

Stock Code: 3380

Alpha Networks Inc.

2022

Annual General Shareholders' Meeting

Handbook

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I. Meeting Procedures

Procedures of Alpha Networks Inc. 2022 Annual General Shareholders' Meeting are as Follows.

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

II. Meeting Agenda

Date of Meeting: May 31, 2022 at 09:00 a.m.

Date of Place: Bach Hall of HSP Link.

(4F, No. 1, Industry E. Rd. II, Science-Based Industrial Park, Hsinchu, Taiwan, R.O.C.)

Shareholders' Meeting Held by: Physical Annual General Shareholders' Meeting

- I. Call Meeting to Order
- II. Chairperson Remarks
- III. Report on the Company Affairs
 1. 2021 Business Report.
 2. The Audit Committee's Review Report on the 2021 Financial Statements.
 3. The Report of the Distribution of the Employees' Compensation and Directors' Remuneration of 2021.
 4. The Report of the Distribution of Cash Dividends from 2021 Earnings.
 5. The Report of the Cash Distribution of Capital Surplus.
- IV. Adoption of the Company Affairs
 1. To Adopt the 2021 Business Report and Consolidated Financial Statements.
 2. To Adopt the 2021 Statement of Earnings Distribution.
- V. Discussion of the 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 Release the Newly Elected Directors and Their Representatives from Non-competition Restrictions.
- VI. Questions and Motions
- VII. Adjournment

Report on the Company Affairs

1. 2021 Business Report

Explanation: Please refer to Attachment 1 (P.8 ~ P.12).

2. The Review Report of the Audit Committee

Explanation:

- (1) The review report of the audit committee on 2021 business report, consolidated financial statements, parent company only financial statements and the proposal of the distribution of 2021 earnings.
- (2) Please refer to Attachment 2 (P.13).

3. The Distribution of the Employees' Compensation and Directors' Remuneration of 2021

Explanation: The Company has approved the resolution of the board of directors to the distribution of the employees' compensation and directors' remuneration of 2021 at NT\$ 55,501,093 and NT\$ 4,162,582 respectively on March 04, 2022.

4. The Distribution of Cash Dividends from 2021 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 2021 earnings available for distribution and approved by the meeting of the board of directors. The cash dividends, amounted to NT\$379,202,922, will be distributed at NT\$0.7 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 that are less than NT\$1 shall be ranked from high to low in value and from a small beginning into a mighty in shareholders account number, and then they shall be adjusted in this order until the total amount of cash dividend distribution is met. Besides, the chairperson 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 is adjusted and need to be modified due to change of the Company's total number of outstanding common shares, it is proposed to authorized the Chairperson of Board of Directors with full power to adjust the distribution ratio.

5. The Report of the Cash Distribution of 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. The cash dividends, amounted to NT\$54,171,846, will be distributed at NT\$0.1 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 that are less than NT\$1 shall be ranked from high to low in value and from a small beginning into a mighty in shareholders account number, and then they shall be adjusted in this order until the total amount of cash dividend distribution is met. Besides, the chairperson 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 chairperson is authorized to adjust the distribution ratio with the resolution of the meeting of the board of directors.

Adoption of the Company Affairs

1. To Adopt 2021 Business Report and Consolidated Financial Statements (Proposed by the Board of Directors)

Explanation:

- (1)The 2021 consolidated financial statements were audited by independent auditors, Hai-Ning, Huang and Cheng-Chien, Chen 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, 2021 and its financial performance and cash flows for 2021. The consolidated financial statements, along with the business report, were reviewed by the audit committee.
- (2)Please refer to Attachment 1 (P.8~P.12), Attachment 3 (P.14~P.24) and Attachment 4 (P.25~P.35) for related reports and statements.
- (3)Submission for adoption.

Resolution:

2. To Adopt the Proposal of the Distribution of 2021 Earnings (Proposed by the Board of Directors)

Explanation:

- (1) Please refer to Attachment 5 (P.36) for the distribution table of 2021 earnings.
- (2) Submission for adoption.

Resolution:

Discussion of the Company Affairs

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

Explanation:

- (1) Promulgated by Presidential Order No. 11000115851 on December 29, 2021 to amend the “Articles of Incorporation” and comply with the actual needs of the Company.
- (2) Please refer to Attachment 6 (P.37~P.38) for the comparison table for the “Articles of Incorporation” before and after amendment.
- (3) Submission for discussion.

Resolution:

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

Explanation:

- (1) Promulgated by Order No. 1110380465 of the Financial Supervisory Commission on January 28, 2022 to amend the “Procedures for Acquisition or Disposal of Assets” and comply with the actual needs of the Company.
- (2) Please refer to Attachment 7 (P.39~P.47) for the comparison table for the “Procedures for Acquisition or Disposal of Assets” before and after amendment.
- (3) Submission for discussion.

Resolution:

3. To Release the Newly Elected Directors and Their Representatives from Non-competition Restrictions (Proposed by the Board of Directors)

Explanation:

- (1) According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) The Company’s directors may invest in or operate other companies with the same or similar business scope as the company, they are required to submit to the shareholders' meeting for approval in accordance with the law.
- (3) Please refer to Attachment 8 (P.48) for propose to release the newly elected directors and their representatives from non-competition restrictions on 2022 Annual General Shareholders’ Meeting.
- (4) Submission for discussion.

Resolution:

Questions and Motions

Adjournment

Attachments

Alpha Networks Inc.

2021 Business Report

Letter to Shareholders

Dear Shareholders,

I. Business Results in 2021

(I) Implementation Results of Business Plan in 2021

Looking back over the past year, due to the continuous raging and spread of COVID-19, the impact of labor shortages and material shortages has intensified, resulting in the decline of operating performance in 2021 compared with that of 2020. However, with the optimization of the product portfolio, the gross margin improved compared with that of 2020. Also, the development of new products and the expansion of new customers continued to bring profits. The momentum of customer orders can be visible and without issues, which prepared the Company for a rebound and breakthrough at any time in the post-epidemic era.

Looking forward to this year, with the launch of new businesses in 5G enterprise networks and telematics, as well as the momentum of major products such as network switches, Wi-Fi 6 and 5G, it is expected that the revenue and profit in 2022 will improve compared with that of 2021, enabling the overall operation go return to the growth track.

