technology is the best choice to protect your baby's safety. Compared with general consumer home cameras, baby cameras belong to a niche market and will contribute higher profits and the main growth driver in 2024. Digital Multimedia BU continues to increase the layout of smart home and home security surveillance market, vertical integration and 5G to play a good role in the group's smart home. Provide customers with competitive advantages and differentiated products.

D. Mobile Enterprise Solutions BU

The development and planning of the radar/imaging of MES BU is not only focused on the automotive market but also on the non-automotive market. In addition to the previous automotive ADAS market's side blind spot detection radar for commercial vehicles that complies with the United Nations regulations UN/ECE R151, it has also entered the North American home application of embedded radar modules in surveillance cameras to reduce the false alarm rate and false negative rate of infrared surveillance cameras. We are currently developing a 2-wheel E-Bike RCW (rear collision warning) radar and shipping it to Taiwanese brand customers in small quantities. We are also cooperating with Taiwanese electric bus operators and top tier 1 car control manufacturers in the industry to develop ADAS installed on electric buses.

2. Expected R&D expenses: R&D expenses are estimated at 5-10% of revenues in 2024.

(IV) The impact of domestic/international important policies and legal regulations changes on the Company's financial status and the related countermeasures:

1. Policies: The relevant units of the Company have always paid close attention to and mastered the policies and laws that may affect the Company's operations and cooperated with the adjustment of the Company's internal systems to ensure the smooth operation of the Company. The Company has not been affected by the changes of important domestic and international policies that affect the Company's finances and business in 2023.

2. Legal regulations:

A. The Company's business philosophy is to follow the relevant laws and regulations as the highest guiding principle; therefore, the Company's management team pays attention to the replacement of relevant laws and regulations at any time and expects to respond to various situations arising from the replacement of laws and regulations at any time.

B. The Company has not been affected by the changes of legal regulations that affect the Company's finances and business in 2023.

(V) The impact of technological and industrial changes on the Company's financial status and the related countermeasures:

Despite technological updates continuously, the Company adheres to the focus and enthusiasm for R&D. It places great emphasis on the quality of R&D personnel and recruits software and hardware development and design talents that master switches, wireless networks, mobile broadband, digital multimedia networks, and millimeter wave radars with different core technology development capabilities. We can design suitable and user-friendly products according to the regulations and specifications of different countries and adapt to the ever-changing market to provide the most needs.

The Company established an information security organization in 2019. The head of Information Technology Division serves as the management representative. It holds an information security management review meeting every year. It is responsible for evaluating various internal and external information security risks and promoting

relevant information protection measures. Its functions are divided into information security management execution team, the technical management team, the incident response team and the information security audit team are each headed by a designated person to implement the information security management policy.

(VI) The impact of corporate image changes on corporate crisis management and the related countermeasures:

1. The Company has maintained good corporate image since it was incorporated in 2003. It remains persistent in its pursuit for technological advancement, invests pro-actively into the development of new products and technologies and continues to provide customized hardware/software solutions for renowned international business partners. Owing to its extensive efforts in managing corporate image and risks, the Company encountered no change of corporate image in recent years that presented potential crisis to business management.
2. Alpha continues to strengthen corporate governance, set up independent directors in the board of directors and set up functional committees such as the salary and remuneration committee and the audit committee to improve the Company's directors and managers and other performance goals and salary and remuneration structure and effectively implement internal control and risk control, etc. matters in response to various potential corporate crises. In addition, for the sake of transparency and symmetry of external information, Alpha discloses all material information related to laws and regulations in real time to provide stakeholders with real-time information.
3. The Company conducts a questionnaire survey on important interested parties every year to understand the interested parties' expectations and concerns, as an important reference for the Company's sustainable operation strategy. And it is included in the annual corporate social responsibility report (sustainability report) to respond and explain the current operation status, and set up an ESG area on the Company's website to actively disclose various information about the company's sustainable development of the company. There is also a special page for "Interested parties" in the ESG area. Provide external communication channels for interested parties to respond appropriately and immediately to issues of concern. Moreover, the Company set up an (online) stakeholder questionnaire. Interested parties can express their concerns online Focus on issues, the above practices are sufficient to ensure information transparency and effective communication.
4. The Company conducts regular inspections on matters such as the external environment, the Company's operation type and management system; and for any sudden accident that may affect the reputation of the Company, it will understand the situation and simulate its possible impact and propose countermeasures. The uncertainty risk of the enterprise is minimized. The Company has set up a risk management committee and a risk management unit to be responsible for operational-related risks and impact analysis, conduct regular (quarterly) and irregular risk identification, produce risk radar charts, and aggregate the identified risks into major corporate-level risks , and put forward countermeasures and related contingency plans to reduce enterprise risks.
5. Climate change, energy saving and carbon reduction are emerging issues that attract public attention. In order to avoid falling behind in this area and affecting the Company's reputation, the company is not only committed to climate change related issues, energy saving and carbon reduction measures, but also carrying out the financial impact assessment of related risks, because the backwardness will affect the reputation of the Company, and the risks of financial impact are all within the controllable range.

The Company participated in the TSAA Taiwan Sustainability Action Award with its "Modular Packaging Material Project" in March 2023. The idea that modular packaging materials can help reduce plastic materials and reduce waste won the "Enterprise Group SDG12" award. -Silver Award"; the Company participated in the TCSA Taiwan Enterprise Sustainability Award Selection in August and won the "Sustainability Comprehensive Performance-Taiwan Top 100 Model Enterprise Award" and the "Sustainability Reporting Award-Electronic Information Manufacturing (Category 1) Gold Award". It will further highlight the Company's efforts and achievements in sustainable development and maintain a good image of a sustainable enterprise. In addition, we can fully and properly respond to various issues raised by customers, suppliers and other stakeholders, so that the negative impact of relevant climate change issues on the company's reputation can be reduced to a controllable level.

Risks		Issues	Issues Description	Financial Impact	Risk Level
Transition /Physical Risks	Type				
Transition risks	Reputation	Customer request	Product energy-saving and carbon-reduction technology lags behind competitors, which affects the company's reputation and reduces customers' willingness to cooperate, which in turn impacts orders and revenue.	Reduced revenue	Medium
Transition risks	Reputation	financing cost	Due to carbon reduction efficiency underperform, financial ratings are affected and financing costs increase.	Increased expenses	Low
Transition risks	Reputation	Recruit or employ	Due to the influence of carbon reduction efficiency on the reputation, the recruitment cost will increase,	Increased expenses	Low

			or even the salary will be increased to have the willingness to join the job.		
Transition risks	Reputation	Downtime risk	Due to carbon reduction efficiency underperform, the reputation is seriously affected, resulting in serious loss of personnel and affecting the production line.	Reduced revenue	Low
Transition risks	Reputation	Public relations expenditure	Due to carbon reduction efficiency underperform, reputation is affected, resulting in increased public relations costs.	Reduced revenue	Low

(VII) Expected benefits and possible risks of M&A and the related countermeasures:

The Company currently has no ongoing merger or acquisition.

(VIII) Expected benefits and possible risks of the expansion of factory and the related countermeasures:

The capital expenditure for plant expansion will be mainly to support the plant construction and equipment procurement of the Vietnam plant. In coordinate with customer needs and changes in the international situation, the Company will join forces with strategic partners to build a production base in Vietnam.

Expansion of the plant can enable the Company to increase production capacity to undertake more customer orders, thereby increasing revenue and profit and having the opportunity to expand market share. After the production capacity reaches an economical scale, it can also significantly reduce production costs. When the economic downturn and the market demand decrease, the depreciation of plant and equipment still needs to be accrued due to idle production capacity. This kind of risk will become one of the burdens of the Company.

The expansion of the Company's production capacity shall be executed under meticulous capital expenditure planning, and strives to meet customer needs while optimizing the use of capital, and does not engage in blind capital competition for the healthy development of the industry.

Relevant plant expansion and major capital expenditures shall be evaluated under a prudent evaluation process. After considering the investment benefits and possible risks, the Company will submit the proposals to the board of directors for resolution.

(IX) Risks of the concentration of procurement and sales and related countermeasures:

The Company's domestic and foreign main raw material suppliers and customers are quite dispersed and have established long-term and stable cooperative relations, there is no problem and risk of excessive concentration of purchases and sales. The Company also evaluates the financial attributes of different customers, controls according to different transaction modes, through insurance companies, bank letters of credit and collateral, etc. and timely tracks the payment status of customers to safeguard the Company's interests.

(X) Risk of substantial transfer or replacement of shares by directors, supervisors, or shareholders holding more than 10% of shares of the Company and related countermeasures:

The Company has no substantial transfer or replacement of shareholdings in 2023 and as of the publication date of this Annual Report.

(XI) Impact and risks of changes in management on the Company and the related countermeasures:

The management team of the Company has not changed in 2023 and as of the publication date of this Annual Report.

(XII) Litigation or non-litigation events, the Company and its directors, supervisors, general manager, actual person in charge, major shareholders with a shareholding ratio of more than 10% and affiliated companies have been judged or are still in the process of major litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholders' rights or securities prices, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the main parties involved in the litigation, and the handling of the case up to the date of publication of the annual report shall be disclosed.

1. Litigation, non-litigation or administrative disputes that have been decided or are currently pending in the company in the past two years and as of the date of publication of the annual report, the results of which may have a significant impact on shareholders' equity or securities prices: None.

2. Disclosure of disputed contents, amounts of the subject matters, commencement dates of the proceedings, parties involved in the proceedings of litigation or non-litigation events, major closed or ongoing lawsuits and litigation or non-litigation events involved with the Company and its directors, supervisors, president, substantive persons-in charge, major shareholders holding more than 10% of total shares and affiliates/subsidiaries with results of which may have a material impact on the shareholders' equity or the price of the marketable securities:

(1) Qisda Corporation, the major shareholder holding more than 10% of total shares of the Company:

Several direct and indirect consumers in Canada filed a class action lawsuit of damage loss claim in January 2012, arguing that the Company and its subsidiary BQA were suspected to have been participating in the ODD (Optical Disk Drive) product pricing agreement, which violated the Canadian antitrust laws. The case was closed after the company has reached a settlement with the plaintiff.

(2) The litigation events of a subsidiary of the Company: None.

(XIII) Other major risks and the related countermeasures: None.

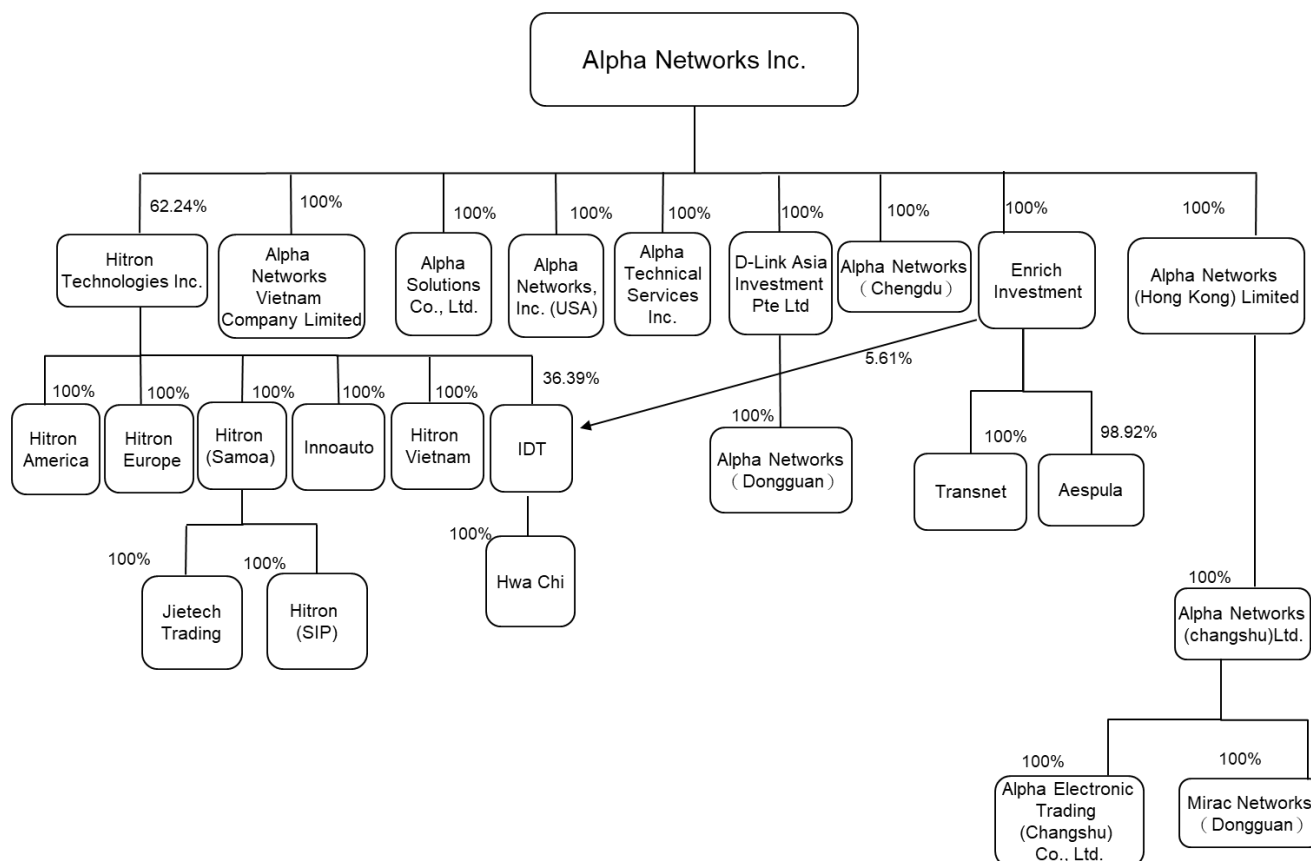
VIII. Other Material Issues: None.

Special Notes

I. Information about the Company's Affiliates:

(I) Organization Chart of the Company's Affiliates.

December 31, 2023



Note: The basic information of the related companies of the Company's subsidiary, Hitron Technologies Inc., please refer to the Hitron's 2023 annual report.

(II) Basic Information of the Company's Affiliates.

December 31, 2023; Unit: thousands

Company	Abbreviation	Date of Incorporation	Address	Currency	Capital Stock	Business Activates
D-Link Asia Investment Pte, Ltd.	D-Link Asia	11/15/1995	30 Cecil Street #19-08Prudential Tower Singapore 049712	SGD	5,112	Investment in manufacturing businesses
Alpha Solutions Co., Ltd.	Alpha Solutions	07/01/1997	10F, 8-8-15 Nishigotanda, Shinagawa-Ku, TOKYO 141-0031, Japan	JPY	40,000	Sale of network equipment, components and technical service
Alpha Networks (Dongguan) Co., Ltd.	Alpha Networks (Dongguan)	11/03/1997	Xingang Road, Xin'an Area, ChangAn, Dongguan City Guangdong Province, China	HKD	5,260	Production and sale of network products
Alpha Networks, Inc.(USA)	Alpha USA	07/12/2004	7 Cushing , Irvine , CA 92618, USA	USD	1,500	Sale, marketing and procurement service in USA
Alpha Networks (ChengDu) Co., Ltd.	Alpha Networks (ChengDu)	11/11/2004	Building D15, No.168, Guangfu Road, Industrial Centralization Development Zone, Chengfei Highway, QingYang Dist., Chengdu, China.	USD	13,000	Research and development of network products
Mirac Networks (Dongguan) Co.,Ltd.	Mirac Networks (Dongguan)	02/28/2006	Xin'an Area, Chang An, DongGuan City Guangdong Province, China	RMB	24,081	Production and sale of network products
Alpha Networks (Hong Kong) Limited	Alpha HK	06/03/2008	23/F, Tower 2, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.	USD	100,131	Investment holding
Alpha Technical Services Inc.	ATS	01/20/2009	7 Cushing , Irvine , CA 92618, USA	USD	8,100	Technical services
Alpha Networks (Changshu) Ltd.	Alpha Networks (Changshu)	02/19/2009	No.6, Yintong Road, National New & Hi-Tech Industrial Development Zone, Changshu, Jiangsu Province, China	USD	62,000	Research, production and sale of network products
Enrich Investment Corporation	Enrich Investment	10/11/2018	7F., No.68, Ruiguang Rd., Neihu Dist., Taipei City , Taiwan	TWD	400,000	Investment holding
Transent Corporation	Transent	10/18/2018	5F.,No. 8, Li-shing 7th Road, Science-based Industrial Park, Hsinchu, Taiwan	TWD	50,000	Service of integration of various network communication products and systems and sale of network equipment
Hitron Technologies Inc.	Hitron	03/24/1986	NO.1-8, Li-shing RD. I, Science-based Industrial Park, Hsinchu, Taiwan	TWD	3,213,172	Communications and telecom products
Interactive Digital Technologies Inc.	IDT	05/14/2003	No.38-1,Wugong 5th Rd.,Wugu District, New Taipei City, Taiwan, R.O.C	TWD	458,991	Telecommunications and broadband network systems and services
Hitron Technologies (Samoa) Inc.	Hitron (Samoa)	07/13/2006	TrustNet Chambers, P.O. Box 1225, Apia, Samoa.	USD	5,850	International trade

Company	Abbreviation	Date of Incorporation	Address	Currency	Capital Stock	Business Activates
Hitron Technologies (SIP) Inc.	Hitron (SIP)	10/11/2006	Room 1601, Building 2, No. 88 Huachie Street, Suzhou Industrial Park	USD	5,000	Manufacture and sale of wireless and telecom products
Hwa Chi Technologies (Shanghai) Inc.	Hwa Chi	10/11/2001	Room 702, Block A, Shengnuoya Building, 1759 Jinshajiang Road, Putuo District, Shanghai	USD	200	Technical consulting, researching, maintenance and after sales service of electronic and telecom products
Jietech Trading (Suzhou) Inc.	Jietech Trading	07/20/2010	Room 1601, Building 2, No. 88 Huachie Street, Suzhou Industrial Park	USD	850	Manufacture and sale of wireless and telecom products
Hitron Technologies Europe Holding B.V.	Hitron Europe	07/01/2011	Kingsfordweg 151,1043GR Amsterdam	EUR	1,500	International trade
Hitron Technologies Americas Inc.	Hitron America	10/21/2011	9000 E Nichols Ave Suite 103 Centennial, CO 80112, U.S.A	USD	3,000	International trade
Innoauto Technologies Inc.	Innoauto	06/11/2015	No. 1, 7th Floor, No. 1, Taiyuan Second Street, Zhubei City, Hsinchu County	TWD	20,000	Investment and automotive electronics products
Hitron Technologies Vietnam Company Limited	Hitron Vietnam	05/24/2019	No.15, Road No.17, VSIP Hai Phong, Thuy Trieu Commune, Thuy Nguyen District, Hai Phong City, Vietnam	USD	52,500	Manufacture and sales of wireless and telecom products
Aespula Technology Inc.	Aespula	01/26/2021	4 F.-2, No. 76, Sec. 2, Jiafeng S. Rd., Zhubei City, Hsinchu County 302054, Taiwan (R.O.C.)	TWD	80,873	Manufacture and sale of communications and telecom products and provision of information software services
Alpha Networks Vietnam Co.,Ltd.	Alpha VN	02/23/2022	Lot CN03, Dong Van IV Industrial Park, Dai Cuong Commune, Kim Bang District, Ha Nam Province, Vietnam.	USD	40,000	Production and sales of networks products
Alpha Electronic Trading (Changshu) Co., Ltd.	Changshu Trading	03/21/2023	No.6, Yintong Road, National New & Hi-Tech Industrial Development Zone, Changshu, Jiangsu Province, China	RMB	4,000	Production and sales of networks products

Notel: Please refer to the Company's 2023 annual report for the basic information of the related companies of the Company's subsidiary Hitron Technologies Inc.

(III) Presumed to be the Same Shareholder for Those with Relations of Control and Affiliation: None.

(IV) Overall Business covered by the Affiliates and the interaction and division of labor:

The main business items of the Company and its affiliates are R&D, development, design, manufacturing and sales of broadband products, wireless network products and computer network system equipment and components.

(V) Directors, Supervisors and Presidents of the Company's Affiliates

December 31, 2023; Unit: thousand shares

Company	Title	Name	Shareholding	
			Shares	%
D-Link Asia Investment Ptd. Ltd.	Director	Representative of Alpha Holdings Inc.: Chua Yi Xuan Patria	—	100%
		Representative of Alpha Holdings Inc.: Wen-Fang Huang		
Alpha Solutions Co., Ltd.	Director	Representative of Alpha Networks Inc.: Wen-Fang Huang	—	100%
		Representative of Alpha Networks Inc.: Yang-Chih, Chou		
		Representative of Alpha Networks Inc.: Shao-Ling, Chen		
	Supervisor	Representative of Alpha Networks Inc.: Zheng-Han, Huang		
Alpha Networks (Dongguan) Co., Ltd.	Director	Representative of D-Link Asia Investment Ptd. Ltd.: Ying-Zhe, Huang	—	100%
		Representative of D-Link Asia Investment Ptd. Ltd.: Zheng-Han, Huang		
		Representative of D-Link Asia Investment Ptd. Ltd.: Zhu-Cheng, Luo		
Alpha Networks Inc.(USA)	Director	Representative of Alpha Networks Inc.: Wen-Fang Huang	—	100%
Alpha Networks (ChengDu) Co., Ltd.	Director	Representative of D-Link Asia Investment Ptd. Ltd.: Yu-Chuang, Lin	—	100%
	Supervisor	Representative of D-Link Asia Investment Ptd. Ltd.: Zhu-Cheng, Luo		
Mirac Networks (Dongguan) Co., Ltd.	Director	Representative of Alpha Networks (Dongguan) Co., Ltd.: Ying-Zhe, Huang	—	100%
		Representative of Alpha Networks (Dongguan) Co., Ltd.: Shu-Chuan, Li		
		Representative of Alpha Networks (Dongguan) Co., Ltd.: Zhu-Cheng, Luo		
	Supervisor	Representative of Alpha Networks (Dongguan) Co., Ltd.: Shao-Ling, Chen		
Alpha Networks(Hong Kong) Limited	Director	Representative of Alpha Networks Inc.: Wen-Fang Huang	—	100%
Alpha Technical Services Inc.	Director	Representative of Alpha Networks Inc.: Chuan-Ming, Chien	—	100%
Alpha Networks (Changshu) Ltd.	Director	Representative of Alpha Networks(Hong Kong) Limited: Cai-Fen, Chen	—	100%
		Representative of Alpha Networks(Hong Kong) Limited: Zheng-Han, Huang		
		Representative of Alpha Networks(Hong Kong) Limited: Yang-Chih, Chou		
	Supervisor	Representative of Alpha Networks(Hong Kong) Limited: Shao-Ling, Chen		
Enrich Investment Corporation	Director	Representative of Alpha Networks Inc.: Wen-Fang Huang	40,000	100%
		Representative of Alpha Networks Inc.: Zheng-Han, Huang		
		Representative of Alpha Networks Inc.: Yang-Chih, Chou		
	Supervisor	Representative of Alpha Networks Inc.: Shao-Ling, Chen		
Transent Corporation	Director	Representative of Enrich Investment Corporation: Wen-Fang Huang	5,000	100%
		Representative of Enrich Investment Corporation: Yang-Chih, Chou		
		Representative of Enrich Investment Corporation: Wen-Rui, Tsai		
	Supervisors	Representative of Enrich Investment Corporation: Shao-Ling, Chen		
Aespula Technology Inc.	Director	Representative of Enrich Investment Corporation: Wen-Fang Huang	8,000	98.92%
		Representative of Enrich Investment Corporation: Zheng-Han, Huang		
		Representative of Enrich Investment Corporation: Yang-Chih, Chou		
		Representative of Enrich Investment Corporation: Wen-Rui, Tsai		
		Yuan-De, Liao		
	Supervisors	Representative of Enrich Investment Corporation: Shao-Ling, Chen		
Interactive Digital Technologies Inc.	Director	Representative of Hitron Technologies Inc.: Wen-Fang Huang	16,703	36.39%
		Representative of Hitron Technologies Inc.: Mei-Lan, Liu		
		Representative of Hitron Technologies Inc.: Pei-Shun, Chou		

Company	Title	Name	Shareholding	
			Shares	%
		Representative of Calais Development Ltd.: Jung-Huang, Wang		
	Independent Director	Hsiao-Chen, Chuang		
		Chao-Fu, Shih		
		Cing-Ying, Wang		
	President	Mei-Lan, Liu		
Alpha Networks Vietnam Co., Ltd.	Director	Representative of Alpha Networks Inc.: Yi-Jin, Ciou	—	100%
		Representative of Alpha Networks Inc.: Ying-Zhe, Huang		
		Representative of Alpha Networks Inc.: Yang-Chih, Chou		
		Representative of Alpha Networks Inc.: Zheng-Han, Huang		
	Supervisors	Representative of Alpha Networks Inc.: Shao-Ling, Chen		
Alpha Electronic Trading (Changshu) Co., Ltd.	Director	Representative of Alpha Networks (Changshu) Ltd.: Ming-Lin, Chien	—	100%
		Representative of Alpha Networks (Changshu) Ltd.: Zheng-Han, Huang		
		Representative of Alpha Networks (Changshu) Ltd.: Yang-Chih, Chou		
	Supervisors	Representative of Alpha Networks (Changshu) Ltd.: Shao-Ling, Chen		
Hitron Technologies Inc.	Director	Representative of Alpha Networks Inc.: Wen-Fang, Huang	200,000	62.24%
		Representative of Alpha Networks Inc.: Chi-Hong, Chen		
		Representative of Alpha Networks Inc.: Yang-Chin, Chou		
		Representative of Alpha Networks Inc.: Pei-Shun, Chiu		
		Mei-Lan, Liu		
	Independent Director	Le-Min, Chen		
		Mao-Chao, Lin		
		Da-Wei, Li		
	President	Pei-Shun, Chiu		
Hitron Technologies (Samoa) Inc.	Chairperson	Representative of Hitron Technologies Inc.: Pei-Shun, Chiu	—	100%
Hitron Technologies (SIP) Inc.	Director	Representative of Hitron Technologies (Samoa) Inc.: Pei-Shun, Chiu	—	100%
		Representative of Hitron Technologies (Samoa) Inc.: Hao-Guo, Xiao		
		Representative of Hitron Technologies (Samoa) Inc.: You-Hong, Liao		
	Supervisor	Representative of Hitron Technologies (Samoa) Inc.: Yu-Fa, Hsu		
	President	Pei-Shun, Chiu		
Hitron Technologies Americas Inc.	President	Representative of Hitron Technologies Inc.: Pei-Shun, Chiu	—	100%
Hitron Technologies Europe Holding B.V.	Chairperson	Representative of Hitron Technologies Inc.: Pei-Shun, Chiu	—	100%
Hitron Technologies Vietnam Company Limited	Chairperson	Representative of Hitron Technologies Inc.: Pei-Shun, Chiu	—	100%
Innoauto Technologies Inc.	Director	Representative of Hitron Technologies Inc.: Wen-Fang, Huang	2,000	100%
		Representative of Hitron Technologies Inc.: Hao-Guo, Xiao		
		Representative of Hitron Technologies Inc.: Pei-Shun, Chiu		
	Supervisor	Representative of Hitron Technologies Inc.: Yu-Fa, Hsu		
Jietech Trading (Suzhou) Inc.	Director	Representative of Hitron Technologies (Samoa) Inc.: Pei-Shun, Chiu	—	100%
	Supervisors	Representative of Hitron Technologies (Samoa) Inc.: Yu-Fa, Hsu		
	President	Pei-Shun, Chiu		
Hwa Chi Technologies (Shanghai) Inc.	Director	Representative of Interactive Digital Technologies Inc.: Mei-Lan, Liu	—	36.39%
	Supervisors	Representative of Interactive Digital Technologies Inc.: Jeffrey Lee		

Note 1: Consolidated number of shares held by the Company and shareholding ratio.

Note 2: The basic information of the related companies of the Company's subsidiary, Hitron Technologies Inc., please refer to the Hitron's 2023 annual report.

