

Stock Code: 3380

Alpha Networks Inc.

2021

Annual General Shareholders' Meeting

Handbook

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I. Meeting Procedures

Procedures of Alpha Networks Inc. 2021 Annual General Shareholders' Meeting are as follows.

1. Call Meeting to Order
2. Chairperson Remarks
3. Report on Company Affairs
4. Adoption of Company Affairs
5. Discussion of Company Affairs
6. Questions and Motions
7. Adjournment

II. Meeting Agenda

Date of Meeting: June 18, 2021 at 09:00 a.m.

Date of Place: Darwin Hall of HSP Link.

(No. 1, Industry E. Rd. II, Science-Based Industrial Park, Hsinchu, Taiwan, R.O.C.)

- I. Call Meeting to Order
- II. Chairperson Remarks
- III. Report on Company Affairs
 1. 2020 Business Report.
 2. The Review Report of the Audit Committee.
 3. The Distribution of Cash Dividends from 2020 Earnings.
 4. The Distribution of Cash Dividends from Capital Surplus.
- IV. Adoption of Company Affairs
 1. To Adopt 2020 Business Report and Consolidated Financial Statements.
 2. To Adopt the Proposal of the Distribution of 2020 Earnings.
- V. Discussion of Company Affairs
 1. To Approve the Amendment of the “Articles of Incorporation”.
 2. To Approve the Amendment of the “Procedures for Acquisition or Disposal of Assets”.
 3. To Approve the Amendment of the “Procedures for Lending Funds to Other Parties”.
 4. To Approve the Amendment of the “Procedures for Endorsements and Guarantees”.
- VI. Questions and Motions
- VII. Adjournment

Report on Company Affairs

1. 2020 Business Report

Explanation: Please refer to Attachment 1 (P.8 ~ P.11).

2. The Review Report of the Audit Committee

Explanation:

(1) The review report of the audit committee on 2020 business report, 2020 consolidated financial statements, 2020 parent company only financial statements and the proposal of the distribution of 2020 earnings.

(2) Please refer to Attachment 2 (P.12).

3. The Distribution of Cash Dividends from 2020 Earnings

Explanation:

(1) In accordance with article 30-1 of the articles of incorporation, when the Company's dividends and bonuses are distributed in cash, the board of directors is authorized to make a resolution and report the distribution in the shareholders' meeting.

(2) The proposed distribution is appropriated from the 2020 earnings available for distribution and approved by the meeting of the board of directors held on May 7, 2021. The cash dividends, amounted to NT\$108,343,692, will be distributed at NT\$0.2 per share, and the distribution of cash dividends shall be based on share ratio and rounded off (less than NT\$1) to the integer. Fractional dividend amounts shall be accounted as other gains of the Company. Besides, the chairman is also authorized to determine the ex-dividend date and payment date for the cash dividends and other related matters.

(3) If the cash dividend distribution ratio fluctuates and needs to be modified due to the change of the total number of outstanding common shares of the Company, the chairman is authorized to adjust the distribution ratio with the resolution of the board of directors.

4. The Distribution of Cash Dividends from Capital Surplus

Explanation:

(1) In accordance with article 30-1 of the articles of incorporation, when the Company's cash dividends are distributed from capital surplus, the board of directors is authorized to make a resolution and report the distribution in the shareholders' meeting.

(2) The proposed distribution is appropriated from the capital surplus which is the additional paid-in capital over the par value of the common shares and approved by the meeting of the board of

directors held on May 7, 2021. The cash dividends, amounted to NT\$433,374,768, will be distributed at NT\$0.8 per share. The distribution of cash dividends shall be based on share ratio and rounded off (less than NT\$1) to the integer. Fractional dividend amounts shall be accounted as other gains of the Company. Besides, the chairman is also authorized to determine the ex-dividend date and payment date for the cash dividends and other related matters.

- (3) If the cash dividend distribution ratio fluctuates and needs to be modified due to the change of the total number of outstanding common shares of the Company, the chairman is authorized to adjust the distribution ratio with the resolution of the meeting of the board of directors.
- (4) This distribution shall be done after the adoption of the distribution of 2020 earnings in the 2021 annual general shareholders' meeting.

Adoption of Company Affairs

1. To Adopt 2020 Business Report and Consolidated Financial Statements (Proposed by the Board of Directors)

Explanation:

(1)The 2020 consolidated financial statements were audited by independent auditors, Cheng-Chien, Chen and Hai-Ning, Huang of the CPA firm of KPMG and the opinion of the independent auditors showed that the consolidated financial statements presented fairly the financial position of the Company as of December 31, 2020 and its financial performance and cash flows for 2020. The consolidated financial statements, along with the business report, were reviewed by the audit committee.

(2)Please refer to Attachment 1 (P.8~P.11), Attachment 3 (P.13~P.23) and Attachment 4 (P.24~P.34) for related reports and statements.

(3)Submission for adoption.

Resolution:

2. To Adopt the Proposal of the Distribution of 2020 Earnings (Proposed by the Board of Directors)

Explanation:

(1) Please refer to Attachment 5 (P.35) for the distribution table of 2020 earnings.

(2) Submission for adoption.

Resolution:

Discussion of Company Affairs

1. To Approve the Amendment of the “Articles of Incorporation” (Proposed by the Board of Directors)

Explanation:

- (1) Propose to amend the “Articles of Incorporation” to comply with the actual needs of the Company.
- (2) Please refer to Attachment 6 (P.36~P.37) for the comparison table for the “Articles of Incorporation” before and after amendment.

Resolution:

2. To Approve the Amendment of the “Procedures for Acquisition or Disposal of Assets” (Proposed by the Board of Directors)

Explanation:

- (1) Propose to amend the “Procedures for Acquisition or Disposal of Assets” to comply with the actual needs of the Company.
- (2) Please refer to Attachment 7 (P.38~P.42) for the comparison table for the “Procedures for Acquisition or Disposal of Assets” before and after amendment.

Resolution:

3. To Approve the Amendment of the “Procedures for Lending Funds to Other Parties” (Proposed by the Board of Directors)

Explanation:

- (1) Propose to amend the “Procedures for Lending Funds to Other Parties” to comply with the actual needs of the Company.
- (2) Please refer to Attachment 8 (P.43~P.45) for the comparison table for the “Procedures for Lending Funds to Other Parties” before and after amendment.

Resolution:

4. To Approve the Amendment of the “Procedures for Endorsements and Guarantees” (Proposed by the Board of Directors)

Explanation:

- (1) Propose to amend the “Procedures for Endorsements and Guarantees” to comply with the actual needs of the Company.
- (2) Please refer to Attachment 9 (P.46~P.49) for the comparison table for the “Procedures for Endorsements and Guarantees” before and after amendment.

Resolution:

Questions and Motions

Adjournment

Attachments

Alpha Networks Inc.

2020 Business Report

Letter to Shareholders

Dear Shareholders,

I. Business Results in 2020

(I) Implementation Results of Business Plan in 2020

Looking back over the past year, although the global economy was affected by COVID-19 and the US-China trade war, with the joint efforts of the management team and all staff, and the integration of resources from Hitron and Qisda Group, Alpha achieved success in the development of new products and the addition of new customers with the synergy of complementary technology and product lines, and the revenue and profit kept growing significantly. This year, we will continue our relentless efforts.

Looking forward to this year, 5G has become the key technology focus of the network communication industry, and is expected to drive the development of various vertical application services and the digital transformation of various industries. With the launch of the new businesses of 5G private network for enterprises and Telematics, as well as the momentum of major products including network switch, Wi-Fi 6 and 5G, Alpha expects that its revenue and profit will have the opportunity to challenge the record high.

(II) Budget Implementation Status

The company did not disclose its financial forecast for 2020.

(III) Analysis of Financial Results and Profitability

In 2020, the consolidated revenue was NT\$32.171 billion; the consolidated gross profit margin was 15.6%, which was about 0.9% lower than the previous year's number of 16.5%; the consolidated net operating profit was NT\$898 million; the consolidated net profit after tax was NT\$725 million, of which the net profit attributable to the owners of the parent company was NT\$557 million, equivalent to NT\$1.03 per share.

(IV) Research and Development Status

The company has complete network communication software/hardware technologies, and its research and development focuses in 2020 were as follows:

1. The three main fields in technology research and product development are 5G, Fiber and MEC & AI, plus the key technologies and products derived from the three main fields.
2. For 5G, the focus was on the development of 5G CPE, 5G Repeater and 5G Small Cell devices of sub-6G and millimeter wave combining with Wi-Fi 6 wireless network technology to enter into the enterprise and family markets.
3. For fiber, the focus was on the development of 10G-PON optical network OLT (local end) and ONT(customer end) equipment, as well as G.fast telecommunication local end and terminal equipment.
4. For MEC & AI, the focus was on the development of MEC software integration platform,

the introduction of AI applications, and the improvement of 5G core network stability and compatibility.

5. We took advantage of the integration of 5G, Fiber and MEC & AI to provide the end-to-end solutions of 5G private network with high cost-performance ratio. In the early stage, smart factory, smart health and smart building are the key focused market sectors.
6. We continually developed telecom grade switches and industrial grade switches due to the trend in 5G and IoT.
7. We developed 400G high-speed Ethernet switches for data centers, and did tests and simulation of signal and power integrity engineering development of high-speed network.
8. We introduced the technology of autonomous dynamic video adaptation (AVS) and intelligent video analysis (IVA) for internet surveillance camera (IP Cam).
9. We developed 77 GHz/79 GHz short/medium/long range millimeter wave radar and perimeter sensing system for vehicles combing with vehicle surrounding video system to provide safe driving components for vehicle manufacturers.

II. Summary of Business Plan for 2021

(I) Business Direction

1. Strengthen the core competitive advantage, improve the company's service quality and enhance profitability.
2. Continue to develop strategic partnership with customers and suppliers.
3. Commit to group integration for the synergy effect.
4. 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 Business Unit

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. The huge data flow of the data center will continue to drive the increase of the penetration of 25G and 100G switches, and the demand for 400G high-speed switches will gradually increase. With the development trend of edge computing MEC on 5G core network and IoT, the company not only develops switch OLT optical cable terminal equipment in line with 5G mobile communication network application, but also develops the MEC software integration platform. As wireless networks enters the era of Wi-Fi 6 high-speed transmission, the demand for 2.5G switches will increase. Besides, with the increasing application of networking equipment requiring more power, the demand for switches supporting high-power Ethernet power supply (PoE++) will grow.

2. Wireless Broadband Business Unit

Due to the irreversible change of global trends caused by COVID-19, the demand for long-distance work or working at home is rising rapidly, and simultaneously long-distance work has gradually become an irremediable trend. However, long-distance work or cooperation highly relies on the timely transmission of a large number of data, images and voices. The rapid growth of the demand for big bandwidth such as working at home and the demand for the construction of smart home environment pushes global telecom operators to accelerate the upgrade of fiber fixed-line network infrastructure, speed up the deployment of 5G network and significantly increase the number of Wi-Fi APs.

Therefore, besides the continuing focus on the expansion of 5G enterprise market and the development of the terminal radio unit (RU), the company develops customized end-to-end solutions which can be flexibly applied in various fields. We also actively develop 5G fixed wireless access (5G FWA) to meet the demand of the application services of the telecom market and 10G-PON solutions for optical fiber network. In addition, telecom operators have greatly increased the number of wireless base stations (Wi-Fi APs) and the terminal devices of high-speed Wi-Fi 6 wireless network to meet the high surge of the demand of big bandwidth from long-distance work of enterprises and the smart home network, so it continuously brings the new demand for the company's Wi-Fi 6, 6E enterprise-grade wireless AP and home router.

3. Digital Multimedia Business Unit

Driven by the growing demand of IoT and 5G, smart home and home security surveillance image products will be the driving forces for the sustainable growth of digital multimedia BU in the future. In addition to the vertical integration of new key technologies, such as the applications of millimeter wave radar, AI deep learning and software related algorithms, such as face recognition, motion detection and the connection with public and private clouds will be important forces to improve product differentiation and ODM/OEM competitiveness. Besides IP Cam, the proportion of video surveillance of the product portfolio will continue to be increased, including the integration of NVR system, to provide the enterprise security surveillance solution. The digital multimedia BU will play the role of solution provider for smart home and home safety surveillance in the Group.

4. Mobile Enterprise Solutions Business Unit

With the development of the advanced driving assistance system (ADAS) market, the 24GHz millimeter wave radar sensors of the company have been successfully mass produced and shipped to overseas markets, and the millimeter wave radar technology has been further expanded to the applications of smart parking. The company will also continue to develop 77 GHz and 79 GHz millimeter wave radar combining with the vehicle AVM surrounding image system from customers to improve the sensing accuracy. The company has the capability of the self-development of millimeter wave radar and algorithm technology, and can provide customized products based on the environments. The company will further combine radar sensing, webcam and network communication technologies to grasp the development opportunities of Telematics.

(III) Major Production and Marketing Policies of the Year

1. Strengthen the relationship with suppliers, and stabilize the material sources and delivery momentum.
2. Optimize the capacity allocation to improve the overall product manufacturing quality and cost competitive advantage.
3. Actively expand core businesses combining with group resources to provide the comprehensive solutions to customers.

III. Future Development Strategies of the Company

The long-term strategies are as follows to enhance profitability and sustainability:

- (I) Deeply cultivate long-term partnership with customers and suppliers to expand markets.
- (II) Strictly control the quality and cost of manufacturing to improve the operation efficiency and profitability of the company.
- (III) Continue to invest in the development of advanced technologies and strengthen the core

competitive advantages.

(IV) Improve corporate governance and strictly implement corporate social responsibility.

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

The company will continue to develop core technologies and advanced integrated products to enhance product value, avoid price wars of low-end products, and actively expand sales channels and provide customers with complete solutions. On the business environment, although the impact of COVID-19 is still severe and there are uncertainties in the US-China trade and technology war, the continuing COVID-19 vaccinations provide a potential support for the economic recovery and prospects in 2021. In addition, the development of technology applications in 5G, Telematics and AI, as well as long-distance work and working at home, are unavoidable trends which bring growth opportunities to the network communication industry.

We would like to express our sincerest thanks for your long-term full support and encouragement. Alpha's management team and all staff will continue to see the forward-looking and technological innovations as the cores, adhere to the corporate cultures of "virtue", "customer value", "agility" and "collaborative performance", and continue to bring maximum benefits to the Company and shareholders.

We wish you good health and all the best!

Sincerely!

Chairman: Wen-Fang Huang

President: Yu-Chin Lin

Accounting officer: Shao-Ling Chen

The Review Report of the Audit Committee

To: Alpha Networks Inc. 2021 Annual General Shareholders' Meeting.

The board of directors has prepared the Company's 2020 consolidated financial statements. Cheng-Chien, Chen and Hai-Ning, Huang 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 2020 consolidated financial statements, business report and independent auditors' report 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.

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

Date: March 19, 2021

To: Alpha Networks Inc. 2021 Annual General Shareholders' Meeting.

The board of directors has prepared the proposal of the distribution of 2020 earnings, which 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.

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

Date: May 7, 2021

Representation Letter

The entities that are required to be included in the combined financial statements of Alpha Networks Inc. and Subsidiaries as of and for the year ended December 31, 2020 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 as endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." 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-Fang Huang

Date: March 19, 2021

Independent Auditors' Report and 2020 Financial Statements

2020 Consolidated Financial Statements

Independent Auditors' Report

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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, based on our audit and the report of other auditor (Please refer to the paragraph on Other Matter of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Alpha Networks Inc., and its subsidiaries as of December 31, 2020 and 2019, 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 (“IFRSs”), 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 Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audit results and other CPA's audit report 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 (14) and note 6 (25) for accounting policy and detailed disclosure of revenue, respectively. In explanation of key audit matters:

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. Consequently, 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 revenue process and cash collection transaction process; understanding the terms and types of the major sales transactions and assessing whether they were recorded in the proper period; selecting samples and inspecting customers' orders, bills of lading, raw data on ecommerce transactions, and outsourced transportation delivery orders, to assess the adequacy of the Group's timing on revenue recognition; understanding the rationale for any identified significant sales fluctuations which incurred within a certain period before or after the balance sheet date; inspecting customers' orders, bill of lading, and outsourcing transportation delivery orders, 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.

In explanation of key audit matters:

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. Due to the rapid development of technology and introduction of new products, the old models produced by the Group may be replaced by new ones, which may result 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 evaluating the reasonableness of the management's assessment and judgment on the method used in calculating the net realizable value, including data used, assumption, and formula; inspecting the appropriate supporting documentation to determine whether the estimation of provision for inventory obsolescence is accurate; testing the accuracy of the ageing of inventory and net realizable value through sampling and testing the report generated from system, evaluating the accuracy and reasonableness of the Group in providing inventory loss allowances based on the run rate and disposal of slow-moving inventory.

Other Matter

Among the subsidiaries included in the consolidated financial report, the financial statements of the Hitron Technologies Inc. (Europe) have been audited by other CPA firm. Therefore, the opinion on consolidated

financial statements regarding the amount of Hitron's financial statements and the relevant information disclosed in Note 13 are based on the audit reports of other firm. Hitron's total assets as of December 31, 2020 were \$362,527 thousand dollars, which was 1.34% of the total consolidated assets, and its operating revenue from January 1 to December 31, 2020 is \$582,353 thousand dollars, which was 1.81% of the consolidated net operating revenue.

The Group has prepared individual financial reports for 2020 and 2019, and the CPA has issued unqualified opinion with other matter paragraph.