(II) Budget Implementation Status

The Company did not disclose its financial forecast for 2021.

(III) Analysis of Financial Results and Profitability

In 2021, the consolidated revenue was NT\$ 27,862 million, which was 13.4% lower compared with the number recorded in the last year; the consolidated gross margin was 16.5%, which was about 0.9% higher than the previous year's 15.6%; the consolidated net operating profit was NT\$708 million; the net profit attributable to the owners of the parent company was NT\$434 million, equivalent to NT\$0.8 per share.

(IV) Research and Development Status

The Company has complete network communication software/hardware technologies, and its research and development focuses in 2021 were as follows:

1. The three main fields in technology research and product development are 5G/6G, Fiber & MEC & AI, as well as the key technologies and products derived from the three main fields.

- (1) For 5G, the focus was on the development of Radio Unit (RU), Distributed Unit (DU) and Centralized Unit (CU), Sub-6G, Millimeter Wave 5G CPE of base station for private 5G network, 5G Small Cell devices, along with Wi-Fi 6/Wi-

Fi 6E wireless network technology to enter into the enterprise and family markets.

(2) For 6G, the focus was on the development of ground communication equipment for low-Earth-orbit satellites.

(3) For Fiber, the focus was on the development of OLT (local end) and ONT (customer end) equipment for 10G-PON optical network, 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.

2. The Company took advantage of the integration of 5G, Fiber and MEC & AI to provide 5G end-to-end solutions high price-performance ratio. Smart factory, smart health and smart building are the key focused market sectors.
3. The Company continually developed telecommunication-grade switches and industry-grade switches due to the trend in 5G and IoT.
4. The Company 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.
5. The Company integrated 24GHz millimeter-wave radar into home monitoring equipment for motion detection; in addition, edge computing was introduced to improve the accuracy of image recognition.
6. The Company developed side blind spot detection radar, AI Dashcams above L3, Radar +AVM Sensor Fusion and industrial embedded radars that comply with UN regulations UN/ECE R151.

II. Summary of Business Plan for 2021

(I) Business Direction

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

(II) Sales Volume Forecast and Basis

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

1. LAN/MAN BU

The Company's development in the field of Ethernet high-speed network switches covers switches in data center tiers, enterprise tiers, telecom tiers and industrial tiers. The huge data flow of the data center will continue to drive the increase of the penetration of 100G and 400G switches, and the demand for 800G high-speed

switches will gradually increase. The continuously evolving Wi-Fi technology and speed will drive the increase of the demand of Multi-Gigabit switches. In addition, interface bandwidth will also be improved, along with Power over Ethernet with high-power (PoE++). All of these will make the deployment of Wi-Fi easier, increasing the growth rate of switches of power supply type. The Company continues to develop 5G xHaul transmission switches in telecom tiers and OLT optical cable central office equipment to meet the requirements of high bandwidth and low latency and to improve our competitiveness when it comes to the demands of the customers.

2. Wireless Broadband BU

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 irretrievable 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 also has developed customized end-to-end solutions which can be flexibly applied in various fields. We also actively develop 5G fixed wireless access (5G FWA) and 5G small cell and 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 such as router and extender 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. In addition, due to the huge changes in the supply of semiconductor production capacity in 2021, the communication industry experienced serious shortages of materials, and it was impossible to meet the substantially growing demands caused by the above factors in time. It is estimated that the demands of related Netcom products such as wireless, optical fiber and mobile in 2022 will continue to be just as strong as in 2021.

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/JDM competitiveness. Besides IP Cam, the Digital Multimedia BU will also continue to increase the proportion of the deployment of smart home and home safety surveillance in the product portfolio.

4. Mobile Enterprise Solutions Business Unit

With the market trend of electric and smart/self-driving vehicles, the company complies with the United Nations regulations for commercial vehicle. At present, the Company has started to develop UN/ECE R151 side blind spot detection radar and blind spot monitoring alert system for rear-approaching vehicle for the increasingly popular heavy-duty locomotive. Meanwhile, the Company also has improved its design capacity and have begun to plan high-standard front and rear anti-collision radar and long-range radar suitable for commercial/passenger vehicles, combined with AI image recognition function and 360-degree vehicle around view monitoring. Additionally, the company has also developed its own 4D radar algorithm to prepare for the future L2+ self-driving function. Besides the automotive ADAS market, the company has also entered the industrial embedded radar market and applied it to the embedded radar module of surveillance camera to reduce the false alarm rate with the traditional infrared surveillance camera.

(III) Major Production and Marketing Strategies of the Year 2022

1. Strengthen the relationship with suppliers, and develop substitute materials to stabilize the material sources and delivery momentum.
2. Collaborate with the Vietnam subsidiary that will join mass production in 2022 to optimize the capacity allocation and improve the overall manufacturing quality of products and the competitive advantages in cost.
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 maintain 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, due to the facts that the impact of COVID-19 is still severe, lingering supply chain bottlenecks, coupled with

factors such as the inflation crisis and early lift off interest rate, there is a high degree of uncertainty in the global economy. However, with the accelerated development of new drugs for the COVID-19 vaccine, the successive mandatory vaccinations plan in various countries and the fact that people are getting used to coexisting with the virus, the atmosphere of panic and overreaction will be greatly reduced, which will provide potential supports for the economic recovery and prospects in 2022. In addition, the development of technology applications in 5G, telematics and AI, as well as work-from-home lifestyle is now an unavoidable trend, which bring growth opportunities to the network communication industry.

Alpha sincerely thank all shareholders for the long-term support and recognition. Alpha's management team and all staff will continue to view the foresight thinking and technology innovations as the core values. Alpha remain dedicated to the corporate cultures of virtue, customer value, agility and collaborative performance, and continue to create maximum benefits for all shareholders.

Alpha wish you good health and all the best!

Sincerely!

Chairperson: Wen-Fang Huang

President: Yu-Chin Lin

Accounting officer: Shao-Ling Chen

The Review Report of the Audit Committee

To: Alpha Networks Inc. 2022 Annual General Shareholders' Meeting.