(VI) Overview of Affiliates' Operations

December 31, 2023; NT\$ thousands

Company	Capital Stock	Total Assets	Total Liabilities	Net Worth	Net Revenues	Income (Loss) from Operations	Net Income (Loss)	Earnings Per Share
D-Link Asia Investment Pte, Ltd. (Note 1)	134,880	135,189	25,557	109,632	—	176,210	(20,782)	(3.91)
Alpha Solutions Co., Ltd.	11,107	21,737	4,061	17,676	14,171	732	234	292.37
Alpha Networks (Dongguan) Co., Ltd.	97,023	81,851	103,267	-21,416	1,303,632	(246,403)	(183,206)	—
Alpha Networks, Inc.(USA)	51,609	1,565,524	1,393,386	172,138	7,104,424	10,628	13,822	9.21
Alpha Networks (Chengdu) Co., Ltd.	420,426	537,161	73,969	463,192	298,409	14,181	21,245	—
Mirac Networks (Dongguan) Co.,Ltd	107,131	164,766	42,255	122,511	551,386	33,118	29,528	—
Alpha Networks(Hong Kong) Limited	3,143,628	4,148,402	1,875,258	2,273,144	8,573,425	(115)	110,387	0.14
Alpha Technical Services Inc.	260,497	201,136	9,405	191,731	64,852	3,335	4,041	0.50
Alpha Networks (Changshu) Ltd.	1,925,920	3,958,210	2,780,573	1,177,637	9,047,485	109,214	22,942	—
Enrich Investment Corporation	400,000	312,982	25	312,957	—	(50)	1,355	0.03
Transent Corporation	50,000	64,896	48,157	16,739	51,010	3,081	44	0.01
Alpha Networks Vietnam Co., Ltd.	1,195,424	2,356,825	1,427,075	929,750	914,542	(165,897)	(178,500)	—
Alpha Electronic Trading (Changshu) Co., Ltd.	17,378	131,662	127,452	4,211	566,490	(8,482)	(13,388)	—
Hitron Technologies Inc.	3,213,172	8,164,443	3,244,941	4,919,502	6,214,423	(424,122)	4,879	0.02
Interactive Digital Technologies Inc.	458,991	3,037,399	1,297,668	1,739,731	2,235,094	309,917	261,763	6.26
Hitron Technologies (SAMOA) Inc.	172,179	194,590	—	194,590	—	—	49,396	—
Hitron Technologies (SIP) Inc.	171,245	232,206	41,370	190,836	172,068	15,664	49,387	—
Hitron Technologies Americas Inc.	90,082	2,402,263	2,053,268	348,995	5,179,243	(108,595)	(82,795)	—
Hitron Technologies Europe Holding B.V.	59,604	185,119	110,374	74,745	383,240	(32,130)	(35,857)	—
Hitron Technologies Vietnam Company Limited	1,511,735	4,050,721	1,199,953	2,850,768	6,457,625	412,174	381,925	—
Innoauto Technologies Inc.	20,000	3,440	—	3,440	—	(26)	(4)	—
Jietech Trading (Suzhou) Inc.	31,139	3,670	—	3,670	—	(41)	(11)	—
Hwa Chi Technologies (Shanghai) Inc.	5,814	13,722	134	13,588	8,873	2,670	2,562	—
Aespula Technology Inc.	80,873	58,996	8,143	50,853	10,269	(13,650)	(13,295)	(1.64)

Note 1: The Company has signed an equity transfer agreement on December 28, 2023, to sell 100% of the equity of its subsidiary D-Link Asia and its affiliated company Mirac Networks (Dongguan), which is expected to be delivered in June of 2024, and will be transferred to non-current assets for sale.

Note 2: The basic information of the related companies of the Company's subsidiary, Hitron Technologies Inc., please refer to the Hitron's 2023 annual report.

- II. Privately Placement Securities in the Most Recent Year up to the Publication Date of this Annual Report: None.
- III. Holding or Disposition of the Company's Shares by Subsidiaries in the Most Recent Year up to the Publication Date of this Annual Report: None.
- IV. Other Necessary Supplement: None.
- V. Any Events in the Most Recent Year up to the Publication Date of this Annual Report that Had Substantial Impact on the Shareholders' Equity or Securities Prices as Prescribed in Item 3 Paragraph 2 of Article 36 of the Securities and Exchange Act: None.

Representation Letter

The entities that are required to be included in the combined financial statements of Alpha Networks Inc. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Alpha Networks Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company name: Alpha Networks Inc.
Chairman: Wen-Feng Huang
Date: February 27, 2024

Independent Auditors' Report

To the Board of Directors of Alpha Networks Inc.:

Opinion

We have audited the consolidated financial statements of Alpha Networks Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition from contracts with customers

Please refer to note 4(15) and note 6(23) for accounting policy and detailed disclosure of revenue, respectively.

Description of key audit matter:

The Group's major revenue is derived from the sales of goods to its customers. Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control over a product to its customer. Therefore, revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group's internal controls surrounding the sales process and cash collection transaction process; analyzing the terms and types of the major sales transactions and assessing whether they were recorded in the proper period; selecting samples of sales transactions within the period before and after the balance sheet date, to recognize when the performance obligation has been satisfied by transferring control over the goods to a customer in order to determine whether they have been recorded in a proper period.

2. Valuation of inventories

Please refer to the note 4(8) for the accounting policy, note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and note 6(4) for summary of inventory.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. The net realizable value of the inventory is determined by the Group based on the assumptions of the estimated selling price of the products. The rapid development of technology and introduction of new products may significantly change market demand and cause market price fluctuation, which may lead to product obsolescence and the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventory is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Group; evaluating whether the valuation of inventories was accounted for in accordance with the Group's accounting policies; and assessing the historical reasonableness of the management's estimates on inventory provisions.

Other Matter

Alpha Networks Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 of the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Wei-Ming Shin.

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 3,200,675	14	4,084,284	15	2100	Short-term borrowings (note 6(13))	\$ 880,246	4	3,936,093	14
1110	Current financial assets at fair value through profit or loss (note 6(2))	36,298	-	61,084	-	2120	Current financial liabilities at fair value through profit or loss (note 6(2))	778	-	9,836	-
1136	Current financial assets at amortized cost (notes 6(1), (5) and 8)	20,000	-	-	-	2170	Accounts payable (including related parties) (note 7)	4,269,356	18	5,031,113	19
1170	Notes and accounts receivable, net (notes 6(3) and (23))	4,898,517	21	5,598,816	21	2209	Accrued expenses	565,992	2	845,618	3
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	765	-	-	-	2230	Current tax liabilities	378,337	2	475,146	2
130x	Inventories (note 6(4))	7,454,980	31	9,424,252	35	2250	Current provisions (note 6(15))	366,787	2	385,198	1
1461	Non-current assets held for sale (note 6(6))	110,769	-	-	-	2322	Long-term borrowings, current portion (note 6(14))	-	-	26,000	-
1470	Other current assets (notes 6(12) and 8)	745,897	3	1,074,308	4	2260	Liabilities related to non-current assets held for sale, current portion (note 6(6))	1,137	-	-	-
		<u>16,467,901</u>	<u>69</u>	<u>20,242,744</u>	<u>75</u>			<u>2,298,891</u>	<u>9</u>	<u>2,338,091</u>	<u>9</u>
Non-current assets:						2399	Other current liabilities (notes 6(16), (18), (23) and 7)	<u>8,761,524</u>	<u>37</u>	<u>13,047,095</u>	<u>48</u>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(7))	191,331	1	171,994	-	Non-Current liabilities:					
1535	Non-current financial assets at amortized cost (notes 6(1), (3), (5) and 8)	171,565	-	144,873	-	2530	Bonds payable(note 6(17))	264,612	1	-	-
1600	Property, plant and equipment (notes 6(9) and 7)	4,273,214	18	4,222,057	16	2540	Long-term borrowings (note 6(14))	700,000	3	-	-
1755	Right-of use assets (note 6(10))	649,134	3	427,860	2	2580	Non-current lease liabilities (note 6(18))	292,911	1	217,451	1
1780	Intangible assets (notes 6(1) and 7)	1,185,129	5	1,304,437	5	2640	Net defined benefit liability (note 6(19))	105,243	-	145,642	-
1840	Deferred tax assets (note 6(20))	496,387	2	222,151	1	2670	Other non-current liabilities (notes 6(15) and (20))	344,474	2	166,207	1
1990	Other non-current assets (notes 6(12) and (19))	364,182	2	396,898	1			<u>1,707,240</u>	<u>7</u>	<u>529,300</u>	<u>2</u>
		<u>7,330,942</u>	<u>31</u>	<u>6,890,270</u>	<u>25</u>		Total liabilities	<u>10,468,764</u>	<u>44</u>	<u>13,576,395</u>	<u>50</u>
						Equity (note 6(21)):					
						Equity attributable to owners of parent:					
						3110	Ordinary share	<u>5,417,185</u>	<u>23</u>	<u>5,417,185</u>	<u>20</u>
						3200	Capital surplus	<u>2,595,804</u>	<u>11</u>	<u>2,544,401</u>	<u>9</u>
						Retained earnings:					
						3310	Legal reserve	1,266,681	5	1,169,989	4
						3320	Special reserve	226,548	1	447,091	2
						3350	Unappropriated retained earnings	774,486	3	1,019,195	4
								<u>2,267,715</u>	<u>9</u>	<u>2,636,275</u>	<u>10</u>
						3400	Other equity interest	(267,983)	(1)	(226,549)	(1)
							Total equity attributable to owners of parent:	<u>10,012,721</u>	<u>42</u>	<u>10,371,312</u>	<u>38</u>
						36XX	Non-controlling interests (notes 6(8) and (21))	<u>3,317,358</u>	<u>14</u>	<u>3,185,307</u>	<u>12</u>
							Total equity	<u>13,330,079</u>	<u>56</u>	<u>13,556,619</u>	<u>50</u>
Total assets		<u>\$ 23,798,843</u>	<u>100</u>	<u>27,133,014</u>	<u>100</u>	Total liabilities and equity		<u>\$ 23,798,843</u>	<u>100</u>	<u>27,133,014</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(23) and 7)	\$ 28,272,191	100	33,634,197	100
5000	Operating costs (notes 6(4),(18),(19),(24) and 7)	23,061,018	82	27,380,956	81
	Gross profit	5,211,173	18	6,253,241	19
	Operating expenses (notes 6(3),(18),(19),(24) and 7):				
6100	Selling expenses	1,303,715	4	1,320,302	4
6200	Administrative expenses	1,212,678	4	1,361,291	4
6300	Research and development expenses	1,889,315	7	1,833,973	6
6450	Expected credit loss (gain)	(23,805)	-	23,143	-
	Total operating expenses	4,381,903	15	4,538,709	14
	Net operating income	829,270	3	1,714,532	5
	Non-operating income and expenses:				
7010	Other income (note 6(26))	104,559	-	68,140	-
7020	Other gains and losses, net (note 6(27))	(51,523)	-	(162,889)	(1)
7050	Finance costs (note 6(28))	(156,251)	-	(120,191)	-
7100	Interest income (note 6(25))	81,342	-	34,419	-
	Total non-operating income and expenses	(21,873)	-	(180,521)	(1)
	Profit before tax	807,397	3	1,534,011	4
7950	Less: Income tax expenses (note 6(20))	167,530	1	375,840	1
	Profit	639,867	2	1,158,171	3
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans (note 6(19))	(976)	-	50,106	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss) (notes 6(21) and (29))	19,337	-	12,480	-
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	18,361	-	62,586	-
8360	Components of other comprehensive loss that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(21))	(61,867)	-	357,452	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (notes (20) and (21))	13,367	-	(53,245)	-
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	(48,500)	-	304,207	1
8300	Other comprehensive income, net of income tax	(30,139)	-	366,793	1
8500	Total comprehensive income	<u>\$ 609,728</u>	<u>2</u>	<u>1,524,964</u>	<u>4</u>
	Profit attributable to:				
8610	Owners of parent	\$ 547,920	2	917,075	2
8620	Non-controlling interests	91,947	-	241,096	1
		<u>\$ 639,867</u>	<u>2</u>	<u>1,158,171</u>	<u>3</u>
8700	Total comprehensive income attributable to:				
8710	Owners of parent	\$ 505,510	2	1,187,467	3
8720	Non-controlling interests	104,218	-	337,497	1
		<u>\$ 609,728</u>	<u>2</u>	<u>1,524,964</u>	<u>4</u>
	Earnings per share (New Taiwan dollars) (note 6(22))				
	Basic earnings per share	<u>\$ 1.01</u>		<u>1.69</u>	
	Diluted earnings per share	<u>\$ 1.01</u>		<u>1.68</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Equity related to non-current assets held for sale	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 5,417,185	2,583,772	1,127,420	448,804	472,330	2,048,554	(445,903)	(1,189)	-	(447,092)	9,602,419	2,956,685	12,559,104
Profit	-	-	-	-	917,075	917,075	-	-	-	-	917,075	241,096	1,158,171
Other comprehensive income (loss)	-	-	-	-	49,849	49,849	212,776	7,767	-	220,543	270,392	96,401	366,793
Total comprehensive income (loss)	-	-	-	-	966,924	966,924	212,776	7,767	-	220,543	1,187,467	337,497	1,524,964
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	42,569	-	(42,569)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(1,713)	1,713	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(379,203)	(379,203)	-	-	-	-	(379,203)	-	(379,203)
Donation from shareholders	-	13	-	-	-	-	-	-	-	-	13	-	13
Cash dividends from capital surplus	-	(54,172)	-	-	-	-	-	-	-	-	(54,172)	-	(54,172)
Changes in ownership interests in subsidiaries	-	14,788	-	-	-	-	-	-	-	-	14,788	(14,788)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(189,021)	(189,021)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	94,934	94,934
Balance at December 31, 2022	5,417,185	2,544,401	1,169,989	447,091	1,019,195	2,636,275	(233,127)	6,578	-	(226,549)	10,371,312	3,185,307	13,556,619
Profit	-	-	-	-	547,920	547,920	-	-	-	-	547,920	91,947	639,867
Other comprehensive income (loss)	-	-	-	-	(976)	(976)	(53,470)	12,036	-	(41,434)	(42,410)	12,271	(30,139)
Total comprehensive income (loss)	-	-	-	-	546,944	546,944	(53,470)	12,036	-	(41,434)	505,510	104,218	609,728
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	96,692	-	(96,692)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(220,543)	220,543	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(915,504)	(915,504)	-	-	-	-	(915,504)	-	(915,504)
Donation from shareholders	-	16	-	-	-	-	-	-	-	-	16	-	16
Changes in ownership interests in subsidiaries	-	51,387	-	-	-	-	-	-	-	-	51,387	(51,387)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(296,382)	(296,382)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	375,602	375,602
Equity related to non-current assets held for sale	-	-	-	-	-	-	43,579	-	(43,579)	-	-	-	-
Balance at December 31, 2023	\$ 5,417,185	2,595,804	1,266,681	226,548	774,486	2,267,715	(243,018)	18,614	(43,579)	(267,983)	10,012,721	3,317,358	13,330,079

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 807,397	1,534,011
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	556,948	493,373
Amortization expense	217,260	211,867
Expected credit loss (reversal gain)	(23,805)	23,143
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(35,836)	13,067
Interest expense	156,251	120,191
Interest income	(81,342)	(34,419)
Dividend income	(3,456)	(6,391)
Loss on disposal of property, plant and equipment	7,626	16,608
Loss on disposal of intangible assets	3,115	-
Provisions for inventory obsolescence and devaluation loss	225,505	161,328
Total adjustments to reconcile profit	1,022,266	998,767
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	704,967	(1,568,847)
Financial assets mandatorily at fair value through profit or loss	5,320	3,249
Inventories	1,697,983	(346,758)
Other current assets	228,441	(618,911)
Financial liabilities held for trading	(9,836)	(2,927)
Accounts payable (including related parties)	(740,638)	837,200
Other payable to related parties	(800)	(8,171)
Other current liabilities	(593,356)	1,042,538
Net defined benefit liability	(41,375)	(9,036)
Other non-current liabilities	(31,428)	-
Total changes in operating assets and liabilities	1,219,278	(671,663)
Total adjustments	2,241,544	327,104

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	2022
Cash flows generated from operations	\$ 3,048,941	1,861,115
Interest received	80,177	38,904
Dividends received	3,456	6,391
Interest paid	(152,011)	(108,243)
Income taxes paid	(278,211)	(237,003)
Net cash flows from operating activities	2,702,352	1,561,164
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	56,025	-
Acquisition of financial assets at fair value through other comprehensive income	-	(140,179)
Acquisition of financial assets at amortized cost	(261,000)	(399,940)
Proceeds from repayments of financial assets at amortized cost	220,000	774,947
Acquisition of non-current assets classified as held for sale	(12,349)	-
Acquisition of property, plant and equipment	(636,079)	(947,650)
Proceeds from disposal of property, plant and equipment	50,269	9,019
Increase in refundable deposits	(6,352)	(8,096)
Acquisition of intangible assets	(103,307)	(170,616)
Decrease (increase) in other non-current assets	28,677	(163,152)
Net cash flows used in investing activities	(664,116)	(1,045,667)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	13,191,481	32,960,371
Repayments of short-term borrowings	(15,757,797)	(33,035,546)
Proceeds from bonds payable	631,884	-
Repayments of bonds payable	-	(372,300)
Proceeds from long-term borrowings	700,000	26,000
Repayments of long-term borrowings	(26,000)	-
(Decrease) increase in guarantee deposits received	(76)	417
Payment of lease liabilities	(39,820)	(34,484)
Cash dividends paid to shareholders	(915,504)	(433,375)
Donation from shareholders	16	13
Cash dividends paid to non-controlling interest	(296,382)	(189,021)
Net cash flows used in financing activities	(2,512,198)	(1,077,925)
Effect of exchange rate changes on cash and cash equivalents	(409,647)	148,662
Net decrease in cash and cash equivalents	(883,609)	(413,766)
Cash and cash equivalents at beginning of period	4,084,284	4,498,050
Cash and cash equivalents at end of period	\$ 3,200,675	4,084,284

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

ALPHA NETWORKS INC. (“Alpha”) was established by a spin-off arrangement whereby on August 16, 2003, D-Link Corporation (“D-Link”) separated its operation business unit of original design manufacturing and original equipment manufacturing (“ODM/OEM”) and had transferred its related operating assets and liabilities to Alpha. Alpha was then incorporated on September 4, 2003, through obtained the registration approval from the Hsinchu Science Park Bureau (HSPB). The registered address of Alpha is No. 8, Li-shing 7th Road, Science-based Industrial Park, Hsinchu, Taiwan (R.O.C.). The consolidated financial statements comprise Alpha and its subsidiaries (together referred to as the “Group”) and Alpha’s interest in associates.

The Group’s main activities include the research, development, design, production and sale of broadband products, computer network systems, wireless local area networks (“LANs”), and related accessories.

On July 23, 2020, Qisda Corporation (“Qisda”) acquired 19.02% of Alpha’s ordinary shares, before the acquisition, Qisda and its subsidiaries held 23.84%, totaling 42.86% of the ordinary shares, Qisda became the parent company after the acquisition.

2. Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on February 27, 2024.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statement, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (2) The impact of IFRSs endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (3) The impact of IFRSs issued by International Accounting Standards Board (the “IASB”) but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

- (2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (a) Financial assets and liabilities at fair value through profit or loss are measured at fair value;

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (b) Financial assets at fair value through other comprehensive income are measured at fair value;
- (c) The net defined benefit liability is measured at the fair value of the plan assets less the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Group's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise Alpha and its subsidiaries. Alpha controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, income and expenses are eliminated in the consolidated financial statements. Total comprehensive income (loss) in a subsidiary is allocated to the shareholders of Alpha and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Group.

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding	
			December 31, 2023	December 31, 2022
Alpha	Alpha Holdings Inc. (Alpha Holdings) (note 1)	Investment holding	-%	100.00%
Alpha	Alpha Solutions Co., Ltd. (Alpha Solutions)	Sale of network equipment, components and technical services	100.00%	100.00%
Alpha	Alpha Networks, Inc. (Alpha USA)	Sale, marketing and procurement services in USA	100.00%	100.00%
Alpha	Alpha Networks (Hong Kong) Limited (Alpha HK)	Investment holding	100.00%	100.00%

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding	
			December 31, 2023	December 31, 2022
Alpha	Alpha Technical Services Inc. (ATS)	Post-sale service	100.00%	100.00%
Alpha	Enrich Investment Corporation (Enrich Investment)	Investment holding	100.00%	100.00%
Alpha	D-Link Asia Investment Pte. Ltd. (D-Link Asia) (note 7)	Investment in manufacturing business	-%	100.00%
Alpha	Hitron Technologies Inc. (Hitron Technologies)	Marketing on system integration of communication product and telecommunication products	62.24%	62.24%
Alpha	Alpha Networks Vietnam Company Limited (Alpha VN)	Production and sale of network products	100.00%	100.00%
Alpha	Alpha Networks (Chengdu) Co., Ltd. (Alpha Chengdu) (note 2)	Research and development of network products	100.00%	-%
D-Link Asia	Alpha Networks (Dongguan) Co., Ltd. (Alpha Dongguan) (note 7)	Production and sale of network products	-%	100.00%
D-Link Asia	Alpha (Chengdu) Co., Ltd. (Alpha Chengdu) (note 2)	Research and development of network products	-%	100.00%
Alpha Dongguan	Mirac Networks (Dongguan) Co., Ltd. (Mirac) (note 3)	Production and sale of network products	-%	100.00%
Alpha HK	Alpha Networks (Changshu) Co., Ltd. (Alpha Changshu)	Production and sale of network products	100.00%	100.00%
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd. (Mirac) (note 3)	Production and sale of network products	100.00%	-%
Alpha Changshu	Alpha Networks (Changshu Trading) Co., Ltd. (Alpha Changshu Trading) (note 4)	Production and sale of network products	100.00%	-%
Enrich Investment	Transnet Corporation (Transnet)	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	100.00%	100.00%
Enrich Investment	Interactive Digital Technologies Inc. (Interactive Digital) (note 5, 6)	Telecommunication and broadband network system services	5.61%	6.40%

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding	
			December 31, 2023	December 31, 2022
Enrich Investment	Aespula Technology INC. (Aespula)	Sale of network equipment, components and technical services	98.92%	98.92%
Hitron Technologies	Hitron Technologies (Samoa) Inc (Hitron Samoa)	International trade	100.00%	100.00%
Hitron Technologies	Interactive Digital Technologies Inc. (Interactive Digital) (note 1, 2)	Telecommunication and broadband network system services	36.39%	41.49%
Hitron Technologies	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%
Hitron Technologies	Hitron Technologies (Americas) Inc. (Hitron Americas)	International trade	100.00%	100.00%
Hitron Technologies	Innoauto Technologies Inc. (Innoauto Technologies)	Investment and automotive electronics products	100.00%	100.00%
Hitron Technologies	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Production and sale of broadband telecommunication products	100.00%	100.00%
Hitron Samoa	Hitron Technologies (SIP) Inc (Hitron Suzhou)	Production and sale of broadband telecommunications products	100.00%	100.00%
Hitron Samoa	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	100.00%
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (Hwa Chi Technologies)	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	100.00%	100.00%

Note 1: Alpha Holdings had been written-off and liquidated in the fourth of 2023.

Note 2: D-Link Asia signed an agreement with Alpha on June 15, 2023 to transfer 100% equity of Alpha Chengdu to Alpha.

Note 3: Alpha Dongguan signed an agreement with Alpha Changshu on May 5, 2023 to transfer 100% equity of Mirac to Alpha Changshu.

Note 4: Alpha Changshu established a new subsidiary Alpha Networks (Changshu Trading) Co., Ltd. (Alpha Changshu Trading) in the second quarter of 2023, with a 100% shareholding ratio.

ALPHA NETWORKS INC. AND SUBSIDIARIES

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Note 5: The common stock conversion was conducted by the convertible bonds from Interactive Digital, and this caused the ownership of Hitron Technologies and Enrich Investment became lower.

Note 6: The Group did not own more than half of the ownership of the entities. As the Group has the power to control the management and operating policies of the entities, the entities have been included in the Group's consolidated entities.

Note 7: On December 28, 2023, Board of Directors had approved the resolution and made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan. Since the expected day of settlement is in June, 2024, the abovementioned assets were reclassified as non-current assets held for sale.

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date when fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (a) an investment in equity securities designated as at fair value through other comprehensive income; or
- (b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

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Notes to the Consolidated Financial Statements

(5) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. It is expected to be settled in its normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is due to be settled within twelve months after the reporting period; or
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) - equity investment or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investment is recognized in profit or loss on the date on which the Group's right to receive payment is established (usually the ex-dividend date).

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

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(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (“ECL”) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposits paid and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment, as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

12-months ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its balance sheets, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(d) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- (a) Buildings and improvements: 1 to 56 years

Buildings and building improvements constitute mainly buildings, mechatronic engineering and hydropower engineering, etc.

- (b) Machinery and equipment: 1 to 10 years

- (c) Transportation facilities: 1 to 10 years

- (d) Office and other facilities: 1 to 10 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(11) Lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) there is a change of its assessment on whether it will exercise a extension or termination option; or
- (e) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office, warehouse, parking space, staff dormitory and printer that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(12) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of 1 to 5 years of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A. Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

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(15) Revenue for contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

A. Sale of goods

The Group involves in research, develop, design, manufacture and sale of broadband products, wireless networking products, and computer network system equipment and components. The Group recognizes the revenue when the control of the product is transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's broadband products, wireless network products and computer network system equipment and its components are subject to standard warranty and are therefore subject to refund obligations.

The warranty liabilities have been recognized for this obligation, please refer to Note 6(15).

B. Product development services

The Group provides enterprise product development and recognizes the relevant revenue during the financial reporting period in which the services provided. Fixed price contracts are based on the proportion of services actually provided as a percentage of total services as of the reporting date. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. Under the fixed price contract, the customer pays a fixed amount in accordance with the agreed time schedule.

When the services provided exceed the payment, the contract assets are recognized; if the payment exceeds the services provided, the contract liabilities are recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

C. Service revenue

The Group renders maintenance services during contract periods and recognizes revenue during the reporting period in which the services are rendered.

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D. Project contracts for system development and integration

Revenue is recognized when the control over a product or a project system has been transferred to the customer. The transfer of control refers to the situation where the products or the project systems have been delivered to the customers, and there is no unfulfilled performance obligation which will affect customers' acceptance of the products. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been met.

A receivable is recognized when the goods are accepted as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

Prepayments was classified as contract liabilities and the Group recognizes revenue when it satisfies a performance obligation.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a contract exceed the economic benefits expected to be received under the contract.

E. Financing component

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(16) Government grants

The Group recognizes an unconditional government grant related to the research in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of share-based payment award is the date which the Board of Directors authorized the price and number of a new award.

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

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The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) the same taxable entity; or
 - (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; or such reductions are reversed when the probability of future taxable profits improves.

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(20) Earnings per share

The Group discloses the Alpha's basic and diluted earnings per share attributable to ordinary shareholders of Alpha. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of Alpha divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of Alpha, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration through the issuance of shares.

(21) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRS endorsed by the FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimations uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follow:

(1) Valuation of inventories

Inventories are measured at the lower of cost or net realizable value, the Group uses judgments and estimates to determine the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. However, due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(4) for further description of the valuation of inventories.

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(2) Recognition and measurement of provisions

Provision for warranty is estimated when product revenue is recognized. The estimate has been made based on the quantities within the warranty period, the historical and anticipated warranty claims rate associated with similar products and services, and the projected unit cost of maintenance. The Group regularly reviews the basis of the estimate and, if necessary, amends it as appropriate. There could be a significant impact on provision for warranty for any change in the basis of the estimate.

The Group's accounting policies and disclosures include measuring financial assets and liabilities at fair value. The Group's financial division conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial division also periodically adjusts valuation models, conducts retrospective testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

Please refer to note 6(29) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 1,217	996
Checking and savings accounts	2,107,735	3,472,071
Time deposits	1,091,723	536,217
Cash equivalents	-	75,000
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 3,200,675</u>	<u>4,084,284</u>

Please refer to note 6(29) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of December 31, 2023 and 2022, deposits with original maturities of more than three months were \$41,000 and \$0 thousand respectively, and were recorded in financial assets measured at amortized cost. Please refer to note 6(5).