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 IFRSs, IASs, IFRC, 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 (inclusive of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We 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 Cheng-Chien Chen and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)

March 19, 2021

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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(1))	\$ 5,710,004	21	5,918,331	24
1110	Current financial assets at fair value through profit or loss (note 6(2))	82,311	-	99,705	-
1136	Current financial assets at amortized cost (notes 6(1), (5) and 8)	226,577	1	3,146,690	13
1170	Notes and accounts receivable, net (note 6(3))	6,801,078	25	3,764,696	15
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	-	-	528,144	2
130x	Inventories (note 6(4))	7,029,370	26	5,089,181	20
1470	Other current assets (note 6(13))	<u>856,997</u>	<u>3</u>	<u>601,754</u>	<u>2</u>
		<u>20,706,331</u>	<u>76</u>	<u>19,148,501</u>	<u>76</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(6))	21,245	-	161,614	1
1535	Non-current financial assets at amortized cost (notes 6(3), (5) and 8)	156,475	1	39,745	-
1600	Property, plant and equipment (note 6(10))	3,936,709	15	3,231,397	13
1755	Right-of-use asset (note 6(11))	427,337	2	473,667	2
1780	Intangible assets (note 6(12))	1,435,575	5	1,529,044	6
1840	Deferred tax assets (note 6(21))	250,836	1	209,124	1
1990	Other non-current assets (note 6(13) and (20))	<u>71,069</u>	<u>-</u>	<u>207,276</u>	<u>1</u>
		<u>6,299,246</u>	<u>24</u>	<u>5,851,867</u>	<u>24</u>
Total assets		<u>\$ 27,005,583</u>	<u>100</u>	<u>25,000,368</u>	<u>100</u>

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

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(14))	\$ 2,842,762	11	952,701	4
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	10,517	-	377	-
2170	Accounts payable (including related parties) (note 7)	6,828,103	25	4,310,745	17
2209	Accrued expenses	417,384	2	556,416	2
2230	Current tax liabilities	267,687	1	130,756	1
2250	Current provisions (note 6(15))	358,850	1	393,041	2
2321	Bonds payable, current portion (note 6(18))	526,507	2	-	-
2322	Long-term borrowings (note 6(17))	-	-	120,000	-
2399	Other current liabilities (note 6(16) and 7)	2,463,391	9	3,120,572	12
		<u>13,715,201</u>	<u>51</u>	<u>9,584,608</u>	<u>38</u>
Non-Current liabilities:					
2500	Non-current financial liabilities at fair value through profit or loss (note 6(18))	-	-	1,560	-
2530	Bonds payable (note 6(18))	-	-	571,047	2
2540	Long-term borrowings (note 6(17))	-	-	150,000	1
2580	Non-current lease liabilities (note 6(19))	201,065	1	224,639	1
2640	Net defined benefit liability (note 6(20))	220,367	1	288,999	1
2670	Other non-current liabilities (notes 6(15) and (21))	130,619	-	132,221	-
		<u>552,051</u>	<u>2</u>	<u>1,368,466</u>	<u>5</u>
	Total liabilities	<u>14,267,252</u>	<u>53</u>	<u>10,953,074</u>	<u>43</u>
Equity (note 6(22)):					
3110	Ordinary share capital	5,417,185	20	5,427,273	23
3170	Share capital awaiting retirement	-	-	(1,372)	-
		<u>5,417,185</u>	<u>20</u>	<u>5,425,901</u>	<u>23</u>
3200	Capital surplus	3,004,591	11	3,001,756	12
Retained earnings:					
3310	Legal reserve	1,127,420	4	1,107,188	4
3320	Special reserve	731,766	3	627,926	3
3350	Unappropriated retained earnings(Deficit to be compensated)	(127,976)	-	566,846	2
		<u>1,731,210</u>	<u>7</u>	<u>2,301,960</u>	<u>9</u>
3400	Other equity interest	(448,804)	(2)	(748,819)	(3)
	Total equity attributable to owners of parent:	<u>9,704,182</u>	<u>36</u>	<u>9,980,798</u>	<u>41</u>
36XX	Non-controlling interests (note 6(7))	3,034,149	11	4,066,496	16
	Total equity	<u>12,738,331</u>	<u>47</u>	<u>14,047,294</u>	<u>57</u>
	Total liabilities and equity	<u>\$ 27,005,583</u>	<u>100</u>	<u>25,000,368</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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2020		2019	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(25) and 7)	\$ 32,170,649	100	15,825,808	100
5000	Operating costs (notes 6(4) and 7)	27,164,356	84	13,211,807	83
	Gross profit	5,006,293	16	2,614,001	17
	Operating expenses (notes 6(3) and 7):				
6100	Selling expenses	1,276,014	4	444,241	3
6200	Administrative expenses	1,254,842	4	575,166	4
6300	Research and development expenses	1,604,780	5	1,353,111	9
6450	Expected credit loss (gain) (note 6(3))	(26,950)	-	9,378	-
	Total operating expenses	4,108,686	13	2,381,896	16
	Net operating income	897,607	3	232,105	1
	Non-operating income and expenses:				
7010	Other income (note 6(28))	118,256	-	55,985	-
7020	Other gains and losses, net (note 6(29))	(85,636)	-	(5,656)	-
7050	Finance costs (note 6(30))	(44,010)	-	(3,487)	-
7100	Interest income (note 6(27))	33,289	-	60,846	1
	Total non-operating income and expenses	21,899	-	107,688	1
	Profit from continuing operations before tax	919,506	3	339,793	2
7950	Less: Income tax expenses (note 6(21))	194,403	1	100,890	1
	Profit	725,103	2	238,903	1
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans (note 6(20))	55,193	-	(18,919)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (note 6(22))	92,512	-	13,193	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	147,705	-	(5,726)	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss				
8361	Exchange differences on translation (note 6(22))	(25,497)	-	(146,291)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(21))	2,295	-	29,258	-
	Components of other comprehensive loss that will be reclassified to profit or loss	(23,202)	-	(117,033)	(1)
8300	Other comprehensive income (loss)	124,503	-	(122,759)	(1)
8500	Total comprehensive income	<u>\$ 849,606</u>	<u>2</u>	<u>116,144</u>	<u>(1)</u>
	Income (loss), attributable to:				
8610	Shareholder of Alpha Network Inc.	\$ 556,997	1	238,903	1
8620	Non-controlling interests	168,106	1	-	-
8700		<u>\$ 725,103</u>	<u>2</u>	<u>238,903</u>	<u>1</u>
8700	Comprehensive income attributable to:				
8710	Shareholder of Alpha Network Inc.	\$ 695,527	2	116,144	-
8720	Non-controlling interests	154,079	-	-	-
		<u>\$ 849,606</u>	<u>2</u>	<u>116,144</u>	<u>-</u>
	Earnings per share (New Taiwan dollars) (note 6(24))				
	Basic earnings per share	<u>\$ 1.03</u>		<u>0.44</u>	
	Diluted earnings per share	<u>\$ 1.03</u>		<u>0.44</u>	

(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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest				Total equity		
	Ordinary shares	Shares awaiting retirement	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (Deficit to be compensated)	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	Deferred compensation cost arising from issuance of restricted stock awards		Total other equity interest attributable to owners of parent	Non-controlling interests
Balance at January 1, 2019	5,435,172	-	3,557,356	1,107,188	226,968	765,485	2,099,641	(322,596)	(305,330)	(70,492)	10,393,751	(17,665)	10,393,751
Effects of retrospective application of equity at beginning of period after adjustments	-	-	-	-	-	(17,665)	(17,665)	-	-	-	(17,665)	-	(17,665)
Equity at beginning of period after adjustments	5,435,172	-	3,557,356	1,107,188	226,968	747,820	2,081,976	(322,596)	(305,330)	(70,492)	10,376,086	-	10,376,086
Profit	-	-	-	-	-	238,903	238,903	(117,033)	13,193	-	238,903	-	238,903
Other comprehensive income	-	-	-	-	-	(18,919)	(18,919)	(117,033)	13,193	-	(103,840)	-	(122,759)
Total comprehensive income	-	-	-	-	-	219,984	219,984	(117,033)	13,193	-	(103,840)	-	(116,144)
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	400,958	(400,958)	-	-	-	-	-	-	-
Due to donated assets received	-	-	66	-	-	-	-	-	-	-	66	-	66
Cash dividends from capital surplus	-	-	(543,262)	-	-	-	-	-	-	-	(543,262)	-	(543,262)
Compensation cost of issued restricted stock awards	-	-	(21,675)	-	-	-	-	-	-	53,439	31,764	-	31,764
Non-controlling interests generated from acquisition	-	-	-	-	-	-	-	-	-	-	-	4,066,496	4,066,496
Share retirement for expiration of restricted stock awards	(7,899)	(1,372)	7,899	-	-	-	-	-	-	-	-	-	-
Share awaiting retirement for expiration of restricted stock awards	-	-	1,372	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2019	5,427,273	(1,372)	3,001,756	1,107,188	627,926	566,846	2,301,960	(439,629)	(292,137)	(17,053)	9,980,798	4,066,496	14,047,294
Profit	-	-	-	-	-	556,997	556,997	(9,175)	92,512	-	556,997	168,106	725,103
Other comprehensive income	-	-	-	-	-	55,193	55,193	(9,175)	92,512	-	138,530	(14,027)	124,503
Total comprehensive income	-	-	-	-	-	612,190	612,190	(9,175)	92,512	-	695,527	154,079	849,606
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	20,232	-	(20,232)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	103,840	(103,840)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	(238,692)	(238,692)	-	199,625	-	(238,692)	-	(238,692)
Disposal of FVTOCI financial asset	-	-	-	-	-	(199,625)	(199,625)	-	199,625	-	199,625	-	199,625
Due to donated assets received	-	-	60	-	-	-	-	-	-	-	60	-	60
Acquisition of non-controlling interests	-	-	(39)	-	-	(744,623)	(744,623)	-	-	-	(744,662)	(1,012,411)	(1,757,073)
Changes in ownership interests in subsidiaries	-	-	10,208	-	-	-	-	-	-	-	10,208	3,907	14,115
Compensation cost of issued restricted stock awards	-	-	(16,110)	-	-	-	-	-	17,053	-	943	-	943
Share retirement for expiration of restricted stock awards	(10,088)	1,372	8,716	-	-	-	-	-	-	-	-	-	-
Distribution cash dividend by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(218,069)	(218,069)
Changes in the investee's capital surplus	-	-	-	-	-	-	-	-	-	-	-	32,408	32,408
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	7,739	7,739
Balance at December 31, 2020	5,417,185	-	3,004,591	1,127,420	731,766	(127,976)	1,731,210	(448,804)	(448,804)	-	9,704,182	3,034,149	12,738,331

(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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 919,506	339,793
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	515,152	264,375
Amortization expense	193,604	65,255
Expected credit loss (gain)	(26,950)	9,378
Net gain on financial assets or liabilities at fair value through profit or loss	(2,900)	(6,462)
Interest expense	44,010	3,487
Interest income	(33,289)	(60,846)
Dividend income	(4,259)	(2,111)
Share-based payments	943	31,764
Loss on disposal of property, plant and equipment	3,327	445
Provisions (reversal) for inventory obsolescence and devaluation loss	211,384	(41,161)
Other	32,028	-
Total adjustments to reconcile profit (loss)	<u>933,050</u>	<u>264,124</u>
Changes in operating assets and liabilities:		
Increase in notes and accounts receivable	(2,481,288)	(803,087)
Decrease in financial assets mandatorily at fair value through profit or loss	11,612	1,696
Decrease (increase) in inventories	(2,151,573)	442,149
Increase in other current assets	(444,163)	(20,826)
Total changes in operating assets	<u>(5,065,412)</u>	<u>(380,068)</u>
Decrease in financial liabilities held for trading	(1,937)	(97)
Increase in accounts payable	2,517,358	158,320
Decrease in other payable to related parties	(1,103)	(3,594)
Increase in other current liabilities	821,980	30,060
Decrease in net defined benefit liability	(13,439)	(24,803)
Total changes in operating liabilities	<u>3,322,859</u>	<u>159,886</u>
Total changes in operating assets and liabilities	<u>(1,742,553)</u>	<u>(220,182)</u>
Total adjustments	<u>(809,503)</u>	<u>43,942</u>

(Continued)

(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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash inflow generated from operations	110,003	383,735
Interest received	32,439	60,961
Dividends received	4,259	2,111
Interest paid	(32,406)	(3,487)
Income taxes paid	(127,824)	(51,004)
Net cash flows from (used in) operating activities	<u>(13,529)</u>	<u>392,316</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(606,737)	(6,834,950)
Proceeds from repayments of financial assets at amortized cost	3,533,836	7,654,349
Acquisition of financial assets at fair value through profit or loss	(26,382)	-
Proceeds from disposal of financial assets at fair value through profit or loss	45,581	-
Consideration paid to non-controlling interests	(3,389,967)	-
Disposal of financial assets at fair value through other comprehensive income	232,881	-
Net cash from acquisition of subsidiaries	-	2,996,008
Acquisition of property, plant and equipment	(1,234,953)	(79,274)
Proceeds from disposal of property, plant and equipment	67,787	1,428
Decrease (increase) in refundable deposits	13,439	(2,062)
Acquisition of intangible assets	(99,969)	(47,819)
Decrease (increase) in other non-current assets	136,705	(35,309)
Net cash flows from (used in) investing activities	<u>(1,327,779)</u>	<u>3,652,371</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,890,061	-
Repayments of long-term debt	(270,000)	-
Increase (decrease) in guarantee deposits received	(1,377)	1,740
Payment of lease liabilities	(64,269)	(7,584)
Cash dividends paid distributed to shareholders	(238,692)	(543,262)
Donation received	60	66
Cash dividends paid to non-controlling interest	(218,069)	-
Net cash flows from (used in) financing activities	<u>1,097,714</u>	<u>(549,040)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>35,267</u>	<u>(106,599)</u>
Net increase (decrease) in cash and cash equivalents	(208,327)	3,389,048
Cash and cash equivalents at beginning of period	<u>5,918,331</u>	<u>2,529,283</u>
Cash and cash equivalents at end of period	<u>\$ 5,710,004</u>	<u>5,918,331</u>

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 parent-company-only balance sheets as of December 31, 2020 and 2019, and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the paragraph on Other Matter of our report), the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, 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 audit of the parent-company-only financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the parent-company-only financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the paragraph on the Auditors' Responsibilities for the Audit of the parent-company-only Financial Statements of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, 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.

Key audit matters for the Company's parent-company-only financial statements for the year ended

December 31, 2020 are stated as follows:

1. Revenue recognition

Please refer to notes 4(14) and 6(22) for the accounting policy on revenue recognition and “Revenue” for the related disclosures, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

The Company recognizes its revenue depending on the various trade terms in each individual sale transaction and service rendered, which are considered to be complex in determining the timing of revenue recognition. Therefore, revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, our principal audit procedures included testing the design and operating effectiveness of the Company’s internal controls over financial reporting in the sales and collection cycle; assessing whether revenue is recognized based on the trade terms with customers through reviewing the related sales contracts or other trade documents; performing a sample test on the sales transactions that took place before and after the balance sheet date to determine whether the performance obligation has been satisfied by transferring control over the goods or services to a customer, and assessing the accuracy of the timing of revenue recognition; reviewing and understanding the reasonableness for any identified significant sales returns and allowances that took place after the balance sheet date, as well as assessing the completeness of the revenue and related sales returns and allowances.

2. Valuation of inventories

Please refer to notes 4(7), 5 and 6(4) for the inventory accounting policy, “Critical accounting judgments and key sources of estimation uncertainty” for estimation uncertainty of inventory valuation, and “Inventories” for the related disclosures, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid technological innovations and highly competitive environments in the electronic industry, the life cycle of certain products of the Company are short and their market prices fluctuate rapidly, which could possibly result in a price decline and obsolescence of inventory, wherein the inventory cost may exceed its net realizable value. Therefore, the valuation of inventories has been identified as one of the 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 valuation of inventories was accounted for in accordance with the Company’s accounting policies; and assessing the historical reasonableness of management’s estimates on inventory provisions.

3. Acquisition of subsidiaries

Please refer to notes 4(8) and 6(7) for the accounting policy on business combination, and “Acquisition of subsidiaries” for the related disclosures, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

The Company acquired 62.24% ownership of Hitron Technologies Inc. in 2019, wherein it owned more than half of its total number of directors. Therefore, the Company obtained control over it. To adopt the accounting treatment of business combination, the management needs to determine the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Accordingly, the assessment of acquisition of subsidiaries has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the purchase price allocation report with valuation on intangible assets, conducted by an external expert engaged by the management; and auditing the acquired assets and liabilities identified by the management including any fair value adjustment at the acquisition date. In doing so, we have consulted internal valuation specialists to assist in evaluating the reasonableness of the valuation model and key assumptions used. We have also confirmed that correct accounting treatment has been applied and appropriate disclosures with respect to the acquisition has been made.

Other Matter

We did not audit the financial statements of certain investees accounted for using equity method of the Company. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those investees, is based solely on the report of other auditors. Those investments accounted for using equity method amounted to NT\$8,685 thousand, respectively, constituting 0.05%, respectively, of the total assets as of December 31, 2020 and the related shares of profit of subsidiaries, associates and joint ventures amounted to NT\$70,410 thousand, respectively, constituting 10.12%, respectively, of the total income before income tax for the years ended December 31, 2020.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

In preparing the parent-company-only financial statements, management is responsible for assessing the

Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained 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 auditor's report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investees accounted for using 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 remained solely responsible for our audit opinion.

We communicated 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 determined those matters that were of most significance in the audit of the parent-company-only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We described 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 Cheng-Chien, Chen and Hai-Ning, Huang.