The board of directors has prepared the Company's 2021 consolidated financial statements. Hai-Ning, Huang and Cheng-Chien, Chen 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 2021 consolidated financial statements, business report, independent auditors' report and the distribution of 2021 earnings have been reviewed and determined to be correct and accurate by the audit committee of Alpha Networks Inc. I, as the chairperson of the audit committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

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

Date: March 4, 2022

Independent Auditors' Report and 2021 Financial Statements

2021 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, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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 (23) 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, 2021 and 2020 were \$211,934 and \$362,527 thousand dollars, which was 0.86% and 1.34% of the total consolidated assets, and its operating revenue from January 1 to December 31, 2021 and 2020 were \$825,908 and \$582,353 thousand dollars, which were 2.96% and 1.81% of the consolidated net operating revenue.

The Group has prepared individual financial reports for 2021 and 2020, 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 Hai-Ning Huang and Cheng-Chien Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 4, 2022

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Current assets:				
1100 Cash and cash equivalents (note 6(1))	\$ 4,498,050	19	5,918,331	21
1110 Current financial assets at fair value through profit or loss (note 6(2))	67,565	-	82,311	-
1136 Current financial assets at amortized cost (notes 6(1), (5) and 8)	375,007	2	226,577	1
1170 Notes and accounts receivable, net (note 6(3) and (23))	4,053,112	25	6,801,078	25
130x Inventories (note 6(4))	9,238,822	37	7,029,370	26
1470 Other current assets (note 6(12) and 7)	<u>467,666</u>	<u>3</u>	<u>856,997</u>	<u>3</u>
	<u>20,706,331</u>	<u>76</u>	<u>20,706,331</u>	<u>76</u>
Non-current assets:				
1517 Non-current financial assets at fair value through other comprehensive income (note 6(6))	19,355	-	21,245	-
1535 Non-current financial assets at amortized cost (notes 6(3), (5) and 8)	136,777	-	156,475	1
1600 Property, plant and equipment (note 6(9) and 7)	3,654,414	15	3,936,709	15
1755 Right-of-use asset (note 6(10))	422,208	2	427,337	2
1780 Intangible assets (note 6(11))	1,344,845	5	1,435,575	5
1840 Deferred tax assets (note 6(19))	228,983	1	250,836	1
1990 Other non-current assets (note 6(12) and (18) and 7)	<u>224,000</u>	<u>1</u>	<u>71,069</u>	<u>-</u>
	<u>6,030,562</u>	<u>24</u>	<u>6,299,246</u>	<u>24</u>
Total assets	<u>\$ 24,730,784</u>	<u>100</u>	<u>27,005,583</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
 Consolidated Balance Sheets
 December 31, 2021 and 2020
 (Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(13))	\$ 4,044,952	16	2,842,762	16
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	2,927	-	10,517	-
2170	Accounts payable (including related parties) (note 7)	4,193,913	17	6,828,103	25
2209	Accrued expenses	501,745	2	749,008	3
2230	Current tax liabilities	233,597	1	267,687	1
2250	Current provisions (note 6(14))	286,255	1	358,850	1
2321	Bonds payable, current portion (note 6(16))	461,471	2	526,507	2
2399	Other current liabilities (note 6(15), (17), (23) and 7)	1,858,655	8	2,463,391	8
		11,583,515	47	13,715,201	51
Non-Current liabilities:					
2580	Non-current lease liabilities (note 6(17))	224,220	1	201,065	1
2640	Net defined benefit liability- non-current liabilities (note 6(18))	204,784	1	220,367	1
2670	Other non-current liabilities (notes 6(14) and (19))	159,161	-	130,619	-
		588,165	2	552,051	2
Total liabilities		12,171,680	49	14,267,252	53
Equity (note 6(20) and (21)):					
3110	Ordinary share capital	5,417,185	22	5,417,185	20
3200	Capital surplus	2,583,772	10	3,004,591	11
Retained earnings:					
3310	Legal reserve	1,127,420	5	1,127,420	4
3320	Special reserve	448,804	2	731,766	3
3350	Unappropriated retained earnings(Deficit to be compensated)	472,330	2	(127,976)	-
		2,048,554	9	1,731,210	7
3400	Other equity interest	(447,092)	(2)	(448,804)	(2)
Total equity attributable to owners of parent:		9,602,419	39	9,704,182	36
36XX	Non-controlling interests (note 6(8))	2,956,685	12	3,034,149	11
Total equity		12,559,104	51	12,738,331	47
Total liabilities and equity		\$ 24,730,784	100	27,005,583	100

(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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(23) and 7)	\$ 27,862,336	100	32,170,649	100
5000	Operating costs (notes 6(4) and 7)	23,276,437	84	27,164,356	84
	Gross profit	4,585,899	16	5,006,293	16
	Operating expenses (notes 6(3) and 7):				
6100	Selling expenses	1,142,902	4	1,276,014	4
6200	Administrative expenses	1,253,497	4	1,254,842	4
6300	Research and development expenses	1,473,517	5	1,604,780	5
6450	Expected credit loss (gain) (note 6(3))	6,310	-	(26,950)	-
	Total operating expenses	3,876,226	13	4,108,686	13
	Net operating income	709,673	3	897,607	3
	Non-operating income and expenses:				
7010	Other income (note 6(26))	83,962	-	118,256	-
7020	Other gains and losses, net (note 6(27))	(27,329)	-	(85,636)	-
7050	Finance costs (note 6(28))	(38,707)	-	(44,010)	-
7100	Interest income (note 6(25))	27,263	-	33,289	-
	Total non-operating income and expenses	45,189	-	21,899	-
	Profit from continuing operations before tax	754,862	3	919,506	3
7950	Less: Income tax expenses (note 6(19))	214,450	1	194,403	1
	Profit	540,412	2	725,103	2
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(18))	(8,200)	-	55,193	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (note 6(20))	(1,910)	-	92,512	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(10,110)	-	147,705	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss				
8361	Exchange differences on translation (note 6(20))	(2,509)	-	(25,497)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(19))	(726)	-	2,295	-
	Components of other comprehensive loss that will be reclassified to profit or loss	(3,235)	-	(23,202)	-
8300	Other comprehensive income (loss)	(13,345)	-	124,503	-
8500	Total comprehensive income	\$ 527,067	2	849,606	2
	Income (loss), attributable to:				
8610	Shareholder of Alpha Network Inc.	\$ 433,888	2	556,997	1
8620	Non-controlling interests	106,524	-	168,106	1
		\$ 540,412	2	725,103	1
8700	Comprehensive income attributable to:				
8710	Shareholder of Alpha Network Inc.	\$ 427,400	2	695,527	2
8720	Non-controlling interests	99,667	-	154,079	-
		\$ 527,067	2	849,606	2
	Earnings per share (New Taiwan dollars) (note 6(22))				
	Basic earnings per share	\$ 0.80		1.03	
	Diluted earnings per share	\$ 0.80		1.03	