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss – current		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 575	5,320
Foreign exchange swaps	29,734	-
Non-derivative financial assets		
Stocks listed on domestic markets	5,989	55,764
Total	\$ 36,298	61,084
Financial liabilities held for trading – current		
Forward exchange contracts	\$ 148	7,900
Foreign exchange swaps	630	1,936
Total	\$ 778	9,836

The Group uses derivative financial instruments to hedge the certain currency risk arising from its operating activities. The following derivative instruments, which were not qualified for hedge accounting, held by the Group, were recognized as financial assets at fair value through profit or loss and held-for-trading financial liabilities:

December 31, 2023				
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	13,990	USD to CNY	January 2024 ~ February 2024
Forward exchange contracts	EUR	1,700	EUR to NTD	March 2024
Forward exchange contracts	USD	3,000	USD to NTD	January 2024
Forward exchange contracts	USD	800	USD to VND	January 2024
Foreign exchange swaps	CNY	10,000	CNY to NTD	January 2024
Foreign exchange swaps	USD	51,000	USD to NTD	January 2024
December 31, 2022				
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	5,076	USD to EUR	January 2023 ~ February 2023
Forward exchange contracts	USD	22,500	USD to NTD	January 2023 ~ March 2023
Forward exchange contracts	USD	750	USD to CNY	January 2023 ~ February 2023
Forward exchange contracts	EUR	4,770	EUR to NTD	January 2023 ~ March 2023
Forward exchange contracts	EUR	3,575	EUR to USD	March 2023
Foreign exchange swaps	CNY	11,000	CNY to NTD	January 2023
Foreign exchange swaps	USD	26,000	USD to NTD	January 2023
Foreign exchange swaps	USD	5,000	CNY to USD	January 2023

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Notes to the Consolidated Financial Statements

(3) Notes and accounts receivable, net (including related parties)

	December 31, 2023	December 31, 2022
Notes and accounts receivable	\$ 4,910,886	5,634,235
Less: loss allowances	(11,604)	(35,419)
	<u>\$ 4,899,282</u>	<u>5,598,816</u>

The overdue accounts receivable was reclassified to overdue receivables under financial assets measured at amortized cost—non-current and loss allowances were fully provided, please refer to note 6(5).

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information.

The analysis of expected credit loss on accounts receivables (including receivable from related parties) was as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 4,501,192	0.00%	-
Less than 90 days past due	389,642	1.88%	7,332
91 to 180 days past due	4,855	18.48%	897
More than 181 days past due	83,154	85.78%	71,332
	<u>\$ 4,978,843</u>		<u>79,561</u>

	December 31, 2022		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 4,743,584	0.00%	-
Less than 90 days past due	874,415	3.71%	32,425
91 to 180 days past due	15,582	19.21%	2,994
More than 181 days past due	68,611	99.05%	67,957
	<u>\$ 5,702,192</u>		<u>103,376</u>

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The movements in the allowance for notes and trade receivables (including overdue receivables) were as follows:

	2023	2022
Balance at January 1	\$ 103,376	80,121
Impairment losses (reversal) recognized	(23,805)	23,143
Effect of changes in exchange rates	(10)	112
Balance at December 31	<u>\$ 79,561</u>	<u>103,376</u>

(4) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 4,146,936	4,969,527
Work in progress and semi-finished products	540,338	763,057
Finished goods and merchandises	2,767,706	3,691,668
	<u>\$ 7,454,980</u>	<u>9,424,252</u>

The components of operating cost were as below:

	For the years ended December 31, 2023	2022
Cost of goods sold	\$ 22,835,513	27,219,628
Provision for inventory obsolescence and devaluation loss	225,505	161,328
	<u>\$ 23,061,018</u>	<u>27,380,956</u>

As of December 31, 2023 and 2022, the Group's inventories were not pledged.

(5) Financial assets measured at amortized cost — current and non-current

	December 31, 2023	December 31, 2022
Current:		
Time deposits	<u>\$ 20,000</u>	<u>-</u>
Non-current:		
Restricted deposits	\$ 21,043	21,662
Refundable deposits	129,522	123,211
Overdue receivables	67,957	67,957
Less: loss allowances	(67,957)	(67,957)
Time deposits	21,000	-
	<u>\$ 171,565</u>	<u>144,873</u>

ALPHA NETWORKS INC. AND SUBSIDIARIES

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The Group had assessed that these financial assets were held-to-maturity to collect contractual cash flows, which consisted solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

As of December 31, 2023 and 2022, the Group held bank time deposits with variable interest rates, and the average interest rates ranged between 0.56%~5.5%, and 0.10%~1.065%, respectively.

For the restricted cash in banks and refundable deposits, please refer to note 8.

(6) Non-current assets held for sale

On December 28, 2023, Board of Directors had approved the resolution and made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan. Since the expected day of settlement is in June 2024, the abovementioned assets were reclassified as non-current assets held for sale.

As of December 31, 2023, the amount of assets and liabilities, which was reclassified as non-current assets held for sale was \$110,769 thousand and \$1,137 thousand, respectively.

	December 31, 2023
Cash and cash equivalents	\$ 12,349
Accounts receivables	19,816
Other current assets	52,935
Property, plant and equipment	16,241
Right-of-use asset	7,100
Intangible assets	2,288
Other non-current assets	40
Total assets	<u>\$ 110,769</u>
Accrued expenses and other payables	\$ 1,137
Total liabilities	<u>\$ 1,137</u>

Because the fair value less costs to sell was greater than the carrying amount, the impairment loss shall not be measured when the non-current assets held for sale was recognized.

(7) Non-current financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Domestic unlisted stocks	\$ 159,902	140,565
Limited partnership unlisted stocks	31,429	31,429
	<u>\$ 191,331</u>	<u>171,994</u>

As of December 31, 2023 and 2022, the Group's financial assets above were not pledged.

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According to the agreements from the conference that held by the partners of Ignition Ventures, the lifetime of the investment to Ignition Ventures from October 2022 would be extended without limits. The carrying amount of above assets, which was classified as financial assets at fair value through other comprehensive income from the original investment, was \$31,429 thousand as of December 31, 2023.

Based on the Q&A issued by FSC, the accounting treatment issued based on the IFRS Q&A dated June 15, 2023 need not be applied retroactively to investments in limited partnership companies prior to June 30, 2023. Thus, the Group continues to measure its limited partnership investment in Ignition Ventures at fair value through other comprehensive income.

(8) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests	
		December 31, 2023	December 31, 2022
Hitron Technologies Inc.	Taiwan	37.76%	37.76%

The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRSs endorsed by the FSC. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

Hitron Technologies Inc.'s collective financial information:

	December 31, 2023	December 31, 2022
Current assets	\$ 7,715,903	9,562,665
Non-current assets	4,140,976	4,131,422
Current liabilities	(3,157,286)	(6,063,706)
Non-current liabilities	(1,334,874)	(120,156)
Net assets	<u>\$ 7,364,719</u>	<u>7,510,225</u>
Non-controlling interests	<u>\$ (1,322,300)</u>	<u>(1,009,803)</u>
Net assets of investees	<u>\$ 6,045,511</u>	<u>6,500,423</u>
Book value of non-controlling interests	<u>\$ 3,137,358</u>	<u>3,185,307</u>

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the years ended December 31,	
	2023	2022
Operating revenue	\$ 9,403,662	12,318,229
Profit	\$ 56,007	500,129
Other comprehensive income	32,497	255,298
Total comprehensive income	\$ 88,504	755,427
Profit (loss) attributable to non-controlling interests	\$ (29,768)	101,650
Total comprehensive income (loss), attributable to non-controlling interests	\$ (17,497)	125,894
Net cash flows from operating activities	\$ 501,425	832,960
Net cash flows from investing activities	(59,310)	(68,109)
Net cash flows from financing activities	(841,923)	(1,309,594)
Effect of exchange rate changes on cash and cash equivalents	(5,231)	127,071
Net decrease in cash and cash equivalents	\$ (405,039)	(417,672)
Dividends paid to non-controlling interests	\$ (296,382)	(189,021)

(9) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group, were as follows:

	Land	Building	Machinery and equipment	Office, transportation and other facilities	Total
Cost:					
Balance at January 1, 2023	\$ 879,225	4,460,647	2,769,300	516,944	8,626,116
Additions	-	329,983	220,269	85,827	636,079
Disposals	-	(24,262)	(502,491)	(77,107)	(603,860)
Reclassification to non-current assets held for sale	-	(683,950)	(413)	-	(684,363)
Effect of changes in exchange rates and others	42	65,615	(20,612)	(87,156)	(42,111)
Balance at December 31, 2023	\$ 879,267	4,148,033	2,466,053	438,508	7,931,861
Balance at January 1, 2022	\$ 644,519	4,304,637	2,528,885	414,073	7,892,114
Additions	228,330	91,558	479,289	148,473	947,650
Disposals	-	(28,268)	(308,174)	(56,344)	(392,786)
Effect of changes in exchange rates and others	6,376	92,720	69,300	10,742	179,138
Balance at December 31, 2022	\$ 879,225	4,460,647	2,769,300	516,944	8,626,116

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Notes to the Consolidated Financial Statements

	Land	Building	Machinery and equipment	Office, transportation and other facilities	Total
Depreciation and impairment loss:					
Balance at January 1, 2023	\$ -	2,301,316	1,766,403	336,340	4,404,059
Depreciation	-	206,616	254,379	44,074	505,069
Disposals	-	(23,334)	(448,396)	(74,235)	(545,965)
Reclassification to non-current assets held for sale	-	(667,727)	(395)	-	(668,122)
Effect of changes in exchange rates and others	-	(15,723)	(18,678)	(1,993)	(36,394)
Balance at December 31, 2023	<u>\$ -</u>	<u>1,801,148</u>	<u>1,553,313</u>	<u>304,186</u>	<u>3,658,647</u>
Balance at January 1, 2022	\$ -	2,135,655	1,786,366	315,679	4,237,700
Depreciation	-	161,230	227,093	68,207	456,530
Disposals	-	(27,441)	(286,756)	(52,962)	(367,159)
Effect of changes in exchange rates and others	-	31,872	39,700	5,416	76,988
Balance at December 31, 2022	<u>\$ -</u>	<u>2,301,316</u>	<u>1,766,403</u>	<u>336,340</u>	<u>4,404,059</u>
Carrying amounts:					
Balance at December 31, 2023	<u>\$ 879,267</u>	<u>2,346,885</u>	<u>912,740</u>	<u>134,322</u>	<u>4,273,214</u>
Balance at December 31, 2022	<u>\$ 879,225</u>	<u>2,159,331</u>	<u>1,002,897</u>	<u>180,604</u>	<u>4,222,057</u>
Balance at January 1, 2022	<u>\$ 644,519</u>	<u>2,168,982</u>	<u>742,519</u>	<u>98,394</u>	<u>3,654,414</u>

As of December 31, 2023 and 2022, the Group's property, plant and equipment were not pledged.

(10) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Transportation and other equipment	Total
Cost:				
Balance at January 1, 2023	\$ 452,233	67,220	13,607	533,060
Additions	163,058	133,525	6,140	302,723
Disposals	(11,580)	(51,970)	(1,814)	(65,364)
Reclassification to non-current assets held for sale	(8,163)	-	-	(8,163)
Effect of changes in exchange rates and others	(2,447)	(713)	-	(3,160)
Balance at December 31, 2023	<u>\$ 593,101</u>	<u>148,062</u>	<u>17,933</u>	<u>759,096</u>
Balance at January 1, 2022	\$ 438,080	49,961	14,751	502,792
Additions	-	24,093	4,762	28,855
Disposals	-	(10,535)	(3,351)	(13,886)
Derecognition	-	-	(1,454)	(1,454)
Effect of changes in exchange rates and others	14,153	3,701	(1,101)	16,753
Balance at December 31, 2022	<u>\$ 452,233</u>	<u>67,220</u>	<u>13,607</u>	<u>533,060</u>

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		Land	Buildings	Transport-a tion and other equipment	Total
Depreciation:					
Balance at January 1, 2023	\$	62,911	34,943	7,346	105,200
Depreciation		14,777	32,624	4,478	51,879
Disposals		(11,451)	(32,814)	(1,697)	(45,962)
Reclassification to non-current assets held for sale		(1,063)	-	-	(1,063)
Effect of changes in exchange rates and others		(302)	210	-	(92)
Balance at December 31, 2023	\$	64,872	34,963	10,127	109,962
Balance at January 1, 2022	\$	49,002	24,565	7,017	80,584
Depreciation		12,816	19,133	4,894	36,843
Disposals		-	(10,535)	(1,995)	(12,530)
Derecognition		-	-	(1,454)	(1,454)
Effect of changes in exchange rates and others		1,093	1,780	(1,116)	1,757
Balance at December 31, 2022	\$	62,911	34,943	7,346	105,200
Carrying amount:					
Balance at December 31, 2023	\$	528,229	113,099	7,806	649,134
Balance at December 31, 2022	\$	389,322	32,277	6,261	427,860
Balance at January 1, 2022	\$	389,078	25,396	7,734	422,208

As of December 31, 2023 and 2022, the Group's right-of-use assets were not pledged.

(11) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2023 and 2022, were as follows:

		Core technology	Brand name	Customer relationship	Goodwill	Software application and others	Total
Cost:							
Balance at January 1, 2023	\$	220,281	229,877	396,949	578,900	492,888	1,918,895
Additions		-	-	-	-	103,307	103,307
Derecognition		-	-	-	-	(87,451)	(87,451)
Reclassification to non-current assets held for sale		-	-	-	-	(8,697)	(8,697)
Effect of changes in exchange rates and others		-	-	-	-	(1,415)	(1,415)
Balance at December 31, 2023	\$	220,281	229,877	396,949	578,900	498,632	1,924,639

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	<u>Core technology</u>	<u>Brand name</u>	<u>Customer relationship</u>	<u>Goodwill</u>	<u>Software application and others</u>	<u>Total</u>
Balance at January 1, 2022	\$ 220,281	229,877	396,949	578,900	442,079	1,868,086
Additions	-	-	-	-	170,616	170,616
Derecognition	-	-	-	-	(122,431)	(122,431)
Effect of changes in exchange rates and others	-	-	-	-	2,624	2,624
Balance at December 31, 2022	<u>\$ 220,281</u>	<u>229,877</u>	<u>396,949</u>	<u>578,900</u>	<u>492,888</u>	<u>1,918,895</u>
Amortization and impairment:						
Balance at January 1, 2023	\$ 94,406	68,963	132,316	-	318,773	614,458
Amortization	31,468	22,987	44,106	-	118,699	217,260
Derecognition	-	-	-	-	(84,336)	(84,336)
Reclassification to non-current assets held for sale	-	-	-	-	(6,409)	(6,409)
Effect of changes in exchange rates and others	-	-	-	-	(1,463)	(1,463)
Balance at December 31, 2023	<u>\$ 125,874</u>	<u>91,950</u>	<u>176,422</u>	<u>-</u>	<u>345,264</u>	<u>739,510</u>
Balance at January 1, 2022	\$ 62,938	45,976	88,210	-	326,117	523,241
Amortization	31,468	22,987	44,106	-	113,306	211,867
Derecognition	-	-	-	-	(122,431)	(122,431)
Effect of changes in exchange rates and others	-	-	-	-	1,781	1,781
Balance at December 31, 2022	<u>\$ 94,406</u>	<u>68,963</u>	<u>132,316</u>	<u>-</u>	<u>318,773</u>	<u>614,458</u>
Carrying amounts:						
Balance at December 31, 2023	<u>\$ 94,407</u>	<u>137,927</u>	<u>220,527</u>	<u>578,900</u>	<u>153,368</u>	<u>1,185,129</u>
Balance at December 31, 2022	<u>\$ 125,875</u>	<u>160,914</u>	<u>264,633</u>	<u>578,900</u>	<u>174,115</u>	<u>1,304,437</u>
Balance at January 1, 2022	<u>\$ 157,343</u>	<u>183,901</u>	<u>308,739</u>	<u>578,900</u>	<u>115,962</u>	<u>1,344,845</u>

A. Amortization

The amortization of intangible assets is included in the following line items of statement of comprehensive income:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Operating cost	\$ 3,871	2,818
Operating expense	213,389	209,049
Total	<u>\$ 217,260</u>	<u>211,867</u>

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B. Impairment test for goodwill

As of December 31, 2023 and 2022, the goodwill arising from business combination was allocated to the following CGUs (or groups of CGUs) because these CGUs are expected to benefit from the synergies of the combination.

	December 31, 2023	December 31, 2022
Interactive Digital	\$ 354,656	354,656
Hitron Technologies	89,361	89,361
IP Camera	134,883	134,883
	<u>\$ 578,900</u>	<u>578,900</u>

As of December 31, 2023 and 2022, the recoverable amount of these CGUs have been determined based on a value in use calculation. The recoverable amount of these CGUs were greater than their carrying amount and no impairment loss was recognized.

The key assumptions used in the estimation of value in use were as follows:

	December 31, 2023	December 31, 2022
IP Camera		
Discount rate	7.15%	9.55%
Terminal value growth rate	2.28%	3.21%
Interactive Digital		
Discount rate	8.61%	7.03%
Terminal value growth rate	3.26%	3.21%
Hitron Technologies		
Discount rate	9.52%	7.38%
Terminal value growth rate	2.28%	3.21%

As of December 31, 2023 and 2022, the following is the key assumption of the estimation of value in use:

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Cash flow projection was based on a five-year financial projection which was approved by the management.

C. Collateral

As of December 31, 2023 and 2022, the Group's intangible assets were not pledged.

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(12) Other current assets and other non-current assets

The other current assets and other non-current assets of the Group were as follows:

	December 31, 2023	December 31, 2022
Prepayments for equipment	\$ 346,261	381,766
Business tax receivable	159,560	124,984
Income tax receivable	139,652	109,615
Advance payment	16,450	98,016
Others	448,156	756,825
	\$ 1,110,079	1,471,206
Other current assets	\$ 745,897	1,074,308
Other non-current assets	364,182	396,898
	\$ 1,110,079	1,471,206

(13) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 880,246	3,936,093
Unused short-term credit lines	\$ 17,968,386	11,946,142
Range of interest rates	4.3%~ 6.33%	1.4%~ 5.48%

(14) Long-term borrowings

December 31, 2023				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.79050%	2025 (note 1)	\$ 300,000
	NTD	1.89617%	2026 (note 2)	400,000
Subtotal				700,000
Less: current portion				-
Total				\$ 700,000
Unused long-term credit lines				\$ 100,000

December 31, 2022				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	0.663%	2023	\$ 26,000
Less: current portion				(26,000)
Total				\$ -
Unused long-term credit lines				\$ -

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Note 1: These loans are repayable in tranches over the next 2 years (to be paid over 2 installments). The first period of repayment is 18 months after the first loan is used, and the subsequent 6 months is considered as the next period of repayment. The repayment period for used loans was not longer than 2 years after the date of the first loan being used.

Note 2: These loans are repayable in tranches over the next 3 years (to be paid over 3 installments). The first period of repayment is 24 months after the first loan is used, and the subsequent 6 months is considered as the next period of repayment. The repayment of the loans for the first and second installments is each 20% of the loan amount. The interest expense is calculated in the monthly basis.

The financial commitments for the long-term bank loans with KGI Bank were as follows:

- A. Current ratio (current assets/current liabilities) was no less than 100%.
- B. Debt Ratio (total liabilities/net value) was no more than 150%.
- C. (Cash and cash equivalents + yearly EBITDA)/(short-term borrowings + medium or long term borrowings mature within 1 year) was no less than one.

The benchmark used to evaluate the aforementioned ratio is based on the Group's yearly and half-yearly consolidated financial statements that have been audited or reviewed by the auditor of the Group. When the Group breaches the above financial commitments, it is required to repay all the loans owing to KGI Bank immediately.

As of December 31, 2023, there have been no breaches of the aforementioned financial commitments by the Group.

(15) Provisions

	Warranties	Onerous Contracts	Total
Balance at January 1, 2023	\$ 428,042	23,225	451,267
Provisions made during the year	241,562	-	241,562
Provisions used during the year	(279,429)	(11,993)	(291,422)
Effect of changes in foreign exchange rates	21	-	21
Balance at December 31, 2023	\$ 390,196	11,232	401,428
Balance at January 1, 2022	\$ 360,108	-	360,108
Provisions made during the year	290,647	23,225	313,872
Provisions used during the year	(223,978)	-	(223,978)
Effect of changes in foreign exchange rates	1,265	-	1,265
Balance at December 31, 2022	\$ 428,042	23,225	451,267

	December 31, 2023	December 31, 2022
Current	\$ 366,787	385,198
Non-current (recognized as other non-current liabilities)	34,641	66,069
	\$ 401,428	451,267

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The provision for warranties relates mainly to network product sold and professional services provided during the years ended December 31, 2023 and 2022. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

A provision for onerous contracts is recognized when the expected benefits to be derived by a subsidiary of the Group, namely Hitron Technologies, from a non-cancelable contract signed with supplier is lower than the unavoidable cost of meeting its obligations under the contract.

(16) Other current liabilities

	December 31, 2023	December 31, 2022
Payroll and bonus payable	\$ 767,734	1,232,338
Contract liabilities (note 6(23))	1,242,077	866,605
Lease liabilities - current (note 6(18))	31,192	26,601
Other accounts payable-related parties (note 7)	710	1,510
Others	257,178	211,037
	<u><u>\$ 2,298,891</u></u>	<u><u>2,338,091</u></u>

(17) Bonds payable

The details of secured and unsecured convertible corporate bonds issued by Interactive Digital, a subsidiary of the Group were as follows:

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	\$ 600,000	600,000
Unamortized discounted payable	(9,988)	-
Cumulative converted amount	(325,400)	(227,700)
Subtotal	264,612	372,300
Less: Repayment due	-	(372,300)
Total bonds payable at the end of the period	<u><u>\$ 264,612</u></u>	<u><u>-</u></u>
Embedded derivative – call and put options, included in other non-current assets	<u><u>\$ 55</u></u>	<u><u>-</u></u>
Equity component – conversion options	<u><u>\$ 29,117</u></u>	<u><u>-</u></u>

In response to future operational needs, the Group's Board of Directors resolved to issue the \$600,000 thousand 3-year second secured zero coupon convertible corporate bonds on October 24, 2022. The bonds were issued via the subsidiary of the Group, namely Interactive Digital, which had been approved by the FSC on December 19, 2022. The conversion price was set at \$60.7 at the time of issue. The above conversion price had been adjusted from \$60.7 at the time of issue to \$56.7 on July 23, 2023.

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Except in the cases of the conversion of the corporate bonds to Interactive Digital's ordinary shares in accordance with the Article no.10 of the Regulations Governing Issuance of Corporate Bonds, or the corporate bonds may be redeemed in advance by the Group in accordance with the Article no.18 of the Regulations Governing Issuance of Corporate Bonds, or redemption by the Securities Dealers, Interactive Digital will repay all convertible corporate bonds at face value and in cash within the 10 business days following their maturity date.

First Commercial Bank Co.,Ltd. is a guarantor of the convertible corporate bonds. The guarantee period is from the date of funds receipt until the end of the full settlement period. The area of guarantee which includes the principal balance of the corporate bonds and liabilities that area subordinate to the principal debt.

The first unsecured convertible corporate bonds of the subsidiary of the Group, Interactive Digital, had matured on November 22, 2022. The conversion price at the time of issuance \$78.5.

As of December 31, 2022, the first convertible corporate bonds issued by Interactive Digital, a subsidiary, has been converted into 3,309 thousand ordinary shares, and the capital surplus arising from the conversion totaled \$198,827 thousand.

As of December 31, 2023, the second convertible corporate bonds issued by Interactive Digital, a subsidiary, has been converted into 5,646 thousand ordinary shares, and the capital surplus arising from the conversion totaled \$290,158 thousand.

The other conditions for convertible bonds issued by Interactive Digital are as follows:

Method of repayment	Except in the cases of the conversion of the corporate bonds to Interactive Digital's ordinary shares in accordance with the Article no.10 of the Regulations Governing Issuance of Corporate Bonds, or the corporate bonds may be redeemed in advance by Interactive Digital in accordance with the Article no.18 of the Regulations Governing Issuance of Corporate Bonds, or redemption by the Securities Dealers, Interactive Digital will repay all convertible corporate bonds at face value and in cash within the 10 business days following their maturity date.
Method of redemption	<ol style="list-style-type: none">1.After the corporate bonds have been issued for over 3 months and before 40 days of its maturity date, if the closing price of Interactive Digital's common shares exceeds or equals 30% of the conversion price for 30 consecutive days, then Interactive Digital will redeem the outstanding balance of the convertible bonds at face value, in cash.2.After the corporate bonds have been issued for over 3 months and before 40 days of its maturity date, if the outstanding balance of the convertible bonds is less than \$60 million, then Interactive Digital will redeem the outstanding balance of the convertible bonds at face value, in cash.

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Conversion period	After the corporate bonds have been issued for over 3 months until its maturity date, except in the case of temporary suspension of transferring according to law, the bondholders may at any time, through the stock agency of Interactive Digital, request to convert the corporate bonds into Interactive Digital's ordinary shares.
Conversion price	The conversion price was set at \$60.7 at the time of issue. The above conversion price had been adjusted from \$60.7 at the time of issue to \$56.7 on July 23, 2023.

(18) Lease liabilities

	December 31, 2023	December 31, 2022
Current (recorded in other current liabilities)	\$ 31,192	26,601
Non-current	292,911	217,451
	\$ 324,103	244,052

For the maturity analysis, please refer to note 6(29).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2023	2022
Interest on lease liabilities	\$ 8,524	3,723
Expenses relating to short-term leases and leases of low-value assets	\$ 37,866	44,843

The amounts recognized in the statement of cash flows were as follows:

	For the years ended December 31, 2023	2022
Total cash outflow for leases	\$ 86,210	83,050

A. Real estate leases

The Group leases land for factory and office buildings use. The leases of land typically run for a period of 19 and 39 years. For office buildings, lease terms range between 1 to 5 years, some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The lease expenses of the land are depends on the land price announced by the Science Park, plus adjustments for public facilities construction costs, which are adjusted after amortization. These costs usually occur once a year.

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Notes to the Consolidated Financial Statements

B. Other leases

The Group leases office equipment, transportation equipment, and others with lease terms of 1 to 7 years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group also leases office, warehouse, parking space, staff dormitories and printer. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(19) Employee benefits

A. Defined benefit plans

The recognized liabilities of the defined benefit obligations were consisted of as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 252,626	252,686
Fair value of plan assets	(149,690)	(109,103)
Net defined benefit liabilities	<u>\$ 102,936</u>	<u>143,583</u>

The Group's employee benefit assets and liabilities were as follows:

	December 31, 2023	December 31, 2022
Recognized as other non-current asset	<u>\$ 2,307</u>	<u>2,059</u>
Recognized as net defined benefit liabilities	<u>\$ 105,243</u>	<u>145,642</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by the local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$149,394 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

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Notes to the Consolidated Financial Statements

(b) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligation of the Group were as follows:

	For the years ended December 31,	
	2023	2022
Defined benefit obligations at January 1	\$ 252,686	303,823
Benefits paid from the plan assets	(5,764)	(10,525)
Current service costs and interest cost	3,906	2,397
Remeasurements of net defined benefit liabilities (assets):		
- Actuarial gain (loss) arising from experience adjustment	(1,172)	(19,270)
- Actuarial gain (loss) arising from financial assumptions	2,970	(23,739)
Defined benefit obligation at December 31	<u>\$ 252,626</u>	<u>252,686</u>

(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Group were as follows:

	For the years ended December 31,	
	2023	2022
Fair value of plan assets at January 1	\$ 109,103	99,808
Benefits paid from the plan assets	(5,764)	(10,525)
Remeasurements of the net defined benefit liabilities (assets):		
- Return on plan assets (excluding current interest income)	822	7,097
Contribution made to plan assets	43,746	11,828
Expected return on plan assets	1,783	895
Fair value of plan assets at December 31	<u>\$ 149,690</u>	<u>109,103</u>

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31,	
	2023	2022
Current service costs	\$ 273	803
Net interest of net liabilities for defined benefit obligation	3,517	1,594
Expected return on plan assets	(1,783)	(895)
	<u>\$ 2,007</u>	<u>1,502</u>

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	For the years ended December 31,	
	2023	2022
Operating costs	\$ 788	1,012
Selling expenses	158	145
Administration expenses	164	(530)
Research and development expenses	897	875
	\$ 2,007	1,502
Actual return on plan assets	\$ 2,684	7,991

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.3%	1.4%~1.5%
Future salary increase rate	3%	3%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$21,850 thousand.

The weighted-average lifetime of the defined benefit plans is from 12.2 years to 15.6 years.

(f) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2023		
Discount rate	\$ (7,401)	7,681
Future salary increase rate	\$ 6,921	(6,718)
December 31, 2022		
Discount rate	\$ (7,955)	8,269
Future salary increase rate	\$ 7,487	(7,257)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

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B. Defined contribution plans

The domestic entities of Group contribute 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group's overseas subsidiaries establish their respective defined contribution plan and their contributions are made in accordance with their local regulations.