KPMG

Taipei, Taiwan (Republic of China)

March 19, 2021

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' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2019		December 31, 2018		
	Amount	%	Amount	%	
Current assets:					
1100	Cash and cash equivalents (note 6(1))	\$ 816,860	5	468,844	3
1110	Current financial assets at fair value through profit or loss (note 6(2))	7,406	-	6,839	-
1136	Current financial assets at amortized cost (notes 6(1), (5) and 8)	2,947	-	2,627,118	16
1170	Accounts receivable, net (note 6(3))	3,977,928	24	1,950,531	12
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	1,310,765	8	1,291,368	8
1210	Other receivable due from related parties, net (notes 7)	260,810	2	-	-
130x	Inventories (note 6(4))	514,133	3	524,900	4
1470	Other current assets	35,644	-	57,824	-
		<u>6,926,493</u>	<u>42</u>	<u>6,927,424</u>	<u>43</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(6))	-	-	140,369	1
1535	Non-current financial assets at amortized cost (notes 6(5) and 8)	17,369	-	18,590	-
1550	Investments in equity-accounted investees (note 6(7))	8,381,735	51	8,030,522	49
1600	Property, plant and equipment (note 6(10))	625,500	4	591,134	4
1755	Right-of-use asset (note 6(11))	180,117	1	180,296	1
1780	Intangible assets (note 6(12))	176,486	1	179,097	1
1840	Deferred tax assets (note 6(18))	108,569	1	128,527	1
1990	Other non-current assets	17,751	-	29,837	-
		<u>9,507,527</u>	<u>58</u>	<u>9,298,372</u>	<u>57</u>
Total assets		<u>\$ 16,434,020</u>	<u>100</u>	<u>16,225,796</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.
Balance Sheets
December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(13))	\$ 425,250	3	-	-
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	7,067	-	377	-
2170	Accounts payable	584,039	4	528,390	3
2180	Accounts payable to related parties (note 7)	3,787,357	23	2,493,441	15
2209	Accrued expenses	285,281	2	255,194	2
2220	Other payables to related parties (note 7)	188,462	1	163,150	1
2230	Current tax liabilities	67,884	-	17,861	-
2250	Current provisions (note 6(14))	176,617	1	186,779	1
2280	Current lease liabilities (note 6(16))	11,121	-	5,321	-
2399	Other current liabilities (notes 6(15) and 7)	716,823	4	2,042,160	13
		6,249,901	38	5,692,673	35
Non-Current liabilities:					
2570	Deferred tax liabilities (note 6(18))	71,766	1	70,131	-
2580	Non-current lease liabilities (note 6(16))	187,804	1	193,195	1
2640	Net defined benefit liability (note 6(17))	220,367	1	288,999	2
		479,937	3	552,325	3
	Total liabilities	6,729,838	41	6,244,998	38
Equity (note 6(19)):					
3110	Ordinary shares	5,417,185	33	5,427,273	33
3170	Shares awaiting retirement	-	-	(1,372)	-
		5,417,185	33	5,425,901	33
3200	Capital surplus	3,004,591	18	3,001,756	19
Retained earnings:					
3310	Legal reserve	1,127,420	7	1,107,188	7
3320	Special reserve	731,766	5	627,926	4
3350	Unappropriated retained earnings(accumulated deficit)	(127,976)	(1)	566,846	3
		1,731,210	11	2,301,960	14
3400	Other equity interest	(448,804)	(3)	(748,819)	(4)
	Total equity	9,704,182	59	9,980,798	62
	Total liabilities and equity	\$ 16,434,020	100	16,225,796	100

(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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2020		2019		
4000	Operating revenue (notes 6(22) and 7)	\$ 21,358,901	100	14,813,691	100
5000	Operating costs (notes 6(4) and 7)	<u>18,858,410</u>	<u>85</u>	<u>12,621,591</u>	<u>85</u>
	Gross profit	2,500,491	12	2,192,100	15
5920	Add: Net changes in unredized profit on sales to subsidiaries and associates (note 7)	<u>(51,491)</u>	<u>-</u>	<u>(2,983)</u>	<u>-</u>
	Gross profit	<u>2,449,000</u>	<u>12</u>	<u>2,189,117</u>	<u>15</u>
	Operating expenses (notes 7):				
6100	Selling expenses	477,353	2	369,891	3
6200	Administrative expenses	310,867	1	336,936	2
6300	Research and development expenses	1,224,028	6	1,361,599	9
6450	Recognition (reversal) of impairment loss determined in accordance with IFRS 9 (note 6(3))	<u>(27,629)</u>	<u>-</u>	<u>9,378</u>	<u>-</u>
	Total operating expenses	<u>1,984,619</u>	<u>9</u>	<u>2,077,804</u>	<u>14</u>
	Net operating income (loss)	<u>464,381</u>	<u>3</u>	<u>111,313</u>	<u>1</u>
	Non-operating income and expenses:				
7010	Other income (note 6(25))	41,135	-	47,021	-
7020	Other gains and losses, net (note 6(26))	(5,217)	-	(12,243)	-
7050	Finance costs (note 6(27))	(2,771)	-	(2,771)	-
7070	Share of profit of equity-accounted investees (notes 6(7))	129,901	-	94,290	1
7100	Interest income (notes 6(24))	<u>5,432</u>	<u>-</u>	<u>41,022</u>	<u>-</u>
	Total non-operating income and expenses	<u>162,045</u>	<u>1</u>	<u>167,319</u>	<u>1</u>
	Profit (loss) income tax	626,426	3	278,632	2
7950	Less: Income tax expense (benefit) (note 6(18))	<u>69,429</u>	<u>-</u>	<u>39,729</u>	<u>-</u>
	Profit (loss)	<u>556,997</u>	<u>3</u>	<u>238,903</u>	<u>2</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Losses on remeasurements of defined benefit plans (note 6(17))	55,193	-	(18,919)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (note 6(19))	<u>92,512</u>	<u>-</u>	<u>13,193</u>	<u>-</u>
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>147,705</u>	<u>-</u>	<u>(5,726)</u>	<u>-</u>
8360	Components of other comprehensive loss that will be reclassified to profit or loss				
8361	Exchange differences on translation (note 6(19))	(11,470)	-	(146,291)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(18))	<u>2,295</u>	<u>-</u>	<u>29,258</u>	<u>-</u>
	Components of other comprehensive loss that will be reclassified to profit or loss	<u>(9,175)</u>	<u>-</u>	<u>(117,033)</u>	<u>(1)</u>
	Other comprehensive loss	<u>138,530</u>	<u>-</u>	<u>(122,759)</u>	<u>(1)</u>
8500	Total comprehensive income (loss)	<u>\$ 695,527</u>	<u>3</u>	<u>116,144</u>	<u>(1)</u>
	Earnings per share (New Taiwan dollars) (note 6(21))				
	Basic earnings per share	<u>\$ 1.03</u>		<u>0.44</u>	
	Diluted earnings per share	<u>\$ 1.03</u>		<u>0.44</u>	

(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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest				
	Ordinary shares	Shares awaiting retirement	Capital surplus	Legal reserve	Special reserve	Unappropriate dividend retained earnings (Deficit to be compensated)	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	Deferred compensation cost arising from issuance of restricted stock awards	Total other equity interest
Balance at January 1, 2019	5,435,172	-	3,557,356	1,107,188	226,968	765,485	2,099,641	(322,596)	(305,330)	(70,492)	10,393,751
Effects of retrospective application adjustments	-	-	-	-	-	(17,665)	(17,665)	-	-	-	(17,665)
Equity at beginning of period after adjustments	5,435,172	-	3,557,356	1,107,188	226,968	747,820	2,081,976	(322,596)	(305,330)	(70,492)	10,376,086
Profit	-	-	-	-	-	238,903	238,903	-	-	-	238,903
Other comprehensive income	-	-	-	-	-	(18,919)	(18,919)	(117,033)	13,193	-	(103,840)
Total comprehensive income	-	-	-	-	-	219,984	219,984	(117,033)	13,193	-	(103,840)
Appropriation and distribution of retained earnings:											
Special reserve	-	-	-	-	400,958	(400,958)	-	-	-	-	-
Due to donated assets received	-	-	66	-	-	-	-	-	-	-	66
Cash dividends from capital surplus	-	-	(543,262)	-	-	-	-	-	-	-	(543,262)
Compensation cost of issued restricted stock awards	-	-	(21,675)	-	-	-	-	-	-	53,439	31,764
Share retirement for expiration of restricted stock awards	(7,899)	-	7,899	-	-	-	-	-	-	-	-
Share awaiting retirement for expiration of restricted stock awards	-	(1,372)	1,372	-	-	-	-	-	-	-	-
Balance at December 31, 2019	5,427,273	(1,372)	3,001,756	1,107,188	627,926	566,846	2,301,960	(439,629)	(292,137)	(17,053)	9,980,798
Profit	-	-	-	-	-	556,997	556,997	-	-	-	556,997
Other comprehensive income	-	-	-	-	-	55,193	55,193	(9,175)	92,512	-	83,337
Total comprehensive income	-	-	-	-	-	612,190	612,190	(9,175)	92,512	-	83,337
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	20,232	-	(20,232)	-	-	-	-	-
Special reserve	-	-	-	-	103,840	(103,840)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	(238,692)	(238,692)	-	-	-	(238,692)
Disposal of FVTOCI financial asset	-	-	-	-	-	(199,625)	(199,625)	-	199,625	-	-
Due to donated assets received	-	-	60	-	-	-	-	-	-	-	60
Acquisition of non-controlling interests	-	-	(39)	-	-	(744,623)	(744,623)	-	-	-	(744,662)
Changes in ownership interests in subsidiaries	-	-	10,208	-	-	-	-	-	-	-	10,208
Compensation cost of issued restricted stock awards	-	-	(16,110)	-	-	-	-	-	-	17,053	943
Share retirement for expiration of restricted stock awards	(10,088)	1,372	8,716	-	-	-	-	-	-	-	-
Balance at December 31, 2020	5,417,185	-	3,004,591	1,127,420	731,766	(127,976)	1,731,210	(448,804)	-	-	9,704,182

(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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 626,426	278,632
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	89,931	75,008
Amortization expense	55,544	59,431
Expected credit loss (gain)	9,378	9,378
Net gain on financial assets or liabilities at fair value through profit or loss	(339)	(6,462)
Interest expense	3,487	2,771
Interest income	(5,432)	(41,022)
Dividend income	-	(2,111)
Share-based payments	943	31,764
Share of losses (profits) of subsidiaries	(129,901)	(94,290)
Loss (gain) on disposal of property, plant and equipment	1,880	(284)
Provisions (reversal) for inventory obsolescence and devaluation loss	103,581	39,137
Unrealized sales profit	51,491	2,983
Total adjustments to reconcile profit (loss)	<u>149,275</u>	<u>76,303</u>
Changes in operating assets and liabilities:		
Increase in notes and accounts receivable	(2,020,501)	(1,145,898)
Decrease in accounts receivable from related parties	1,336	552,727
Decrease in financial assets mandatorily at fair value through profit or loss	6,839	1,696
Increase in inventories	(92,814)	(123,300)
Decrease in other current assets	13,042	38,412
Total changes in operating assets	<u>(2,092,098)</u>	<u>(676,363)</u>
Decrease in financial liabilities held for trading	(377)	(97)
Increase in accounts payable	55,649	332,374
Increase in accounts payable to related parties	1,293,916	239,096
Increase in other payable to related parties	25,312	21,737
Increase in other current liabilities	453,159	32,118
Decrease in net defined benefit liability	(13,439)	(24,803)
Total changes in operating liabilities	<u>1,814,220</u>	<u>600,425</u>
Total changes in operating assets and liabilities	<u>(277,878)</u>	<u>(75,938)</u>
Total adjustments	<u>(122,603)</u>	<u>365</u>

(Continued)

(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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash inflow generated from operations	497,823	278,997
Interest received	5,432	38,015
Dividends received	-	2,111
Interest paid	(8,844)	(2,771)
Income taxes paid	(310)	(1,801)
Net cash flows from operating activities	<u>494,101</u>	<u>314,551</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(8,613)	(5,601,606)
Proceeds from repayments of financial assets at amortized cost	2,631,512	6,684,345
Purchase of investments accounted for using equity method	(3,390,000)	(1,611,000)
Proceeds from disposal of investments accounted for using equity method	193,315	-
Cash dividends from acquisition of subsidiaries for using equity method	160,000	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	232,881	-
Acquisition of property, plant and equipment	(116,246)	(48,044)
Proceeds from disposal of property, plant and equipment	1,504	2,598
Decrease in refundable deposits	1,271	143
Acquisition of intangible assets	(52,933)	(44,859)
Increase in other non-current assets	25,630	(25,152)
Net cash flows from (used in) investing activities	<u>(321,679)</u>	<u>(643,575)</u>
Cash flows from (used in) financing activities:		
Increase in current borrowings	425,250	-
Payment of lease liabilities	(11,024)	(5,252)
Cash dividends paid	(238,692)	(543,262)
Donation received	60	66
Net cash flows from (used in) financing activities	<u>175,594</u>	<u>(548,448)</u>
Net increase (decrease) in cash and cash equivalents	348,016	(877,472)
Cash and cash equivalents at beginning of period	468,844	1,346,316
Cash and cash equivalents at end of period	<u>\$ 816,860</u>	<u>468,844</u>

Alpha Networks Inc.
The Distribution Table of 2020 Earnings

	Unit: NT\$
Unappropriated Retained Earnings as of December 31, 2019	204,081,403
Less: Difference Between the Acquiring Price of Subsidiaries and the Book Value of Subsidiaries	(744,623,142)
Less: Disposal of Financial Assets Measured at Fair Value through Other Comprehensive Income	(199,624,351)
Add: Change in Remeasurements of the Defined Benefit Plan	55,193,032
Add: Net Income of 2020	556,997,368
Add: Reverse of Special Reserve	282,961,983
Retained Earnings Available for Distribution as of December 31, 2020	154,986,293
Items to Be Distributed	
Cash Dividends (NT\$ 200 for every 1,000 common shares)	(108,343,692)
Unappropriated Retained Earnings After Earnings Distribution	46,642,601

Note:

The distribution of cash dividends shall be based on share ratio and rounded off (less than NT\$1) to the integer. The aggregate amount of fractional dividends shall be accounted as other gains of the Company.

Comparison Table for the Articles of Incorporation Before and After Amendment

Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 30-1	<p>When allocating the net profits for each fiscal year, the distribution order shall be followed:</p> <ol style="list-style-type: none"> 1. Reserve for tax payments. 2. Offset losses in previous years, if any. 3. Legal reserve, which is 10% of leftover profits. 4. Allocation or reverse of special reserves as required by the Securities and Exchange Act. 5. After deducting the previous balances, the board of directors will propose a distribution proposal based on the balance and the earnings in previous years. When the distribution is made by issuing new shares, it shall be submitted to the shareholders' meeting for a resolution. <p>When the distributable dividends and bonuses, legal reserve and capital surplus in whole or in part is distributed in the form of cash, the board of directors is authorized to make a resolution by a majority vote at a meeting of the board of directors with over two-thirds of the total number of directors attending. Besides, the board of directors shall submit it to the shareholders' meeting.</p> <p><u>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.</u></p> <p><u>When distributing dividends, the Company shall deliberate the needs for future operation expansion and cash flows. If the annual operating result is positive and the retained earnings available for distribution is over 2% of the paid-in capital, the dividends should not be less than 10% of the retained earnings available for distribution. The proportion of cash dividends paid each year shall not be less than 10% of the total amount of the cash and stock dividends.</u></p>	<p>When allocating the net profits for each fiscal year, the distribution order shall be followed:</p> <ol style="list-style-type: none"> 1. Reserve for tax payments. 2. Offset losses in previous years, if any. 3. Legal reserve, which is 10% of leftover profits. 4. Allocation or reverse of special reserves as required by the Securities and Exchange Act. 5. After deducting the previous balances, the board of directors will propose a distribution proposal based on the balance and the earnings in previous years. When the distribution is made by issuing new shares, it shall be submitted to the shareholders' meeting for a resolution. <p>When the distributable dividends and bonuses, legal reserve and capital surplus in whole or in part is distributed in the form of cash, the board of directors is authorized to make a resolution by a majority vote at a meeting of the board of directors with over two-thirds of the total number of directors attending. Besides, the board of directors shall submit it to the shareholders' meeting.</p> <p><u>Dividend policy:</u></p> <p><u>According to the company's current and future investment environment, capital needs, domestic and foreign competition conditions, and whether the Company has sufficient funds to deal with current year capital expenditure, the Company shall propose the adjustment ratio of shareholder stock dividends and cash dividends. The cash dividends distribution ratio shall not be less than 10% of the total dividend.</u></p>	Amend according to actual needs

Article 32	This article was formulated on 16 th August, 2003. (Omitted) Its fourteenth amendment was made on 12 th June, 2020. <u>Its fifteenth amendment was made on 18th June, 2021.</u>	This article was formulated on 16 th August, 2003. (Omitted) Its fourteenth amendment was made on 12 th June, 2020.	Add amendment date
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Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Amendment

Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 10	<p>Related party transaction procedures (Omitted)</p> <p>4. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may delegate the chairman to decide such matters within NT\$ 300 million and have the decisions subsequently submitted to and ratified by the next meeting of board of directors:</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real estates or right-of-use assets held for business use.</p> <p><u>With respect to the types of transactions in the preceding paragraph, when to be conducted between subsidiaries of the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may delegate the chairman to decide such matters within NT\$ 150 million and proceed based on the procedures in the preceding paragraph.</u></p>	<p>Related party transaction procedures (Omitted)</p> <p>4. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the board chairman to decide such matters within NT\$ 300 million and have the decisions subsequently submitted to and ratified by the next meeting of board of directors :</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real estates or right-of-use assets held for business use.</p> <p>(New)</p>	Addition of the decision limit of the transactions between subsidiaries and related parties
Article 11	<p>The Procedures for Acquisition or Disposal of Financial Derivatives</p> <p>1. Trading principles and strategies: (Omitted)</p> <p>(2) The purpose of financial derivative transactions shall be hedge oriented. Trading counterparties should be domestic and foreign financial institutions.</p> <p>(3) Segregation of duties</p> <p>A. Finance <u>Division</u>: Be responsible for foreign exchange management system, such as collecting foreign exchange market information, judging trends and risks, being familiar with financial products and trading skills, etc. Besides, follow the instructions from the finance</p>	<p>The Procedures for Acquisition or Disposal of Financial Derivatives</p> <p>1. Trading principles and strategies: (Omitted)</p> <p>(2) The purpose of financial derivative transactions shall be hedge oriented. Trading counterparties should be domestic and foreign financial institutions. Otherwise, President should approve.</p> <p>(3) Segregation of duties</p> <p>A. Finance Department: Be responsible for foreign exchange management system, such as collecting foreign exchange market information, judging trends and risks, being familiar with financial</p>	non-financial institution transactions forbidden In accordance with actual operation, adjust organization name