(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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Total other equity interest											
	Share capital					Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income					Total equity attributable to owners of parent	Total equity
	Ordinary shares	Shares awaiting retirement	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Deficit to be compensated)	Total retained earnings	Exchange differences on translation of foreign financial statements	Deferred compensation cost arising from issuance of restricted stock awards	Total other equity interest	Non-controlling interests	
Balance at January 1, 2020	5,427,273	(1,372)	3,001,756	1,107,188	627,926	566,846	2,301,960	(439,629)	(17,053)	(748,819)	4,066,496	14,047,294
Profit	-	-	-	-	-	556,997	556,997	-	-	-	168,106	725,103
Other comprehensive income	-	-	-	-	-	55,193	55,193	(9,175)	-	83,337	(14,027)	124,503
Total comprehensive income	-	-	-	-	-	612,190	612,190	(9,175)	-	83,337	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)	-	-	-	-	(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	-	-	-	-	-	(744,623)	(744,623)	-	-	-	(1,012,411)	(1,757,073)
Changes in ownership interests in subsidiaries	-	-	10,208	-	-	-	-	-	-	-	3,907	14,115
Compensation cost of issued restricted stock awards	-	-	(16,110)	-	-	-	-	-	17,053	17,053	-	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)	3,034,149	12,738,331
Profit	-	-	-	-	-	433,888	433,888	-	-	-	106,524	540,412
Other comprehensive income	-	-	-	-	-	(8,200)	(8,200)	2,901	-	1,712	(6,857)	(13,027)
Appropriation and distribution of retained earnings:												
Reverse on Special reserve	-	-	-	-	(282,962)	282,962	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	(108,344)	(108,344)	-	-	-	-	(108,344)
Cash dividends of capital surplus	-	-	(433,375)	-	-	-	-	-	-	-	-	(433,375)
Due to donated assets received	-	-	(220)	-	-	-	-	-	-	-	-	(220)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(12,776)	(12,776)
Distribution cash dividend by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(238,145)	(238,145)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	73,790	73,790
Balance at December 31, 2021	5,417,185	-	2,583,772	1,127,420	448,804	472,330	2,048,554	(445,903)	-	(447,092)	2,956,685	12,559,104

(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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 754,862	919,506
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	524,534	515,152
Amortization expense	221,904	193,604
Expected credit loss (gain)	6,310	(26,950)
Net gain on financial assets or liabilities at fair value through profit or loss	(10,823)	(2,900)
Interest expense	38,707	44,010
Interest income	(27,263)	(33,289)
Dividend income	(3,679)	(4,259)
Share-based payments	-	943
Loss on disposal of property, plant and equipment	9,049	3,327
Provisions (reversal) for inventory obsolescence and devaluation loss	106,667	211,384
Other	-	32,028
Total adjustments to reconcile profit (loss)	865,406	933,050
Changes in operating assets and liabilities:		
Notes and accounts receivable	2,741,656	(2,481,288)
Financial assets mandatorily at fair value through profit or loss	16,645	11,612
Inventories	(2,316,119)	(2,151,573)
Other current assets	480,871	(444,163)
Financial liabilities held for trading	(10,920)	(1,937)
Accounts payable (include related parties)	(2,634,190)	2,517,358
Other payable to related parties	9,670	(1,103)
Other current liabilities	(582,840)	821,980
Net defined benefit liability	(23,783)	(13,439)
Total changes in operating assets and liabilities	(2,319,010)	(1,742,553)
Total adjustments	(1,453,604)	(809,503)
Cash inflow generated from operations	(698,742)	110,003
Interest received	23,621	32,439
Dividends received	3,679	4,259
Interest paid	(39,207)	(32,406)
Income taxes paid	(189,333)	(127,824)
Net cash flows from (used in) operating activities	(899,982)	(13,529)

(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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(1,927,119)	(606,737)
Proceeds from repayments of financial assets at amortized cost	1,690,791	3,533,836
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	11,851	45,581
Consideration paid to non-controlling interests	(560)	(3,389,967)
Disposal of financial assets at fair value through other comprehensive income	-	232,881
Acquisition of property, plant and equipment	(156,780)	(1,234,953)
Proceeds from disposal of property, plant and equipment	9,467	67,787
Decrease (increase) in refundable deposits	19,698	13,439
Acquisition of intangible assets	(133,332)	(99,969)
Decrease (increase) in other non-current assets	(211,659)	136,705
Net cash flows from (used in) investing activities	<u>(697,643)</u>	<u>(1,327,779)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,202,190	1,890,061
Repayments of long-term debt	-	(270,000)
Increase (decrease) in guarantee deposits received	446	(1,377)
Payment of lease liabilities	(41,142)	(64,269)
Cash dividends paid distributed to shareholders	(541,719)	(238,692)
Donation received	(220)	60
Subsidiary issues special shares	873	-
Cash dividends paid to non-controlling interest	(238,145)	(218,069)
Net cash flows from (used in) financing activities	<u>382,283</u>	<u>1,097,714</u>
Effect of exchange rate changes on cash and cash equivalents	<u>3,388</u>	<u>35,267</u>
Net increase (decrease) in cash and cash equivalents	(1,211,954)	(208,327)
Cash and cash equivalents at beginning of period	<u>5,710,004</u>	<u>5,918,331</u>
Cash and cash equivalents at end of period	<u>\$ 4,498,050</u>	<u>5,710,004</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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 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, 2021 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, 2021 are stated as follows:

1. Revenue recognition

Please refer to notes 4(14) and 6(21) 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(6) 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\$19,110 and 8,685 thousand, respectively, constituting 0.13% and 0.05%, respectively, of the total assets as of December 31, 2021 and 2020 and the related shares of profit of subsidiaries, associates and joint ventures amounted to NT\$38,383 and 70,410 thousand, respectively, constituting 8.98% and 10.12%, respectively, of the total income before income tax for the years ended December 31, 2021 and 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, 2021 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 Hai-Ning, Huang and Cheng-Chien, Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 4, 2022

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020		
	Amount	%	Amount	%	
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(1))	\$ 672,458	5	816,860	5
1110	Current financial assets at fair value through profit or loss (note 6(2))	2,364	-	7,406	-
1170	Accounts receivable, net (note 6(3))	1,702,109	12	3,977,928	24
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	1,195,553	8	1,310,765	8
1210	Other receivable due from related parties, net (notes 7)	174,835	1	260,810	2
130x	Inventories (note 6(4))	1,029,931	7	514,133	3
1470	Other current assets (note 6(11))	<u>89,516</u>	<u>1</u>	<u>35,644</u>	<u>-</u>
		<u>4,866,766</u>	<u>34</u>	<u>6,926,493</u>	<u>42</u>
Non-current assets:					
1535	Non-current financial assets at amortized cost (notes 6(5) and 8)	17,290	-	17,369	-
1550	Investments in equity-accounted investees (note 6(6))	8,408,677	58	8,381,735	51
1600	Property, plant and equipment (note 6(8))	585,435	4	625,500	4
1755	Right-of-use asset (note 6(9))	173,291	1	180,117	1
1780	Intangible assets (note 6(10))	203,829	1	176,486	1
1840	Deferred tax assets (note 6(17))	94,783	1	108,569	1
1990	Other non-current assets (note 6(11))	<u>147,506</u>	<u>1</u>	<u>17,751</u>	<u>-</u>
		<u>9,630,811</u>	<u>66</u>	<u>9,507,527</u>	<u>58</u>
Total assets		\$ <u>14,497,577</u>	<u>100</u>	<u>16,434,020</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.
Balance Sheets
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(12))	\$ 1,490,240	10	425,250	3
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	1,905	-	7,067	-
2170	Accounts payable	922,391	7	584,039	4
2180	Accounts payable to related parties (note 7)	731,727	5	3,787,357	23
2209	Accrued expenses	260,106	2	285,281	2
2220	Other payables to related parties (note 7)	132,239	1	188,462	1
2230	Current tax liabilities	37,820	-	67,884	-
2250	Current provisions (note 6(13))	173,536	1	176,617	1
2280	Current lease liabilities (note 6(15))	7,536	-	11,121	-
2399	Other current liabilities (notes 6(14) and 7)	675,590	5	716,823	4
		4,433,090	31	6,249,901	38
Non-Current liabilities:					
2570	Deferred tax liabilities (note 6(17))	72,570	1	71,766	1
2580	Non-current lease liabilities (note 6(15))	184,714	1	187,804	1
2640	Net defined benefit liability (note 6(16))	204,784	1	220,367	1
		462,068	3	479,937	3
	Total liabilities	4,895,158	34	6,729,838	41
Equity (note 6(18) and (19)):					
3110	Ordinary shares	5,417,185	37	5,417,185	33
3200	Capital surplus	2,583,772	18	3,004,591	18
Retained earnings:					
3310	Legal reserve	1,127,420	8	1,127,420	7
3320	Special reserve	448,804	3	731,766	5
3350	Unappropriated retained earnings(accumulated deficit)	472,330	3	(127,976)	(1)
		2,048,554	14	1,731,210	11
3400	Other equity interest	(447,092)	(3)	(448,804)	(3)
	Total equity	9,602,419	66	9,704,182	59
	Total liabilities and equity	\$ 14,497,577	100	16,434,020	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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2021		2020	
4000	Operating revenue (notes 6(21) and 7)	\$ 17,163,287	100	21,358,901	100
5000	Operating costs (notes 6(4) and 7)	<u>15,008,266</u>	<u>87</u>	<u>18,858,410</u>	<u>85</u>
	Gross profit	2,155,021	13	2,500,491	12
5920	Add: Net changes in unrealized profit on sales to subsidiaries and associates (note 7)	<u>64,019</u>	<u>-</u>	<u>(51,491)</u>	<u>-</u>
	Gross profit	<u>2,219,040</u>	<u>13</u>	<u>2,449,000</u>	<u>12</u>
	Operating expenses (notes 7):				
6100	Selling expenses	348,728	2	477,353	2
6200	Administrative expenses	354,819	2	310,867	1
6300	Research and development expenses	1,116,367	7	1,224,028	6
6450	Recognition (reversal) of impairment loss determined in accordance with IFRS 9 (note 6(3))	<u>(10,637)</u>	<u>-</u>	<u>(27,629)</u>	<u>-</u>
	Total operating expenses	<u>1,809,277</u>	<u>11</u>	<u>1,984,619</u>	<u>9</u>
	Net operating income (loss)	<u>409,763</u>	<u>2</u>	<u>464,381</u>	<u>3</u>
	Non-operating income and expenses:				
7010	Other income (note 6(24))	32,154	-	41,135	-
7020	Other gains and losses, net (note 6(25))	(9,290)	-	(5,217)	-
7050	Finance costs (note 6(26))	(7,025)	-	(9,206)	-
7070	Share of profit of equity-accounted investees (notes 6(6))	67,709	-	129,901	-
7100	Interest income (notes 6(23))	<u>2,036</u>	<u>-</u>	<u>5,432</u>	<u>-</u>
	Total non-operating income and expenses	<u>85,584</u>	<u>1</u>	<u>162,045</u>	<u>-</u>
	Profit (loss) income tax	495,763	3	626,426	3
7950	Less: Income tax expense (benefit) (note 6(17))	<u>61,459</u>	<u>-</u>	<u>69,429</u>	<u>-</u>
	Profit (loss)	<u>433,888</u>	<u>3</u>	<u>556,997</u>	<u>3</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(16))	(8,200)	-	55,193	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (note 6(17))	<u>(1,189)</u>	<u>-</u>	<u>92,512</u>	<u>-</u>
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>(9,389)</u>	<u>-</u>	<u>147,705</u>	<u>-</u>
8360	Components of other comprehensive loss that will be reclassified to profit or loss				
8361	Exchange differences on translation (note 6(18))	3,627	-	(11,470)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(17))	<u>(726)</u>	<u>-</u>	<u>2,295</u>	<u>-</u>
	Components of other comprehensive loss that will be reclassified to profit or loss	<u>2,901</u>	<u>-</u>	<u>(9,175)</u>	<u>-</u>
	Other comprehensive loss	<u>(6,488)</u>	<u>-</u>	<u>138,530</u>	<u>-</u>
8500	Total comprehensive income (loss)	<u>\$ 427,400</u>	<u>3</u>	<u>695,527</u>	<u>3</u>
	Earnings per share (New Taiwan dollars) (note 6(20))				
	Basic earnings per share	<u>\$ 0.80</u>		<u>1.03</u>	
	Diluted earnings per share	<u>\$ 0.80</u>		<u>1.03</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, 2021 and 2020
(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	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	
Balance at January 1, 2020	\$ 5,427,273	(1,372)	3,001,756	1,107,188	627,926	566,846	2,301,960	(439,629)	(292,137)	(748,819)	9,980,798		
Profit	-	-	-	-	-	556,997	556,997	-	-	-	556,997		
Other comprehensive income	-	-	-	-	-	55,193	55,193	(9,175)	92,512	-	138,530		
Total comprehensive income	-	-	-	-	-	612,190	612,190	(9,175)	92,512	-	695,527		
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 FV/TOCI financial asset	-	-	-	-	-	(199,625)	(199,625)	-	199,625	-	199,625		
Due to donated assets received	-	-	-	-	-	60	60	-	-	-	60		
Acquisition of non-controlling interests	-	-	-	-	-	(39)	(39)	-	-	-	(744,662)		
Changes in ownership interests in subsidiaries	-	-	10,208	-	-	(744,623)	(744,623)	-	-	-	10,208		
Compensation cost of issued restricted stock awards	-	-	(16,110)	-	-	-	-	-	-	17,053	17,053		
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)	-	(448,804)	9,704,182		
Balance at January 1, 2021	\$ 5,417,185	-	3,004,591	1,127,420	731,766	(127,976)	1,731,210	(448,804)	-	(448,804)	9,704,182		
Profit	-	-	-	-	-	433,888	433,888	-	-	-	433,888		
Other comprehensive income	-	-	-	-	-	(8,200)	(8,200)	2,901	(1,189)	-	(6,488)		
Total comprehensive income	-	-	-	-	-	425,688	425,688	2,901	(1,189)	-	427,400		
Appropriation and distribution of retained earnings:													
Reverse of Special reserve	-	-	-	-	(282,962)	282,962	-	-	-	-	-		
Cash dividends of ordinary shares	-	-	-	-	-	(108,344)	(108,344)	-	-	-	(108,344)		
Cash dividends of Capital Surplus	-	-	(433,375)	-	-	-	-	-	-	-	(433,375)		
Due to donated assets received	-	-	(220)	-	-	-	-	-	-	-	(220)		
Changes in ownership interests in subsidiaries	-	-	12,276	-	-	-	-	-	-	-	12,276		
Balance at December 31, 2021	\$ 5,417,185	-	2,583,772	1,127,420	448,804	472,330	2,048,554	(445,903)	(1,189)	(447,092)	9,602,419		