The pension costs under contribution plans amounted to \$158,340 thousand and \$151,878 thousand for the years ended December 31, 2023 and 2022, respectively.

(20) Income taxes

A. Income tax expenses

The components of income tax for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Current tax expense		
Current period	\$ 270,216	419,152
Adjustment for prior periods	(60,368)	(7,953)
Additional 5% surtax on unappropriated retained earnings	8,764	281
	<u>218,612</u>	<u>411,480</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences and operating loss carry forward	(51,082)	(35,640)
Income tax expense	<u>\$ 167,530</u>	<u>375,840</u>

The amount of income tax expense recognized in other comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

	For the years ended December 31,	
	2023	2022
Exchange differences on translation of foreign financial statements	<u>\$ (13,367)</u>	<u>53,194</u>

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Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31,	
	2023	2022
Profit before income tax	\$ 807,397	1,534,011
Income tax at Alpha's domestic tax rate	161,479	306,802
Effect of tax rates variances in foreign jurisdictions	(8,723)	207,031
Tax effect of withholding tax from foreign income and permanent difference	53,874	(111,695)
Tax incentives	(61,957)	(64,801)
Change in unrecognized temporary differences	(4,413)	46,083
Additional 5% surtax on unappropriated retained earnings	8,764	281
Others	18,506	(7,861)
	<u>\$ 167,530</u>	<u>375,840</u>

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax asset

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	\$ 355,643	360,056
The carry forwards of unused tax losses	74,601	34,769
	<u>\$ 430,244</u>	<u>394,825</u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available against which the Groups can utilize the benefits therefrom.

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As of 31 December 2023, the information of Taiwan subsidiary of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Year of expiry	Unrecognized tax loss
2015	2025	\$ 135
2016	2026	30,969
2017	2027	33,705
2018	2028	32,656
2019	2029	31,951
2020	2030	43,873
2021	2031	27,861
2022(filling)	2032	21,236
2023(estimated)	2033	150,622
		\$ 373,008

(b) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	January 1, 2022	Recognized in profit and loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2022	Recognized in profit and loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2023
Provision for inventory devaluation	\$ 4,536	1,832	-	-	6,368	5,863	-	-	12,231
Provision for warranties	42,243	5,937	-	-	48,180	24,280	-	-	72,460
Exchange different on translation of foreign financial statement	65,401	-	(53,194)	-	12,207	-	13,367	-	25,574
Loss carryforward	5,641	(5,641)	-	-	-	178,550	-	-	178,550
Others	111,162	44,149	85	-	155,396	52,176	-	-	207,572
	\$ 228,983	46,277	(53,109)	-	222,151	260,869	13,367	-	496,387

Deferred tax liabilities:

	January 1, 2022	Recognized in profit and loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2022	Recognized in profit and loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2023
Investment accounted for using equity method	\$ (45,501)	(1,014)	-	-	(46,515)	(178,250)	-	-	(224,765)
Goodwill	(26,976)	-	-	-	(26,976)	-	-	-	(26,976)
Others	(9,706)	(9,623)	(136)	-	(19,465)	(31,537)	-	-	(51,002)
	\$ (82,183)	(10,637)	(136)	-	(92,956)	(209,787)	-	-	(302,743)

As of December 31, 2023, the Alpha's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

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(21) Capital and other equity

Reconciliation of shares outstanding for 2023 and 2022 was as follows (in thousands of shares):

	Ordinary share capital	
	2023	2022
Balance at January 1 (Balance at December 31)	<u>541,719</u>	<u>541,719</u>

A. Ordinary share capital

As of December 31, 2023 and 2022, the authorized capital of Alpha amounted to \$18,000,000 thousand, of which included the amount of \$500,000 thousand reserved for employee share options; the issued capital amounted to \$5,417,185 thousand. The issued capital for the years ended December 31, 2023 and 2022 were both amounted to \$5,417,185 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Capital surplus – premium	\$ 2,491,661	2,491,661
Capital surplus – investments under equity method	89,149	37,762
Others	14,994	14,978
	<u>\$ 2,595,804</u>	<u>2,544,401</u>

According to the R.O.C Company Act, capital surplus can only be first used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

Based on resolutions approved by the Board of Directors on March 4, 2022, the cash dividends of \$54,172 thousand, represents \$0.1 per share, will be distributed out of capital surplus. Related information is available at the Market Observation Post System website.

C. Retained earnings

The Alpha's articles of incorporation stipulated that Alpha's earnings before tax, if any, shall be distributed in the following order:

- (a) payment of all taxes;
- (b) offset prior years' operating losses;
- (c) of the remaining balance, 10% to be appropriated as legal reserve;

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- (d) set aside special reserve in accordance with the Securities and Exchange Act or reverse special reserve previously provided; and
- (e) after the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and if the distribution is in form of new shares, a shareholders meeting will be held to decide on this matter.

According to the R.O.C. Company Act, Alpha shall distribute the legal reserve and capital surplus as cash dividends fully or partially, if the resolution is passed in majority with two third of attendance in Board of Directors' meeting and is submitted to the shareholders' meeting.

According to the Alpha's dividend policy, the Alpha shall first take into consideration its investing environment, capital management and industry development, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The cash dividends shall not be less than 10% of total dividends.

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

In accordance with Ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior period. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

D. Earnings distribution

The amounts of cash dividends on the 2022 and 2021 earnings distribution had been approved during the board meeting on February 24, 2023 and March 4, 2022, respectively. The amounts of cash dividends and other earnings distribution in 2022 and 2021 that were approved by the shareholders' meeting on May 31, 2023 and May 31, 2022 were as follows:

	2022		2021	
	Earnings Distribution	Dividends per Share (\$)	Earnings Distribution	Dividends per Share (\$)
Appropriation of legal reserve	\$ 96,692		42,569	
Reversal of special reserve	(220,543)		(1,713)	
Cash dividends	915,504	1.69	379,203	0.70
	<u>\$ 791,653</u>		<u>420,059</u>	

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The above-mentioned earnings distribution was consistent with the resolutions approved by the Board of Directors.

Related information would be available at the Market Observation Post System website.

The amounts of cash dividends on the 2023 earnings distribution had been approved during the board meeting on February 27, 2024. The above-mentioned cash dividends distribution of \$547,136 thousand, represents \$1.01 per share, is subject to the approval during the shareholders' meeting.

E. Other equity and non-controlling interest

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Equity related to non-current assets held for sale	Non-controlli ng interests	Total
Balance at January 1, 2023	\$ (233,127)	6,578	-	3,185,307	2,958,758
Differences on translation of foreign operation financial statements	(66,837)	-	-	4,970	(61,867)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	13,367	-	-	-	13,367
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	12,036	-	7,301	19,337
Changes in ownership interests in subsidiaries	-	-	-	(51,387)	(51,387)
Distribution of cash dividend by subsidiaries to non-controlling interest	-	-	-	(296,382)	(296,382)
Changes in non-controlling interests	-	-	-	467,549	467,549
Equity related to non-current assets held for sale	43,579	-	(43,579)	-	-
Balance at December 31, 2023	<u>\$ (243,018)</u>	<u>18,614</u>	<u>(43,579)</u>	<u>3,317,358</u>	<u>3,049,375</u>

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	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Non-controlling interests	Total
Balance at January 1, 2022	\$ (445,903)	(1,189)	2,956,685	2,509,593
Differences on translation of foreign operation financial statements	265,970	-	91,482	357,452
Re-measurement from defined benefit plans	-	-	257	257
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	7,767	4,713	12,480
Changes in ownership interests in subsidiaries	-	-	(14,788)	(14,788)
Distribution of cash dividend by subsidiaries to non-controlling interest	-	-	(189,021)	(189,021)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(53,194)	-	(51)	(53,245)
Changes in non-controlling interests	-	-	336,030	336,030
Balance at December 31, 2022	<u>\$ (233,127)</u>	<u>6,578</u>	<u>3,185,307</u>	<u>2,958,758</u>

(22) Earnings per share

A. Basic earnings per share

	For the years ended December 31,	
	2023	2022
Profit attributable to Alpha's ordinary shareholders	<u>\$ 547,920</u>	<u>917,075</u>
Weighted average number of shares outstanding (in thousands of shares)	<u>541,719</u>	<u>541,719</u>
Basic earnings per share (NTD)	<u>\$ 1.01</u>	<u>1.69</u>

B. Diluted earnings per share

	For the years ended December 31,	
	2023	2022
Profit attributable to Alpha's ordinary shareholders	<u>\$ 547,920</u>	<u>917,075</u>
Weighted average number of shares outstanding (in thousands of shares) (basic)	541,719	541,719
Effect of employee remuneration in shares	<u>2,479</u>	<u>4,447</u>
Weighted average number of shares outstanding (in thousands of shares) (diluted)	<u>544,198</u>	<u>546,166</u>
Diluted earnings per share (NTD)	<u>\$ 1.01</u>	<u>1.68</u>

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Notes to the Consolidated Financial Statements

(23) Revenues

A. The details of revenues were as follows:

	For the years ended December 31,	
	2023	2022
Primary geographical markets:		
United States	\$ 16,366,044	19,125,930
Taiwan	5,250,733	4,975,923
Japan	1,277,505	777,808
Others	5,377,909	8,754,536
	<u>\$ 28,272,191</u>	<u>33,634,197</u>
Major products/services lines:		
LAN/MAN	\$ 12,953,409	13,038,100
Wireless Broadband	11,347,190	16,805,455
Digital Multimedia	1,707,767	1,647,324
Others	2,263,825	2,143,318
	<u>\$ 28,272,191</u>	<u>33,634,197</u>

B. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (including related parties)	<u>\$ 4,899,282</u>	<u>5,598,816</u>	<u>4,053,112</u>
Contract liabilities (included in other current liabilities)	<u>\$ 1,242,077</u>	<u>866,605</u>	<u>832,407</u>

For details on notes and accounts receivable, and loss allowances, please refer to note 6(3).

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$637,313 thousand and \$435,506 thousand, respectively.

The contract liabilities primarily relate to the advance receipts from the Group's product sales contracts, and the Group's will recognize the revenue when the product is transferred to the customer.

(24) Remuneration to employees and directors

In accordance with the Articles of Incorporation, Alpha should contribute 10% to 22.5% of the profit as employee compensation and less than 1% as directors' remuneration when there is profit for the year. However, if Alpha has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Alpha's affiliated companies who meet certain conditions.

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For the years ended December 31, 2023 and 2022, Alpha accrued and recognized its remuneration to employees amounting to \$73,510 thousand and \$116,794 thousand, respectively, and directors remuneration amounting to \$5,513 thousand and \$8,760 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of the period, multiplied by the percentage of remuneration to employees and directors as specified in the Alpha's articles. These remunerations are recognized under operating costs or operating expenses. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognize as profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration to be distributed through stock dividends, the closing price of the ordinary share on the day before the Board of Directors' meeting is used in the calculation for stock remuneration. Related information would be available at the Market Observation Post System website.

The abovementioned remuneration for employees and directors resolved through Board of Directors' meeting is consistent with the estimated amount as stated in the consolidated financial statements for the years 2023 and 2022.

(25) Interest income

The details of the Group's interest income of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits and others	\$ 81,342	34,419

(26) Other income

The details of the Group's other income of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Dividend income	\$ 3,456	6,391
Government grants income	63,355	29,361
Others	37,748	32,388
	\$ 104,559	68,140

(27) Other gains and losses

The details of the Group's other gains and losses of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Gain (loss) on financial assets (liabilities) at fair value through profit or loss, net	\$ (13,615)	9,795
Foreign exchange gain (loss), net	(17,721)	(118,507)
Others	(20,187)	(54,177)
	\$ (51,523)	(162,889)

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(28) Finance costs

The details of the Group's finance costs of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Interest expense of borrowings, etc.	\$ 147,727	116,468
Interest expense of lease liabilities	8,524	3,723
	<u>\$ 156,251</u>	<u>120,191</u>

(29) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amounts of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The major customers of the Group are centralized in the networking related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the networking industry. As of December 31, 2023 and 2022, 48% and 42%, respectively, of the Group's accounts receivable (including related parties) were from the top 7 customers. Although there is a potential in concentration of credit risk, the Group routinely assesses the collectability of its accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk of receivable

Risk exposure information for notes and accounts receivable, please refer to note 6(3).

Other financial assets measured at amortized cost include time deposits with maturities of more than three months and restricted bank deposits, please refer to note 6(5) for details of relevant investments.

All of these financial assets were considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).

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Notes to the Consolidated Financial Statements

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	More than 5 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 880,246	(894,394)	(894,394)	-	-
Accounts payable (including related parties)	4,269,356	(4,269,356)	(4,269,356)	-	-
Other payables to related parties (included in other current liabilities)	710	(710)	(710)	-	-
Accrued expenses	565,992	(565,992)	(565,992)	-	-
Long-term borrowings (included maturity within 1 year)	700,000	(733,214)	(13,272)	(719,942)	-
Lease liabilities	324,103	(391,825)	(45,107)	(124,887)	(221,831)
Bonds payable	264,612	(264,612)	-	(264,612)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	148	(604,151)	(604,151)	-	-
Inflows	(575)	604,578	604,578	-	-
Foreign exchanges swaps:					
Outflows	630	(1,607,567)	(1,607,567)	-	-
Inflows	(29,734)	1,636,671	1,636,671	-	-
	<u>\$ 6,975,488</u>	<u>(7,090,572)</u>	<u>(5,759,300)</u>	<u>(1,109,441)</u>	<u>(221,831)</u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 3,936,093	(3,951,459)	(3,951,459)	-	-
Accounts payable (including related parties)	5,031,113	(5,031,113)	(5,031,113)	-	-
Other payables to related parties (included in other current liabilities)	1,510	(1,510)	(1,510)	-	-
Accrued expenses	845,618	(845,618)	(845,618)	-	-
Long term borrowings (Included maturity within 1 year)	26,000	(26,004)	(26,004)	-	-
Lease liabilities	244,052	(283,494)	(29,841)	(56,882)	(196,771)
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	7,900	(1,141,102)	(1,141,102)	-	-
Inflows	(5,320)	1,138,522	1,138,522	-	-
Foreign exchanges swaps:					
Outflows	1,936	(1,000,376)	(1,000,376)	-	-
Inflows	-	998,440	998,440	-	-
	<u>\$ 10,088,902</u>	<u>(10,143,714)</u>	<u>(9,890,061)</u>	<u>(56,882)</u>	<u>(196,771)</u>

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C. Currency risk

(a) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 101,229	30.75	3,114,944	129,120	30.73	3,967,858
CNY	6,591	4.3364	28,581	1,588	4.4057	6,996
<u>Non-Monetary items</u>						
USD	63,790	30.75	Note	185,506	30.73	Note
EUR	1,700	34.034	Note	2,256	31.245	Note
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	106,054	30.75	3,261,161	86,408	30.73	2,655,318
<u>Non-Monetary items</u>						
USD	5,000	30.75	Note	819,635	30.73	Note
CNY	10,000	4.3364	Note	-	-	-
EUR	-	-	-	6,089	31.245	Note

Note: Please refer to note 6(2) for the information on forward exchange contracts and foreign exchanges swaps at fair value.

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, trade receivables, other receivables, short-term borrowings, trade payables and other payables which are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the USD and the CNY as of December 31, 2023 and 2022, would have increased or decreased the profit before tax by \$1,176 thousand and \$13,195 thousand, respectively. The analysis assumed that all other variables remain constant, and performed on the same basis for both periods.

(c) Exchange gains and losses on monetary items

Since the Group has different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in aggregate amount. For the years ended December 31, 2023 and 2022, foreign exchange loss (including realized and unrealized portions) amounted to \$17,721 thousand and \$118,507 thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial assets and liabilities. The following sensitivity analysis is based on the exposure to the interest rate risk. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

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If the interest rate had increased or decreased by 0.25%, the Group's profit before tax would have increased or decreased by \$1,375 thousand and \$1,171 thousand, respectively for the years ended December 31, 2023 and 2022 with all other variable factors remaining constant. The change is mainly due to the Group's cash and cash equivalents, financial assets at amortized cost (current and non-current) and borrowings with variable rates.

E. Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Impact to other comprehensive income after tax:

Prices of securities at the reporting date	For the years ended December 31,	
	2023	2022
Financial assets at fair value through profit or loss		
Increasing 5%	<u>\$ 299</u>	<u>2,788</u>
Decreasing 5%	<u>\$ (299)</u>	<u>(2,788)</u>
Financial assets at fair value through other comprehensive income		
Increasing 5%	<u>\$ 9,567</u>	<u>8,600</u>
Decreasing 5%	<u>\$ (9,567)</u>	<u>(8,600)</u>

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – stocks	<u>\$ 5,989</u>	<u>5,989</u>	<u>-</u>	<u>-</u>	<u>5,989</u>
Financial assets mandatorily at fair value through profit or loss – derivative	<u>\$ 30,309</u>	<u>-</u>	<u>30,309</u>	<u>-</u>	<u>30,309</u>

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		December 31, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Non-current financial assets at fair value through other comprehensive income	\$ 191,331	-	-	191,331	191,331
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 3,200,675	-	-	-	-
Notes and accounts receivable (including related parties)	4,899,282	-	-	-	-
Financial assets measured at amortized cost – current and non-current	191,565	-	-	-	-
Total	\$ 8,291,522	-	-	-	-
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative	\$ 778	-	778	-	778
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 4,269,356	-	-	-	-
Other payable to related parties (included in other current liabilities)	710	-	-	-	-
Short-term borrowings	880,246	-	-	-	-
Long-term borrowings	700,000	-	-	-	-
Bonds payable	264,612	-	-	-	-
Lease liabilities – current and non-current	324,103	-	-	-	-
Total	\$ 6,439,027	-	-	-	-
		December 31, 2022			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – stocks	\$ 55,764	55,764	-	-	55,764
Financial assets mandatorily at fair value through profit or loss – derivative	\$ 5,320	-	5,320	-	5,320

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		December 31, 2022				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income –non-current	\$	<u>171,994</u>	<u>-</u>	<u>-</u>	<u>171,994</u>	<u>171,994</u>
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	4,084,284	-	-	-	-
Notes and accounts receivable		5,598,816	-	-	-	-
Financial assets measured at amortized cost –current and non-current		<u>144,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$	<u>9,827,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss – derivative	\$	<u>9,836</u>	<u>-</u>	<u>9,836</u>	<u>-</u>	<u>9,836</u>
Financial liabilities measured at amortized cost						
Accounts payable (including related parties)	\$	5,031,113	-	-	-	-
Other payable to related parties (included in other current liabilities)		1,510	-	-	-	-
Short-term borrowings		3,936,093	-	-	-	-
Long-term borrowings		26,000	-	-	-	-
Lease liabilities – current and non-current		<u>244,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$	<u>9,238,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Fair value measured on non-recurring basis refers to occurrences in specific condition. The Group does not have any financial assets and liabilities measured on non-recurring basis

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

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Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The categories and nature of the fair value for the Group's financial instruments which have active market are as below:

For publicly traded stock, bank draft and bond with standard terms and conditions that traded in active market, the fair value of these financial assets and liabilities is based on quoted market prices.

Except for the above-mentioned financial instruments traded in active markets, the fair value of other financial instruments is based on a valuation techniques or refer to quoted price from counterparties. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques which include model calculating with observable market data at the reporting date (such as yield curve from Taipei Exchange, average interest rate from Reuters' commercial paper).

The categories and nature of the fair value for the Group's financial instruments which without an active market are as below:

The fair value for equity instruments which do not have public quoted price is measured based on net asset value of comparable companies. The main assumption is based on the market multiples derived from the net value per share of investees and quoted price of EV/EBIT's comparable listed companies. The estimated amount has adjusted the discounted effect due to the lack of liquidity in market for equity security.

ii. Derivative financial instruments

Measurement on fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Foreign currency forward contract is measured based on the current forward exchange rate. Structured interest rate derivative products are measured based on appropriate option pricing model.

- (c) There was no transfer between the different levels of fair value hierarchy for the year ended December 31, 2023 and 2022.

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Notes to the Consolidated Financial Statements

(d) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
Opening balance, January 1, 2023	\$ 171,994
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>19,337</u>
Ending balance, December 31, 2023	<u>\$ 191,331</u>
Opening balance, January 1, 2022	\$ 19,335
Additions	140,179
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>12,480</u>
Ending balance, December 31, 2022	<u>\$ 171,994</u>

(e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through other comprehensive income—investments". Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income—equity investments without an active market	Price-equity ratios/Price-to-Earnings ratios method	As of December 31, 2023, and 2022, net asset values of comparable companies were at 1.75 times, and 1.61 times, respectively. As of December 31, 2023, and 2022, discount rate for lack of marketability were 18.10%~23.21%, 18.10%~19.30%, respectively.	Not applicable The fair value would decrease if lack of marketability and higher discount rate.
Financial assets at fair value through other comprehensive income—limited partnership	Equity method	Not applicable (Note)	Not applicable (Note)

Note: The funds of limited partnership was remained unused.

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Notes to the Consolidated Financial Statements

(30) Financial risk management

A. Overview

The Group has exposures to the following risks from its financial instruments:

- (a) credit risk
- (b) liquidity risk
- (c) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Committee, which is responsible for monitoring the compliance of the Group's risk management policies and procedures. Risk management policies and systems are also reviewed regularly by the Audit Committee to reflect the changes in market conditions and the Group's activities. Internal auditors are assisting Audit Committee in performing the monitoring role through periodic and ad hoc review procedures to risk management relevant control and process. The internal auditors report regularly to the Board of Directors on their activities.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(a) Accounts receivable and other receivable

The Group has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount; these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group did not have any collateral on accounts receivable and other receivable.

(b) Investments

The credit risk of bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the financial department of the Group. There is no significant credit risk because the Group used to transact with or deal with counterparty with good credit ratings financial institutions, corporate organizations and government agencies.

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(c) Guarantee

The Group's policy provides only financial security to fully owned subsidiaries. As of December 31, 2023 and 2022, except for the subsidiaries, the Group did not provide any endorsement guarantee.

D. Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Bank borrowing is an essential liquidity source for the Group. For the years ended December 31, 2023 and 2022, the Group did not utilize any credit line for both long-term and short-term bank borrowing. Please refer to note 6(13) and 6(14) for details.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Group's income or the value of its holdings on financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return.

The Group trades derivative instruments, and also incurs financial liabilities, in order to manage market risks. All such transactions are executed in accordance with the Group's procedures for conducting derivative transactions which were approved by the Board of Directors.

(a) Foreign currency risk

The Group's exposure to the risk of fluctuation in foreign currency exchange rates relates primarily to the Group's sales, purchases, and borrowings transactions, and those are denominated in a currency different from the functional currencies of the Group. These transactions are denominated in New Taiwan dollar (NTD), US dollar (USD) and Chinese Yuan (CNY).

The derivative financial products traded by the Group adopts economic hedging to avoid the exchange rate risk of foreign currency assets or liabilities held by the Group. The gains and losses arising from exchange rate changes will offset the hedged items, therefore, the market risk is usually low.

(b) Other market price risk

The Group is exposed to equity price risk due to its investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments. Therefore, the Group will be exposed to the risk of market price changes in its equity securities.

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(31) Capital management

The Group's objective for managing its capital is to safeguard the capacity to continue as a going concern, to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell its assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt divided by the total capital.

The net debt from the balance sheet is derived from the total liabilities, less cash and cash equivalents. The total equity includes share capital, capital surplus, retained earnings, and other equity.

The Group's debt-to-equity ratio at the end of the reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 10,468,764	13,576,395
Less: Cash and cash equivalents	<u>(3,200,675)</u>	<u>(4,084,284)</u>
Net debt	<u>\$ 7,268,089</u>	<u>9,492,111</u>
Total equity	<u>\$ 13,330,079</u>	<u>13,556,619</u>
Debt-to-equity ratio	<u>54.52%</u>	<u>70.02%</u>

The debt-to-equity ratio was decreased on December 31, 2023, due to the decrease in net debt.

(32) Non-cash investing and financing activities

The Group's investing and financing activities which did not affect the current cash flow were as follows:

A. For right-of-use assets obtained from leases, please refer to note 6(10).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Foreign exchange movement and other	December 31, 2023
Short-term borrowings	\$ 3,936,093	(2,566,317)	(489,530)	880,246
Long-term borrowings	26,000	674,000	-	700,000
Bonds payable	-	631,884	(367,272)	264,612
Lease liabilities	<u>244,052</u>	<u>(39,820)</u>	<u>119,871</u>	<u>324,103</u>
Total liabilities from financing activities	<u>\$ 4,206,145</u>	<u>(1,300,253)</u>	<u>(736,931)</u>	<u>2,168,961</u>

ALPHA NETWORKS INC. AND SUBSIDIARIES

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	January 1, 2022	Cash flows	Foreign exchange movement and other	December 31, 2022
Short-term borrowings	\$ 4,044,952	(108,859)	-	3,936,093
Long-term borrowings	-	26,000	-	26,000
Bonds payable (including maturity within 1 year)	461,471	(372,300)	(89,171)	-
Lease liabilities	<u>245,164</u>	<u>(34,484)</u>	<u>33,372</u>	<u>244,052</u>
Total liabilities from financing activities	<u>\$ 4,751,587</u>	<u>(489,643)</u>	<u>(55,799)</u>	<u>4,206,145</u>

7. Related-party transactions:

- (1) Parent company and ultimate controlling company

Qisda Corporation (Qisda), who is both the parent company and the ultimate controlling party of the Group, holds 54.60% of the Group's outstanding shares and has issued the consolidated financial statements available for public use.

- (2) Names and relationship with related parties.

The following are entities that have had transactions with related party during the periods covered in the consolidated financial statement:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Parent Company
AEWIN Technologies Co., Ltd. (AEWIN Technologies)	Qisda's subsidiary
Metaage Corporation (Metaage)(note)	Qisda's subsidiary
BenQ Asia Pacific Corp (BQP)	Qisda's subsidiary
BenQ Healthcare Corporation (BHC)	Qisda's subsidiary
Qisda Corporation (Suzhou) Co., Ltd. (QCSZ)	Qisda's subsidiary
Global Intelligence Network Co., Ltd. (Ginnet)	Qisda's subsidiary
Qisda Vietnam Co.,Ltd. (QVH)	Qisda's subsidiary
DFI Inc. (DFI)	Qisda's subsidiary
Concord Medical Co., Ltd. (Concord)	Qisda's subsidiary
BenQ Technologies (Shanghai) Co., Ltd. (BQIs)	Qisda's subsidiary
BenQ AB DentCare Corp. (BABD)	Qisda's subsidiary
AdvancedTEK International Corp. (AdvancedTEK)	Qisda's subsidiary
Golden Spirit Co., Ltd. (GSC)	Qisda's subsidiary
Darfon Electronics Corp. (DFN)	Qisda's associate
Rapidtek Technologies Inc. (Rapidtek Technologies)	Qisda's associate
Uniction Technologies Corporation (Uniction Technologies)	Qisda's associate
AUO Education Service Corp. (AUES)	Qisda's associate
Darwin Precisions Corp. (DARWIN)	Qisda's associate

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of related party	Relationship with the Group
BenQ Foundation	Substantive related party
Alpha Foundation	Substantive related party

Note: Sysage Technology Co., Ltd. had been renamed to Metaage Corporation at June 23, 2022.

(3) Significant transactions with related parties

A. Sales

The amounts of sales to related parties were as follows:

	For the years ended December 31,	
	2023	2022
Parent company	\$ 476	-
Other related parties	567	-
	<u>\$ 1,043</u>	<u>-</u>

The prices for sales to the above related parties were determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

The collection terms for related parties were 30 to 90 days, which were same as the collection terms given to other customers.

B. Purchases

The amounts of purchases by the Group from related parties were as follows:

	For the years ended December 31,	
	2023	2022
Parent company	\$ 65	-
Other related parties	58,750	122,041
	<u>\$ 58,815</u>	<u>122,041</u>

The prices for purchase with related parties were not materially different from those with third parties. The payment terms for purchase from related parties were 30 to 90 days, which were no materially different from the payment terms given by other vendors.

C. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable to related parties	Parent company	\$ 250	-
Accounts receivable to related parties	Other related parties	515	-
		<u>\$ 765</u>	<u>-</u>

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

D. Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable to related parties	Parent company	\$ 62	-
Accounts payable to related parties	Other related parties	18,335	25,527
		<u><u>\$ 18,397</u></u>	<u><u>25,527</u></u>

E. Rendering of services and other expenses

The amounts of product warranty and maintenance services, research, donation and other expenses paid by the Group were as follows:

	<u>For the years ended December 31, 2023</u>	<u>2022</u>
Parent company	\$ 1,479	840
Other related parties	3,784	7,508
	<u><u>\$ 5,263</u></u>	<u><u>8,348</u></u>

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payable to related parties	Parent company	\$ 487	493
Other payable to related parties	Other related parties	223	1,017
		<u><u>\$ 710</u></u>	<u><u>1,510</u></u>

F. Property transactions

Acquisition of property, plant and equipment and Intangible assets from related parties were as follows:

	<u>Amount</u>
	<u>For the years ended December 31, 2023</u>
	<u>2022</u>
Parent Company	\$ 200
Other related parties	2,633
	<u><u>\$ 2,833</u></u>
	<u><u>32,580</u></u>

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

G. Prepayments

Account	Relationship	December 31, 2023	December 31, 2022
Prepayments (included in other current assets)	Parent company	\$ 200	-
Prepayments (included in other current assets)	Other related parties	360	-
		\$ 560	-

(4) Key management personnel compensation

	For the years ended December 31, 2023	2022
Short-term employee benefits	\$ 87,747	119,881

8. Pledged assets:

Pledged assets	Object	December 31, 2023	December 31, 2022
Time deposit (recorded in other current assets)	Guarantee for forward foreign exchange	\$ 282	286
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Import guarantee for Customs	7,550	7,550
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for land lease	8,000	8,000
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for construction project	558	3,279
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for land lease and import customs clearance	2,382	2,382
Refundable deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee to local authority for sales to overseas customers	12,061	11,773
Refundable deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for construction project	92,632	85,601
		\$ 123,465	118,871

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

9. Significant commitments and contingencies:

- (1) As of December 31, 2023 and 2022, the Group's deposited notes and guarantees in the bank amounting to \$7,755,950 thousand and \$5,558,355 thousand, respectively in order to obtain the credits limit of bank financing, foreign exchange facilities and contracts of government grants.
- (2) The Group had entered into a technology license agreement with suppliers. According to the agreement, the Group is obligated to make payments for technology license fee and royalty based on the total sales of products by using such technology.
- (3) Others

	December 31, 2023	December 31, 2022
Guaranteed notes payable for tender contract	\$ 15,256	4,497
Guarantee for construction projects	113,771	91,749

- (4) Contingencies

In 2023, Alpha's customers filed a claim against Alpha regarding the products repairation. The management is of the view that the financial impact of this matter to the Group's financial position is not foreseen to be substantial.

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other:

A summary of employee benefits, depreciation, and amortization, by function, was as follows:

By item	By function		For the year ended December 31,			
			2023		2022	
	Cost of Sales	Operation Expenses	Total	Cost of Sales	Operation Expenses	Total
Employee benefits						
Salary	635,427	2,454,151	3,089,578	1,003,310	2,584,460	3,587,770
Labor and health insurance	88,600	191,889	280,489	62,063	174,968	237,031
Pension	32,577	127,770	160,347	35,903	117,477	153,380
Remuneration of directors	-	24,311	24,311	-	37,190	37,190
Others	48,302	70,959	119,261	57,808	83,416	141,224
Depreciation	301,719	255,229	556,948	240,024	253,349	493,373
Amortization	3,871	213,389	217,260	2,819	209,048	211,867

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- A. Financing provided to other parties: Please refer to Table 1.
- B. Guarantees and endorsements provided to other parties: Please refer to Table 2.
- C. Securities held (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Individual securities acquired or disposed of with accumulated amounts exceeding \$300 million or 20% of the capital stock: Please refer to Table 4.
- E. Acquisition of individual real estate with amounts exceeding \$300 million or 20% of the capital stock: None.
- F. Disposal of individual real estate with amounts exceeding \$300 million or 20% of the capital stock: None.
- G. Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 5.
- H. Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 6.
- I. Trading in derivative instruments: Please refer to note 6(2).
- J. Business relationships and significant intercompany transactions: Please refer to Table 7.

(2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 8.

(3) Information on investment in Mainland China:

- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 9.
- B. Limitation on investment in Mainland China: Please refer to Table 9.
- C. Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” .

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(4) Major shareholders:

Shareholder's Name	Shares	Percentage
Qisda Corporation	295,797,126	54.60%

1. The main shareholder information in this table is calculated on the last business day at the end of each quarter by the Taiwan Depository & Clearing Corporation, based on those who held more than 5% of the Company's ordinary shares and preferred shares and have completed unregistered non-physical securities delivered (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences due to different basis of calculation.
2. In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Market Observation Post System website.

14. Segment information:

(1) Operating segment information

The Group has two reportable segments and those reportable segments are the Group's strategic divisions. Every operating unit provides different types of products and services which require different type of technologies and marketing strategies as well as management. The Group's management decision maker will review the internal management report for each operating unit quarterly. The operation descriptions of each operating unit are as below:

- A. Network related products: Involved in design, research, production and sales of LAN/MAN, wireless related products, computer network system and related components.
- B. Others: Involved in research, production and sales of telecommunication system and multimedia related products.

(2) Information on reportable segments and their measurement and reconciliations were as follows:

	For the year ended December 31, 2023			
	Network related products	Others	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 26,078,598	2,193,593	-	28,272,191
Intersegment revenue	-	48,967	(48,967)	-
Total revenue	<u>\$ 26,078,598</u>	<u>2,242,560</u>	<u>(48,967)</u>	<u>28,272,191</u>
Interest expenses	<u>\$ 147,617</u>	<u>8,642</u>	<u>(8)</u>	<u>156,251</u>
Depreciation and amortization	<u>\$ 709,665</u>	<u>67,918</u>	<u>(3,375)</u>	<u>774,208</u>
Reportable segment profit or loss	<u>\$ 526,286</u>	<u>217,789</u>	<u>(104,208)</u>	<u>639,867</u>

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2023			
	Network related products	Others	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 20,649,996</u>	<u>3,793,038</u>	<u>(644,191)</u>	<u>23,798,843</u>
Reportable segment liabilities	<u>\$ 9,172,545</u>	<u>1,303,445</u>	<u>(7,226)</u>	<u>10,468,764</u>

	For the year ended December 31, 2022			
	Network related products	Others	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 31,625,274	2,008,923	-	33,634,197
Intersegment revenue	-	39,280	(39,280)	-
Total revenue	<u>\$ 31,625,274</u>	<u>2,048,203</u>	<u>(39,280)</u>	<u>33,634,197</u>
Interest expenses	<u>\$ 112,772</u>	<u>7,425</u>	<u>(6)</u>	<u>120,191</u>
Depreciation and amortization	<u>\$ 643,729</u>	<u>61,760</u>	<u>(249)</u>	<u>705,240</u>
Reportable segment profit or loss	<u>\$ 1,020,702</u>	<u>171,033</u>	<u>(33,564)</u>	<u>1,158,171</u>

	December 31, 2022			
	Network related products	Others	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 23,708,579</u>	<u>3,431,899</u>	<u>(7,464)</u>	<u>27,133,014</u>
Reportable segment liabilities	<u>\$ 12,255,115</u>	<u>1,322,243</u>	<u>(963)</u>	<u>13,576,395</u>

(3) Products and services information

Details of customers contract revenue for 2023 and 2022, please refer to note 6(23).

(4) Geographic information

In presenting information on the basis of geography, revenue is based on the geographical location of customers, and assets are based on the geographical location of the assets.

Detail of customers contract revenue for 2023 and 2022, please refer to note 6(23).

	December 31, 2023	December 31, 2022
Non-current assets:		
China	\$ 575,782	801,414
Taiwan	2,260,791	2,231,008
Others	<u>3,635,086</u>	<u>3,318,830</u>
	<u>\$ 6,471,659</u>	<u>6,351,252</u>

Non-current assets include property, plant, and equipment, right-of-use assets, intangible assets and other assets, not including financial instruments and deferred tax assets.

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Major customer information

Sales to individual customers representing greater than 10% of consolidated revenue were as follows:

	For the years ended December 31,	
	2023	2022
L Company	\$ 4,572,202	5,907,615
W Company	3,887,262	3,133,751
	<u>\$ 8,459,464</u>	<u>9,041,366</u>

Alpha Networks Inc. and Subsidiaries
Financing provided to other parties
For the year ended December 31, 2023

Table 1

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Alpha	Alpha VN	Other receivable from related parties	Yes	622,000 (USD20,000 thousand)	307,500 (USD10,000 thousand)	-	3%~5.5%	2	-	Operating capital	-		-	2,002,544 (note 2)	4,005,088 (note 3)
1	Alpha HK	Alpha Changshu	Same as above	Yes	1,098,962 (CNY248,000 thousand)	1,075,427 (CNY248,000 thousand)	1,075,427 (CNY248,000 thousand)	-	2	-	Operating capital	-		-	2,273,145 (note 4)	2,273,145 (note 4)
2	Alpha Chengdu	Alpha Changshu	Same as above	Yes	267,180 (CNY60,000 thousand)	260,184 (CNY60,000 thousand)	260,184 (CNY60,000 thousand)	1.75%	2	-	Operating capital	-		-	463,192 (note4)	463,192 (note4)
3	Enrich Investment	Transnet Corporation	Same as above	Yes	15,000	15,000	15,000	1.65%	2	-	Operating capital	-		-	62,591 (note 5)	125,183 (note 5)
4	Hitron Technologies	Hitron Vietnam	Same as above	Yes	933,000 (USD30,000 thousand)	-	-	1%	2	-	Operating capital	-		-	983,900 (note 6)	1,967,801 (note 6)

Note 1: The method of filling out the capital loan and nature is as follows:

- (1) relate business relationship, please fill in 1.
- (2) relate short-term financing, please fill in 2.

Note 2: The individual financing amounts for a short term period shall not exceed 20% of the net worth of Alpha.

Note 3: The aggregate financing amount for a short term period shall not exceed 40% of the net worth of Alpha.

Note 4: Alpha HK, D-Link Asia, Alpha Chengdu and Alpha Dongguan, the subsidiaries whose voting shares are 100% owned, directly or indirectly, by Alpha, which are not located in Taiwan, for the purpose of lending operating capital, the amount of financing offered to a single company owned by Alpha shall not exceed 100% of the lender's net worth.

Note 5: The total and individual amount of lending to a company by Enrich Investment shall not exceed 40% and 20% of net worth of latest financial statement, respectively.

Note 6: The total amount of lending to a company by Hitron Technologies and its subsidiaries shall not exceed 40% of the net worth of the audited or reviewed financial statement for both parties. The lending reason and limit for each type of party is stated as below:

- a. For entities who have business transactions with Hitron Technologies, the lending amount shall not exceed the total transaction amount in the nearest 12 months or the estimated amount within the next 12 months. Furthermore, the lending amount shall not exceed 20% of the net worth of Hitron Technologies' latest audited or reviewed financial statements. The transaction refers to the higher of sales or purchase amount.
- b. For entities who have a need in short-term financing, the lending amount shall not exceed 20% of the net worth of Hitron Technologies' latest audited or reviewed financial statements.
- c. Lending among foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights, or foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights lending to Hitron Technologies, there is no limit to the amount and period of lending, but should state the limit and term of lending.

Alpha Networks Inc. and Subsidiaries
Guarantees and endorsements provided to other parties
For the year ended December 31, 2023

Table 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1 and 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2 and 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Alpha	Alpha Dongguan	note 3	5,006,361	64,850	61,500	-	-	0.61%	10,012,721	Y	N	Y
0	Alpha	Alpha Changshu	note 3	5,006,361	226,975	215,250	16	-	2.15%	10,012,721	Y	N	Y
1	Hitron Technologies	Hitron Europe	note 3	4,919,502	631,113	-	-	-	- %	7,379,253	N	N	N
1	Hitron Technologies	Hitron Americas	note 3	4,919,502	615,600	-	-	-	- %	7,379,253	N	N	N
1	Hitron Technologies	Hitron Vietnam	note 3	4,919,502	2,554,740	-	-	-	- %	7,379,253	N	N	N

Note 1: The total amount of guarantee provided by Alpha to any individual entity shall not exceed 50% of Alpha's equity.

Note 2: The total amount of guarantee provided by Alpha shall not exceed 100% of Alpha's equity.

Note 3: The Company directly and indirectly holds more than 50% of the shares with voting rights.

Note 4: The total amount of Hitron Technologies' endorsement in security shall not exceed 150% of the net value of Hitron Technologies' latest financial statements; the amount of endorsement in security for a single enterprise shall not exceed 20% of the net value of Hitron Technologies' latest financial statements. However, there is no restriction for those directly or indirectly held subsidiaries with more than 50% of the voting shares and for those directly and indirectly hold 100% of the voting shares are indirectly endorsed and guaranteed, but it shall not exceed Hitron 100% of the net value of the latest financial statements. Other than the two regulations above, the total amount of Hitron Technologies' endorsement in security for each type of party shall not exceed the total transaction amount in the nearest 12 months or the estimated transaction amount within the next 12 months and 20% of the net worth of Hitron Technologies' latest audited or reviewed financial statements (the transaction referring to the higher of sales or purchase amount).

Alpha Networks Inc. and Subsidiaries
Securities held (excluding investment in subsidiaries, associates and joint ventures)
December 31, 2023

Table 3

(In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Highest Percentage of ownership during the year (%)	Note
				Shares/ Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
Alpha	TGC, Inc.	-	Non-current financial assets at fair value through profit and loss	500	-	1.83	-	1.83	
Alpha	IGNITION VENTURES	-	Non-current financial assets at fair value through other comprehensive income	-	31,429	-	31,429	-	
Enrich Investment	RAPIDTEK TECHNOLOGIES	Qisda's associate	Non-current financial assets at fair value through other comprehensive income	1,751	108,750	5.84	108,750	5.84	
Hitron Technologies	SENAO INTERNATIONAL CO, LTD.	-	Current financial assets at fair value through profit or loss	152	5,989	0.06	5,989	0.06	
Hitron Technologies	CHAO LONG MOTOR PARTS CORP	-	Non-current financial assets at fair value through other comprehensive income	668	51,152	1.79	51,152	1.79	
Hitron Technologies	IMAGETECH CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	120	-	1.20	-	1.20	
Hitron Technologies	TSUNAMI VISUAL TECHNOLOGIES, INC.	-	Non-current financial assets at fair value through other comprehensive income	1,220	-	9.34	-	9.34	
Hitron Technologies	PIVOT TECHNOLOGY CORP.	-	Non-current financial assets at fair value through other comprehensive income	198	-	10.94	-	10.94	
Hitron Technologies	CARDTEK TECHNOLOGY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	1,000	-	6.45	-	6.45	
Hitron Technologies	YESMOBIRE HOLDINGS COMPANY LTD.	-	Non-current financial assets at fair value through other comprehensive income	294	-	0.75	-	0.75	
Hitron Technologies	CODENT NETWORKS (CAYMAN) LTD. (SPECIAL SHARES)	-	Non-current financial assets at fair value through other comprehensive income	1,570	-	-	-	-	

Alpha Networks Inc. and Subsidiaries
Individual securities acquired or disposed of with accumulated amounts exceeding \$300 million or 20% of the capital stock
For the year ended December 31, 2023

Table 4

(In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance (note)	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Alpha	Alpha VN	Investments accounted for using equity method	Capital increase	Parent and subsidiary	-	613,700	-	492,368	-	-	-	-	-	929,750
Alpha	Alpha Chengdu	Investments accounted for using equity method	D-Link Asia	Parent and subsidiary	-	-	-	453,169	-	-	-	-	-	463,192

Note: The ending balance included the amount of investment gains and losses, cumulative translation adjustments and other adjustments in the current period.

Alpha Networks Inc. and Subsidiaries
Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock
For the year ended December 31, 2023

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Alpha	Alpha USA	Subsidiary of Alpha	(Sales)	(7,460,063)	(41)%	90 days	-		1,373,313	36%	Note
Alpha	D-Link Asia	Subsidiary of Alpha	Purchase	892,562	6%	90 days	-		-	-%	Note
Alpha	Alpha Changshu	Subsidiary of Alpha	Purchase	8,042,314	58%	90 days	-		(640,969)	(28)%	Note
Alpha Changshu	Mirac	Subsidiary to subsidiary	(Sales)	(310,788)	(3)%	90 days	-		36,611	3%	Note
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	(Sales)	(6,191,412)	(72)%	90 days	-		709,582	38%	Note
Alpha HK	Alpha VN	Subsidiary to subsidiary	(Sales)	(1,487,305)	(17)%	90 days	-		916,049	49%	Note
D-Link Asia	Alpha Dongguan	Subsidiary to subsidiary	Purchase	892,562	68%	90 days	-		-	-%	Note
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	(Sales)	(4,134,320)	(67)%	90 days	-		1,518,943	74%	Note
Hitron Technologies	Hitron Europe	Subsidiary to subsidiary	(Sales)	(355,687)	(6)%	90 days	-		69,433	3%	Note
Hitron Technologies	Hitron Vietnam	Subsidiary to subsidiary	Purchase	6,423,767	89%	60 days	-		(1,701,574)	(86)%	Note

Note: The relevant transactions and ending balance have been eliminated in the consolidated financial statements.

Alpha Networks Inc. and Subsidiaries
Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock
December 31, 2023

Table 6

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period(note 1)	Loss Allowance	Note
					Amount	Action taken			
Alpha	Alpha USA	Subsidiary of Alpha	1,373,313	7.37	-	-	540,208	-	note 2
Alpha Changshu	Alpha	Subsidiary to parent	640,969	11.94	-	-	358,256	-	note 2
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	709,582	6.69	31,482	-	286,941	-	note 2
Alpha HK	Alpha VN	Subsidiary to subsidiary	916,049	2.98	55,926	-	120,917	-	note 2
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	1,518,943	2.17	-	-	536,841	-	note 2
Hitron Vietnam	Hitron Technologies	Subsidiary to subsidiary	1,701,574	2.73	-	-	10,274	-	note 2

Note 1: The collection situation as of February 19, 2024.

Note 2: The relevant transactions and ending balance have been eliminated in the consolidated financial statements.

Alpha Networks Inc. and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 2023

Table 7

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account	Amount	Payment terms	Percentage of the consolidated operating revenue or total assets
0	Alpha	Alpha USA	Parent to Subsidiary	Sales	7,460,063	-	26.39%
0	Alpha	Alpha USA	Parent to Subsidiary	Accounts receivable from related parties	1,373,313	90 days	5.77%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Purchase	8,042,314	-	28.45%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Accounts payable to related parties	640,969	90 days	2.69%
0	Alpha	Mirac	Parent to Subsidiary	Research expense	297,732	-	1.05%
0	Alpha	D-Link Asia	Parent to Subsidiary	Purchase	892,562	-	3.16%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Dividends revenue	300,000	-	1.06%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Sales	6,191,412	-	21.90%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Accounts receivable from related parties	709,582	90 days	2.98%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Sales	1,487,305	-	5.26%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Accounts receivable from related parties	916,049	90 days	3.85%
2	D-Link Asia	Alpha Dongguan	Subsidiary to Subsidiary	Purchase	892,562	-	3.16%
3	Alpha Dongguan	D-Link Asia	Subsidiary to Subsidiary	Purchase	433,724	-	1.53%
4	Alpha Changshu	Mirac	Subsidiary to Subsidiary	Sales	310,788	-	1.10%
5	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Sales	4,134,320	-	14.62%
5	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Accounts receivable from related parties	1,518,943	90 days	6.38%
5	Hitron Technologies	Hitron Europe	Subsidiary to Subsidiary	Sales	355,687	-	1.26%
5	Hitron Technologies	Hitron Vietnam	Subsidiary to Subsidiary	Purchase	6,423,767	-	22.72%
5	Hitron Technologies	Hitron Vietnam	Subsidiary to Subsidiary	Accounts payable to related parties	1,701,574	60 days	7.15%

Note: The significant intercompany transactions in this table reach 1% of consolidated operating revenue or total assets.

Alpha Networks Inc. and Subsidiaries
Information on investees (excluding information on investees in Mainland China)
For the year ended December 31, 2023

Table 8

(In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest	Net	Share of	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value	Percentage of ownership	income (losses) of investee	profits/ losses of investee	
Alpha	Alpha Holdings	Cayman Islands	Investment holding	- note 7	208,500	- note 7	- %	-	100.00%	-	-	
Alpha	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	5,543	1	100.00%	17,676	100.00%	234	234	
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00%	172,138	100.00%	13,822	13,822	
Alpha	Alpha HK	Hong Kong	Investment holding	3,143,628	3,143,628	780,911	100.00%	2,256,923	100.00%	110,387	108,037	
Alpha	ATS	USA	Post-sale service	260,497 (USD8,100 thousand)	260,497 (USD8,100 thousand)	8,100	100.00%	191,730	100.00%	4,041	4,041	
Alpha	Enrich Investment	Taiwan	Investment holding	400,000	400,000	40,000	100.00%	312,957	100.00%	1,355	1,355	
Alpha	Hitron Technologies	Taiwan	Marketing on system integration of communication product and telecommunication products	4,811,000	4,811,000	200,000	62.24%	3,928,462	62.24%	4,879	(49,068)	
Alpha	D-Link Asia	Singapore	Investment in manufacturing business	- note 5, 6	1,692,805 note 2	- note 6	- %	-	100.00%	(20,782)	(7,231)	
Alpha	Alpha VN	Vietnam	Production of sale of network products	1,195,424	703,056	note 4	100.00%	929,750	100.00%	(178,500)	(178,500)	
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	5.61%	119,772	5.61%	261,763	note1	
Enrich Investment	Transnet	Taiwan	Operating network communication products, provide support system services, integrated supply and import and export of network equipment	50,000	50,000	5,000	100.00%	16,739	100.00%	44	note 1	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value	Percentage of ownership			
Enrich Investment	Aespula	Taiwan	Sale of network equipment components and technical services	80,000	80,000	8,000	98.92%	49,980	98.92%	(13,295)	note 1, 3	
Hitron Technologies	Hitron Samoa	Samoa	International trade	172,179	642,697	5,850	100.00%	187,851	100.00%	49,396	note 1	
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	36.39%	638,399	41.49%	261,763	note 1	
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	note 4	100.00%	2,798,108	100.00%	381,925	note 1	
Hitron Technologies	Hitron Americas	USA	International trade	90,082	90,082	300	100.00%	294,821	100.00%	(82,795)	note 1	
Hitron Technologies	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00%	66,652	100.00%	(35,857)	note 1	
Hitron Technologies	Innoauto Technologies	Taiwan	Investment	20,000	20,000	2,000	100.00%	3,440	100.00%	(4)	note 1	

Note 1: Recognized by subsidiary.

Note 2: This included the previous investments of \$218,631 thousand by D-Link Corporation.

Note 3: The percentage of ownership had included 87 thousand shares of preferred stock held by the original shareholders.

Note 4: Limited company.

Note 5: D-Link Asia carried out the capital reduction returning of USD50,500 thousand on September 22, 2023 (equivalent to approximately \$1,557,924 thousand).

Note 6: D-Link Asia and Alpha Dongguan were reclassified as non-current assets held for sale because of the shares transfer agreement on December 28, 2023. The expected day of the settlement is in June 2024.

Note 7: Alpha Holdings had been written-off and liquidated in the fourth quarter of 2023.

Alpha Networks Inc. and Subsidiaries

The names of investees in Mainland China, the main businesses and products, and other information

For the year ended December 31, 2023

Table 9

(In Thousands of New Taiwan Dollars)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Alpha Chengdu	Research and development of network products	420,426	note 2(b)	420,426	-	-	420,426	21,245	100.00%	100.00%	21,245	463,192	147,231
Alpha Dongguan	Production and sale of network products	97,023 (note 11)	note 1(a)	741,084	-	626,887	114,197 (note 7)	(183,206)	100.00%	100.00%	(183,206)	(21,416)	692,935
Mirac	Production and sale of network products	107,131 (note 10)	note 1(b)	307,326	-	-	307,326	29,528	100.00%	100.00%	29,528	122,511	-
Alpha Changshu	Production and sale of network products	1,925,920	note 1(b)	1,925,920	-	-	1,925,920	22,942	100.00%	100.00%	22,942	1,177,637	-
Alpha Changshu Trading	Production and sale of network products	17,378 (CNY4,000 thousand)	note 1(b)	-	-	-	-	(13,388)	100.00%	100.00%	(13,388)	4,211	-
Hitron Suzhou	Production and sale of broadband network products	171,245 (CNY34,800 thousand)	note 1(c)	641,763	-	470,518	171,245	49,387	100.00% (note 9)	100.00%	49,387	190,836	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (CNY5,425 thousand)	note 1(c)	31,139	-	-	31,139	(11)	100.00% (note 9)	100.00%	(11)	3,670	-
Hwa Chi Technologies	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	5,814 (USD200 thousand)	note 2(a)	12,048	-	-	12,048	2,562	36.39% (note 9)	41.49%	1,020	4,945	24,264

(2) Limitation on investment in Mainland China

Name of Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Alpha	2,634,897 note 4, 5 and 8	3,496,798	note 6
Hitron Technologies	214,432	214,432	2,951,701

Note 1: Investments in companies in Mainland China through the existing companies in the third regions are as follows:

- (a) D-Link Asia
- (b) Alpha HK
- (c) Hitron Samoa

Note 2: Other methods:

- (a) Hwa Chi is a Chinese-based investment company, which was originally invested by Hitron (Samoa), a subsidiary of Alpha. However, due to the Group's restructuring, the investor was changed to Interactive Digital instead, based on the resolution approved during the board meeting in 2012.
- (b) The entire shares of Alpha Chengdu, which was originally fully owned by D-Link Asia, had been transferred to Alpha on June 15, 2023 based on the agreement entered into by D-Link Asia and Alpha.

Note 3: The amount was recognized based on the audited financial statements.

Note 4: The accumulated investments in Alpha Dongguan did not include the previously investment of HKD69,387 thousand (equivalent to approximately \$303,055 thousand) by D-Link Corporation.

Note 5: Alpha, who indirectly invested its subsidiary, Tongying Trading (Shenzhen) Co., Ltd., has liquidated all its rights and obligations and cancelled its registration in March 2008, resulting in the amount of \$5,461 thousand (the difference between the accumulated investment in Tongying Trading (Shenzhen) Co., Ltd. amounting to \$9,828 thousand and the remittance amount of \$4,367 thousand) to be recognized. The amount recognized above still needs to be included in the accumulated investment in Mainland China according to the principle of Investment Commission, MOEA.

Note 6: According to the Operation Headquarters confirmation document, with letter no.11120417620, issued by the Industrial Development Bureau, MOEA, obtained by Alpha on June 8, 2022, the upper limit on its investment in Mainland China, pursuant to the "Principle of Investment or Technical Cooperation in Mainland China", is not applicable.

Note 7: Since the investment amount of \$46,412 thousand was derived from D-Link Asia's own funds, the investment amount didn't need to be included in the accumulated investment in Mainland China as of December 31, 2023.

Note 8: Maintrend, a subsidiary which Alpha's indirectly invested in, has completed its liquidation procedures on various rights and obligations; thus, cancelled its registration on July 23, 2018. However, Alpha's cumulative investment of \$164,622 thousand still needs to be included in the accumulated investment in Mainland China according to the regulations of the Investment Commission, MOEA.

Note 9: This refers to the direct or indirect shareholding of Hitron Technologies.

Note 10: The capital reduction registration procedures had been completed on December 19, 2022; however, the capital has yet to be remitted back as of December 31, 2023.

Note 11: The capital reduction registration procedures had been completed on August 17, 2023.

Independent Auditors' Report

To the Board of Directors of Alpha Networks Inc.:

Opinion

We have audited the parent-company-only financial statements of Alpha Networks Inc. (“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition from contracts with customers

Please refer to note 4(15) and note 6(20) for accounting policy and detailed disclosure of revenue, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

The Company's major revenue is derived from the sales of goods to its customers. Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control over a product to its customer. Therefore, revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's internal controls surrounding the sales process and cash collection transaction process; analyzing the terms and types of the major sales transactions and assessing whether they were recorded in the proper period; selecting samples of sales transactions within the period before and after the balance sheet date, to recognize when the performance obligation has been satisfied by transferring control over the goods to a customer in order to determine whether they have been recorded in a proper period.

2. Valuation of inventories

Please refer to the note 4(7) for the accounting policy, note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and note 6(4) for summary of inventory.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. The net realizable value of the inventory is determined by the Company based on the assumptions of the estimated selling price of the products. The rapid development of technology and introduction of new products may significantly change market demand and cause market price fluctuation, which may lead to product obsolescence and the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventory is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Company; evaluating whether the valuation of inventories was accounted for in accordance with the Company's accounting policies; and assessing the historical reasonableness of the management's estimates on inventory provisions.