Article No.	After Amendment	Before Amendment	Reason for Amendments																																												
	<p>director and be authorized to manage the foreign exchange positions and hedge foreign exchange risks in accordance with company policies.</p> <p>B. Accounting <u>Division</u>: Understand the Company's overall foreign exchange position, and regularly recognize realized and unrealized exchange gains or losses for Finance Division to make hedge arrangements.</p> <p>C. Execution by: authorized personnel-in-charge from the Finance <u>Division</u>.</p> <p>D. Authorization limit:</p> <p>i. The authorization limit is set as follows:</p> <table border="1" data-bbox="209 965 758 1473"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">The Company</th> <th colspan="2">Subsidiaries</th> </tr> <tr> <th>Per transaction</th> <th>Daily transactions</th> <th>Per transaction</th> <th>Daily transactions</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td><u>More than US\$ 10 million</u></td> <td><u>More than US\$ 30 million</u></td> <td><u>More than US\$ 5 million</u></td> <td><u>More than US\$ 15 million</u></td> </tr> <tr> <td>President</td> <td><u>US\$ 10 million</u></td> <td><u>US\$ 30 million</u></td> <td><u>US\$ 5 million</u></td> <td><u>US\$ 15 million</u></td> </tr> <tr> <td>Chief Finance Officer</td> <td><u>US\$ 5 million</u></td> <td><u>US\$ 15 million</u></td> <td><u>US\$ 2.5 million</u></td> <td><u>US\$ 7.5 million</u></td> </tr> <tr> <td>Finance Director</td> <td><u>US\$ 2 million</u></td> <td><u>US\$ 5 million</u></td> <td><u>NA</u></td> <td><u>NA</u></td> </tr> </tbody> </table> <p>(Omitted)</p> <p>(5) Trading limit</p> <p>A. Exchange rate transactions:</p> <p>i. <u>The principal amount for risk hedge is based the business of the Company.</u></p> <p>ii. <u>The principal amount must not exceed the foreign currency net assets (or liabilities) adding the net position of estimated revenue (or purchases) in the next 12 months. However, foreign exchange swap transactions for funds dispatching don't apply to the limit.</u></p> <p>iii. <u>If the net position after adding the estimated future revenue (or</u></p>		The Company		Subsidiaries		Per transaction	Daily transactions	Per transaction	Daily transactions	Chairman	<u>More than US\$ 10 million</u>	<u>More than US\$ 30 million</u>	<u>More than US\$ 5 million</u>	<u>More than US\$ 15 million</u>	President	<u>US\$ 10 million</u>	<u>US\$ 30 million</u>	<u>US\$ 5 million</u>	<u>US\$ 15 million</u>	Chief Finance Officer	<u>US\$ 5 million</u>	<u>US\$ 15 million</u>	<u>US\$ 2.5 million</u>	<u>US\$ 7.5 million</u>	Finance Director	<u>US\$ 2 million</u>	<u>US\$ 5 million</u>	<u>NA</u>	<u>NA</u>	<p>products and trading skills, etc. Besides, follow the instructions from the finance director and be authorized to manage the foreign exchange positions and hedge foreign exchange risks in accordance with company policies.</p> <p>B. Accounting Department: Understand the Company's overall foreign exchange position, and regularly recognize realized and unrealized exchange gains or losses for Finance Department to make hedge arrangements.</p> <p>C. Execution by: authorized personnel-in-charge from the Finance Department.</p> <p>D. Authorization limit:</p> <p>i. The authorization limit is set as follows:</p> <table border="1" data-bbox="810 965 1316 1384"> <thead> <tr> <th>Authorized Level</th> <th>Per transaction</th> <th>Daily transactions</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>More than US\$ 20 million</td> <td>More than US\$ 40 million</td> </tr> <tr> <td>President</td> <td>US\$ 20 million</td> <td>US\$ 40 million</td> </tr> <tr> <td>Chief Finance Officer</td> <td>US\$ 10 million</td> <td>US\$ 20 million</td> </tr> <tr> <td>Finance Director</td> <td>US\$ 5 million</td> <td>US\$ 10 million</td> </tr> </tbody> </table> <p>(Omitted)</p> <p>(5) Trading limit</p> <p>A. Exchange rate transactions: The principal amount for risk hedge is based on the business of the Company. The principal amount must not exceed the foreign currency net assets (or liabilities) adding the net position of estimated revenue (or purchases) in the next <u>2</u> months. However, foreign exchange swap transactions for funds dispatching don't apply to the limit.</p>	Authorized Level	Per transaction	Daily transactions	Chairman	More than US\$ 20 million	More than US\$ 40 million	President	US\$ 20 million	US\$ 40 million	Chief Finance Officer	US\$ 10 million	US\$ 20 million	Finance Director	US\$ 5 million	US\$ 10 million	<p>according to current organization structure</p> <p>In accordance with actual needs, increase the authorization limits of subsidiaries</p> <p>In accordance with actual needs, amend wording and estimation methods.</p> <p>Addition of the authorization process of transactions</p>
	The Company		Subsidiaries																																												
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Article No.	After Amendment	Before Amendment	Reason for Amendments												
	<p><u>purchase) exceeds 2 months, it should be done after approval by President.</u></p> <p>(Omitted)</p> <p>(6) Loss Cap</p> <table border="1" data-bbox="284 443 742 633"> <thead> <tr> <th></th> <th>All contracts</th> <th>Individual contract</th> </tr> </thead> <tbody> <tr> <td>The maximum loss for hedge transactions</td> <td>15%</td> <td>20%</td> </tr> </tbody> </table> <p><u>If the loss amount of all or individual contract reaches the limit, Decision-maker officer of Finance and Accounting Center shall take necessary measures and report it to the board of directors immediately. If independent directors have been appointed, independent directors shall attend the board of directors and express their opinions.</u></p> <p>2. Risk Management</p> <p>(1) Credit risk management: Trading counterparties shall be domestic and foreign financial institutions.</p> <p>(Omitted)</p> <p>4. Evaluation method and handling of abnormal situations</p> <p>(1) The positions from financial derivatives transactions shall be evaluated at least once <u>per week. If a hedge transaction is for business needs, it must be evaluated at least twice per month. The evaluation report should be submitted to Decision-maker officer of the Finance and Accounting Center for approval. If there is any abnormal issue in the evaluation report, Decision-maker officer of the Finance and Accounting Center shall take necessary measures and report it to the board of directors immediately. If independent directors have been appointed, independent directors shall attend the board of directors and express their opinions.</u></p> <p>(2) <u>The performance evaluation should be compared with the pre-set evaluation benchmark on the evaluation date as a reference for future decision-making.</u></p>		All contracts	Individual contract	The maximum loss for hedge transactions	15%	20%	<p>(Omitted)</p> <p>(6) Loss Cap</p> <table border="1" data-bbox="874 443 1332 633"> <thead> <tr> <th></th> <th>All contracts</th> <th>Individual contract</th> </tr> </thead> <tbody> <tr> <td>The maximum loss for hedge transactions</td> <td>15%</td> <td>20%</td> </tr> </tbody> </table> <p>2. Risk Management</p> <p>(1) Credit risk management: Trading counterparties shall be domestic and foreign financial institutions. Otherwise, decision-maker officer of Finance Department should approve.</p> <p>(Omitted)</p> <p>4. Evaluation method and handling of abnormal situations</p> <p>(1) The positions from financial derivative transactions shall be evaluated twice per month. Evaluation reports shall be submitted to the finance director for review.</p> <p>(New)</p>		All contracts	Individual contract	The maximum loss for hedge transactions	15%	20%	<p>over the trading limit.</p> <p>Addition of the reporting mechanism for the transactions reaching the loss cap</p> <p>Non-financial institution transactions forbidden</p> <p>Amend according to actual needs</p>
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Article No.	After Amendment	Before Amendment	Reason for Amendments																																																																
	<p>(3) The exchange gains or losses shall be recognized quarterly, half-yearly, and annually based on mark to market and disclosed in the financial statements.</p> <p>(Deleted)</p> <p>5. The supervision and management rules of the board of directors towards financial derivative transactions</p> <p>(1) Decision-maker officer of Finance <u>and Accounting Center shall pay attention to monitor and control the risk of financial derivative transactions. The management principles are as follows.</u></p> <p>(Omitted)</p>	<p>(2) The exchange gains or losses shall be recognized quarterly, half-yearly, and annually based on mark to market and disclosed in the financial statements.</p> <p>(3) When irregular circumstances are found in the course of supervising trading and profit loss circumstances, appropriate measures shall be adopted and finance director made a report immediately to the board of directors; an independent director shall be present at the meeting and express an opinion.</p> <p>5. The supervision and management rules of the board of directors towards financial derivative transactions</p> <p>(1) Decision-maker officer of Finance Department shall pay attention to monitor and control the risk of financial derivative transactions. The management principles are as follows.</p> <p>(Omitted)</p>	<p>Adjust the supervision unit of the risk of financial derivative transactions according to the actual organization.</p>																																																																
Article 17	<p>(Omitted)</p> <table border="1" data-bbox="201 1128 772 1921"> <thead> <tr> <th rowspan="2">Asset items</th> <th colspan="2">Parent Company</th> <th colspan="2">Subsidiaries</th> <th rowspan="2">Total investment limit</th> <th rowspan="2">Individual investment limit</th> </tr> <tr> <th>Approver</th> <th>Authorization limit</th> <th>Approver</th> <th>Authorization limit</th> </tr> </thead> <tbody> <tr> <td>real estates and right-of-use real estates not for business purpose</td> <td><u>BOD</u></td> <td>More than NTS 50 million</td> <td><u>BOD</u></td> <td><u>More than NTS 25 million</u></td> <td>30% of Net Value</td> <td>15% of Net Value</td> </tr> <tr> <td>Equity investment</td> <td><u>BOD</u></td> <td>More than NTS 50 million</td> <td><u>BOD</u></td> <td><u>More than NTS 25 million</u></td> <td>200% of Net Value</td> <td>50% of Net Value</td> </tr> <tr> <td></td> <td><u>Chairman approves and then reports to BOD</u></td> <td>NTS 50 million and below</td> <td><u>Chairman reports to BOD</u></td> <td><u>NTS 25 million and below</u></td> <td></td> <td></td> </tr> </tbody> </table> <p>(Omitted)</p>	Asset items	Parent Company		Subsidiaries		Total investment limit	Individual investment limit	Approver	Authorization limit	Approver	Authorization limit	real estates and right-of-use real estates not for business purpose	<u>BOD</u>	More than NTS 50 million	<u>BOD</u>	<u>More than NTS 25 million</u>	30% of Net Value	15% of Net Value	Equity investment	<u>BOD</u>	More than NTS 50 million	<u>BOD</u>	<u>More than NTS 25 million</u>	200% of Net Value	50% of Net Value		<u>Chairman approves and then reports to BOD</u>	NTS 50 million and below	<u>Chairman reports to BOD</u>	<u>NTS 25 million and below</u>			<p>(Omitted)</p> <table border="1" data-bbox="791 1115 1347 1921"> <thead> <tr> <th rowspan="2">Asset items</th> <th colspan="2">Parent Company</th> <th colspan="2">Subsidiaries</th> <th rowspan="2">Total investment limit</th> <th rowspan="2">Individual investment limit</th> </tr> <tr> <th>Approver</th> <th>Authorization limit</th> <th>Approver</th> <th>Authorization limit</th> </tr> </thead> <tbody> <tr> <td>real estates and right-of-use real estates not for business purpose</td> <td colspan="2"><u>All need to be approved by BOD</u></td> <td colspan="2"><u>All need to be approved by BOD</u></td> <td>30% of Net Value</td> <td>15% of Net Value</td> </tr> <tr> <td>Equity investment</td> <td><u>BOD</u></td> <td>More than NTS 50 million</td> <td><u>BOD</u></td> <td>More than NTS 25 million</td> <td>120% of Net Value</td> <td>50% of Net Value</td> </tr> <tr> <td></td> <td><u>Chairman</u></td> <td>NTS 50 million and below</td> <td><u>Chairman</u></td> <td>NTS 25 million and below</td> <td></td> <td></td> </tr> </tbody> </table> <p>(Omitted)</p>	Asset items	Parent Company		Subsidiaries		Total investment limit	Individual investment limit	Approver	Authorization limit	Approver	Authorization limit	real estates and right-of-use real estates not for business purpose	<u>All need to be approved by BOD</u>		<u>All need to be approved by BOD</u>		30% of Net Value	15% of Net Value	Equity investment	<u>BOD</u>	More than NTS 50 million	<u>BOD</u>	More than NTS 25 million	120% of Net Value	50% of Net Value		<u>Chairman</u>	NTS 50 million and below	<u>Chairman</u>	NTS 25 million and below			<p>Define the authorization limit of real estates and right-of-use real estates not for business purpose</p> <p>Adjust the limit of equity investment in accordance with the Company's investment and business expansion strategies</p>
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Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 19	<p>These procedures were formulated on 2nd March, 2004.</p> <p>Its first amendment was made on 17th May, 2004.</p> <p>Its second amendment was made on 8th June, 2007.</p> <p>Its third amendment was made on 13th June, 2008.</p> <p>Its fourth amendment was made on 15th June, 2012.</p> <p>Its fifth amendment was made on 20th June, 2014.</p> <p>Its sixth amendment was made on 17th June, 2016.</p> <p>Its seventh amendment was made on 16th June, 2017.</p> <p>Its eighth amendment was made on 14th June, 2019.</p> <p>Its ninth amendment was made on 28th January, 2021.</p> <p><u>Its tenth amendment was made on 18th June, 2021.</u></p>	<p>These procedures were formulated on 2nd March, 2004.</p> <p>Its first amendment was made on 17th May, 2004.</p> <p>Its second amendment was made on 8th June, 2007.</p> <p>Its third amendment was made on 13th June, 2008.</p> <p>Its fourth amendment was made on 15th June, 2012.</p> <p>Its fifth amendment was made on 20th June, 2014.</p> <p>Its sixth amendment was made on 17th June, 2016.</p> <p>Its seventh amendment was made on 16th June, 2017.</p> <p>Its eighth amendment was made on 14th June, 2019.</p> <p>Its ninth amendment was made on 28th January, 2021.</p>	Add amendment date

Comparison Table for the Procedures for Lending Funds to Other Parties Before and After Amendment

Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 2	<p><u>The Company shall not lend funds to other parties except under the following circumstances:</u></p> <ol style="list-style-type: none"> 1. Companies or entities with business dealings; or 2. A <u>subsidiary</u> has short-term financing needs. 	<p><u>Borrowing entities</u></p> <ol style="list-style-type: none"> 1. Companies or entities with business dealings; or 2. Where an inter-company or inter-firm short-term financing needs exist. The term “short term” means one year, or where the company’s operating cycle exceed one year, one operating cycle. 	Adjust borrowing entities
Article 4	<p><u>Limitation on the Total Lending Amount to All Borrowers and to Respective Borrower</u></p> <ol style="list-style-type: none"> 1. The total lending amount to all borrowers shall not exceed forty percent (40%) of net worth <u>of the latest financial statements of the Company.</u> Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth. 2. The total lending amount to a company with business dealings shall not exceed the total transaction amount between the parties which occurred in the past one year or the estimate of business dealings in the next one year. Besides, the lending amount <u>shall not exceed twenty percent (20%) of net worth of the latest financial statements of the Company.</u> "Transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher. 3. The lending amount for a company with short-term financing needs shall not exceed twenty percent (20%) of net worth <u>of the latest financial statements of the Company.</u> 4. When lending needs exist among offshore subsidiaries whose voting shares are 100% owned directly or indirectly by the Company or between these offshore subsidiaries and the Company, <u>the restriction of the aggregate amount and period is not applicable. However, the involved subsidiaries shall still prescribe limits on the aggregate lending amount and</u> 	<p><u>Limitation on the Total Lending Amount to All Borrowers and to Respective Borrower</u></p> <ol style="list-style-type: none"> 1. The total lending amount to all borrowers shall not exceed forty percent (40%) of the net worth of the Company. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth. 2. The total lending amount to a company with business dealings shall not exceed the total transaction amount between the parties. "Transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher. 3. The lending amount for a company with short-term financing needs shall not exceed twenty percent (20%) of the net worth of the Company. 4. When lending needs exist among offshore subsidiaries whose voting shares are 100% owned directly or indirectly by the Company or between these offshore subsidiaries and the Company, <u>the total lending amount shall not exceed one hundred percent (100%) of the net worth of the lending entity, not subject to the restrictions under Paragraph 1 and 3.</u> 	<p>Addition of the lending limit and period to entities with business dealings.</p> <p>Delete the regulation of a lending among offshore subsidiaries whose voting shares are 100% owned directly or indirectly by the Company or between these offshore subsidiaries and the Company.</p>

Article No.	After Amendment	Before Amendment	Reason for Amendments
	<u>the lending duration.</u>	<u>However, the paragraph 2 and Article 5 shall still be applicable.</u>	
Article 5	<p>Duration and Calculation of Interests</p> <p>1. The duration of each lending <u>shall not exceed one year or the operating cycle of the Company. (Whichever is longer)</u></p> <p>2. <u>The interest rate shall be determined on the basis of the Company's funding costs and adjusted accordingly. The interests shall be calculated on a monthly basis. It can be collected monthly, quarterly, or settled once at maturity.</u></p>	<p>Duration and Calculation of Interests</p> <p>1. The duration of each lending <u>shall not exceed one year.</u></p> <p>2. <u>The interest rate can not be lower than the highest interest rate for short-term borrowing from financial institutions. The interest is charged monthly. In special cases, it can be adjusted by actual situations after the approval of the board of directors.</u></p> <p>3. It shall not exceed one year that the Company to inter company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares before mentioned total outstanding amount.</p>	<p>In accordance with laws to amend fund lending period</p> <p>Adjust the description of calculation of interest</p> <p>In accordance with Article 4, the provisions on the period of fund lending between 100% held subsidiaries are deleted</p>
Article 6	<p>Lending Funds Procedures (Omitted)</p> <p>Fund-lending between the Company and its subsidiaries, or among the subsidiaries, shall be approved by the board of directors of the lending company and the board of directors may authorize the chairman to lend funds to a specific borrower, within a certain approved limit and a period not exceeding one year, in one or several drawdowns or via a revolving credit line and exempt from providing Guarantees under the second paragraph.</p> <p>The "certain limit" mentioned in the preceding paragraph on authorization of fund-lending by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the latest financial statements of the lending company, except in cases <u>complying with Article 4, Paragraph 4.</u></p>	<p>Lending Funds Procedures (Omitted)</p> <p>Fund-lending between the Company and its subsidiaries, or among the subsidiaries, shall be approved by the board of directors of the lending company and the board of directors may authorize the chairman to lend funds to a specific borrower, within a certain approved limit and a period not exceeding one year, in one or several drawdowns or via a revolving credit line and exempt from providing Guarantees under the second paragraph.</p> <p>The "certain limit" mentioned in the preceding paragraph on authorization of fund-lending by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the latest financial statements of the lending company.foreign companies where the company directly or indirectly holds 100% of the voting shares.</p>	<p>Pursuant to laws and regulations</p>

Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 9	<p>Penalties When the Manager and in-charge staff <u>violate this Procedure deliberately or with gross negligence, it shall be dealt with in accordance with relevant personnel and administrative rules of the Company.</u></p>	<p>Penalties <u>When the staff in-charge for lending funds to other parties violates this Procedure, it shall be dealt with the personnel management rules of the Company depending on the status of such fault.</u></p>	Amend according to actual needs
Article 14	<p>These procedures were formulated on 27th November, 2003. Its first amendment was made on 19th June, 2009. Its second amendment was made on 18th June, 2010. Its third amendment was made on 15th June, 2012. Its fourth amendment was made on 14th June, 2013. Its fifth amendment was made on 20th June, 2014. Its sixth amendment was made on 14th June, 2019. Its seventh amendment was made on 28th January, 2021. <u>Its eighth amendment was made on 18th June, 2021.</u></p>	<p>These procedures were formulated on 27th November, 2003. Its first amendment was made on 19th June, 2009. Its second amendment was made on 18th June, 2010. Its third amendment was made on 15th June, 2012. Its fourth amendment was made on 14th June, 2013. Its fifth amendment was made on 20th June, 2014. Its sixth amendment was made on 14th June, 2019. Its seventh amendment was made on 28th January, 2021.</p>	Add amendment date

Comparison Table for Procedures for Endorsements & Guarantees Before and After Amendment

Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 3	<p>Entities for Which the Company May Make Endorsements and Guarantees</p> <p>The Company may make Endorsements and Guarantees for the following companies: (Omitted)</p> <p>Based on the contractual obligations for undertaking a construction project, the Company may provide mutual endorsements/guarantees for another company in the same industry or for joint builders. Or based on the joint investment relationship, all investors with capital injection shall make endorsements/guarantees by respective shareholding percentage. Or based on the regulations of the Consumer Protection Act, when the Company engages in the sales contract for pre-sale houses, the Company may make the joint performance guarantees to companies in the same industry. The aforementioned endorsements/guarantees may be free of the restriction of the preceding two paragraphs.</p> <p>The referred “Capital Injection” in the preceding paragraph shall mean capital contribution directly by the Company or by a company in which the Company holds <u>100</u>% of the voting shares.</p>	<p>Entities for Which the Company May Make Endorsements and Guarantees</p> <p>The Company may make Endorsements and Guarantees for the following companies: (Omitted)</p> <p>Based on the contractual obligations for undertaking a construction project, the Company may provide mutual endorsements/guarantees for another company in the same industry or for joint builders. Or based on the joint investment relationship, all investors with capital injection shall make endorsements/guarantees by respective shareholding percentage. Or based on the regulations of the Consumer Protection Act, when the Company engages in the sales contract for pre-sale houses, the Company may make the joint performance guarantees to companies in the same industry. The aforementioned endorsements/guarantees may be free of the restriction of the preceding two paragraphs.</p> <p>The referred “Capital Injection” in the preceding paragraph shall mean capital contribution directly by the Company or by a company in which the Company holds <u>90</u>% of the voting shares.</p>	Pursuant to laws and regulations
Article 4	<p>Limit of Endorsements and Guarantees</p> <p>The total amount related to the Company's endorsements and guarantees matters are as follows: (Omitted)</p> <p>3. Where an endorsement or guarantee is made due to needs arising from business dealings, it should be in accordance with the limit in first two preceding paragraphs. The amount of individual endorsement or guarantee shall not exceed the total transaction amount between the parties which occurred in the past one year or the estimate of business dealings in the next one year.</p> <p>The “transaction amount” shall mean the sales or purchasing amount between the parties, whichever is higher.</p> <p>(Omitted)</p>	<p>Limit of Endorsements and Guarantees</p> <p>The total amount related to the Company's endorsements and guarantees matters are as follows: (Omitted)</p> <p>(New)</p> <p>(Omitted)</p>	Addition of the limit conditions for endorsement and guarantees due to business dealings

Article No.	After Amendment	Before Amendment	Reason for Amendments
	<p>The total amount of endorsements and guarantees by the Company and its subsidiaries shall be limited to <u>100%</u> of the net worth of the Company. <u>If the aggregate amount of endorsements and guarantees by the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, the management should make a report at the shareholders meeting to explain the necessity and reasonableness.</u> The total amount of endorsements and guarantees by the Company and its subsidiaries to a single company shall be limited to <u>50%</u> of the net worth of the Company.</p>	<p>The total amount of endorsements and guarantees by the Company and its subsidiaries shall be limited to <u>50%</u> of the net worth of the Company. The total amount of endorsements and guarantees to a single company shall be limited to <u>30%</u> of the net worth of the Company.</p>	<p>Adjust the limit of total amount of endorsements and guarantees and add the regulation to report at the shareholders meeting.</p>
Article 7	<p>Procedures for Controlling Endorsements/Guarantees by Subsidiaries (Omitted)</p> <p>2. If the Company’s subsidiaries propose to make endorsements/guarantees for other parties due to business needs, it shall follow the above regulations and report the ending balance of the previous month before the 7th of each month for the announcements, declarations and copies.</p> <p>(Omitted)</p>	<p>Procedures for Controlling Endorsements/Guarantees by Subsidiaries (Omitted)</p> <p>4. If the Company’s subsidiaries propose to make endorsements/guarantees for other parties due to business needs, it shall follow the above regulations and report the ending balance of the previous month before the 7th of each month for announcements, declarations and copies. However, if the subsidiary is established abroad, there shall be no Endorsements or Guarantees.</p> <p>(Omitted)</p>	<p>Amend according to actual needs</p>
Article 9	<p>Decision-Making and Authorization</p> <p>1. The endorsements and guarantees shall be approved by the board of directors in accordance with the procedures. However, due to business needs, the board of directors may authorize the chairman to make decisions within TWD 100 million of the external endorsements and guarantees under the provisions of Article 4 and it follows the special operating procedures. Afterwards, it should be reported to the board of directors for ratification.</p> <p>2. Where the Company needs to make endorsements/guarantees to satisfy its business needs, <u>and where the conditions set out in the operational procedures for endorsements/guarantees are met,</u> it shall obtain approval from the board of directors and over half of the directors shall act as joint guarantors for any loss resulted from the excess endorsements/guarantees. It shall also amend the operational procedures for endorsements/guarantees accordingly and</p>	<p>Decision-Making and Authorization</p> <p>1. The endorsements and guarantees shall be approved by the board of directors in accordance with the procedures. However, due to business needs, the board of directors may authorize the chairman to make decisions within TWD 100 million of the external endorsements and guarantees under the provisions of Article 4 and it follows the special operating procedures. Afterwards, it should be reported to the board of directors for ratification.</p> <p>2. Where the Company needs to make endorsements/guarantees to satisfy its business needs, it shall obtain approval from the board of directors by normal operational procedures and over half of the directors shall act as joint guarantors for any loss resulted from the excess endorsements/guarantees. It shall also amend the operational procedures for endorsements/guarantees accordingly and report it at the shareholders meeting for</p>	<p>Amend according to actual needs</p>

Article No.	After Amendment	Before Amendment	Reason for Amendments
	<p>report it at the shareholders meeting for ratification. If the shareholders meeting does not approve it, the Company shall adopt a plan to discharge the excess amount within a given time period.</p> <p>(Omitted)</p>	<p>ratification. If the shareholders meeting does not approve it, the Company shall adopt a plan to discharge the excess amount within a given time period.</p> <p>(Omitted)</p>	
Article 12	<p>Penalties When the Manager and in-charge staff <u>violate this Procedure deliberately or gross negligence, it shall be dealt with in accordance with relevant personnel and administrative rules of the Company.</u></p>	<p>Penalties When the Manager and in-charge staff <u>violate Regulations Governing Loaning of Funds and the “Making of Endorsements/Guarantees by Public Companies” enacted by Financial Supervisory Commission and these procedures, it should be dealt with relevant personnel management rules depending on the status of such fault.</u></p>	Amend according to actual needs
Article 14	<p>Others: (Omitted) (Deleted)</p> <p>4. When the entity for which the Company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, <u>the finance division should assess operating risks of subsidiaries and its impact on the Company, and report to the Company’s board of directors quarterly.</u> In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the sum of the share capital plus capital surplus in excess of par shall be treated as the paid-in capital. <u>However, the restriction shall not apply to the companies in which the Company holds, directly or indirectly, 100% of the voting shares.</u></p> <p>6. “Net worth” in the Procedures means the equity attributable to the owners of the parent company in the balance sheet under the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.</p> <p>7. “Date of occurrence” in the Procedures means the date of contract signing, date of payment, date of the resolutions of the board of directors, or the other date that can conform the entity and the transaction amount, whichever date is earlier. °</p> <p>(Omitted)</p>	<p>Others: (Omitted)</p> <p>4. Personnel in charge Endorsements— Guarantees shall submit the company’s— Endorsements details and actual balance to report the board of directors quarterly.</p> <p>5. When the entity for which the Company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, <u>the Company should track the operating results of the subsidiary monthly, and report the improvement of operations to the board of directors with the previous item.</u> In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the sum of the share capital plus capital surplus in excess of par shall be treated as the paid-in capital.</p> <p>6. “Net worth” in the Procedures means the equity attributable to the owners of the parent company in the balance sheet under the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.</p> <p>7. “Date of occurrence” in the Procedures means the date of contract signing, date of payment, date of the resolutions of the board of directors, or the other date that can conform the entity and the transaction amount, whichever date is earlier.</p> <p>(Omitted)</p>	Amend according to actual needs

Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 16	<p>These procedures were formulated on 27th November, 2003. (Omitted) Its fifth amendment was made on 28th January, 2021. <u>Its sixth amendment was made on 18th June, 2021.</u></p>	<p>These procedures were formulated on 27th November, 2003. (Omitted) Its fifth amendment was made on 28th January, 2021.</p>	Add amendment date

Appendices

Alpha Networks Inc.

Rules and Procedure for Shareholders' Meeting

The Rules was formulated on March 2nd, 2004.

The first amendment was made on June 9th, 2006.

The second amendment was made on June 18th, 2015.

Article 1

Unless otherwise required by laws and regulations, the shareholders' meeting of the Company shall be held in accordance with the Rules.

Article 2

The attendance book should be provided for attending shareholders to sign in at the shareholders' meeting. Otherwise, attending shareholders should submit the attendance cards. The number of shares represented by the attending shareholders and the number of voting rights shall be calculated in accordance with the attendance book, the attendance cards submitted by the shareholders plus the voting rights exercised by written or electronic methods.

Article 3

The attendance and vote by shareholders shall be duly calculated based on the number of shares held.

Article 4

If the shareholders' meeting is convened by the board of directors, the chairperson of the meeting shall be the chairman. When the chairman is on leave or unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman is also on leave or unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chairman. And, if there are no managing directors, one of the directors shall be appointed to act as chairman. Where the chairman does not make such a designation, the managing directors or the directors shall select one person among themselves to serve as the chairperson.

If a shareholders' meeting is convened by a party, other than the board of directors, with power to convene, the party shall be the chairperson of the meeting.

Article 5

The Company may appoint the designated attorneys, CPAs or relevant persons to attend the shareholders' meeting. The staffs handling affairs of the shareholders' meeting shall wear identification cards or armbands.

Article 6

The process of the shareholders' meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.

Article 7

The chairperson shall call the shareholders' meeting to order at the time scheduled for the meeting. If the number of shares represented by the attending shareholders has not yet constituted the quorum at the time scheduled for the meeting, the chairperson may postpone the time for the meeting. The postponements shall be limited to two times at the most and the meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the attending shareholders at the meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1, Article 175 of the Company Act.

If during the process of the meeting the number of the shares represented by the attending shareholders become sufficient to constitute the quorum, the chairperson may submit the tentative resolutions to the meeting for approval with Article 174 of the Company Act.

Article 8

If the shareholders' meeting is convened by the board of directors, the agenda of the meeting shall be set by the board of directors. Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda. The above provision shall apply mutatis mutandis, where the meeting is convened by any person, other than the board of directors, entitled to convene such meeting. Unless otherwise resolved at the meeting, the chairperson may not announce the adjournment of the meeting before all discussion items (including provisional motions) listed in the agenda are resolved. The shareholders may not designate other person as the chairperson to continue the meeting at the original or other place after the meeting is adjourned. However, in the event that the chairperson adjourns the meeting in violation of this rules and procedures, the shareholders may designate, by a majority of votes represented by attending shareholders, one person as the chairperson to continue the meeting.

Article 9

When an attending shareholder makes a speech, a speech note should be filled out with the summary of the speech, the shareholder's number (or attendance card number) and shareholder's name, and the chairperson shall determine the order of speeches by shareholders. If an attending shareholder submits a speech note but does not speak, no speech should be deemed to have been made by the shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail.

Unless permitted by the chairperson and the shareholder in speaking, no shareholder shall interrupt the speeches of other shareholders, otherwise the chairperson shall restrain such interruption.

Article 10

Unless permitted by the chairperson, each shareholder shall not, for each discussion item, speak more

than two times, each time not exceeding five minutes. In case the speech of a shareholder violates the above provisions or exceeds the scope of the discussion item, the chairperson may restrain the speech.

Article 11

Any legal entity designated as proxy by a shareholder to attend the shareholders' meeting may appoint only one representative to attend. Where two or more representatives appointed to attend the shareholders' meeting, only one representative may make a speech for each discussion item.

Article 12

After a shareholder makes a speech, the chairperson may respond him/herself or designate a relevant person to respond.

Article 13

The chairperson may announce to end the discussion of any resolution and go into voting if the chairperson deems it appropriate.

Article 14

The person to supervise and the person to record the ballots during a vote by casting ballots shall be designated by the chairperson, but the person supervising the ballots shall be a shareholder. The results of the voting shall be announced at the meeting and placed on record.

Article 15

During the meeting, the chairperson, at his/her discretion, may announce intermission.

Article 16

When the company convenes a shareholders' meeting, the voting rights shall be exercised in written or electronic methods. The exercise method and related matters shall be executed in accordance with Company Act and the regulations of the authority.

Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions shall be adopted by a majority of the votes represented by the attending shareholders. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairperson. If an objection exists, the resolution shall be voted by casting ballots.

Article 17

If there is an amendment or a substitute for a discussion item, the chairperson may determine the order of voting for such discussion, the amendment or the substitute. If one of the proposals is adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 18

The chairman may instruct the security officers to assist in keeping the order of the meeting. The security officers shall wear an armband marked "Security" when keeping the order of the meeting.

Article 19

The rules and procedures shall be effective from the date it is adopted by the shareholders' meetings. The same applies in case of amendment.

Alpha Networks Inc.

Articles of Incorporation (Before the Amendment)

Chapter 1 General Provisions

Article 1

The name of the company is ALPHA NETWORKS INC. (the “Company”), which is duly organized as a company limited by shares under the Company Act of Taiwan.

Article 2

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

1. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.
2. F401021 Controlled Telecommunications Radio-Frequency Devices and Materials Import.
3. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
4. CF01011 Medical Devices Manufacturing.
5. F108031 Wholesale of Medical Devices.
6. F401010 International Trade.
7. Research, develop, design, manufacture and sell the following products:
 - (1) Equipment and the components of computer network system.
 - (2) Metropolitan network and enterprise network products.
 - (3) Broadband products.
 - (4) Wireless network products.
 - (5) Medical equipment products and the parts and components.
 - (6) The import/export business and medical application of the products in the preceding paragraphs.
 - (7) The maintenance, testing and after-sales service for the products in the preceding paragraphs.

Article 3

The headquarter of the Company shall be in Hsinchu Science Park, Taiwan R.O.C. Where it is necessary for business, the Company might set up branch companies and representatives in appropriate locations within and outside the territory of Taiwan upon resolutions of the board of directors and approvals by authorities.

Article 4

The public announcements of the Company shall be executed in accordance with Article 28 of the Company Act.

Article 5

The Company may provide endorsements and guarantees to other parties for business needs.

Article 6

The total amount of the Company's investment in other companies is exempted from the Article 13 of the Company Act. Any matters regarding the investment shall be resolved in accordance with the board to directors.

Chapter 2 Shares

Article 7

The authorized capital of the Company is NT\$ 6,600 million, divided into 660 million shares, with a par value of NT\$10 per share and the board of directors is authorized to issue the shares in separate installments as required. The Company may issue employee stock options from time to time. A total of 50 million shares among the above total capital should be reserved for issuing employee stock options. The board of directors is also authorized to issue options in separate installments as required. The employees qualified for certain requirements shall be included in the recipients of the issuance of shares, the recipients of employee stock options, recipients of employee restricted shares plan and the recipients of issuance of shares reserved for subscription by employees. The board of directors is authorized to set the "certain requirements".

Article 8

After the share certificates of the Company are affixed with the signatures or personal seals of the director representing the company and are duly certified or authenticated by the bank, the share certificates could be issued to the public. The Company may issue shares without printing share certificates but the shares issued shall be recorded in depository institutes.