(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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 495,347	626,426
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	104,157	89,931
Amortization expense	86,689	55,544
Expected credit loss (gain)	(10,637)	(27,629)
Net gain on financial assets or liabilities at fair value through profit or loss	(459)	(339)
Interest expense	7,025	9,206
Interest income	(2,036)	(5,432)
Share-based payments	-	943
Share of losses (profits) of subsidiaries	(67,709)	(129,901)
Loss (gain) on disposal of property, plant and equipment	-	1,880
Provisions (reversal) for inventory obsolescence and devaluation loss	9,995	103,581
Unrealized sales profit	(64,019)	51,491
Total adjustments to reconcile profit (loss)	63,006	149,275
Changes in operating assets and liabilities:		
Notes and accounts receivable	2,286,456	(2,020,501)
Accounts receivable from related parties	115,212	1,336
Financial assets mandatorily at fair value through profit or loss	7,406	6,839
Inventories	(525,793)	(92,814)
Other current assets	(50,925)	13,042
Financial liabilities held for trading	(7,067)	(377)
Accounts payable	338,352	55,649
Accounts payable to related parties	(3,055,630)	1,293,916
Other payable to related parties	(56,223)	25,312
Other current liabilities	(72,661)	453,159
Net defined benefit liability	(23,783)	(13,439)
Total changes in operating assets and liabilities	(1,044,656)	(277,878)
Total adjustments	(981,650)	(128,603)

(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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash inflow generated from operations	(486,303)	497,823
Interest received	2,036	5,432
Interest paid	(6,859)	(8,844)
Income taxes paid	(74,653)	(310)
Net cash flows from operating activities	(565,779)	494,101
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	-	(8,613)
Proceeds from repayments of financial assets at amortized cost	-	2,631,512
Purchase of investments accounted for using equity method	(80,000)	(3,390,000)
Proceeds from disposal of investments accounted for using equity method	-	193,315
Cash dividends from acquisition of subsidiaries for using equity method	200,000	160,000
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	232,881
Acquisition of property, plant and equipment	(47,799)	(116,246)
Proceeds from disposal of property, plant and equipment	-	1,504
Decrease in refundable deposits	79	1,271
Decrease in other receivable to related parties	85,975	-
Acquisition of intangible assets	(114,032)	(52,933)
Increase in other non-current assets	(132,987)	25,630
Net cash flows from (used in) investing activities	(88,764)	(321,679)
Cash flows from (used in) financing activities:		
Increase in current borrowings	1,064,990	425,250
Payment of lease liabilities	(12,910)	(11,024)
Cash dividends paid	(541,719)	(238,692)
Donation received	(220)	60
Net cash flows from (used in) financing activities	510,141	175,594
Net increase (decrease) in cash and cash equivalents	(144,402)	348,016
Cash and cash equivalents at beginning of period	816,860	468,844
Cash and cash equivalents at end of period	\$ 672,458	816,860