3. Evaluation of investments accounted for using equity method

Please refer to note 4(9) investment in subsidiaries for accounting policy; and note 6(7) investment in equity-accounted investees, for the evaluation description of the investments accounted for using equity method.

Description of key audit matters:

The Company holds 62.24% shares of Hitron Technologies Inc. ("Hitron Technologies"). Due to the significant amount of investment in Hitron Technologies and the fluctuations in the products selling price of Hitron Technologies are influenced by the competitive market environment for Netcom products as well as the rapid development of product functions, thus, the assessment of revenue recognition and inventories valuation of subsidiaries are crucial. Therefore, it is considered to be one of the key areas in our audit.

How the matter was addressed in our audit:

We reviewed the component audit workpapers to evaluate the main audit procedures for revenue recognition and inventories valuation under the investment entities accounted for using equity method. The main audit procedures for revenue recognition included analysis of the policies on revenue recognition, the sampling test used to support the appropriateness of revenue recognition, and the execution of period-end cut-off tests used to confirm the attribution period of significant sales revenue. The main audit procedures for inventories valuation included the understanding of the accounting treatment for inventory measurement, sampling test of market information, evaluation of the rationality of the net realizable value of inventory, and observation of the slow-moving inventory.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022				
		Amount	%	Amount	%			Amount	%	Amount	%			
Current assets:						Current liabilities:								
1100	Cash and cash equivalents (note 6(1))	\$	609,030	4	322,687	2	2100	Short-term borrowings (note 6(12))	\$	-	-	1,260,000	8	
1110	Current financial assets at fair value through profit or loss (note 6(2))		30,168	-	-	-	2120	Current financial liabilities at fair value through profit or loss (note 6(2))		778	-	2,415	-	
1170	Accounts receivable, net (note 6(3))		2,309,216	15	1,934,353	12	2170	Accounts payable		1,378,265	9	1,039,355	6	
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)		1,474,837	10	1,976,987	12	2180	Accounts payable to related parties (note 7)		887,985	6	1,701,958	10	
1210	Other receivables due from related parties (note 7)		-	-	176,867	1	2209	Accrued expenses		302,608	2	442,620	3	
130x	Inventories (note 6(4))		857,822	6	1,556,686	9	2220	Other payables to related parties (note 7)		118,033	1	150,426	1	
1461	Non-current assets held for sale (note 6(6))		109,632	1	-	-	2230	Current tax liabilities		248,705	2	155,110	1	
1470	Other current assets (notes 6(11) and 7)		96,663	1	77,332	-	2250	Current provisions (note 6(13))		245,233	2	231,586	1	
			5,487,368	37	6,044,912	36	2280	Current lease liabilities (note 6(15))		12,266	-	12,927	-	
Non-current assets:							2399	Other current liabilities (notes 6(14), (20) and 7)		1,224,302	8	921,711	6	
1517	Non-current financial assets at fair value through other comprehensive income (note 6(2))		31,429	-	31,429	-				4,418,175	30	5,918,108	36	
1535	Non-current financial assets at amortized cost (notes 6(3), (5) and 8)		18,428	-	18,717	-	2570	Deferred tax liabilities (note 6(17))		84,047	-	73,492	-	
1550	Investment accounted for using equity method (note 6(7))		8,044,561	55	9,449,648	58	2580	Non-current lease liabilities (note 6(15))		174,411	1	182,941	1	
1600	Property, plant and equipment (notes 6(8) and 7)		707,444	5	677,140	4	2640	Net defined benefit liability (note 6(16))		105,243	1	145,642	1	
1755	Right-of-use assets (note 6(9))		166,784	1	176,334	1				363,701	2	402,075	2	
1780	Intangible assets (note 6(10))		186,725	1	202,515	1		Total liabilities		4,781,876	32	6,320,183	38	
1840	Deferred tax assets (note 6(17))		129,602	1	54,981	-		Equity (note 6(18)):						
1990	Other non-current assets (notes 6(11))		22,256	-	35,819	-	3110	Ordinary shares		5,417,185	37	5,417,185	32	
			9,307,229	63	10,646,583	64	3200	Capital surplus		2,595,804	18	2,544,401	15	
								Retained earnings:						
							3310	Legal reserve		1,266,681	9	1,169,989	7	
							3320	Special reserve		226,548	1	447,091	3	
							3350	Unappropriated retained earnings		774,486	5	1,019,195	6	
										2,267,715	15	2,636,275	16	
										(267,983)	(2)	(226,549)	(1)	
							3400	Other equity interest		10,012,721	68	10,371,312	62	
								Total equity						
								Total liabilities and equity		\$	14,794,597	100	16,691,495	100
Total assets		\$	14,794,597	100	16,691,495	100								

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(20) and 7)	\$ 18,254,966	100	20,346,112	100
5000	Operating costs (notes 6(4) and 7)	15,253,161	84	17,326,133	85
	Gross profit	3,001,805	16	3,019,979	15
5920	Add: Net changes in unrealized profit on sales to subsidiaries and associates (note 7)	(121,304)	-	(62,467)	-
	Realized gross profit	2,880,501	16	2,957,512	15
	Operating expenses (notes 7):				
6100	Selling expenses	368,122	2	447,703	2
6200	Administrative expenses	413,635	2	423,921	2
6300	Research and development expenses	1,380,005	8	1,284,273	6
6450	Expected credit loss (reversal gain) (note 6(3))	(537)	-	1,013	-
	Total operating expenses	2,161,225	12	2,156,910	10
	Net operating income	719,276	4	800,602	5
	Non-operating income and expenses:				
7010	Other income (note 6(23) and 7)	49,089	-	30,722	-
7020	Other gains and losses, net (note 6(24))	(24,634)	-	92,800	-
7050	Finance costs (note 6(25))	(17,128)	-	(21,000)	-
7070	Share of profit (loss) of subsidiaries (note 6(7))	(97,838)	-	131,519	1
7100	Interest income (note 6(22))	27,314	-	7,742	-
	Total non-operating income and expenses	(63,197)	-	241,783	1
	Profit before income tax	656,079	4	1,042,385	6
7950	Less: Income tax expense (note 6(17))	108,159	1	125,310	1
	Profit	547,920	3	917,075	5
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans (note 6(16))	(976)	-	49,510	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method (note 6(18))	12,036	-	8,106	-
	Components of other comprehensive income (loss) that may not be reclassified subsequently profit or loss	11,060	-	57,616	-
8360	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(18))	(66,837)	-	265,970	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (notes 6(17) and (18))	13,367	-	(53,194)	-
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	(53,470)	-	212,776	1
	Other comprehensive income (loss), net of income tax	(42,410)	-	270,392	1
8500	Total comprehensive income	\$ 505,510	3	1,187,467	6
	Earnings per share (New Taiwan dollars) (note 6(19))				
	Basic earnings per share	\$ 1.01		1.69	
	Diluted earnings per share	\$ 1.01		1.68	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest				Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Equity related to non-current assets held for sale	Total other equity interest	
Balance at January 1, 2022	\$ 5,417,185	2,583,772	1,127,420	448,804	472,330	2,048,554	(445,903)	(1,189)	-	(447,092)	9,602,419
Profit	-	-	-	-	917,075	917,075	-	-	-	-	917,075
Other comprehensive income	-	-	-	-	49,849	49,849	212,776	7,767	-	220,543	270,392
Total comprehensive income	-	-	-	-	966,924	966,924	212,776	7,767	-	220,543	1,187,467
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	42,569	-	(42,569)	-	-	-	-	-	-
Special reserve	-	-	-	(1,713)	1,713	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(379,203)	(379,203)	-	-	-	-	(379,203)
Donation from shareholders	-	13	-	-	-	-	-	-	-	-	13
Cash dividends from capital surplus	-	(54,172)	-	-	-	-	-	-	-	-	(54,172)
Changes in ownership interests in subsidiaries	-	14,788	-	-	-	-	-	-	-	-	14,788
Balance at December 31, 2022	5,417,185	2,544,401	1,169,989	447,091	1,019,195	2,636,275	(233,127)	6,578	-	(226,549)	10,371,312
Profit	-	-	-	-	547,920	547,920	-	-	-	-	547,920
Other comprehensive income (loss)	-	-	-	-	(976)	(976)	(53,470)	12,036	-	(41,434)	(42,410)
Total comprehensive income (loss)	-	-	-	-	546,944	546,944	(53,470)	12,036	-	(41,434)	505,510
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	96,692	-	(96,692)	-	-	-	-	-	-
Special reserve	-	-	-	(220,543)	220,543	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(915,504)	(915,504)	-	-	-	-	(915,504)
Donation from shareholders	-	16	-	-	-	-	-	-	-	-	16
Changes in ownership interests in subsidiaries	-	51,387	-	-	-	-	-	-	-	-	51,387
Equity related to non-current assets held for sale	-	-	-	-	-	-	43,579	-	(43,579)	-	-
Balance at December 31, 2023	\$ 5,417,185	2,595,804	1,266,681	226,548	774,486	2,267,715	(243,018)	18,614	(43,579)	(267,983)	10,012,721

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.

Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 656,079	1,042,385
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	116,520	92,557
Amortization expense	77,361	75,588
Expected credit loss (reversal gain)	(537)	1,013
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(29,390)	2,415
Interest expense	17,128	21,000
Interest income	(27,314)	(7,742)
Share of loss (profit) of subsidiaries	97,838	(131,519)
Loss (gain) on disposal of property, plant and equipment	82	(662)
Provisions for inventory obsolescence and devaluation loss	201,172	90,644
Unrealized loss from sales	121,304	62,467
Total adjustments to reconcile profit	<u>574,164</u>	<u>205,761</u>
Changes in operating assets and liabilities:		
Financial assets mandatorily at fair value through profit or loss	-	2,364
Notes and accounts receivable	(374,326)	(233,257)
Accounts receivable due from related parties	502,150	(781,434)
Inventories	497,692	(617,399)
Other current assets	(19,331)	12,184
Financial liabilities mandatorily at fair value through profit or loss	(2,415)	(1,905)
Accounts payable	338,910	116,964
Accounts payable to related parties	(813,973)	970,231
Other payable to related parties	(32,393)	18,187
Other current liabilities	171,913	422,752
Net defined benefit liability	(41,375)	(9,631)
Total changes in operating assets and liabilities	<u>226,852</u>	<u>(100,944)</u>
Total adjustments	<u>801,016</u>	<u>104,817</u>

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.

Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows generated from operations	1,457,095	1,147,202
Interest received	27,314	7,742
Interest paid	(17,950)	(20,345)
Income taxes paid	(164,255)	(21,927)
Net cash flows from operating activities	1,302,204	1,112,672
Cash flows from (used in) investing activities:		
Acquisition of other financial assets	-	(31,429)
Acquisition of investments accounted for using equity method	(945,537)	(646,542)
Cash dividends from investments accounted for using equity method	564,639	100,000
Proceeds from capital reduction of investments accounted for using equity method	1,557,924	-
Acquisition of property, plant and equipment	(107,041)	(133,880)
Proceeds from disposal of property, plant and equipment	285	2,785
Decrease (increase) in refundable deposits	289	(1,427)
Decrease (increase) in other receivables due from related parties	176,867	(2,032)
Acquisition of intangible assets	(61,571)	(74,274)
Decrease (increase) in other non-current assets	(13,256)	945
Net cash flows from (used in) investing activities	1,172,599	(785,854)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	4,470,000	12,406,781
Repayments of short-term borrowings	(5,730,000)	(12,637,021)
Payment of lease liabilities	(12,972)	(12,987)
Cash dividends distributed to shareholders	(915,504)	(433,375)
Donation from shareholders	16	13
Net cash flows used in financing activities	(2,188,460)	(676,589)
Net increase (decrease) in cash and cash equivalents	286,343	(349,771)
Cash and cash equivalents at beginning of period	322,687	672,458
Cash and cash equivalents at end of period	\$ 609,030	322,687

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

ALPHA NETWORKS INC. (the “Company”) was established by a spin-off arrangement whereby on August 16, 2003, D-Link Corporation (“D-Link”) separated its operation business unit of original design manufacturing and original equipment manufacturing (“ODM/OEM”) and had transferred its related operating assets and liabilities to the Company. The Company was then incorporated on September 4, 2003, through obtained the registration approval from the Hsinchu Science Park Bureau (HSPB). The registered address of the Company is No. 8, Li-shing 7th Road, Science-based Park, Hsinchu, Taiwan (R.O.C.).

The Company's main activities include the research, development, design, production and sale of broadband products, computer network systems, wireless local area networks (“LANs”), and related accessories.

On July 23, 2020, Qisda Corporation (“Qisda”) acquired 19.02% of the Company's ordinary shares, before the acquisition, Qisda and its subsidiaries held 23.84%, totaling 42.86% of the ordinary shares, Qisda became the parent company after the acquisition.

2. Approval date and procedures of the financial statements:

These parent-company-only financial statements were authorized for issuance by the Board of Directors on February 27, 2024.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the new amendment, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

- (2) The impact of IFRSs endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (3) The impact of IFRSs issued by International Accounting Standards Board (the “IASB”) but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies:

The material accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently to all periods presented in these financial statements.

- (1) Statement of compliance

The Company's accompanying parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

- (2) Basis of preparation

A. Basis of measurement

Except for the following significant account, the financial statements have been prepared on a historical cost basis:

- (a) Financial assets and liabilities at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income are measured at fair value;

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

- (c) The net defined benefit liability is measured at the fair value of the plan assets less the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand, unless otherwise noted.

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date when fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (a) an investment in equity securities designated as at fair value through other comprehensive income; or
- (b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. For a partial disposal of the Company's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. It is expected to be settled in its normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is due to be settled within twelve months after the reporting period; or
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – equity investment or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investment is recognized in profit or loss on the date on which the Company's right to receive payment is established (usually the ex-dividend date).

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (“ECL”) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposits paid and other financial assets) and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-months ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment, as well as forward-looking information.

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

(e) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheets, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(d) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Company's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

(9) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, net income, other comprehensive income and equity in the parent-company-only financial statements are equivalent to those of the profit, other comprehensive income and equity which are attributable to parent company shareholders in the consolidated financial statements.

The changes in the parent's ownership interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(10) Property, plant and equipment

A. Recognition and measurement

Property, plant and equipments are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings and improvements: 6 to 49 years

Buildings and building improvements constitute mainly buildings, mechatronic engineering and hydropower engineering, etc.

(b) Machinery and equipment: 3 to 6 years

(c) Transportation facilities: 5 to 6 years

(d) Office and other facilities: 3 to 6 years

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(11) Lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) there is a change of its assessment on whether it will exercise an extension or termination option; or

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- (e) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office, warehouse, parking space, staff dormitory and printer that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(12) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets of 1 to 5 years, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(15) Revenue for contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

A. Sale of goods

The Company involves in research, develop, design, manufacture and sale of broadband products, wireless networking products, and computer network system equipment and components. The Company recognizes the revenue when the control of the product is transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. The Company's broadband products, wireless network products and computer network system equipment and its components are subject to standard warranty and are therefore subject to refund obligations.

The warranty liabilities have been recognized for this obligation, please refer to Note 6(13).

B. Product development services

The Company provides enterprise product development and recognizes the relevant revenue during the financial reporting period in which the services provided. Fixed price contracts are based on the proportion of services actually provided as a percentage of total services as of the reporting date. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. Under the fixed price contract, the customer pays a fixed amount in accordance with the agreed time schedule.

When the services provided exceed the payment, the contract assets are recognized; if the payment exceeds the services provided, the contract liabilities are recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

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C. Financial component

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(16) Government grants

The Company recognizes an unconditional government grant related to research and development in profit or loss as non-operating income when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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C. Short-term employee benefits

Short-term employee benefits are recognized as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the below:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) at the time of the transaction and does not give rise to equal taxable and deductible temporary differences;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. The Company has a legal enforceable right to set off current tax assets against current tax liabilities; and

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B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- (a) the same taxable entity; or
- (b) different taxable entity which intends to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; or such reductions are reversed when the probability of future taxable profits improves.

(19) Earnings per share

The Company discloses basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration through the issuance of shares.

(20) Operating segments

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements in conformity with the Regulations requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follow:

Valuation of inventories

Inventories are measured at the lower of cost or net realizable value, the Company uses judgments and estimates to determine the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. However, due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(4) for further description of the valuation of inventories.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 218	18
Checking and savings accounts	424,312	247,669
Time deposits	184,500	-
Cash equivalents	-	75,000
Cash and cash equivalents in the statement of cash flows	<u>\$ 609,030</u>	<u>322,687</u>

Please refer to note 6(26) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(2) Financial assets and liabilities

A. Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss – current		
Forward exchange contracts	\$ 434	-
Foreign exchange swaps	29,734	-
	<u>\$ 30,168</u>	<u>-</u>
Financial liabilities held for trading – current		
Forward exchange contracts	\$ 148	479
Foreign exchange swaps	630	1,936
	<u>\$ 778</u>	<u>2,415</u>

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The Company uses derivative financial instruments to hedge the certain currency risk arising from its operating activities. The following derivative instruments, which were not qualified for hedge accounting, held by the Company, were recognized as financial assets at fair value through profit or loss and held-for-trading financial liabilities:

December 31, 2023				
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	13,000	USD to CNY	January 2024
Forward exchange contracts	USD	3,000	USD to NTD	January 2024
Forward exchange contracts	USD	800	USD to VND	January 2024
Foreign exchange swaps	CNY	10,000	CNY to NTD	January 2024
Foreign exchange swaps	USD	51,000	USD to NTD	January 2024

December 31, 2022				
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	17,000	USD to NTD	January 2023 ~ February 2023
Foreign exchange swaps	USD	26,000	USD to NTD	January 2023
Foreign exchange swaps	USD	5,000	CNY to USD	January 2023
Foreign exchange swaps	CNY	11,000	CNY to NTD	January 2023

B. Non-current financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Unlisted stocks – limited partnership	<u><u>\$ 31,429</u></u>	<u><u>31,429</u></u>

According to the agreements from the conference that held by the partners of Ignition Ventures, the lifetime of Ignition Ventures from October 2022 would be extended without limits. The carrying amount of above assets, which was classified as financial assets at fair value through other comprehensive income from the original investment, was \$31,429 thousand as of December 31, 2023.

Based on the Q&A issued by FSC, the accounting treatment issued based on the IFRS Q&A dated June 15, 2023 need not be applied retroactively to investments in limited partnership companies prior to June 30, 2023. Thus, the Group continues to measure its limited partnership investment in Ignition Ventures at fair value through other comprehensive income.

(3) Accounts receivable, net

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 2,310,393	1,936,067
Less: loss allowances	<u>(1,177)</u>	<u>(1,714)</u>
	<u><u>\$ 2,309,216</u></u>	<u><u>1,934,353</u></u>

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The overdue accounts receivable was reclassified to overdue receivables under financial assets measured at amortized cost–non-current and loss allowances are fully provided, please refer to note 6(5).

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information.

The analysis of expected credit loss on accounts receivables (including overdue receivable and accounts receivable due from related parties) was as follows:

December 31, 2023			
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 3,625,792	0%	-
Less than 90 days past due	157,296	0%	-
91 to 180 days past due	1,119	13.72%	154
More than 181 days past due	<u>68,980</u>	100%	<u>68,980</u>
	<u>\$ 3,853,187</u>		<u>69,134</u>

December 31, 2022			
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 3,505,057	0%	-
Less than 90 days past due	407,972	0.42%	1,714
91 to 180 days past due	25	0%	-
More than 181 days past due	<u>67,957</u>	100%	<u>67,957</u>
	<u>\$ 3,981,011</u>		<u>69,671</u>

The movement in the allowance for accounts receivable (including the overdue receivable and accounts receivable due from related parties) were as follows:

	2023	2022
Balance at January 1	\$ 69,671	68,658
Impairment loss (reversal) recognized	<u>(537)</u>	<u>1,013</u>
Balance at December 31	<u>\$ 69,134</u>	<u>69,671</u>

As of December 31, 2023 and 2022, impairment allowance accounts with respect to account receivables from related parties were not provided.

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(4) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 663,768	1,122,092
Work in progress and semi-finished products	165,674	189,231
Finished goods and merchandises	28,380	245,363
	<u>\$ 857,822</u>	<u>1,556,686</u>

Component of operating cost were as below:

	For the years ended December 31, 2023	2022
Cost of goods sold	\$ 15,051,989	17,235,489
Provision for inventory obsolescence and devaluation loss	201,172	90,644
	<u>\$ 15,253,161</u>	<u>17,326,133</u>

As of December 31, 2023 and 2022, the Company's inventories were not pledged.

(5) Financial assets measured at amortized cost — non-current

	December 31, 2023	December 31, 2022
Non-current:		
Restricted deposits	\$ 15,550	15,550
Refundable deposits	2,878	3,167
Overdue receivables	67,957	67,957
Less: loss allowances	(67,957)	(67,957)
	<u>\$ 18,428</u>	<u>18,717</u>

The Company held bank time deposits with variable interest rates, and the average interest rates ranged between 0.56%~5.18% and 0.22%~1.065% for the years ended December 31, 2023 and 2022, respectively.

For the restricted cash in banks please refer to note 8.

(6) Non-current assets held for sale

On December 28, 2023, the Board of Directors had approved the resolution and made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan. Since the expected day of settlement is in June, 2024, the abovementioned assets were reclassified as non-current assets held for sale.

As of December 31, 2023, the Company's non-current assets held for sale amounting to \$109,632 thousand.

Because of the fair value less costs to sell was greater than its carrying amount, the impairment loss shall not be measured when it was reclassified as non-current assets held for sale.

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(7) Investments in equity-accounted investees

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 8,272,829	9,556,602
Unrealized profit loss from sales	(228,268)	(106,954)
	<u>\$ 8,044,561</u>	<u>9,449,648</u>

A. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

B. The Company's shares of profit (loss) of subsidiaries were as follows:

	For the years ended December 31, 2023	2022
Subsidiaries	<u>\$ (97,838)</u>	<u>131,519</u>

The Company did not provide any investments accounted for using the equity methods as collateral for its loans.

(8) Property, plant and equipment

	Buildings	Machinery and equipment	Office, transportation and other facilities	Total
Cost:				
Balance at January 1, 2023	\$ 770,438	339,058	47,553	1,157,049
Additions	16,302	88,389	13,854	118,545
Disposals	(330)	(62,218)	(3,163)	(65,711)
Reclassification	684	14,632	-	15,316
Balance at December 31, 2023	<u>\$ 787,094</u>	<u>379,861</u>	<u>58,244</u>	<u>1,225,199</u>
Balance at January 1, 2022	\$ 771,498	234,878	47,727	1,054,103
Additions	12,254	145,961	14,603	172,818
Disposals	(13,314)	(41,781)	(14,777)	(69,872)
Balance at December 31, 2022	<u>\$ 770,438</u>	<u>339,058</u>	<u>47,553</u>	<u>1,157,049</u>
Depreciation and impairment loss:				
Balance at January 1, 2023	\$ 312,676	143,991	23,242	479,909
Depreciation	24,651	67,684	10,855	103,190
Disposals	(330)	(62,218)	(2,796)	(65,344)
Balance at December 31, 2023	<u>\$ 336,997</u>	<u>149,457</u>	<u>31,301</u>	<u>517,755</u>
Balance at January 1, 2022	\$ 304,323	138,401	25,944	468,668
Depreciation	21,667	47,153	10,170	78,990
Disposals	(13,314)	(41,563)	(12,872)	(67,749)
Balance at December 31, 2022	<u>\$ 312,676</u>	<u>143,991</u>	<u>23,242</u>	<u>479,909</u>

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	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office, transportation and other facilities</u>	<u>Total</u>
Carrying amounts:				
Balance at December 31, 2023	<u>\$ 450,097</u>	<u>230,404</u>	<u>26,943</u>	<u>707,444</u>
Balance at December 31, 2022	<u>\$ 457,762</u>	<u>195,067</u>	<u>24,311</u>	<u>677,140</u>
Balance at January 1, 2022	<u>\$ 467,175</u>	<u>96,477</u>	<u>21,783</u>	<u>585,435</u>

As of December 31, 2023 and 2022, the Company's property, plant and equipment were not pledged.

(9) Right-of-use assets

The Company leases many assets including land, buildings, and other facilities. Information about leases for which the Company as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Other facilities</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 186,191	29,399	4,201	219,791
Additions	-	-	3,780	3,780
Disposals	-	(11,433)	-	(11,433)
Balance at December 31, 2023	<u>\$ 186,191</u>	<u>17,966</u>	<u>7,981</u>	<u>212,138</u>
Balance at January 1, 2022	\$ 186,191	11,433	6,235	203,859
Additions	-	17,966	-	17,966
Disposals	-	-	(2,034)	(2,034)
Balance at December 31, 2022	<u>\$ 186,191</u>	<u>29,399</u>	<u>4,201</u>	<u>219,791</u>
Accumulated depreciation:				
Balance at January 1, 2023	\$ 23,580	17,422	2,455	43,457
Depreciation	5,895	5,989	1,446	13,330
Disposals	-	(11,433)	-	(11,433)
Balance at December 31, 2023	<u>\$ 29,475</u>	<u>11,978</u>	<u>3,901</u>	<u>45,354</u>
Balance at January 1, 2022	\$ 17,685	11,433	1,450	30,568
Depreciation	5,895	5,989	1,683	13,567
Disposals	-	-	(678)	(678)
Balance at December 31, 2022	<u>\$ 23,580</u>	<u>17,422</u>	<u>2,455</u>	<u>43,457</u>
Carrying amounts:				
Balance at December 31, 2023	<u>\$ 156,716</u>	<u>5,988</u>	<u>4,080</u>	<u>166,784</u>
Balance at December 31, 2022	<u>\$ 162,611</u>	<u>11,977</u>	<u>1,746</u>	<u>176,334</u>
Balance at January 1, 2022	<u>\$ 168,506</u>	<u>-</u>	<u>4,785</u>	<u>173,291</u>

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(10) Intangible assets

	Goodwill	Software application and others	Total
Cost:			
Balance at January 1, 2023	\$ 134,883	228,403	363,286
Additions	-	61,571	61,571
Derecognition	-	(73,907)	(73,907)
Balance at December 31, 2023	<u>\$ 134,883</u>	<u>216,067</u>	<u>350,950</u>
Balance at January 1, 2022	\$ 134,883	272,304	407,187
Additions	-	74,274	74,274
Derecognition	-	(118,175)	(118,175)
Balance at December 31, 2022	<u>\$ 134,883</u>	<u>228,403</u>	<u>363,286</u>
Amortization and impairment:			
Balance at January 1, 2023	\$ -	160,771	160,771
Amortization	-	77,361	77,361
Derecognition	-	(73,907)	(73,907)
Balance at December 31, 2023	<u>\$ -</u>	<u>164,225</u>	<u>164,225</u>
Balance at January 1, 2022	\$ -	203,358	203,358
Amortization	-	75,588	75,588
Derecognition	-	(118,175)	(118,175)
Balance at December 31, 2022	<u>\$ -</u>	<u>160,771</u>	<u>160,771</u>
Carrying amounts:			
Balance at December 31, 2023	<u>\$ 134,883</u>	<u>51,842</u>	<u>186,725</u>
Balance at December 31, 2022	<u>\$ 134,883</u>	<u>67,632</u>	<u>202,515</u>
Balance at January 1, 2022	<u>\$ 134,883</u>	<u>68,946</u>	<u>203,829</u>

A. Amortization

The amortization of intangible assets is included in the following line items of statement of comprehensive income:

	For the years ended December 31,	
	2023	2022
Operating cost	\$ 1,264	809
Operating expense	76,097	74,779
Total	<u>\$ 77,361</u>	<u>75,588</u>

B. Impairment test for goodwill

For purpose of impairment testing, the goodwill was allocated to the IP Camera cash generating unit.

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As of December 31, 2023 and 2022, the recoverable amount of IP Camera cash generating unit has been determined based on a value in use calculation. The recoverable amount of this cash generating unit was greater than its carrying amount and no impairment loss was recognized.

The key assumptions used in the estimation of value in use were as follows:

	December 31, 2023	December 31, 2022
Discount rate	7.15%	9.55%
Terminal value growth rate	2.28%	3.21%

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Cash flow projection was based on a five-year financial projection which was approved by the management.