Article 9

The stock related operations shall be executed in accordance with the "Guidelines for Stock Operations for Public Companies" and other related laws and regulations.

Article 10

No transfer and pledge of shares of the Company may be used against the Company unless the name and residence or domicile of the transferee is recorded in the shareholder book of the Company. It should be handled by the company or book-entry transfer.

Chapter 3 Shareholders' Meeting

Article 11

Within 60 days prior to the convening date of a general shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the date on which

the distribution of dividends, bonus or other benefits, registration for transfer of shares shall be suspended.

Article 12

Shareholders' meetings of the Company are of two types, namely general meetings and special meetings. The general meeting shall be convened at least once per year and within six months after close of each fiscal year. A notice to convene a general meeting shall be given no later than 30 days prior to the scheduled meeting date. A special meeting is convened when necessary, and notice shall be given no later than 15 days prior to the scheduled meeting date.

The meeting notice shall include the date, place and subject(s) of a meeting. A shareholders' meeting shall, unless otherwise regulated by the Company Act and other acts, be convened by the board of directors.

Article 13

The shareholders' meeting shall be presided over by the chairman. In his absence, the chairman shall appoint one of the directors to act as the chairman. Where the chairman does not make such a designation, the directors shall select one person among themselves to serve as the chairman.

Article 14

A shareholder may appoint a representative to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating the scope of powers authorized to the proxy. The proxy shall be sent to the company no later than 5 days prior to the date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

Article 15

The proxy for attending shareholders' meetings shall be executed in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" issued by the securities authority.

Article 16

The shareholders' meeting of the Company shall be executed in accordance with the "Rules and Procedure of the Shareholders Meeting" unless specified otherwise by laws and regulations.

Article 17

Except in the circumstances otherwise specified in the Article 179 of the Company Act, each share of stock of the Company shall be entitled to one vote.

Article 18

Resolutions at a shareholders' meeting shall, unless otherwise specified for in the Company Act, be

adopted by a majority vote of the attending shareholders, who represent more than one-half of the total number of voting rights.

Article 19

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

The preparation and distribution of the minutes of the shareholders' meeting required in the preceding paragraph shall be executed by the Company Act.

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

The attendance book bearing the signatures of the attending shareholders and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least one year. However, if a lawsuit has been initiated by any shareholder in accordance with the provisions of Article 189 of the Company Act hereof, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.

Chapter 4 Directors

Article 20

The Company shall have five to eleven directors who are elected by the shareholders' meeting among candidates with legal capacity. The term of office shall be three years, and all directors shall be eligible for re-election. The board of directors shall have at least three independent directors.

The candidate nomination system is adopted for election of the directors of the Company and the shareholders shall elect the directors from the nominees listed in the candidate roster.

Independent directors and non-independent directors shall be elected together, and the number of elected candidates shall be calculated respectively.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the rules and regulations of the securities authority.

The percentage of shareholdings of all the directors shall be in accordance with the rules and regulations of the securities authority.

The Company shall buy the director liability insurance with respect to liabilities resulting from exercising their duties during their term of directors.

The remuneration of directors for performing their duties, regardless of the company's profit or loss, is authorized to the board of directors to decide according to the standards of the industry.

Article 21

When the number of vacancies on the board of directors of the Company exceeds one-third of the

total number, the board of directors shall convene, within 60 days, a special shareholders' meeting to elect succeeding directors to fill the vacancies.

Article 22

In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of existing directors shall be extended until the time new directors have been elected and assumed their office.

Article 23

The directors shall elect from among themselves the chairman of the board of directors by a majority of members in a meeting attended by over two-thirds of the directors.

The chairman of the board of directors is both the chairperson of the shareholders' meeting and the meeting of the board of directors, and shall have the authority to represent the Company.

Article 24

The meeting of the board of directors shall be convened by the chairman, except for the first meeting of the board of directors of each term in accordance with Article 203 of the Company Act. Unless otherwise specified in the Company Act, resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

If a director is unavailable to attend a meeting, the director may issue a proxy for the given meeting specifying the scope of the authorized powers to the authorized director to attend the meeting. A director may represent only one other director at a meeting pursuant to Article 205 of the Company Act.

In case a meeting of the board of directors is proceeded via visual communication network, then the directors participating in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 24-1

Seven days prior to the convening of a meeting of the board of directors, a notice shall be sent to all directors, specifying the reasons for calling the meeting. In an emergency situations, a meeting may be called whenever necessary.

The notice of convening a board meeting may be in writing, by fax or by e-mail notification thereof.

Article 25

In case the chairman is on leave or absent or unable to exercise his/her power and authority for any cause, his/her authority shall be executed in accordance with Article 208 of the Company Act.

Article 26

The authorities of the board of directors are as follows:

1. The Company's business policies, and middle/long-term development plans.
2. Deliberate and monitor the annual business plan.

3. Deliberate Company's annual budget plan.
4. Deliberate the plan to increase or decrease the Company's capital.
5. Deliberate the proposal of the distribution of earnings or the proposal of loss off-setting.
6. Deliberate the substantial contracts.
7. Deliberate the revisions of the Articles of Incorporation.
8. Deliberate the company organization regulations and the major operation rules.
9. Deliberate the setup, re-organization and dismissal of branch offices.
10. Deliberate the major capital expenditures plans.
11. Commissioning and decommissioning of the Company's president and vice presidents.
12. The implementation of the resolutions of the shareholders' meeting.
13. Discussion and resolution of the proposals initiated by the president.
14. Convene the shareholders' meeting and report the operation results.
15. The authorities pursuant to the shareholders' meeting and in accordance with other regulations.

Article 27

The Company sets up the audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee is exercising the authority of supervisions conducted in the Company Act, the Securities and Exchange Act, and other relevant laws and regulations. The audit committee is composed of independent directors only.

Charter 5 Managers

Article 28

The Company may appoint one president and the commissioning, decommissioning and remuneration of the president shall be as pursuant to Article 29 of the Company Act.

Charter 6 Accounting

Article 29

The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. After the end of each fiscal year, the following reports shall be prepared by the board of directors, and then submitted the general shareholders' meeting for adoption:

1. Business reports.
2. Financial statements.
3. The proposal of the distribution of earnings or the proposal of loss off-setting.

Article 30

If the Company reports profits, the Company shall appropriate 10~22.5% of profits as the employee compensation and less than 1% of profits as the director compensation. When the Company has accumulated losses, earnings shall be retained to offset the losses at first.

The appropriation ratio of the employee compensation and the director compensation and whether

the employee compensation is distributed in stocks or cash shall be resolved by a majority of members in a meeting attended by over two-thirds of the directors. And then the resolutions shall be submitted to the shareholders' meeting to report.

The board of directors can determine whether payments shall be in cash or stocks to the eligible employees, including employees of the subsidiaries. And the board of directors is authorized to set up the eligibility criteria.

Article 30-1

When allocating the net profits for each fiscal year, the distribution order shall be followed:

1. Reserve for tax payments.
2. Offset losses in previous years, if any.
3. Legal reserve, which is 10% of leftover profits.
4. Allocation or reverse of special reserves as required by the Securities and Exchange Act.
5. After deducting the previous balances, the board of directors will propose a distribution proposal for the balance and the earnings in previous years. When the distribution is made by issuing new shares, it shall be submitted to the shareholders meeting for a resolution.

When the whole or part of the distributable dividends and bonuses, and the legal reserve and capital surplus in accordance with laws is made by cash, the board of directors is authorized to resolve by a majority vote in a meeting of the board of directors attended by two-thirds of the directors. And then the resolution shall be submitted to the shareholders' meeting.

Dividend Policy:

According to the company's current and future investment environment, capital needs, domestic and foreign competition conditions, and whether the Company has acquired sufficient funds to deal with capital expenditure in the current year, propose the adjustment ratio of shareholder stock dividends and cash dividends. The cash distribution ratio shall not be less than 10% of the total dividend.

Charter 7 Supplementary Provisions

Article 31

All matters not provided for in the articles of incorporation shall be handled in accordance with the Company Act and other applicable laws or regulations.

Article 32

This article was formulated on 16th August, 2003. Its first amendment was made on 2nd March, 2004. Its second amendment was made on 17th June, 2005. Its third amendment was made on 9th June, 2006. Its fourth amendment was made on 8th June, 2007. Its fifth amendment was made on 8th June, 2007. Its sixth amendment was made on 13th June, 2008. Its seventh amendment was made on 19th June, 2009. Its eighth amendment was made on 18th June, 2010. Its ninth amendment was made on 10th June, 2011. Its tenth amendment was made on 15th June, 2012. Its eleventh amendment was made on 18th June, 2015. Its twelfth amendment was made on 17th June, 2016. Its thirteenth amendment was made on 14th June, 2019. Its fourteenth amendment was made on 12th June, 2020.

Alpha Networks Inc.

Procedures for Acquisition or Disposal of Assets (Before the Amendment)

Article 1 Basis of formulation

These procedures are promulgated pursuant to Article 36-1 of Taiwan Securities and Exchange Act and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.

Article 2 Scope of assets

1. Investments in stocks, government bonds, corporate bonds, finance bonds, securities representing interests in a fund, deposit receipts, call (put) options, beneficial interest securities, and asset-backed securities.
2. Real estates (including land, houses and buildings, investment properties, and inventory in construction industry) and equipment.
3. Membership certificates.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, spin offs, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 3 Definition

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, finance instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, spin offs, acquisitions, or transfer of shares in accordance with law: Refer to assets acquired or disposed through mergers, spin offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, the Finance Holding Company Act, the Finance Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the “Regulations Governing the Preparation of Finance Reports by Securities Issuers”.

4. Professional appraiser: Refer to a real estate appraiser or other persons duly authorized by laws to engage in the value appraisal of real estate or equipment.
5. Date of occurrence: Refer to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of resolutions of the board of directors, or other date that can confirm the counterpart and amount of the transaction, whichever date is earlier; for investment for which approval of the authority is required, the earlier of the above date or the date of receipt of approval by the authority shall apply.
6. Mainland China area investment: Refer to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the “Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area”.
7. Investment professional: Refer to finance holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the finance authorities of the jurisdiction where they are located.
8. Securities exchange: "domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a finance institution that is regulated by the foreign authority and that is permitted to conduct securities business.
10. "Within the preceding year" as used refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
11. “The latest financial statements” used herein means the financial statements of the Company audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets.
12. The term "major assets or derivatives transactions” refers to the transactions approved by the board of directors in accordance with the Company's articles of incorporation, laws or these procedures.
13. The term “10% of the Company’s total asset” used herein shall be calculated based on the total assets stated in the latest recent standalone financial statements.

Article 4

Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters who provide the Company the appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for more

than one year for a violation of these procedures, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Finance Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When doing a case, they shall appropriately plan and execute adequate working procedures, in order to make a conclusion and issue the report or opinion based on the conclusion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue an attestation statement including the professional competence and independence of the personnel who prepared the report or opinion, and the evaluation of the reasonableness, accuracy, and compliance of the applicable laws and regulations for the information used.

Article 5 When acquiring or disposing the real estates, equipment or right-of-use assets, the Company shall obtain the appraisal reports:

1. The appraisal report for real estates or equipment
In acquiring or disposing real estates, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (1) Where due to special circumstances it is necessary to set a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedures shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
2. No more than three months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced market value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 6 When acquiring or disposing marketable securities, the Company shall obtain the opinion of the CPA

When acquiring or disposing marketable securities, the Company shall obtain the latest financial statements, audited or reviewed by a CPA, of the issuing company, prior to the date of occurrence, for reference in appraisal of the transaction price. If the amount of the transaction reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the expert report as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, this requirement does not apply to publicly quoted prices of marketable securities that have an active market, or where otherwise provided by regulations of the Finance Supervisory Commission.

Article 7 When acquiring or disposing intangible assets, right-of-use assets, or membership certificates, the Company shall obtain the opinion of the CPA

Where the Company acquires or disposes intangible assets, right-of-use assets, or membership certificates and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.

Article 8 Procedures for calculating the transaction amount of acquiring or disposing of assets

The calculation of the transaction amount aforementioned in article 5 to 7 shall be in accordance with

the subparagraph 7 of the paragraph 1 of the Article 13. The transaction amount from a professional appraiser's evaluation report or a CPA's opinion needs not to be counted in.

Article 9

Where the Company acquires or disposes assets through court auction procedures, the documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 10 Procedures for related party transactions

1. When the Company engages in acquisition or disposal of assets from or to a related party in accordance with the provisions of article 5 to 9 of these procedures, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with the provisions of article 5 to 7 of these procedures, given the transaction amount more than 10% of the Company's total assets.

The calculation of the transaction amount shall be made in accordance with the subparagraph 7 of paragraph 1 of article 13. The transaction amount from a professional appraiser's report or a CPA's opinion needs not to be counted in. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Operating procedures

When the Company acquires or disposes real estates or right-of-use assets thereof from or to a related party, or when it acquires or disposes assets other than real estates or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of the paid-in capital, 10 percent or more of the total assets, or NT\$300 million or more, except in trading domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust agencies, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and resolved by the audit committee:

- (1) The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.
- (2) The reasons for choosing the related party as a transaction counterparty.
- (3) With respect to the acquisition of real estates or right-of-use assets thereof from a related party, information regarding the appraisal of the reasonableness of the preliminary transaction terms in accordance with this the subparagraph 1 to 4 of paragraph 3 of the article.
- (4) The date and price at which the related party originally acquired the asset, the original transaction counterparty, and the relationship of the Company, the related party and the transaction counterparty.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and the evaluation of the necessity of the transaction, and the reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance

with the preceding article.

(7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of transaction amount shall be in accordance with the subparagraph 7 of paragraph 1 of article 13. The amount of transactions submitted to the audit committee and approved by the board of directors shall need not be counted in.

The major asset or derivative transactions shall be approved by a majority of all audit committee members and submitted to the board of directors for a resolution. If the approval of all audit committee members is not obtained, the procedures may be implemented with approval of more than two-thirds of all directors and the resolution of the audit committee shall be specified in the meeting minutes of the board of directors.

With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, it shall take into consideration of each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be specified in the meeting minutes of the board of directors. The total number of audit committee members and total directors shall be counted as the actual number of persons currently holding those positions.

3. The evaluation of the reasonableness of cost

(1) The Company that acquires real estates or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction cost by the following means:

A. Based upon the price of the related party transaction, necessary interests on funding and the cost to be duly borne by the buyer shall be added in. "Necessary interests on funding" is computed as the weighted average interest rate on borrowing in the year the Company purchases the asset; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

B. The appraisal of total loan value shall be made from a financial institution where the related party has previously made a mortgage on the asset as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the appraised loan value of the asset and the period of the loan shall have been one year or more. However, this regulation shall not apply where the financial institution is a related party of one of the transaction counterparties.

(2) Where land and houses thereupon are combined as a single property purchased or leased in one transaction, the transaction cost for the land and the houses may be separately appraised in accordance with either of the means listed in the preceding paragraph.

(3) The Company that acquires real estates or right-of-use assets thereof from a related party, the appraisal of the cost of the real estates or right-of-use assets shall be in accordance with the subparagraph 1 to 2 of paragraph 3 of this article and the Company shall also engage a CPA to check the appraisal and render a specific opinion.

(4) When the results of the Company's appraisal conducted in accordance with the subparagraph 1 to 2 of paragraph 3 of this article are uniformly lower than the transaction price, the matter shall be executed in accordance with the subparagraph 5 of paragraph 3 of this article. However, where the following circumstances exist and objective evidence has been submitted and specific

opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply:

A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

- i. The undeveloped land is appraised in accordance with the means in the preceding Article. Houses are appraised according to the related party's construction cost plus reasonable construction profit and the sum is more than the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the latest recent 3 years or the gross profit margin for the construction industry for the latest period as announced by the Ministry of Finance, whichever is lower.
- ii. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

B. When acquiring real estates, or obtaining real estate right-of-use assets through leasing from a related party, the Company provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring parcels of land in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels with value close to the public market value; transactions involving similarly sized parcels in principle refer to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate or the right-of-use assets thereof.

(5) When acquiring real estates or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the subparagraph 1 to 2 of paragraph 3 of this article are uniformly lower than the transaction price, the Company shall take the following steps.

The Company and the publicly traded companies which are accounted by equity method by the Company set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on the decline in market value of the assets it purchased or leased at a premium, or these assets have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Finance Supervisory Commission has given its consent.

A. A special reserve shall be set aside in accordance with the paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the transaction price of the real estates or the right-of-use assets and the appraised cost of these assets, and the special reserve may not be distributed or used for capital increase or issuance of new shares. Where the

investee in which the Company uses the equity method to account for its investment is a public company, then the special reserve called for under the paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the shareholding of the equity of the public company.

- B. The audit committee shall comply with the paragraph 4 of Article 14-4 of the Securities and Exchange Act and Article 280 of the Company Act.
 - C. Actions taken pursuant to the 1st and 2nd item of subparagraph 5 of paragraph 3 of this article shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (6) When the Company acquires real estates from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the paragraph 1 and 2 of the article and the subparagraph 1 to 3 of paragraph 3 of this article about the evaluation of the reasonableness of transaction cost, do not apply:
- A. The related party acquired the real estate or right-of-use assets thereof through inheritance or as a gift.
 - B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate or right-of-use asset thereof to the signing date for the current transaction.
 - C. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estates, either on the company's own land or on rental land.
 - D. The right-of-use asset of the real estate for business use is acquired by the Company with its parent company or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- (7) The Company obtains real estates or right-of-use assets thereof from a related party, it shall also comply with the subparagraph 5 of paragraph 3 of this article if there is other evidence indicating that the acquisition was not an arm's length transaction.
4. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may delegate the chairman to decide such matters NT\$ 300 million and have the decisions subsequently submitted to and ratified by the next meeting of board of directors:
- (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
 - (2) Acquisition or disposal of real estates or right-of-use assets held for business use.