Alpha Networks Inc.
2021 Earnings Distribution Table

	Unit: NT\$
Net Income of 2021	433,888,320
Less: Legal Reserve	(42,568,782)
Plus: Reverse of Special Reserve	1,712,680
Earnings in 2021 Available for Distribution	393,032,218
Plus: Unappropriated Retained Earnings of Previous Years	46,642,601
Plus: Change in Remeasurements of the Defined Benefit Plan	(8,200,499)
Less: Difference in Acquired Non-controlling Interests	0
Less: Disposal of Financial Assets Measured at Fair Value through Other Comprehensive Income	0
Retained Earnings Available for Distribution as of December 31, 2021	431,474,320
Distribution Items:	
Cash Dividends (NT\$ 700 for every 1,000 common shares)	(379,202,922)
Unappropriated Retained Earnings After Earnings Distribution	52,271,398

Note:

The distribution of cash dividends shall be based on share ratio and rounded off (less than NT\$1) to the integer. Fractional dividend amounts that are less than NT\$1 shall be ranked from high to low in value and from a small beginning into a mighty in shareholders account number, and then they shall be adjusted in this order until the total amount of cash dividend distribution is met.

Comparison Table for the Articles of Incorporation Before and After Amendment

Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 2	<p>The scope of business of the Company shall be as follows:</p> <ol style="list-style-type: none"> 1. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing. <u>2.</u> CC01070 Wireless Communication Mechanical Equipment Manufacturing. <u>3.</u> CF01011 Medical Devices Manufacturing. <u>4.</u> F108031 Wholesale of Medical Devices. <u>5.</u> F401010 International Trade. <u>6.</u> Research, develop, design, manufacture and sell the following products: <ol style="list-style-type: none"> (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. <p>The maintenance, testing and after-sales service for the products in the preceding paragraphs.</p>	<p>The scope of business of the Company shall be as follows:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (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. <p>The maintenance, testing and after-sales service for the products in the preceding paragraphs.</p>	Amend according to regulation
Article 7	<p>The authorized capital of the Company is NT\$ <u>8,000</u> million, divided into <u>800</u> 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.</p> <p>The employees qualified for certain requirements shall be included in the</p>	<p>The authorized capital of the Company is NT\$ <u>6,600</u> million, divided into <u>660</u> 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.</p> <p>The employees qualified for certain requirements shall be included in the</p>	Amend according to actual needs

	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”.	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 12-1	<u>The Company’s shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u>	New Article	Amend according to regulation
Article 32	This article was formulated on 16 th August, 2003. (Omitted) Its thirteenth amendment was made on 14 th June, 2019. Its fourteenth amendment was made on 12 th June, 2020. Its fifteenth amendment was made on 18 th June, 2021. <u>Its sixteenth amendment was made on 31st May, 2022.</u>	This article was formulated on 16 th August, 2003. (Omitted) Its thirteenth amendment was made on 14 th June, 2019. Its fourteenth amendment was made on 12 th June, 2020. Its fifteenth amendment was made on 18 th June, 2021.	Add amendment date

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 4	<p>Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters who provide the Company with the appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappeasable 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. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-discipline regulations of their respective associations</u> and the following matters:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>implement</u> 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 	<p>Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters who provide the Company with the appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappeasable 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. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>examining</u> 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 	Amend according to regulation

Article No.	After Amendment	Before Amendment	Reason for Amendments
	<p>working procedures, data collected, and conclusion shall be fully and accurately specified in the working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> 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.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriative and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	<p>working procedures, data collected, and conclusion shall be fully and accurately specified in the working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness,</u> <u>accuracy,</u> 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.</p> <p>1. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and <u>accurate,</u> and that they have complied with applicable laws and regulations.</p>	
Article 5	<p>When acquiring or disposing the real estates, equipment or right-of-use assets, the Company shall obtain the appraisal reports:</p> <p>1. 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:</p> <p>(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.</p>	<p>When acquiring or disposing the real estates, equipment or right-of-use assets, the Company shall obtain the appraisal reports:</p> <p>1. The appraisal report for real estates or equipment.</p> <p>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:</p> <p>(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.</p>	Amend according to regulation

Article No.	After Amendment	Before Amendment	Reason for Amendments
	<p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(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 render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>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.</p> <p>3. <u>The term "Professional appraiser" is a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or equipment.</u></p>	<p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(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:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>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.</p>	

Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 6	<p>When acquiring or disposing marketable securities, the Company shall obtain the opinion of the CPA</p> <p>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. 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.</p>	<p>When acquiring or disposing marketable securities, the Company shall obtain the opinion of the CPA</p> <p>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.</p>	Amend according to regulation
Article 7	<p>When acquiring or disposing intangible assets, right-of-use assets, or membership certificates, the Company shall obtain the opinion of the CPA</p> <p>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.</p>	<p>When acquiring or disposing intangible assets, right-of-use assets, or membership certificates, the Company shall obtain the opinion of the CPA</p> <p>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.</p>	

Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 10	<p>Related party transaction procedures (Omitted)</p> <p>2. Operating procedures</p> <p>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 audit committee and resolved by the board of directors:</p> <p>(1) The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.</p> <p>(2) The reasons for choosing the related party as a transaction counterparty.</p> <p>(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 of paragraph 3 of this article.</p> <p>(4) The date and price at which the related party originally acquired the asset, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>(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.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with</p>	<p>Related party transaction procedures (Omitted)</p> <p>2. Operating procedures</p> <p>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 audit committee and resolved by the board of directors:</p> <p>(1) The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.</p> <p>(2) The reasons for choosing the related party as a transaction counterparty.</p> <p>(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 <u>1 to 4</u> of paragraph 3 of this article.</p> <p>(4) The date and price at which the related party originally acquired the asset, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>(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.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the <u>preceding</u></p>	<p>1.Paragraph 4 is merged into Paragraph 2 of the Amendment Provisions and amends the advance payment amount</p> <p>2.Amendment of the second clause</p>