C. Collateral

As of December 31, 2023 and 2022, the Company's intangible assets were not pledged.

(11) Other current assets and other non-current assets

The other current and non-current assets of the Company were as follows:

	December 31, 2023	December 31, 2022
Business tax receivable	\$ 54,217	59,663
Prepayments for equipment	11,256	26,819
Others	53,446	26,669
	<u>\$ 118,919</u>	<u>113,151</u>
Other current assets	\$ 96,663	77,332
Other non-current assets	22,256	35,819
	<u>\$ 118,919</u>	<u>113,151</u>

(12) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	<u>\$ -</u>	<u>1,260,000</u>
Unused short-term and long-term credit lines	<u>\$ 5,628,750</u>	<u>3,559,860</u>
Range of interest rates	<u>-</u>	<u>1.48%~1.81%</u>

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(13) Provisions

	Warranties
Balance at January 1, 2023	\$ 231,586
Provisions made during the year	167,786
Provisions used during the year	<u>(154,139)</u>
Balance at December 31, 2023	<u>\$ 245,233</u>
Balance at January 1, 2022	\$ 173,536
Provisions made during the year	172,928
Provisions used during the year	<u>(114,878)</u>
Balance at December 31, 2022	<u>\$ 231,586</u>

The provision for warranties relates mainly to network product sold during the years ended December 31, 2023 and 2022. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to settle the majority of the liability over the next year.

(14) Other current liabilities

	December 31, 2023	December 31, 2022
Payroll and bonus payable	\$ 362,635	483,621
Contract liabilities	679,237	335,130
Others	<u>182,430</u>	<u>102,960</u>
	<u>\$ 1,224,302</u>	<u>921,711</u>

(15) Lease liabilities

	December 31, 2023	December 31, 2022
Current	<u>\$ 12,266</u>	<u>12,927</u>
Non-current	<u>\$ 174,411</u>	<u>182,941</u>

For the maturity analysis, please refer to note 6(26).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2023	2022
Interest on lease liabilities	<u>\$ 2,380</u>	<u>2,489</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 6,282</u>	<u>5,868</u>

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The amounts recognized in the statement of cash flows were as follows:

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	\$ 21,634	21,344

A. Real estate leases

As of December 31, 2023 and 2022, the Company leases land for factory and office buildings use. The leases of land typically run for a period of 19 years, some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The lease expenses of the land are depends on the land price announced by the Science Park, plus adjustments for public facilities construction costs, which are adjusted after amortization. These costs usually occur once a year.

B. Other leases

As of December 31, 2023 and 2022, The Company also leases warehouse, parking space, staff dormitories and printer. These leases are short-term and/or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(16) Employee benefits

A. Defined benefit plans

The recognized liabilities of the defined benefit obligations were consisted of as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 251,121	251,262
Fair value of plan assets	(145,878)	(105,620)
Net defined benefit liabilities	\$ 105,243	145,642

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by the local banks.

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The Company's Bank of Taiwan labor pension reserve account balance amounted to \$145,878 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligation of the Company were as follows:

	2023	2022
Defined benefit obligations at January 1	\$ 251,262	301,303
Benefits paid from the plan assets	(5,764)	(10,525)
Current service costs and interest cost	3,825	2,912
Remeasurements of net defined benefit liabilities:		
— Actuarial losses (gain) arising from experience adjustment	(1,172)	(18,613)
— Actuarial losses (gain) arising from financial assumptions	2,970	(23,815)
Defined benefit obligations at December 31	<u><u>\$ 251,121</u></u>	<u><u>251,262</u></u>

(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company were as follows:

	2023	2022
Fair value of plan assets at January 1	\$ 105,620	96,519
Benefits paid from the plan assets	(5,764)	(10,525)
Remeasurements of the net defined benefit liabilities (assets):		
— Return on plan assets (excluding current interest income)	822	7,082
Contribution made to plan assets	43,417	11,828
Expected return on plan assets	1,783	716
Fair value of plan assets at December 31	<u><u>\$ 145,878</u></u>	<u><u>105,620</u></u>

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(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	For the years ended December 31,	
	2023	2022
Current service costs	\$ 308	803
Net interest of net liabilities for defined benefit obligation	3,517	2,109
Expected return on plan assets	(1,783)	(716)
	\$ 2,042	2,196
Operating costs	\$ 788	1,012
Selling expenses	158	145
Administration expenses	164	164
Research and development expenses	932	875
	\$ 2,042	2,196
Actual return on plan assets	\$ 2,605	7,797

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.30%	1.40%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$21,850 thousand.

The weighted-average lifetime of the defined benefit plans is 12.2 years.

(f) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2023		
Discount rate	\$ (7,343)	7,621
Future salary increase rate	\$ 6,866	(6,665)

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	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2022		
Discount rate	\$ (7,897)	8,209
Future salary increase rate	\$ 7,431	(7,203)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

B. Defined contribution plans

The Company contributes 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs under defined contribution plans amounted to \$57,604 thousand and \$54,818 thousand for the years ended December 31, 2023 and 2022, respectively.

(17) Income taxes

A. Income tax expenses

The components of income tax expense for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Current tax expense		
Current period	\$ 136,158	150,037
Additional 5% surtax on undistributed retained earnings	8,764	281
Adjustment for prior periods	13,936	(12,538)
	158,858	137,780
Deferred tax benefit		
Origination and reversal of temporary differences and tax loss	(50,699)	(12,470)
Income tax expense	\$ 108,159	125,310

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The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Exchange differences on translation of foreign financial statements	\$ (13,367)	53,194

Reconciliation of income tax expense and profit before income tax for the years ended December 31, 2023 and 2022 was as follows:

	For the years ended December 31,	
	2023	2022
Profit before income tax	\$ 656,079	1,042,385
Income tax at the Company's domestic tax rate	131,216	208,832
Permanent differences	28,921	(48,022)
Tax incentives	(61,957)	(64,422)
Additional 5% surtax on undistributed retained earning	8,764	281
Change in unrecognized temporary differences and others	1,215	28,641
	\$ 108,159	125,310

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	\$ 285,573	312,487

(b) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	January 1, 2022	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2023
Provision for warranties	\$ 10,412	(385)	-	10,027	34,546	-	44,573
Exchange difference on translation of foreign financial statements	65,401	-	(53,194)	12,207	-	13,367	25,574
Unrealized profit from sales	8,897	11,687	-	20,584	24,142	-	44,726
Others	10,073	2,090	-	12,163	2,566	-	14,729
	\$ 94,783	13,392	(53,194)	54,981	61,254	13,367	129,602

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Deferred tax liabilities:

	January 1, 2022	Recogniz- ed in profit and loss	Recognized in other comprehens- ive income	December 31, 2022	Recogniz- ed in profit and loss	Recognized in other comprehens- ive income	December 31, 2023
Investment in equity-accounted subsidiaries	\$ (45,502)	(1,014)	-	(46,516)	(4,193)	-	(50,709)
Goodwill	(26,976)	-	-	(26,976)	-	-	(26,976)
Others	(92)	92	-	-	(6,362)	-	(6,362)
	<u>\$ (72,570)</u>	<u>(922)</u>	<u>-</u>	<u>(73,492)</u>	<u>(10,555)</u>	<u>-</u>	<u>(84,047)</u>

As of December 31, 2023, the Company's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

(18) Capital and other equity

Reconciliation of shares outstanding for 2023 and 2022 was as follows (in thousands of shares):

	Ordinary share capital	
	2023	2022
Balance at January 1 (Balance at December 31)	<u>541,719</u>	<u>541,719</u>

A. Ordinary share capital

As of December 31, 2023 and 2022, the authorized capital of Company amounted to \$8,000,000 thousand of which included the amount of \$500,000 thousand reserved for employee share options. The issued capital for the years ended December 31, 2023 and 2022 were both amounted to \$5,417,185 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Capital surplus – premium	\$ 2,491,661	2,491,661
Capital surplus – investments under equity method	89,149	37,762
Others	14,994	14,978
	<u>\$ 2,595,804</u>	<u>2,544,401</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

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Based on resolutions approved by the Board of Directors on March 4, 2022, the cash dividends of \$54,172 thousand, represents \$0.1 payout per share, will be distributed out of capital surplus. Related information is available at the Market Observation Post System website.

C. Retained earnings

The Company's articles of incorporation stipulated that Company's earnings before tax, if any, shall be distributed in the following order:

- (a) payment of all taxes;
- (b) offset prior years' operating losses;
- (c) of the remaining balance, 10% to be appropriated as legal reserve;
- (d) set aside special reserve in accordance with the Securities and Exchange Act or reverse special reserve previously provided; and
- (e) after the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and if the distribution is in form of new shares, a shareholders meeting will be held to decide on this matter.

According to the R.O.C. Company Act, the Company shall distribute the legal reserve and capital surplus as cash dividends fully or partially, if the resolution is passed in majority with two third of attendance in Board of Directors' meeting and is submitted to the shareholders' meeting.

According to the Company's dividend policy, the Company shall first take into consideration its investing environment, capital management and industry developments, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The cash dividends shall not be less than 10% of total dividends.

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

In accordance with Ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior period. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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D. Earnings distribution

The amounts of cash dividends on the 2022 and 2021 earnings distribution had been approved during the board meeting on February 24, 2023 and March 4, 2022, respectively. The amounts of cash dividends and other earnings distribution in 2022 and 2021 that were approved by the shareholders' meeting on May 31, 2023 and May 31, 2022 were as follows:

	2022		2021	
	Earning distribution	Dividends per share	Earning distribution	Dividends per share
Appropriation of legal reserve	\$ 96,692		42,569	
Reversal of special reserve	(220,543)		(1,713)	
Cash dividends	915,504	1.69	379,203	0.70
	<u>\$ 791,653</u>		<u>420,059</u>	

The above-mentioned earnings distribution was consistent with the resolutions approved by the Board of Directors.

Related information would be available at the Market Observation Post System website.

The amounts of cash dividends on the 2023 earnings distribution had been approved during the board meeting on February 27, 2024. The above-mentioned cash dividends distribution of \$547,136 thousand, represents \$1.01 per share, is subject to the approval during the shareholders' meeting.

E. Other equity

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Equity related to non-current assets held for sale	Total
Balance at January 1, 2023	\$ (233,127)	6,578	-	(226,549)
Differences on translation of foreign operation financial statements	(66,837)	-	-	(66,837)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	13,367	-	-	13,367
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	-	12,036	-	12,036
Equity related to non-current assets held for sale	43,579	-	(43,579)	-
Balance at December 31, 2023	<u>\$ (243,018)</u>	<u>18,614</u>	<u>(43,579)</u>	<u>(267,983)</u>

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	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Equity related to non-current assets classified as held for sale	Total
Balance at January 1, 2022	\$ (445,903)	(1,189)	-	(447,092)
Differences on translation of foreign operation financial statements	265,970	-	-	265,970
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(53,194)	-	-	(53,194)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	-	7,767	-	7,767
Balance at December 31, 2022	<u>\$ (233,127)</u>	<u>6,578</u>	<u>-</u>	<u>(226,549)</u>

(19) Earnings per share

A. Basic earnings per share

	For the years ended December 31,	
	2023	2022
Profit attributable to the Company's ordinary shareholders	<u>\$ 547,920</u>	<u>917,075</u>
Weighted average number of shares outstanding (in thousands of shares)	<u>541,719</u>	<u>541,719</u>
Basic earnings per share (NTD)	<u>\$ 1.01</u>	<u>1.69</u>

B. Diluted earnings per share

	For the years ended December 31,	
	2023	2022
Profit attributable to the Company's ordinary shareholders	<u>\$ 547,920</u>	<u>917,075</u>
Weighted average number of shares outstanding (in thousands of shares) (basic)	541,719	541,719
Effect of employee remuneration in shares	<u>2,479</u>	<u>4,447</u>
Weighted average number of shares outstanding (in thousands of shares) (diluted)	<u>544,198</u>	<u>546,166</u>
Diluted earnings per share (NTD)	<u>\$ 1.01</u>	<u>1.68</u>

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(20) Revenues

A. The details of revenues were as follows:

	For the years ended December 31,	
	2023	2022
Primary geographical markets:		
United States	\$ 11,867,647	13,968,235
Taiwan	2,461,895	2,420,538
Others	3,925,424	3,957,339
	<u>\$ 18,254,966</u>	<u>20,346,112</u>
Major products/services lines:		
LAN/MAN	\$ 11,151,290	12,130,740
Wireless Broadband	3,076,072	5,497,975
Digital Multimedia	1,607,846	1,870,108
Others	2,419,758	847,289
	<u>\$ 18,254,966</u>	<u>20,346,112</u>

B. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (including related parties)	<u>\$ 3,784,053</u>	<u>3,911,340</u>	<u>2,897,662</u>
Contract liability (included in other current liabilities)	<u>\$ 679,237</u>	<u>335,130</u>	<u>208,480</u>

For details on accounts receivable and loss allowance, please refer to note 6(3).

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$220,149 thousand and \$117,152 thousand, respectively.

(21) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute 10% to 22.5% of the profit as employee compensation and less than 1% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company accrued and recognized its remuneration to employees amounting to \$73,510 thousand and \$116,794 thousand, and directors amounting to \$5,513 thousand and \$8,760 thousand, respectively.

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The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of the period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were recognized under operating costs or operating expenses. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognize as profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration to be distributed through stock dividends, the closing price of the ordinary share on the day before the Board of Directors' meeting is used in the calculation for stock remuneration. Related information would be available at the Market Observation Post System website. The abovementioned remuneration for employees and directors resolved through Board of Directors' meeting is consistent with the estimated amount as stated in the parent-company-only financial statements for the years 2023 and 2022.

(22) Interest income

The details of the Company's interest income of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits and others	\$ 27,314	7,742

(23) Other income

The details of the Company's other income of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Government grants income	\$ 37,240	13,061
Others	11,849	17,661
	\$ 49,089	30,722

(24) Other gains and losses

The details of the Company's other gains and losses of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Gain (loss) on financial assets at fair value through profit or loss, net	\$ (11,325)	49,503
Foreign exchange gain (loss), net	(13,227)	43,253
Others	(82)	44
	\$ (24,634)	92,800

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(25) Finance costs

The details of the Company's finance costs of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Interest expense of borrowings, etc.	\$ 14,705	18,511
Interest expense of lease liabilities	2,380	2,489
Others	43	-
	\$ 17,128	21,000

(26) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amounts of financial assets represent the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The major customers of the Company are centralized in the networking related industries. The Company generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the networking industry. As of December 31, 2023 and 2022, 76% and 54%, respectively, of the Company's accounts receivable (including related parties) were from the top 3 customers. Although there is a potential in concentration of credit risk, the Company routinely assesses the collectability of its accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk of receivable

Risk exposure information for accounts receivable, please refer to note 6(3).

Other financial assets measured at amortized cost include restricted bank deposits and refundable deposits, please refer to note 6(5) for details of relevant investments.

All of these financial assets are considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit loss. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6).

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B. Liquidity risk

The following table presents the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	More than 5 years
December 31, 2023					
Non-derivative financial liabilities					
Accounts payable	\$ 1,378,265	(1,378,265)	(1,378,265)	-	-
Accounts payable to related parties	887,985	(887,985)	(887,985)	-	-
Other payables to related parties	118,033	(118,033)	(118,033)	-	-
Accrued expenses	302,608	(302,608)	(302,608)	-	-
Lease liabilities	186,677	(218,951)	(14,560)	(33,654)	(170,737)
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	-	(516,259)	(516,259)	-	-
Inflows	(286)	516,545	516,545	-	-
Foreign exchange swaps:					
Outflows		(1,608,024)	(1,608,024)	-	-
Inflows	(29,104)	1,637,128	1,637,128	-	-
	<u>\$ 2,844,178</u>	<u>(2,876,452)</u>	<u>(2,672,061)</u>	<u>(33,654)</u>	<u>(170,737)</u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,260,000	(1,263,711)	(1,263,711)	-	-
Accounts payable	1,039,355	(1,039,355)	(1,039,355)	-	-
Accounts payable to related parties	1,701,958	(1,701,958)	(1,701,958)	-	-
Other payables to related parties	150,426	(150,426)	(150,426)	-	-
Accrued expenses	442,620	(442,620)	(442,620)	-	-
Lease liabilities	195,868	(230,438)	(15,306)	(37,592)	(177,540)
Derivative financial liabilities					
Forward exchange contracts:				-	-
Outflows	479	(520,305)	(520,305)	-	-
Inflows	-	520,784	520,784	-	-
Foreign exchange swaps:					
Outflows	1,936	(999,960)	(999,960)	-	-
Inflows	-	1,001,896	1,001,896	-	-
	<u>\$ 4,792,642</u>	<u>(4,826,093)</u>	<u>(4,610,961)</u>	<u>(37,592)</u>	<u>(177,540)</u>

ALPHA NETWORKS INC.
Notes to the Parent-Company-Only Financial Statements

C. Currency risk

(a) Exposure to currency risk

The Company's significant exposure to foreign currency risk was as follows:

December 31, 2023					December 31, 2022		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	151,858	30.75	4,669,634	134,683	30.73	4,138,809
CNY		6,602	4.3364	28,629	41,759	4.4057	183,978
<u>Non-Monetary items</u>							
USD		62,800	30.75	Note	-	-	-
<u>Investment accounted for using equity method</u>							
USD		42,069	30.75	1,293,618	31,243	30.73	960,088
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		94,069	30.75	2,892,622	88,907	30.73	2,732,112
CNY		17,879	4.3364	77,530	31,050	4.4057	136,797
<u>Non-Monetary items</u>							
USD		5,000	30.75	Note	48,000	30.73	Note
CNY		10,000	4.3364	Note	11,000	4.4057	Note

Note : Please refer to note 6(2) for the information on forward exchange contracts and foreign exchange swaps measured at fair value.

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, trade receivables, other receivables, short-term borrowings, trade payables and other payables which are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the USD and the CNY at December 31, 2023 and 2022, would have increased or decreased the profit before income tax by \$17,281 thousand and \$14,539 thousand, respectively. The analysis assumed that all other variables remain constant, and is performed on the same basis for both periods.

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(c) Foreign exchange gains or losses on monetary items

Information on the foreign exchange gains or losses (including realized and unrealized portions) by the Company's monetary items, was as follows:

	For the years ended December 31,			
	2023		2022	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	\$ (18,571)	31.0638	39,534	29.5771
CNY	5,189	4.3956	2,450	4.4179
Others	155		1,269	
	<u>\$ (13,227)</u>		<u>43,253</u>	

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Company's financial assets and liabilities. The following sensitivity analysis is based on the exposure to the interest rate risk. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Company's profit before income tax would have increased or decreased by \$1,561 thousand and \$304 thousand, respectively for the years ended December 31, 2023 and 2022 with all other variable factors remaining constant. The change of ratio is mainly due to the variable interest rate of the Company's cash and cash equivalents, financial assets at amortized cost (non-current) and short-term borrowings.

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

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		December 31, 2023				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis						
Financial assets mandatorily at fair value through profit or loss – derivative	\$	30,168	-	30,168	-	30,168
Non-current financial assets at fair value through other comprehensive income		31,429	-	-	31,429	31,429
Total	\$	61,597	-	30,168	31,429	61,597
Financial assets mandatorily at amortized cost						
Cash and cash equivalents	\$	609,030	-	-	-	-
Notes and accounts receivable (including related parties)		3,784,053	-	-	-	-
Financial assets measured at amortized cost – non-current		18,428	-	-	-	-
Total	\$	4,411,511	-	-	-	-
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss — derivative	\$	778	-	778	-	778
Financial liabilities measured at amortized cost						
Accounts payable (including related parties)	\$	2,266,250	-	-	-	-
Other payable to related parties		118,033	-	-	-	-
Lease liabilities — current and non-current		186,677	-	-	-	-
Total	\$	2,570,960	-	-	-	-
		December 31, 2022				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis						
Non-current financial assets at fair value through other comprehensive income	\$	31,429	-	-	31,429	31,429

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		December 31, 2022				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets mandatorily at amortized cost						
Cash and cash equivalents	\$	322,687	-	-	-	-
Notes and accounts receivable (including related parties)		3,911,340	-	-	-	-
Other receivables due from related parties		176,867	-	-	-	-
Financial assets measured at amortized cost – non-current		18,717	-	-	-	-
Total	\$	<u>4,429,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss — derivative	\$	<u>2,415</u>	<u>-</u>	<u>2,415</u>	<u>-</u>	<u>2,415</u>
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	1,260,000	-	-	-	-
Accounts payable (including related parties)		2,741,313	-	-	-	-
Other payable to related parties		150,426	-	-	-	-
Lease liabilities — current and non-current		195,868	-	-	-	-
Total	\$	<u>4,347,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Fair value measured on non-recurring basis refers to occurrences in specific condition. The Company does not have any financial assets and liabilities measured on non-recurring basis.

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

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The categories and nature of the fair value for the Company's financial instruments which have active market are as below:

For publicly traded stock, bank draft and bond with standard terms and conditions that traded in an active market, the fair value is based on the quoted market price.

Except for the above-mentioned financial instruments traded in active markets, the fair value of other financial instruments is based on a valuation techniques or refer to quoted price from counterparties. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques which include model calculating with observable market data at the reporting date (such as yield curve from Taipei Exchange, average interest rate from Reuters' commercial paper).

The categories and nature of the fair value for the Company's financial instruments which without an active market are as below:

The fair value for equity instruments which do not have public quoted price is measured based on net asset value of comparable companies. The main assumption is based on the market multiples derived from the net value per share of investees and quoted price of EV/EBIT's comparable listed companies. The estimated amount has adjusted the discounted effect due to the lack of liquidity in market for equity security.

ii. Derivative financial instruments

Measurement on fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Foreign currency forward contract is measured based on the current forward exchange rate. Structured interest rate derivative products are measured based on appropriate option pricing model.

(c) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2023 and 2022.

(d) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
Opening balance, January 1, 2023 (Balance at December 31, 2023)	\$ 31,429
Opening balance, January 1, 2022	\$ -
Additions	31,429
Ending balance, December 31, 2022	\$ 31,429

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Notes to the Parent-Company-Only Financial Statements

- (e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through other comprehensive income – limited partnership" .

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-limited partnership	Equity Method	Not applicable (note)	Not applicable (note)

Note: The funds of limited partnership was remained unused.

(27) Financial risk management

A. Overview

The Company has exposures to the following risks from its financial instruments:

- (a) credit risk
- (b) liquidity risk
- (c) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying parent-company-only financial statements.

B. Structure of risk management

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Audit Committee is responsible for monitoring the compliance of the Company's risk management policies and procedures, and review the appropriateness of the Company's management structure related to the risks.

Risk management policies and systems are also reviewed regularly by the Audit Committee to reflect the changes in market conditions and the Company's activities. Internal auditors are assisting Audit Committee in performing the monitoring role through periodic and ad hoc review procedures to risk management relevant control and process. The internal auditors report regularly to the Board of Directors on their activities.

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C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in securities.

(a) Accounts receivable and other receivable

The Company has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount; these limits are reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company did not have any collateral on accounts receivable and other receivable.

(b) Investments

The credit risk of bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the financial department of the Company. There is no significant credit risk because the Company used to transact with or deal with counterparty with good credit ratings financial institutions, corporate organizations and government agencies.

(c) Guarantee

The Company's policy provides only financial security to fully owned subsidiaries. At December 31, 2023 and 2022, except for its subsidiaries, the Company did not provide any endorsement guarantee.

D. Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Bank borrowing is an essential liquidity source for the Company. As of December 31, 2023 and 2022, the Company's unutilized credit line for long-term and short-term bank borrowing, please refer to note 6(12) for details.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Company's income or the value of its holdings on financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return.

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The Company trades derivative instruments, which also incurs financial liabilities, in order to manage market risks. All such transactions are executed in accordance with the Company's procedures for conducting derivative transactions which were approved by the Board of Directors.

(a) Foreign currency risk

The Company's exposure to the risk of fluctuation in foreign currency exchange rates relates primarily to the Company's sales, purchases, and borrowings transactions, and those are denominated in a currency different from the functional currencies of the Company. These transactions are denominated in New Taiwan dollar (NTD), US dollar (USD), and Chinese Yuan (CNY).

The derivative financial products traded by the Company adopts economic hedging to avoid the exchange rate risk of foreign currency assets or liabilities held by the Company. The gains and losses arising from exchanges rate changes will offsets the hedged items, therefore, the market risk is usually low.

(b) Other market price risk

The Company is exposed to equity price risk due to its investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments. Therefore, the Company will be exposed to the risk of market price changes in this equity securities.

(28) Capital management

The Company's objective for managing its capital is to safeguard the capacity to continue as a going concern, to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell its assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the net debt divided by the total equity.

The net debt from the balance sheet is derived from the total liabilities, less cash and cash equivalents. The total equity includes share capital, capital surplus, retained earnings, and other equity.

The Company's debt-to-equity ratio at the end of the reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 4,781,876	6,320,183
Less: Cash and cash equivalents	(609,030)	(322,687)
Net debt	\$ 4,172,846	5,997,496
Total equity	\$ 10,012,721	10,371,312
Debt-to-equity ratio	41.68%	57.83%

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Notes to the Parent-Company-Only Financial Statements

The debt-to-equity ratio was reduced on December 31, 2023, due to the decrease in net debt.

(29) Non-cash investing and financing activities

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022, were as follows:

A. For right-of-use assets obtained due to leases, please refer to note 6(9).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Other	December 31, 2023
Short-term borrowings	\$ 1,260,000	(1,260,000)	-	-
Lease liabilities	195,868	(12,972)	3,781	186,677
Total liabilities from financing activities	<u>\$ 1,455,868</u>	<u>(1,272,972)</u>	<u>3,781</u>	<u>186,677</u>
	January 1, 2022	Cash flows	Other	December 31, 2022
Short-term borrowings	\$ 1,490,240	(230,240)	-	1,260,000
Lease liabilities	192,250	(12,987)	16,605	195,868
Total liabilities from financing activities	<u>\$ 1,682,490</u>	<u>(243,227)</u>	<u>16,605</u>	<u>1,455,868</u>

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Qisda Corporation (Qisda), who is both the parent company and the ultimate controlling company of the Company, held 54.60% of the Company's outstanding shares and has issued the consolidated financial statements available for public use.

(2) Names and relationship with subsidiaries and other related parties which have transaction with the Company during the periods covered in the parent-company-only financial statements were as follows:

Name of related party	Relationship with the Company
Qisda Corporation (Qisda)	Parent Company
AEWIN Technologies Co., Ltd.(AEWIN Technologies)	Qisda's subsidiary
BenQ Asia Pacific Corp (BQP)	Qisda's subsidiary
BenQ Healthcare Corporation (BHC)	Qisda's subsidiary
BenQ AB DcntCase Corp. (BABD)	Qisda's subsidiary
Global Intelligence Network Co., Ltd. (Ginnet)	Qisda's subsidiary
Qisda Vietnam Co., Ltd. (QVH)	Qisda's subsidiary

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Name of related party	Relationship with the Company
DFI Inc. (DFI)	Qisda's subsidiary
Concord Medical Co., Ltd. (Concord)	Qisda's subsidiary
Golden Spirit Co., Ltd. (GSC)	Qisda's subsidiary
Rapidtek Technologies Inc. (Rapidtek Technologies)	Qisda's associate
Unictron Technologies Corporation (Unictron Technologies)	Qisda's associate
Darfon Electronics Corp. (DFN)	Qisda's associate
Alpha Holdings Inc. (Alpha Holdings) (Note 3)	The Company's subsidiary
Alpha Solutions Co., Ltd. (Alpha Solutions)	The Company's subsidiary
Alpha Networks Inc. (Alpha USA)	The Company's subsidiary
Alpha Networks (Hong Kong) Limited (Alpha HK)	The Company's subsidiary
Alpha Technical Services Inc. (ATS)	The Company's subsidiary
D-Link Asia Investment Pte. Ltd. (D-Link Asia)	The Company's subsidiary
Alpha Networks (Chengdu) Co., Ltd. (Alpha Chengdu)	The Company's subsidiary
Mirac Networks (Dongguan) Co., Ltd (Mirac)	The Company's subsidiary
Alpha Networks (Dongguan) Co., Ltd.(Alpha Dongguan)	The Company's subsidiary
Alpha Networks (Changshu) Co., Ltd (Alpha Changshu)	The Company's subsidiary
Enrich Investment Corporation (Enrich Investment)	The Company's subsidiary
Transnet Corporation (Transnet)	The Company's subsidiary
Hitron Technologies Inc. (Hitron Technologies)	The Company's subsidiary
Interactive Digital Technologies Inc. (Interactive Digital)	The Company's subsidiary
Hitron Technologies (SIP), Inc. (Hitron Suzhou)	The Company's subsidiary
Hitron Technologies (Samoa), Inc. (Hitron Samoa)	The Company's subsidiary
Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	The Company's subsidiary
Hitron Technologies Europe Holding B.V. (Hitron Europe)	The Company's subsidiary
Hitron Technologies Americas Inc. (Hitron Americas)	The Company's subsidiary
Innoauto Technologies Inc. (Innoauto Technologies)	The Company's subsidiary
Hitron Technologies Vietnam. (Hitron Vietnam)	The Company's subsidiary
Hwa Chi Technologies (Shanghai), Inc. (Hwa Chi Technologies)	The Company's subsidiary
Aespula Technology INC. (Aespula)	The Company's subsidiary
Alpha Networks Vietnam Company Limited (Alpha VN) (Note 1)	The Company's subsidiary
Alpha Networks (Changshu Trading) Co., Ltd. (Alpha Changshu Trading) (Note 2)	The Company's subsidiary

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<u>Name of related party</u>	<u>Relationship with the Company</u>
BenQ Foundation	Substantive related party
Alpha Foundation	Substantive related party

Note 1: The Company established subsidiary in Vietnam on February 2022.