Article 11 The procedures for acquisition or disposal of financial derivatives

1. Trading principles and strategies:

(1) Transaction types

- A. Financial derivatives referred to in these procedures are the financial products whose value is derived from forward contracts, option contracts, futures contracts, leveraged guarantees contracts and swaps, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests;
- B. The term "forward contracts" does not include insurance contracts, performance contracts,

after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

C. Regarding to bond margin trading should be executed in accordance with the relevant provisions of these procedures.

(2) Operating or hedging strategies

The purpose of financial derivative transactions shall be hedge oriented. Trading counterparties should be domestic and foreign financial institutions. Otherwise, the president should approve.

(3) Segregation of duties

A. Finance Department: Be responsible for foreign exchange management system, such as collecting foreign exchange market information, judging trends and risks, being familiar with financial products and trading skills, etc. Besides, follow the instructions from the finance director and be authorized to manage the foreign exchange positions and hedge foreign exchange risks in accordance with company policies.

B. Accounting Department: Understand the Company's overall foreign exchange position, and regularly recognize realized and unrealized exchange gains and losses for Finance Department to make hedge arrangements.

C. Execution by: authorized personnel-in-charge from the Finance Department.

D. Authorization limit:

i. The authorization limit is set as follows:

Authorized Level	Per transaction	Daily transactions
Chairman	More than US\$ 20 million	More than US\$ 40 million
President	US\$ 20 million	US\$ 40 million
Chief Finance Officer	US\$ 10 million	US\$ 20 million
Finance Director	US\$ 5 million	US\$ 10 million

ii. The major asset or financial derivative transactions shall be approved by a majority of all audit committee members and submitted to the board of directors for a resolution. If the approval of all audit committee members is not obtained, the procedures may be implemented with the approval of more than two-thirds of all directors and the resolution of the audit committee shall be specified in the meeting minutes of the board of directors. With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, it shall take into consideration of each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the board of directors. The total number of audit committee members and total directors shall be counted as the actual number of persons currently holding those positions.

(4) Performance evaluation

Daily operation details (amount, exchange rate, bank, maturity date) are disclosed on the daily cash statement to understand the profit and loss status; in addition, exchange gains and losses are settled monthly, quarterly, and annually.

(5) Trading limit

- A. Exchange rate transactions: The principal amount for risk hedge is based on the business of the Company. The principal amount must not exceed foreign currency net assets (or liabilities) add the net position of estimated revenue (or purchases) in the next 2 months. However, foreign exchange swap transactions for fund dispatching don't apply to the limit.
- B. Interest rate transactions: subject to the Company's long-term loan balance and repayment period.
- C. Other hedge transactions, designed for hedging exchange rate risk or interest rate risk resulted from assets, liabilities, issuing overseas equity (such as ADR) or bonds (such as ECB) or other financial products, confirmed commitments, and highly likely prospective transactions, etc., shall be limited to the total amount of the balance, and an evaluation report is prepared. The hedge transactions can be done after approval by the president.

(6) Loss Cap

	All contract	Individual contract
The maximum loss for hedge transactions	15%	20%

2. Risk Management

- (1) Credit risk management: Trading counterparties shall be domestic and foreign financial institutions. Otherwise, decision-maker officer of Finance Department should approve.
- (2) Market risk management: Mainly through the inter-bank market transactions.
- (3) Liquidity risks management: To ensure liquidity, the trading banks must have sufficient facilities, information and transaction capabilities.
- (4) Operation risks management:
 - A. The authorization limit and operation procedures must be strictly followed.
 - B. Personnel engaged in derivative transactions may not serve concurrently in other operations such as confirmation and settlement.
 - C. The personnel responsible for risk measurement, risk monitoring, and risk control and the personnel in the preceding subparagraph shall be assigned to different departments and these personnel shall report to the board of directors or senior management personnel without responsibility for trading or decision of derivative position.
- (5) Legal risks management: Any document signed with banks must be reviewed by legal personnel.
- (6) Cash flow risk management: In order to ensure the stability of the working capital of the Company, the Company should maintain sufficient liquid assets and financing lines to meet the demand for delivery funds.

3. Internal audit system

- (1) The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on financial derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging

in derivatives trading, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.

- (2) The internal auditors shall declare the audit report and annual audit report about the status of internal audit operations to Finance Supervisory Commission before the end of February of the following year.

4. Evaluation method and handling of abnormal situations

- (1) The positions from financial derivative transactions shall be evaluated twice per month. Evaluation reports shall be submitted to finance director for review.
- (2) The exchange gains or losses shall be recognized quarterly, half-yearly, and annually based on mark to market and disclosed in the financial statements.
- (3) When abnormal circumstances are found in the course of supervising trading and the trading results, the finance director shall make appropriate measures and make a report immediately to the board of directors; an independent director shall be in the meeting and express an opinion.

5. The supervision and management rules of the board of directors towards financial derivative transactions

- (1) Decision-maker officer of Finance Department shall pay attention to monitor and control the risk of financial derivative transactions. The management principles are as follows.

A. Regularly assess whether the risk management measures used are appropriate and are in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the Company's prescribed procedures for dealing with financial derivatives.

B. When abnormal circumstances are found in the course of supervising trading and the trading results, appropriate measures shall be adopted and a report shall immediately be made to the board of directors; an independent director shall be in the meeting and express an opinion.

- (2) Regularly assess whether the performance of financial derivative trading is consistent with the established operation strategies and whether the risk undertaken is within the Company's permitted scope of tolerance.
- (3) When engaging in financial derivative transactions, the Company shall authorize the relevant personnel to execute the financial derivative trading in accordance with these procedures. The Company shall report in the next meeting of board of directors.
- (4) When engaging in financial derivative trading, the Company shall establish a memorandum book to record the details of the types and amounts of financial derivative trading engaged in, the approval dates of the board of directors, and the evaluation matters required under subparagraph 1 of paragraph 4 and subparagraph 1 to 2 of paragraph 5 of this article.

Article 12 The Procedures of handling merger, splits, acquisitions and assignment of shares

1. Evaluation and operating procedures

- (1) When conducting a merger, spin off, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to express an opinion on the reasonableness of the share exchange ratio,

acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger of a subsidiary in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital of the subsidiary, or in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital of the respective subsidiaries.

- (2) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin off, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in the subparagraph 1 of paragraph 1 of the article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, spin off, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, spin off, or acquisition, this restriction shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger, spin off, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, spin off or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

2. Other Precautions

- (1) Date of the board of directors: The companies participating in a merger, spin off, or acquisition shall convene a meeting of the board of directors and a shareholders' meeting on the same day to resolve matters relevant to the merger, spin off, or acquisition, unless another act provides otherwise or the Finance Supervisory Commission is notified in advance of extraordinary circumstances and grants consent.

The companies participating in a transfer of shares shall call meetings of the board of directors on the same day, unless another act provides otherwise or the Finance Supervisory Commission is notified in advance of extraordinary circumstances and grants consent.

- (2) Prior confidentiality commitment: The personnel participating in a merger, spin off, or acquisition shall issue a notice with confidentiality commitment in writing stating that disclosure of the contents of a merger, spin off, or acquisition is prohibited and engaging in the transactions of stocks or the equity-based marketable securities of the participating companies in a merger, spin off, or acquisition is also not allowed.

- (3) Principles of change of the share exchange ratio or acquisition price: When engaging in a merger, spin off, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the following circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin off, acquisition, or transfer of shares:

A. Seasoned equity offering, issuance of convertible corporate bonds, or the issuance of stock dividends, issuance of corporate bonds with warrants, preferred shares with warrants, stock

- warrants, or other equity-based marketable securities.
- B. An action, such as the disposal of major assets, affects the financial operations of the companies.
 - C. An event, such as a major disaster or the major change in technology, affects shareholder equity or share price.
 - D. An adjustment from buying back the treasury stocks of any of the companies participating in the merger, spin off, acquisition, or transfer of shares.
 - E. An increase or decrease in the number of entities or companies participating in the merger, spin off, acquisition, or transfer of shares.
 - F. Other terms/conditions specified in the contract and publicly disclosed.
- (4) Contents of the contract: When a merger, spin off, acquisition, or transfer of shares occurs, the contract shall specify the rights and obligation of companies participating in a merger, spin off, acquisition, or transfer of shares and stipulate the following items:
- A. Handling of breach of the contract.
 - B. Principles for the handling of equity-based marketable securities issued or treasury stock bought back by any company that is extinguished in a merger or that is demerged.
 - C. Principles for the handling of the amount of treasury stock which the participating companies are permitted to buy back after the record date of calculation of the share exchange ratio in accordance with laws.
 - D. The manner of handling changes in the number of participating entities or companies.
 - E. Preliminary progress schedule for plan execution, and anticipated completion date.
 - F. Scheduled date for convening the mandated shareholders meeting and relevant procedures if the plan exceeds the deadline without completion.
- (5) Change of the number of companies participating in a merger, spin off, acquisition, or transfer of shares: After the public disclosure of the information, if any company participating in the merger, spin off, acquisition, or share transfer intends further to carry out similar transactions with other companies, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin off, acquisition, or share transfer; except that where the number of participating companies decreased and the shareholders meeting of a participating company has adopted a resolution authorizing the board of directors to alter the authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (6) Where any of the companies participating in a merger, spin off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and comply with the subparagraph 1, 2, 5, 7 and 8 of paragraph 2 of this article.
- (7) When participating in a merger, spin off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
- A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreigners) of all persons involved in the planning or implementation of any merger, spin off, acquisition, or transfer of another

company's shares prior to disclosure of the information.

B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a meeting of the board of directors.

C. Important documents and minutes: Including plans for a merger, spin off, acquisition, and transfer of shares, any letter of intent or memorandum of understanding, material contracts, and meeting minutes of the board of directors.

(8) Within two days from the date of passage of a resolution by the board of directors, submit (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the Finance Supervisory Commission for record.

(9) Where any of the companies participating in a merger, spin off, acquisition, or transfer of another company's shares is neither listed on an exchange nor has shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with the Company and the related matters shall be executed in accordance with the provisions of the subparagraph 7 and 8 of paragraph 2 of this article.

Article 13 The procedures of information disclosure

1. Declaration matters and standards

Under any of the following situations, the Company shall publicly announce and report the relevant information of the acquisition or disposal of assets on the Finance Supervisory Commission's designated website in the appropriate format as prescribed by regulations within two days counting inclusively from the date of occurrence of the event:

(1) Acquisition or disposal of real estates or right-of-use assets from a related party, or acquisition or disposal of assets other than real estates or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(2) Merger, spin off, acquisition, or transfer of shares.

(3) Losses from financial derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

(4) Where the transaction counterparty of acquisition or disposal of equipment or right-of-use assets thereof for business use occurs is not a related party, and the transaction amount reaches NT\$500 million or more.

(5) Where real estate is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rental land, joint construction and allocation of houses, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.

(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs,

a disposal of claims by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million or more; provided, this shall not apply to the following circumstances:

- A. Trading of domestic government bonds.
- B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
- C. Trading of bonds with repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(7) The amount of transactions above shall be calculated as follows:

- A. The amount of each individual transaction.
- B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estates or right-of-use assets thereof within the same development project within the preceding year.
- D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

2. Announcement and declaration procedures

- (1) The Company shall submit relevant information to the website designated by the Finance Supervisory Commission for announcement and declaration.
- (2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Finance Supervisory Commission by the 10th day of each month.
- (3) If there is an error or omission in an item required by regulations to be publicly announced and the error or mission is required to be corrected, all of the items shall be publicly announced and reported again within two days counting inclusively from the date of knowing of such error or omission.
- (4) When acquiring or disposing assets, the Company shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports and the opinions of CPAs, attorneys, and securities underwriters at the Company and the data shall be retained for five years except where another act provides otherwise.
- (5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and declared in accordance with the preceding article, a public declaration of relevant information shall be made on the information reporting

website designated by the Finance Supervisory Commission within two days counting inclusively from the date of occurrence of the event:

- A. Change, termination, or rescission of a contract signed in regard to the original transaction.
- B. The merger, spin off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- C. Change of the originally publicly announced and declared information.

Article 14 The subsidiaries of the Company shall comply with the following regulations:

1. Subsidiaries should also formulate "Procedures for the Acquisition or Disposal of Assets" in accordance with the relevant provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". After the procedures have been approved by the board of directors of subsidiaries, and the procedures shall sent to a shareholders' meeting for approval. The same applies when the procedures are amended.
2. When acquiring or disposing assets, a subsidiary shall follow the Company's regulations. However, if the subsidiary has established "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated by Finance Supervisory Commission and has taken into consideration the opinions of the Company, the subsidiary could follow its own procedures to deal with related matters.
3. If the subsidiary is not a public company and the assets acquired or disposed meet the announcement and declaration requirements set in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall also execute the announcement and declaration matters on behalf of the subsidiary.
4. Regarding to announcement and declaration standards, the relevant paid-in capital or total assets are based on the parent company's paid-in capital or total assets.

Article 15 Penalties

When the Company's personnel-in-charge violate these procedures, they shall be subject to disciplines in accordance with the relevant personnel management regulations of the Company depending on the status of such fault.

Article 16 Implementation and revision

The "Procedures for Acquisition or Disposal of Assets" of the Company shall be submitted to the audit committee for approval. After the procedures have been approved by the board of directors, the procedures shall be sent to a shareholders' meeting for approval. The same applies when the procedures are amended.

When formulating or amending these procedures, the Company shall take into consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the board of directors.

When the Company formulates or amends these procedures, the formulation or amendment shall be

approved by a majority of all audit committee members and then be submitted to the board of directors for a resolution.

If approval of a majority of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the board of directors.

The total number of audit committee members and total directors shall be counted as the actual number of persons currently holding those positions.

Article 17

To acquire or dispose assets complying with these procedures or other legal requirements shall be approved by a majority of all audit committee members and submitted to the board of directors for a resolution.

If approval of a majority of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the board of directors.

The total number of audit committee members and total directors shall be counted as the actual number of persons currently holding those positions.

The board of directors are authorized to stipulate the total amount of securities invested by the Company and its subsidiaries, the limit of individual investment, and the total amount of real estates and the right-of-use real estates not for business use in these procedures.

Asset items	Parent Company		Subsidiaries		Total investment limit	Individual investment limit
	Approver	Authorization limit	Approver	Authorization limit		
real estates and right-of-use real estates not for business purpose	All need to be approved by the board of directors		All need to be approved by the board of directors		30% of Net Value	15% of Net Value
Equity investment	BOD	More than NT\$ 50 million	BOD	More than NT\$ 25 million	120% of Net Value	50% of Net Value
	Chairman	NT\$ 50 million and below	Chairman	NT\$ 25 million and below		
Long-term secured bond	Chairman	More than NT\$ 20 million	Chairman	More than NT\$ 10 million	30% of Net Value	15% of Net Value
	President	NT\$ 20 million and below	President	NT\$ 10 million and below		
Short-term bonds and money market funds	Chairman	More than NT\$ 20 million	Chairman	More than NT\$ 10 million	30% of Net Value	15% of Net Value
	President	NT\$ 20 million and below	President	NT\$ 10 million and below		
Other marketable securities	Chairman	More than NT\$ 20 million	Chairman	More than NT\$ 10 million	10% of Net Value	5% of Net Value
	President	NT\$ 20 million and below	President	NT\$ 10 million and below		

- * Short-term bonds shall not be operated through multiplier leverage by any means of pledge, margin or similar tools, resulting in the effect of expanding profits and losses.
- * Investment and establishment of a subsidiary whose shares are directly or indirectly 100% owned by the Company is not restricted by the total equity investment limit.
- * “Net Value” in these procedures means the equity attributable to the owners of the parent company in the balance sheet of each company.

Article 18 Supplementary Provisions

The regulations of these procedures shall be executed in accordance with the relevant laws if there are relevant matters not specified in these procedures or there are issues when applying these procedures to deal with. If there are no provisions in the laws, it shall be handled in accordance with the relevant regulations of the Company or decided by the board of directors.

Article 19

These procedures were formulated on 2nd March, 2004.

Its first amendment was made on 17th May, 2004.

Its second amendment was made on 8th June, 2007.

Its third amendment was made on 13th June, 2008.

Its fourth amendment was made on 15th June, 2012.

Its fifth amendment was made on 20th June, 2014.

Its sixth amendment was made on 17th June, 2016.

Its seventh amendment was made on 16th June, 2017.

Its eighth amendment was made on 14th June, 2019.

Its ninth amendment was made on 28th January, 2021.

Alpha Networks Inc.

Procedures for Lending Funds to Other Parties

Article 1: Purpose and basis of formulation

These procedures are promulgated pursuant to Article 36-1 of Taiwan Securities and Exchange Act and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.

Article 2 Borrowing entities

1. Companies or entities with business dealings; or
2. Where an inter-company or inter-firm short-term financing needs exist. The term “short-term” means one year or one operating cycle, whichever is longer.

Article 3 Evaluation standards for lending funds to other parties

Where the Company lends funds to other parties with business dealings, it shall be in accordance with the provisions of paragraph 2 of article 4. Those who need to engage in fund lending due to short-term financing are limited to the following items:

1. The companies, whose shares are held by the Company with more than 20% shareholding, with short-term financing needs due to business issues.
2. Other companies with short-term financing needs due to the material purchases or working capital requirement.
3. Other borrowers approved by the board of directors of the Company.

Article 4 Limitation on the total lending amount to all borrowers and to respective borrower

1. The total lending amount to all borrowers shall not exceed forty percent (40%) of the net worth of the Company. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the net worth of the Company.
2. The total lending amount to a company with business dealings shall not exceed the total transaction amount between the parties. "Transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher.
3. The lending amount for a company with short-term financing needs shall not exceed twenty percent (20%) of the net worth of the Company.
4. When lending needs exist among offshore subsidiaries whose voting shares are 100% owned directly or indirectly by the Company or between these offshore subsidiaries and the Company, the total lending amount shall not exceed one hundred percent (100%) of the net worth of the lending entity, not subject to the restrictions under Paragraph 1 and 3. However, the paragraph 2 and article 5 shall still be applicable.