Note 2: The Company established subsidiary in the second quarter of 2023.

Note 3: Alpha Holdings had been written-down and liquidated in the fourth quarter of 2023.

(3) Significant related-party transactions

A. Sales

The amounts of sales to related parties were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Parent company	\$ 476	-
Subsidiary — Alpha USA	7,460,063	7,237,564
Subsidiary — others	104,204	139,788
Other related parties	<u>567</u>	<u>-</u>
	<u>\$ 7,565,310</u>	<u>7,377,352</u>

The prices for sales to the above related parties were determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

The collection terms for third parties were 30 to 90 days, while those for related parties were 90 days.

For the years ended December 31, 2023 and 2022, due to sales transactions between the Company and investments in equity-accounted investees, net changes in unrealized profit on sales amounting to \$(121,304) thousand and \$(62,467) thousand, respectively, were recognized.

B. Purchases

The amounts of purchases by the Company from related parties were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Parent company	\$ 65	-
Subsidiary — Alpha Changshu	8,042,314	9,271,181
Subsidiary — D-Link Asia	892,562	4,127,259
Subsidiary — Others	89,370	945
Other related parties	<u>1,989</u>	<u>28,878</u>
	<u>\$ 9,026,300</u>	<u>13,428,263</u>

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The payment terms for purchase from related parties were 30 to 120 days after purchase. The payment terms with related parties were not materially different from those with third parties.

The Company purchases raw materials through Alpha HK on behalf of Alpha Changshu. After the production by Alpha Changshu, the Company will buy back the finished products produced by Alpha Changshu and sell the products to customers of the Company. For the years ended December 31, 2023 and 2022, the Company purchased raw materials through Alpha HK on behalf of Alpha Changshu amounting to \$812,309 thousand and \$1,463,124 thousand, respectively, at cost. The revenue and cost of goods sold are not recognized in the parent-company-only financial statements.

The Company purchases raw materials through D-Link Asia on behalf of Alpha Dongguan. After the production by Alpha Dongguan, the Company will buy back the finished products produced by Alpha Dongguan and sell the products to customers of the Company. For the years ended December 31, 2023 and 2022, the Company purchased raw materials through D-Link Asia on behalf of Alpha Dongguan amounting to \$20,435 thousand and \$295,881 thousand, respectively, at cost. The revenue and cost of goods sold are not recognized in the parent-company-only financial statements.

The accounts receivable and accounts payable arising from the abovementioned transactions are settled on a net basis.

C. Receivables from related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable from related parties	Parent company	\$ 250	-
Accounts receivable from related parties	Subsidiary — Alpha USA	1,373,313	1,327,458
Account receivable from related parties	Subsidiary — Alpha HK	-	554,976
Account receivable from related parties	Subsidiary — Others	100,759	94,553
Account receivable from related parties	Other related parties	515	-
		<u>\$ 1,474,837</u>	<u>1,976,987</u>

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D. Payables to related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts payable to related parties	Parent company	\$ 62	-
Accounts payable to related parties	Subsidiary – D-Link Asia	-	994,483
Accounts payable to related parties	Subsidiary – Alpha Changshu	640,969	706,456
Accounts payable to related parties	Subsidiary – Alpha HK	244,999	-
Accounts payable to related parties	Subsidiary – Others	1,934	765
Accounts payable to related parties	Other related parties	21	254
		\$ 887,985	1,701,958

E. Commission costs

The commission costs to related parties for developing market business were as follows:

		For the years ended December 31,	
		2023	2022
Subsidiary – Alpha Solutions		\$ 13,990	11,839
Account	Relationship	December 31, 2023	December 31, 2022
Other payable to related parties	Subsidiary	\$ 3,375	3,087

F. Rendering of services and other expenses

The amounts of product warranty and maintenance services, research, donation and other expenses paid by the Company were as follows:

		For the years ended December 31,	
		2023	2022
Parent company		\$ 455	461
Subsidiary – Alpha Chengdu		297,732	253,497
Subsidiary – ATS		64,887	52,808
Subsidiary – Others		23,075	2,400
Other related parties		3,685	6,910
		\$ 389,834	316,076

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The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Other payable to related parties	Parent company	\$ 277	274
Other payable to related parties	Subsidiary – Alpha Chengdu	77,491	135,652
Other payable to related parties	Subsidiaries – Others	25,006	10,388
Other payable to related parties	Other related parties	151	880
		<u>\$ 102,925</u>	<u>147,194</u>

G. Property transactions

Acquisition of property, plant and equipment:

	For the years ended December 31, 2023	2022
Subsidiary – Transnet	\$ 9,550	-
Subsidiary – Interactive Digital	1,600	-
	<u>\$ 11,150</u>	<u>-</u>

The amount of payable to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Other payable to related parties	Subsidiaries	<u>\$ 11,708</u>	<u>-</u>

H. Endorsement guarantees

The endorsement guarantees to related parties were as follow:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>USD 9,000</u>	<u>USD 9,000</u>

I. Other income

The Company is a corporate director of a subsidiary, Hitron Technologies, wherein the remuneration to directors amounting to \$5,636 thousand and \$4,480 thousand recognized as other income for the years ended December 31, 2023 and 2022, respectively. The above balances had been fully paid as of the period.

The Company leased out an office to Transnet. The rental income for the years ended December 31, 2023 and 2022 were both amounted to \$57 thousand. The rental income received in advance from Transnet for the years ended December 31, 2023 and 2022, were both amounted to \$14 thousand, and recognized as other current liabilities.

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J. Dividends

The Company's subsidiary, Hitron Technologies, declared the cash dividends of \$300,000 thousand and \$100,000 thousand on February 23, 2023 and February 25, 2022, respectively, based on a resolution approved by the board. The above balances had been fully paid as of the period.

The Company's subsidiary, D-Link Asia, declared the cash dividends of \$264,639 thousand on November 15, 2023 based on a resolution approved by the board. The above balances had been fully paid as of the period.

K. Other receivables

In response to the organization restructure of Alpha Holdings, a resolution was approved during the board meeting held on December 31, 2020 for the capital reduction of Alpha Holdings, whose assets including other assets, other receivables and 100% shares of D-Link Asia were transferred to the Company to offset its share capital payable.

As of December 31, 2023 and 2022, the account receivable from Alpha Dongguan amounting to \$0 thousand and \$176,867 thousand was recognized as other receivables due from related parties.

L. Various advances

As of December 31, 2023 and 2022, the other receivable and payable from related parties due to the payment on behalf of the Company were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payable to related parties	Subsidiaries — Others	\$ 25	145

(4) Key management personnel compensation

	<u>For the years ended December 31, 2023</u>	<u>2022</u>
Short-term employee benefits	\$ 17,370	43,118

8. Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Import guarantee for customs	\$ 7,550	7,550
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for land lease	8,000	8,000
		<u>\$ 15,550</u>	<u>15,550</u>

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

9. Significant commitments and contingencies:

- (1) As of December 31, 2023 and 2022, the Company deposited notes in the bank amounting to \$7,455,950 thousand and \$5,558,355 thousand, respectively in order to obtain the credits limit of bank financing, foreign exchange facilities and contracts of government grants.
- (2) The Company had entered into technology license agreement with suppliers. According to the agreement, the Company is obligated to make payments for technology license fee and royalty based on the total sales of products by using such technology.
- (3) Please refer to note 7(3) for further details related to endorsement guarantees.
- (4) Contingencies

In 2023, Alpha's customers filed a claim against Alpha regarding the products reparation. The management is of the view that the financial impact of this matter to the Group's financial position is not foreseen to be substantial.

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other:

The summary of employee benefits, depreciation, and amortization, by function, was as follows:

By item	2023			2022		
	Cost of sales	Operation expenses	Total	Cost of sales	Operation expenses	Total
Employee benefits						
Salary	318,936	1,035,754	1,354,690	333,842	1,123,419	1,457,261
Labor and health insurance	33,634	76,119	109,753	30,466	71,777	102,243
Pension	12,584	47,062	59,646	12,237	44,777	57,014
Remuneration of directors	-	18,719	18,719	-	20,239	20,239
Others	21,801	47,153	68,954	23,223	44,454	67,677
Depreciation	47,915	68,605	116,520	32,068	60,489	92,557
Amortization	1,264	76,097	77,361	809	74,779	75,588

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

Additional information on the number of employees and employee benefits was as follows:

	For the years ended December 31,	
	2023	2022
The number of employees	<u>1,285</u>	<u>1,226</u>
The number of directors who are not holding as a position of employee	<u>7</u>	<u>6</u>
The average of employee benefits	<u>\$ 1,247</u>	<u>1,380</u>
The average of salaries	<u>\$ 1,060</u>	<u>1,194</u>
The average of salary adjustment rate	<u>(11)%</u>	
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

- (1) The remuneration of the Company's directors and supervisors is determined by reference to the Company's overall operating performance, value and development trends of the industry. The payment of directors and supervisors remuneration are reviewed by the Remuneration Committee and approved by the Board of Directors.
- (2) The remuneration of the managers and employees includes salary, bonus and employee remuneration. The wages of the employees are paid based on their position, the complexity of their work value, the trends of the industry and the Company's operating performance. In addition to the fixed remuneration, the variable remuneration is distributed based on employee performance and contribution in order to motivate employees. Remuneration for employees is in accordance with the Company's Articles of association and implemented by the approval of the Board of Directors' meeting and reported to the shareholders' meeting.

13. Other disclosures:

- (1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

- A. Financing provided to other parties: Please refer to Table 1.
- B. Guarantees and endorsements provided to other parties: Please refer to Table 2.
- C. Securities held (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Individual securities acquired or disposed of with accumulated amounts exceeding \$300 million or 20% of the capital stock: Please refer to Table 4.
- E. Acquisition of individual real estate with amounts exceeding \$300 million or 20% of the capital stock: None.

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

- F. Disposal of individual real estate with amounts \$300 million or 20% of the capital stock: None.
 - G. Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 5.
 - H. Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 6.
 - I. Trading in derivative instruments: Please refer to note 6(2) of parent-company-only financial statements.
- (2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 7.
- (3) Information on investment in Mainland China:
- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 8.
 - B. Limitation on investment in Mainland China: Please refer to Table 8.
 - C. Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” .

- (4) Major shareholders:

Shareholder's Name	Shares	Percentage
Qisda Corporation	295,797,126	54.60%

- A. The main shareholder information in this table is calculated on the last business day at the end of each quarter by the Taiwan Depository & Clearing Corporation, based on those who held more than 5% of the Company's ordinary shares and preferred shares and have completed unregistered non-physical securities delivered (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences due to different basis of calculation.
- B. In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Market Observation Post System website.

14. Segment information:

Please refer to consolidated financial statements for the year ended December 31, 2023.

Alpha Networks Inc.
Financing provided to other parties
For the year ended December 31, 2023

Table 1

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Alpha VN	Other receivable from related parties	Yes	622,000 (USD20,000 thousand)	307,500 (USD10,000 thousand)	-	3%~5.5%	2	-	Operating capital	-		-	2,002,544 (note 2)	4,005,088 (note 3)
1	Alpha HK	Alpha Changshu	Same as above	Yes	1,098,962 (CNY248,000 thousand)	1,075,427 (CNY248,000 thousand)	1,075,427 (CNY248,000 thousand)	-	2	-	Operating capital	-		-	2,273,145 (note 4)	2,273,145 (note 4)
2	Alpha Chengdu	Alpha Changshu	Same as above	Yes	267,180 (CNY60,000 thousand)	260,184 (CNY60,000 thousand)	260,184 (CNY60,000 thousand)	1.75%	2	-	Operating capital	-		-	463,192 (note 4)	463,912 (note 4)
3	Enrich Investment	Transnet Corporation	Same as above	Yes	15,000	15,000	15,000	1.65%	2	-	Operating capital	-		-	62,591 (note 5)	125,183 (note 5)
4	Hitron Technologies	Hitron Vietnam	Same as above	Yes	933,000 (USD30,000 thousand)	-	-	1%	2	-	Operating capital	-		-	983,900 (note 6)	1,967,801 (note 6)

Note 1: The method of filling out the capital loan and nature is as follows:

- (1) relate business relationship, please fill in 1.
- (2) relate short-term financing, please fill in 2.

Note 2: The individual financing amounts for a short term period shall not exceed 20% of the net worth of the Company.

Note 3: The aggregate financing amounts for a short term period shall not exceed 40% of the net worth of the Company.

Note 4: Alpha HK, D-Link Asia, Alpha Chengdu and Alpha Dongguan, the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, which are not located in Taiwan, for the purpose of landing operating capital, the amount of financing offered to a single company owned by the Company shall not exceed 100% of the lender's net worth.

Note 5: The total and individual amount of lending to a company by Enrich Investment shall not exceed 40% and 20% of the net worth of latest financial statement, respectively.

Note 6: The total amount of lending to a company by Hitron Technologies and its subsidiaries shall not exceed 40% of the net worth of the audited or reviewed financial statement for both parties. The lending reason and limit for each type of party is stated as below:

- a. For entities who have business transactions with Hitron Technologies, the lending amount shall not exceed the total transaction amount in the nearest 12 months or the estimated amount within the next 12 months. Furthermore, the lending amount shall not exceed 20% of the net worth of Hitron Technologies' latest audited or reviewed financial statements. The transaction referring to the higher of sales or purchase amount.
- b. For entities who have a need in short term financing, the lending amount shall not exceed 20% of the net worth of Hitron Technologies' latest audited or reviewed financial statements.
- c. Lending among foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights, or foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights lending to Hitron Technologies, there is no limit to the amount and period of lending, but should state the limit and term of lending.

Alpha Networks Inc.
Guarantees and endorsements provided to other parties
For the year ended December 31, 2023

Table 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1 and 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2 and 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Alpha Dongguan	note 3	5,006,361	64,850	61,500	-	-	0.61%	10,012,721	Y	N	Y
0	The Company	Alpha Changshu	note 3	5,006,361	226,975	215,250	16	-	2.15%	10,012,721	Y	N	Y
1	Hitron Technologies	Hitron Europe	note 3	4,919,502	631,113	-	-	-	- %	7,379,253	N	N	N
1	Hitron Technologies	Hitron Americas	note 3	4,919,502	615,600	-	-	-	- %	7,379,253	N	N	N
1	Hitron Technologies	Hitron Vietnam	note 3	4,919,502	2,554,740	-	-	-	- %	7,379,253	N	N	N

Note 1: The total amount of guarantee provided by the Company to any individual entity shall not exceed 50% of the Company's equity.

Note 2: The total amount of guarantee provided by the Company shall not exceed 100% of the Company's equity.

Note 3: The Company directly and indirectly holds more than 50% of the shares with voting rights.

Note 4: The total amount of Hitron Technologies' endorsement in security shall not exceed 150% of the net value of Hitron Technologies' latest financial statements; the amount of endorsement in security for a single enterprise shall not exceed 20% of the net value of Hitron Technologies' latest financial statements. However, there is no restriction for those directly or indirectly held subsidiaries with more than 50% of the voting shares and for those directly and indirectly hold 100% of the voting shares are indirectly endorsed and guaranteed, but it shall not exceed Hitron 100% of the net value of the latest financial statements. Other than the two regulations above, the total amount of Hitron Technologies' endorsement in security for each type of party shall not exceed the total transaction amount in the nearest 12 months or the estimated transaction amount within the next 12 months and 20% of the net worth of Hitron Technologies' latest audited or reviewed financial statements (the transaction referring to the higher of sales or purchase amount).

Alpha Networks Inc.
Securities held (excluding investment in subsidiaries, associates and joint ventures)
December 31, 2023

Table 3

(In Thousands of New Taiwan Dollars/In Thousands of Shares)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/ Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	TGC, Inc.	-	Non-current financial assets at fair value through profit and loss	500	-	1.83	-	
The Company	IGNITION VENTURES	-	Non-current financial assets at fair value through other comprehensive income	-	31,429	-	31,429	
Enrich Investment	RAPIDTEK TECHNOLOGIES	Qisda's associate	Non-current financial assets at fair value through other comprehensive income	1,751	108,750	5.84	108,750	
Hitron Technologies	SENAO INTERNATIONAL CO, LTD.	-	Current financial assets at fair value through profit or loss	152	5,989	0.06	5,989	
Hitron Technologies	CHAO LONG MOTOR PARTS CORP.	-	Non-current financial assets at fair value through other comprehensive income	668	51,152	1.79	51,152	
Hitron Technologies	IMAGETECH CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	120	-	1.20	-	
Hitron Technologies	TSUNAMI VISUAL TECHNOLOGIES, INC.	-	Non-current financial assets at fair value through other comprehensive income	1,220	-	9.34	-	
Hitron Technologies	PIVOT TECHNOLOGY CORP.	-	Non-current financial assets at fair value through other comprehensive income	198	-	10.94	-	
Hitron Technologies	CARDTEK TECHNOLOGY CO., LTD	-	Non-current financial assets at fair value through other comprehensive income	1,000	-	6.45	-	
Hitron Technologies	YESMOBIRE HOLDINGS COMPANY LTD.	-	Non-current financial assets at fair value through other comprehensive income	294	-	0.75	-	
Hitron Technologies	CODENT NETWORKS (CAYMAN) LTD.(SPECIAL SHARES)	-	Non-current financial assets at fair value through other comprehensive income	1,570	-	-	-	

Alpha Networks Inc.
Individual securities acquired or disposed of with accumulated amounts exceeding \$300 million or 20% of the capital stock
For the year ended December 31, 2023

Table 4

(In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount (note)
The Company	Alpha VN	Investments accounted for using equity method	Capital increase	Parent and subsidiary	-	613,700	-	492,368	-	-	-	-	-	929,750
The Company	Alpha Chengdu	Investments accounted for using equity method	D-Link Asia	Parent and subsidiary	-	-	-	453,169	-	-	-	-	-	463,192

Note: The ending balance included the amount of investment gains and losses, cumulative translation adjustments and other adjustments in the current period.

Alpha Networks Inc.

Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock

For the year ended December 31, 2023

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Alpha USA	Subsidiary of the Company	(Sales)	(7,460,063)	(41)%	90 days	-		1,373,313	36%	
The Company	D-Link Asia	Subsidiary of the Company	Purchase	892,562	6%	90 days	-		-	-%	
The Company	Alpha Changshu	Subsidiary of the Company	Purchase	8,042,314	58%	90 days	-		(640,969)	(28)%	
Alpha Changshu	Mirac	Subsidiary to subsidiary	(Sales)	(310,788)	(3)%	90 days	-		36,611	3%	
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	(Sales)	(6,191,412)	(72)%	90 days	-		709,582	38%	
Alpha HK	Alpha VN	Subsidiary to subsidiary	(Sales)	(1,487,305)	(17)%	90 days	-		916,049	49%	
D-Link Asia	Alpha Dongguan	Subsidiary to subsidiary	Purchase	892,562	68%	90 days	-		-	-%	
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	(Sales)	(4,134,320)	(67)%	90 days	-		1,518,943	74%	
Hitron Technologies	Hitron Europe	Subsidiary to subsidiary	(Sales)	(355,687)	(6)%	90 days	-		69,433	3%	
Hitron Technologies	Hitron Vietnam	Subsidiary to subsidiary	Purchase	6,423,767	89%	60 days	-		(1,701,574)	(86)%	

Alpha Networks Inc.
Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock
December 31, 2023

Table 6

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Loss Allowance	Note
					Amount	Action taken			
The Company	Alpha USA	Subsidiary of the Company	1,373,313	7.37	-	-	540,208	-	
Alpha Changshu	The Company	Subsidiary to parent	640,969	11.94	-	-	358,256	-	
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	709,582	6.69	31,482	-	286,941	-	
Alpha HK	Alpha VN	Subsidiary to subsidiary	916,049	2.98	55,926	-	120,917	-	
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	1,518,943	2.17	-	-	536,841	-	
Hitron Vietnam	Hitron Technologies	Subsidiary to subsidiary	1,701,574	2.73	-	-	10,274	-	

Note 1: The collection situation as of February 19, 2024.

Alpha Networks Inc.
Information on investees (excluding information on investees in Mainland China)
For the year ended December 31, 2023

Table 7

(In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Alpha Holdings	Cayman Islands	Investment holding	- note 7	208,500	- note 7	- %	-	-	-	
The Company	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	5,543	1	100.00%	17,676	234	234	
The Company	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00%	172,138	13,822	13,822	
The Company	Alpha HK	Hong Kong	Investment holding	3,143,628	3,143,628	780,911	100.00%	2,256,923	110,387	108,037	
The Company	ATS	USA	Post-sale service	260,497 (USD8,100 thousand)	260,497 (USD8,100 thousand)	8,100	100.00%	191,731	4,041	4,041	
The Company	Enrich Investment	Taiwan	Investment holding	400,000	400,000	40,000	100.00%	312,957	1,355	1,355	
The Company	Hitron Technologies	Taiwan	Marketing on system integration of communication product and telecommunication products	4,811,000	4,811,000	200,000	62.24%	3,928,462	4,879	(49,068)	
The Company	D-Link Asia	Singapore	Investment in manufacturing business	- note 5, 6	1,692,805 note 2	- note 6	- %	-	(20,782)	(7,231)	
The Company	Alpha VN	Vietnam	Production and sale of network products	1,195,424	703,056	note 4	100.00%	929,750	(178,500)	(178,500)	
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	5.61%	119,772	261,763	note 1	
Enrich Investment	Transnet	Taiwan	Operating network communication products, provide support system services, integrated supply and import and export of network equipment	50,000	50,000	5,000	100.00%	16,739	44	note 1	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Enrich Investment	Aespula	Taiwan	Sale of network equipment components and technical services	80,000	80,000	8,000	98.92%	49,980	(13,295)	note 1,3	
Hitron Technologies	Hitron Samoa	Samoa	International trade	172,179	642,697	5,850	100.00%	187,851	49,396	note 1	
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	36.39%	638,399	261,763	note 1	
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	note 4	100.00%	2,798,108	381,925	note 1	
Hitron Technologies	Hitron Americas	USA	International trade	90,082	90,082	300	100.00%	294,821	(82,795)	note 1	
Hitron Technologies	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00%	66,652	(35,857)	note 1	
Hitron Technologies	Innoauto Technologies	Taiwan	Investments and automotive electronics products	20,000	20,000	2,000	100.00%	3,440	(4)	note 1	

Note 1: Recognized by subsidiary.

Note 2: This included the previous investments of \$218,613 thousand by D-Link Corporation.

Note 3: The percentage of ownership had included 87 thousand shares of preferred stock held by the original shareholders.

Note 4: Limited company.

Note 5: D-Link Asia carried out the capital reduction returning USD50,500 thousand on September 22, 2023 (equivalent to approximately \$1,557,924 thousand).

Note 6: D-Link Asia and Alpha Dongguan were reclassified as non-current assets held for sale because of the shares transfer agreement on December 28, 2023. The expected day of the settlement is in June 2024.

Note 7: Alpha Holdings had been written-down and liquidated in the fourth quarter of 2023.

Alpha Networks Inc.
Information on investment in Mainland China
For the year ended December 31, 2023

Table 8

(In Thousands of New Taiwan Dollars)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Alpha Chengdu	Research and development of network products	420,426	note 2(b)	420,426	-	-	420,426	21,245	100.00%	21,245	463,192	147,231
Alpha Dongguan	Production and sale of network products	97,023 (note 11)	note 1(a)	741,084	-	626,887	114,197 (note 7)	(183,206)	100.00%	(183,206)	(21,416)	692,935
Mirac	Production and sale of network products	107,131 (note 10)	note 1(b)	307,326	-	-	307,326	29,528	100.00%	29,528	122,511	-
Alpha Changshu	Production and sale of network products	1,925,920	note 1(b)	1,925,920	-	-	1,925,920	22,942	100.00%	22,942	1,177,637	-
Alpha Changshu Trading	Production and sale of network products	17,378 (CNY4,000 thousand)	note 1(b)	-	-	-	-	(13,388)	100.00%	(13,388)	4,211	-
Hitron Suzhou	Production and sale of broadband network products	171,245 (CNY34,800 thousand)	note 1(c)	641,763	-	470,518	171,245	49,387	100.00% (note 9)	49,387	190,836	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (CNY5,425 thousand)	note 1(c)	31,139	-	-	31,139	(11)	100.00% (note 9)	(11)	3,670	-
Hwa Chi Technologies	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	5,814 (USD200 thousand)	note 2(a)	12,048	-	-	12,048	2,562	36.39% (note 9)	1,020	4,945	24,264

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	2,634,897 note 4,5,8	3,496,798	note 6
Hitron Technologies	214,432	214,432	2,951,701

Note 1: Investments in companies in Mainland China through the existing companies in the third regions are as follows:

- (a) D-Link Asia
- (b) Alpha HK
- (c) Hitron Samoa

Note 2: (a) Hwa Chi is a China based investment company, which was originally invested by Hitron (Samoa), a subsidiary of Alpha. However, due to the Group's restructuring, the investor was changed to Interactive Digital instead, based on the resolution approved during the board meeting in 2012.

(b) The entire shares of Alpha Chengdu, which was originally fully owned by D-Link Asia, had been transferred to Alpha on June 15, 2023 based on the agreement entered into by D-Link Asia and Alpha.

Note 3: The amount was recognized based on the audited financial statements.

Note 4: The accumulated investments in Alpha Dongguan did not include the previously investment of HKD69,387 thousand (equivalent to approximately \$303,055 thousand) by D-Link Corporation.

Note 5: Alpha, who indirectly invested its subsidiary, Tongying Trading (Shenzhen) Co., Ltd., has liquidated all its rights and obligations and cancelled its registration in March 2008, resulting in the amount of \$5,461 thousand (the difference between the accumulated investment in Tongying Trading (Shenzhen) Co., Ltd. amounting to \$9,828 thousand and the remittance amount of \$4,367 thousand) to be recognized. The amount recognized above still needs to be included in the accumulated investment in Mainland China according to the principle of Investment Commission, MOEA.

Note 6: According to the Operation Headquarters confirmation document, with letter no.11120417620, issued by the Industrial Development Bureau, MOEA, obtained by Alpha on June 8, 2022, the upper limit on its investment in Mainland China, pursuant to the “Principle of Investment or Technical Cooperation in Mainland China”, is not applicable.

Note 7: Since the investment amount of \$46,412 thousand was derived from D-Link Asia's own funds, the investment amount didn't need to be included in the accumulated investment in Mainland China as of December 31, 2023.

Note 8: Maintrend, a subsidiary which the Company indirectly invested in, has completed its liquidation procedures on various rights and obligations; thus, cancelled its registration on July 23, 2018. However, the Company's cumulative investment of \$164,622 thousand still needs to be included in the accumulated investment in Mainland China according to the regulations of the Investment Commission, MOEA.

Note 9: This refers to the direct or indirect shareholding of Hitron technologies.

Note 10: The capital reduction registration procedures had been completed on December 19, 2022; however, the capital has yet to be remitted back as of December 31, 2023.

Note 11: The capital reduction registration procedures had been completed on August 17, 2023.



No.8, Li-Hsin 7th Rd., Hsinchu Science Park, Hsinchu 300094, Taiwan, R.O.C.
Tel: 886-3-5636666 Fax: 886-3-5636789

▲ www.alphanetworks.com