Article 5 Duration of loans and calculation of interest

1. The duration of each loan shall not exceed one year.
2. The interest rate can't be lower than the highest interest rate for short-term borrowing from financial institutions. The interest is charged monthly. In special cases, it can be adjusted by actual situation after the approval of the board of directors.
3. It shall not exceed one year that the company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares before-mentioned total outstanding amount.

Article 6 Lending funds procedures

1. Credit Check

- (1) When the Company lends funds, the borrower shall prepare necessary company information and financial information at first and apply for financing facility in writing. The Company shall evaluate the impact on the Company's operating risks, financial status and shareholders' equity.
- (2) After the Company accepts the application, the relevant department shall evaluate the business, financial status, solvency, credit and profitability of the borrower along with the purpose of the loan, and propose a report.

2. Security

The Company shall obtain the guarantees promissory notes with the same amount when lending funds. Besides, if necessary, set up mortgages for personal properties or real estates.

For the guarantees in the preceding paragraph, if the debtor provides a person or company with considerable financial resources and credit as a guarantor, instead of providing collateral, the board of directors may refer to the credit report of the relevant department. If the guarantor is a company, the Company shall pay attention to whether a guarantees clause is stipulated in its articles of corporation.

3. Scope of authorization

After the credit check done by the relevant department of the Company, the fund lending shall be submitted to the president for approval and then be proposed to the board of directors for resolution to execute the fund-lending.

If there are independent directors in the board of directors of the Company, when dealing with fund lending issues, the Company shall take into consideration the opinions of each independent director. The opinions of independent directors and the reason for these opinions shall be specified in the meeting minutes of the board of directors.

Fund-lending between the Company and its subsidiaries, or among the subsidiaries, shall be approved by the board of directors of the lending company and the board of directors may authorize the chairman to lend funds to a specific borrower or via a revolving credit line and exempt from providing guarantees under the second paragraph.

The "certain limit" mentioned in the preceding paragraph on authorization of fund-lending by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the latest financial statements of the lending company.

Article 7 Information disclosure

1. The Company shall announce and declare the last month balance of lending funds by the Company and its subsidiaries in Market Observation Post System on the 10th day of each month.
2. The Company shall announce and declare the balance of lending funds within two days commencing immediately from the date of occurrence when the balance of lending funds meets one of the following standards:
 - (1) The aggregate balance of lending funds by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in the latest financial statements.
 - (2) The balance of lending funds the Company and its subsidiaries for a single entity reaches 10 percent or more of the Company's net worth as stated in the latest financial statements.
 - (3) The amount of new lending funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches two percent or more of the Company's net worth as stated in the latest financial statements.
3. The Company shall announce and declare on behalf of any subsidiary which is not a domestic public company where any matter of the subsidiary is required to announce and declare pursuant to subparagraph 3 of the preceding paragraph.
4. The Company shall make sufficient provisions based on the condition of its lending profile, adequately disclose information in the financial statements, and provide external auditors with necessary information for conducting due auditing procedures.

Article 8 Subsequent measures for control and management of loans, and procedures for handling delinquent claims.

1. After a loan is made, the Company shall evaluate the financial and business status and credit of the borrower and guarantor. If a collateral is provided, the Company should pay attention to whether there is any change in the value of the guaranty. In case of major changes, the Company should immediately notify the chairman and follow the instructions for appropriate handling.
2. When the borrower repays the loan before maturity, the interest payable should be calculated at first, and then the promissory note loan can be cancelled and returned to the borrower or the mortgage can be cancelled after the principal and the interest payable are paid off.
3. When the loan expires, the borrower should pay off the principal and interests immediately. If the repayment is not paid and postponed, a request must be made in advance and the board of directors must approve it. Each postponed repayment shall not exceed twelve months and shall be limited to one time. If the aforementioned procedures are not followed, the provided collateral or guarantor shall be dealt with and recovered according to laws.

Article 9 Penalties

When the staff in-charge for lending funds to other parties violates these procedures, it shall be dealt with the personnel management rules of the Company depending on the status of such fault.

Article 10

The Company shall prepare a memorandum book for its funds-lending activities and truthfully record

the following information: the borrower, the lending amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.

Internal auditors shall perform audits on the lending profile every quarter and propose written auditing reports. Should there be any violation found, a written report is needed to notify the audit committee.

Article 11 The procedures regarding the Company's control of the lending to other parties by the subsidiaries of the Company.

1. Where a subsidiary of the Company intends to lend funds to other parties, the Company shall instruct the subsidiary to formulate its own "Procedures for Lending Funds to Other Parties" in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" set by the Financial Supervisory Commission, and the subsidiary shall comply with these procedures when lending funds.
2. When lending funds to other party, the subsidiary should provide relevant information to the parent company, and the lending can be carried out after consideration of the opinions of relevant personnel of the parent company.

Article 12 Others

1. "Subsidiary" and "parent company" as referred to in these procedures shall be as determined under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".
2. The announcement and declaration referred to in these procedures refers to the information declaration website designated by the Financial Supervisory Commission.
3. Should a borrower no longer satisfy the criteria set forth in "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan has to be provided to the audit committee and the proposed correction actions should be implemented within the period specified in such plan.
4. "Net worth" in these procedures means the equity attributable to the owners of the parent company in the balance sheet under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".
5. "Date of occurrence" in these procedures means the date of contract signing, date of payment, dates of the resolutions of the board of directors, or other date that can conform the counterparty and the amount of the transaction, whichever date is earlier.

Article 13

When the Company formulates or amends these procedures, the formulation or amendment shall be approved by a majority of all audit committee members and then be submitted to the board of directors for a resolution.

If approval of a majority of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the board of directors.

The total number of all audit committee members and all directors in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 14

These procedures were formulated on 27th November, 2003.

Its first amendment was made on 19th June, 2009.

Its second amendment was made on 18th June, 2010.

Its third amendment was made on 15th June, 2012.

Its fourth amendment was made on 14th June, 2013.

Its fifth amendment was made on 20th June, 2014.

Its sixth amendment was made on 14th June, 2019.

Its seventh amendment was made on 28th January, 2021.

Alpha Networks Inc.

Procedures for Endorsements & Guarantees (Before the Amendment)

Article 1 Purpose and basis of formulation

These procedures are promulgated pursuant to Article 36-1 of the Taiwan Securities and Exchange Act and the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.

Article 2 Scope of application

The term “Endorsements/Guarantees” as used in these procedures refers to the following:

1. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsements or guarantees made to meet the financing needs of another company.
 - (3) Issuance of a separate negotiable instrument to a non-financial institution as security to meet the financing needs of the company itself.
2. Customs duty endorsements/guarantees, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by the Company of a pledge or mortgage on its personal property or real property as security for the loans of another company shall also comply with these procedures.

Article 3 Entities for which the Company may make endorsements and guarantees

The Company may make endorsements and guarantees for the following companies:

1. Companies with business dealings.
2. Companies in which the Company holds, directly or indirectly, 50% or more of the voting shares..
3. Companies directly and indirectly holds more than 50 percent of the voting shares of the Company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other.

Based on the contractual obligations for undertaking a construction project, the Company may provide mutual endorsements/guarantees for another company in the same industry or for joint builders. Or based on the joint investment relationship, all investors with capital injection shall make endorsements/guarantees by respective shareholding percentages. Or based on the regulations of the Consumer Protection Act, when the Company engages in the sales contract for pre-sale houses, the Company may make joint performance guarantees to companies in the same industry. The aforementioned endorsements/guarantees may be free of the restriction of the preceding two paragraphs.

The referred “Capital Injection” in the preceding paragraph shall mean capital contribution directly

by the Company or by a company in which the Company holds 90% of the voting shares.

Article 4 Limits of endorsements and guarantees

The total amount related to the Company's endorsements and guarantees matters are as follows:

1. The total amount of the Company's endorsements and guarantees shall be limited to 50% of the net worth of the Company.
2. The total amount of endorsements and guarantees made by the Company to a single entity shall be limited to 20% of the net worth of the Company.

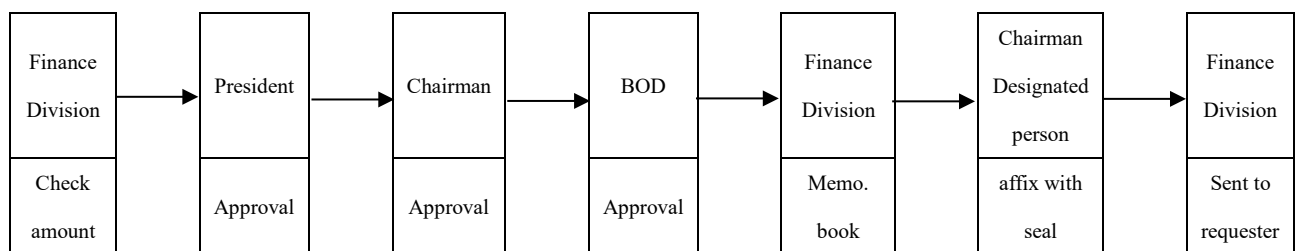
Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company; provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

The total amount of endorsements and guarantees made by the Company and its subsidiaries shall be limited to 50% of the net worth of the Company. The total amount of endorsements and guarantees made by the Company and its subsidiaries to a single entity shall be limited to 30% of the net worth of the Company.

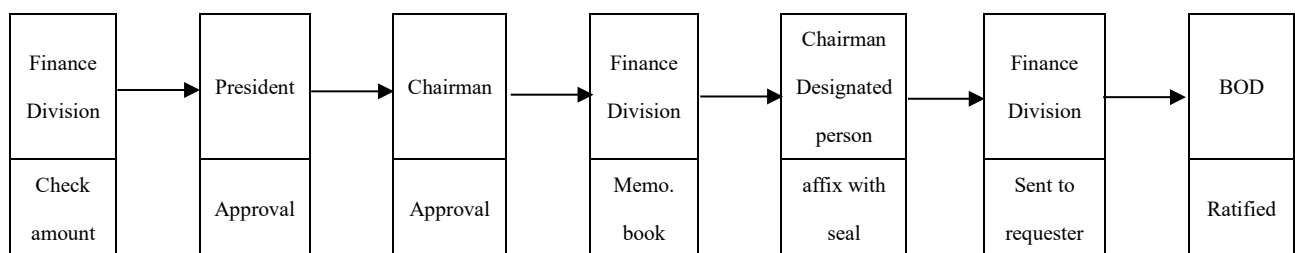
Article 5 Procedures for making endorsements/guarantees

The Company shall prepare a memorandum book for its endorsements/guarantees activities and truthfully record the following information: the entity, the amount of endorsements/guarantees, date of approval by the board of directors or the chairman, endorsements/guarantees date, and matters to be carefully evaluated under the article 6.

1. Normal situation



2. Special situation



Article 6 Review procedures

Before handling endorsements/guarantees matters, the Company should carefully assess whether it complies with the "Regulations Governing Loaning of Funds and Making of

endorsements/guarantees by Public Companies" set by the Financial Supervisory Commission and the requirements of these procedures, and evaluate the following items:

1. The financial and operating conditions of the company being endorsed are assessed on the necessity and rationality of the endorsements and guarantees.
2. Conduct credit checks based on the information provided by the endorsed company to assess the risks of endorsements/guarantees.
3. Whether the accumulated endorsements/guarantees amount is still within the limit and the impact of the endorsements/guarantees on the Company's operating risks, financial status and shareholders' equity.
4. Measure the Company's risk exposure to endorsements and guarantees, and assess whether collateral should be obtained.

Article 7 Procedures for controlling endorsements/guarantees by subsidiaries

1. Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct the subsidiary to formulate its own "Procedures for Endorsements & Guarantees" in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", and the subsidiary shall comply with these procedures when making endorsements/guarantees.
2. If the Company's subsidiaries propose to make endorsements/guarantees for other parties due to business needs, it shall follow the above regulations and report the ending balance of the previous month before the 7th of each month for the convenience of announcements, declarations and copies. However, if the subsidiary is established abroad, any endorsement or guarantee is not allowed.
3. Before making any endorsements/guarantees pursuant to paragraph 2 of article 3, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsements/guarantees to the board of directors of the Company for a resolution; provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Article 8 Use of the corporate chop and the custody procedures

1. The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person appointed by the chairman authorized by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures.
2. When making a guarantee for a foreign company, the Company shall have the guarantees agreement signed by a person authorized by the board of directors.

Article 9 Decision-making and authorization

1. The endorsements and guarantees shall be approved by the board of directors in accordance with the procedures. However, due to business needs, the board of directors may authorize the chairman to make decisions within TWD 100 million of the external endorsements and guarantees under the provisions of article 4 and it follows the special operating procedures. Afterwards, it should be

reported to the board of directors for ratification.

2. Where the Company needs to make endorsements/guarantees to satisfy its business needs, it shall obtain approval from the board of directors by normal operational procedures and over half of the directors shall act as joint guarantors for any loss resulted from the excess endorsements/guarantees. It shall also amend the operational procedures for endorsements/guarantees accordingly and report it at the shareholders meeting for ratification. If the shareholders meeting does not approve it, the Company shall adopt a plan to discharge the excess amount within a given time period.

When making endorsements/guarantees to others, the Company shall take into consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the meeting minutes of the board of directors.

Article 10 Announcement and declaration procedures

1. The Company shall announce the last month balance of endorsements/guarantees of the Company and its subsidiaries by the 10th day of each month.
2. When the balance of endorsements/guarantees reaches one of the following standards, the Company shall announce and declare such event within two days commencing immediately from the date of occurrence:
 - (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in the latest financial statements.
 - (2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single entity reaches 20 percent or more of the Company's net worth as stated in the latest financial statements.
 - (3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single entity reaches NT\$ 10 million or more and the aggregate amount of all endorsements/guarantees, investment amount under the equity method, and balance of fund-lending, reaches 30 percent or more of the Company's net worth as stated in the latest financial statements.
 - (4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$ 30 million or more, and reaches 5 percent or more of the Company's net worth as stated in the latest financial statements.

When a subsidiary of the Company is not a domestic public company, the Company shall perform the announcement and declaration tasks in accordance with the preceding paragraph on behalf of the subsidiary.

The Company shall evaluate or recognize the contingent loss for endorsements/guarantees, and shall adequately disclose information of endorsements/guarantees in the financial statements and provide CPAs with relevant information for implementation of necessary audit procedures.

Article 11 Transition period clause

After these procedures taking effect, if the original counterparties or amount that meets the limit of endorsements/guarantees exceeds the limit due to the change in calculation, the endorsements/guarantees amount or the excess part shall be cleared after the contract expires or the prescribed plan within a certain period of time, and shall be reported to the board of directors.

Article 12 Penalties

When the manager and in-charge staff violate the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” enacted by Financial Supervisory Commission and these procedures, it shall be dealt with relevant personnel management rules depending on the status of such fault.

Article 13 Audit

The internal auditors of the Company shall audit the “Procedures for Endorsements & Guarantees” and the implementation status at least quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material violation found.

Article 14 Others

1. "Subsidiary" and "parent company" as referred to in these procedures shall be as determined under the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.
2. The term "announce and declare" as used in these procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).
3. Should the entity for which an endorsements/guarantees is made no longer meets the requirements of these procedures, or the amount of endorsements/guarantees exceeds the limit due to unexpected changes of the Company, a corrective plan has to be provided to the audit committee and the proposed correction actions should be implemented within the period specified in such plan.
4. Personnel in charge handling endorsements/guarantees shall submit the details and actual balance of endorsements/guarantees of the Company and submit it to the board of directors quarterly.
5. When the entity for which the Company makes endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, the Company should track the operating results of the subsidiary monthly, and report the improvement of operations to the board of directors with the previous item.
In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the sum of the share capital plus capital surplus in excess of par shall be treated as the paid-in capital.
6. “Net worth” in these procedures means the equity attributable to the owners of the parent company in the balance sheet under the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.
7. “Date of occurrence” in these procedures means the date of contract signing, date of payment, date of the resolutions of the board of directors, or the other date that can conform the entity and the transaction amount, whichever date is earlier.

Article 15

When the Company formulates or amends these procedures, the formulation or amendment shall be approved by a majority of all audit committee members and then be submitted to the board of directors for a resolution. If approval of majority of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the board of directors.

The total number of all audit committee members and all directors in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 16

These procedures were formulated on 27th November, 2003.

Its first amendment was made on 19th June, 2009.

Its second amendment was made on 18th June, 2010.

Its third amendment was made on 14th June, 2013.

Its fourth amendment was made on 14th June, 2019.

Its fifth amendment was made on 28th January, 2021.

Alpha Networks Inc.

Shareholding of All Directors

Book Closure Date: April 20, 2021

Title	Name	Date elected	Shareholding when elected			Current shareholding		
			Type	Shares	%	Type	Shares	%
Chairman	Representative of Qisda Corporation : Wen-Fang, (April) Huang	2021.01.28	Common Share	295,163,126	54.49%	Common Share	295,797,126	54.60%
Vice Chairman	Representative of Qisda Corporation : Chi-Hong (Peter) Chen							
Director	Representative of Qisda Corporation : Yu-Chin Lin							
Director	Representative of Qisda Corporation : Chiu-Chin (Jasmin) Hung							
Independent Director	Ming-Der Hsieh	2021.01.28	Common Share	0	0.00%	Common Share	0	0.00%
Independent Director	Shu-Hsing Li	2021.01.28	Common Share	0	0.00%	Common Share	0	0.00%
Independent Director	Cheng-Jung Chiang	2021.01.28	Common Share	0	0.00%	Common Share	0	0.00%
Total			Common Share	295,163,126		Common Share	295,797,126	

The total outstanding shares of the Company: 541,718,460 common shares as of January 28, 2021.

The total outstanding shares of the Company: 541,718,460 common shares as of April 20, 2021.

Note: According to Article 26 of the Securities and Exchange Act, the minimum number of shares that shall be held by all directors of the company is 17,334,990. As of April 20, 2021, the number of shares held by all directors is 295,797,126 shares. The Company had set up the audit committee and therefore the number of shares held by supervisors did not apply. (The number of shares held by independent directors did not counted)

ALPHA Networks

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