Article No.	After Amendment	Before Amendment	Reason for Amendments
	<p>the <u>paragraph 1 of this article.</u></p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>(Move to the second paragraph)</p> <p><u>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 chairperson to decide such matters within NT\$ 400 million and have the decisions subsequently submitted to and ratified by the next meeting of board of directors :</u></p> <p>(1) <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>(2) <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>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.</p> <p>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.</p> <p><u>If the Company or its subsidiary that is not a domestic public offering company has the</u></p>	<p>article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>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 need not be counted toward the transaction amount.</u></p> <p>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.</p> <p>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.</p> <p>(New)</p>	

Article No.	After Amendment	Before Amendment	Reason for Amendments
	<p><u>transaction as identified of second paragraph of this article, and the transaction amount is more than 10% of the total assets of the Company, the Company shall submit the materials listed by second paragraph of this Article for approval by the shareholders' meeting. The transaction contract can be signed and process the payment after the preceding approval. However, this provision does not apply if the Company and its parent, subsidiary companies, or their subsidiaries trade with each other.</u></p> <p><u>The calculation of the transaction amount in paragraph 2 of this Article and the proceeding transaction amount shall be processed in accordance with subparagraph 7 of paragraph 1, of Article 13, and the part that has been submitted to the shareholders' meeting, the audit committee and the board of directors for approval in accordance with the provisions of this procedure need not be counted toward the transaction amount.</u></p> <p>3. The evaluation of the reasonableness of cost (Omitted)</p> <p>(Move to the second paragraph)</p>	<p>3. The evaluation of the reasonableness of cost (Omitted)</p> <p>4. <u>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 chairperson 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 :</u></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>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</p>	

Article No.	After Amendment	Before Amendment	Reason for Amendments
		the issued shares or authorized capital, the board of directors may delegate the chairperson to decide such matters when the transaction is within NTS 150 million and proceed based on the procedures in the preceding paragraph.	
Article 13	<p>The procedures of information disclosure</p> <p>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:</p> <p>(Omitted)</p> <p>(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:</p> <p>A. Trading of domestic government bonds <u>or foreign bonds with a sovereign rating not lower than the sovereign rating of the ROC.</u></p> <p>B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign bonds or 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 to purchase or sell back index investment securities</u> , 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,</p>	<p>The procedures of information disclosure</p> <p>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:</p> <p>(Omitted)</p> <p>(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:</p> <p>A. Trading of domestic government bonds.</p> <p>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.</p>	Amend according to regulation

Article No.	After Amendment	Before Amendment	Reason for Amendments
	<p>in accordance with the rules of the Taipei Exchange.</p> <p>C. Trading of bonds with repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	<p>C. Trading of bonds with repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	
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>(Omitted)</p> <p>Its tenth amendment was made on 26th August, 2021.</p> <p><u>Its eleventh amendment was made on 31st May, 2022.</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>(Omitted)</p> <p>Its tenth amendment was made on 26th August, 2021.</p>	Add amendment date

Release the Newly Elected Directors and Their Representatives from Non-competition restrictions

Director	Release Non-competition restrictions Items	
Qisda Corporation Representative: Wen-Fang (April) Huang	Hitron Technologies Inc. Innoauto Technologies Inc. Aespula Technology Inc. BenQ Foundation.	Representative of Institutional Chairperson Representative of Institutional Chairperson Representative of Institutional Director Director
Qisda Corporation Representative: Chi-Hong (Peter) Chen	Phoenix Venture Capital Co., Ltd. Phoenix 2 Venture Capital Co., Ltd. Phoenix 3 Venture Capital Co., Ltd.	Representative of Institutional Director Representative of Institutional Director Representative of Institutional Director
Qisda Corporation Representative: Chiu-Chin (Jasmin) Hung	Qisda Optronic Corp. Shanghai Filter Technology Co., Ltd.	Representative of Institutional Director Representative of Institutional Director
Qisda Corporation Representative: Yu-Chin Lin	Aespula Technology Inc.	Representative of Institutional Chairperson

Appendices

Alpha Networks Inc.

Rules of 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 provided 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 voting 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 meeting shall be chaired by the chairperson of the board. When the chairperson is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair. Or, if there are no managing directors, one of the directors shall be appointed to act as chairperson. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as the chair.

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

Article 5

The Company may appoint the designated attorneys, CPAs or relevant persons to attend the shareholders' meeting. The staffs handling administrative 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 recorded materials shall be preserved for at least one year.

Article 7

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act.

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

Article 8

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda (including extraordinary motions), except by a resolution of the shareholders meeting. The shareholders may not designate other person as the chair to continue the meeting at the original or other place after the meeting is adjourned. If the chair declares the meeting adjourned in violation of the rules of procedure, the attending shareholders can elect a new chair by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 9

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

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

shall stop any violation.

Article 10

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

Article 11

A corporate shareholder being entrusted to attend in a shareholders meeting may appoint only one representative to represent it in the meeting.

When a corporate shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 12

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

Article 13

When the chair is of the opinion that an agenda has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote.

Article 14

The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chair; however, that the person supervising the casting of votes shall be a shareholder. The results of resolution(s) shall be announced in the meeting, and recorded in the meeting minutes.

Article 15

During the proceedings of a meeting, the chair may consider the schedule and announce for a break.

Article 16

When the Corporation holds a shareholder meeting, it can adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. The exercise method and related matters shall be executed in accordance with Company Act and the regulations of the authority.

Except as otherwise provided in the Company Act and the Company's Articles of Incorporation, the passage of an agenda shall require an affirmative vote of a majority of the voting rights 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.

During the voting process, an agenda is deemed as having been duly resolved if no shareholder objects

in response to consultation by the chair and the agenda so resolved is equally valid as the one resolved through casting of ballots. In case an objection is heard, the agenda shall be resolved through casting of ballots.

Article 17

If there shall be an amendment or alternative to one agenda, the chair may combine the amendment or alternative into the original agenda, and determine their orders for resolution. Any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.

Article 18

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

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:

8. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.
9. F401021 Controlled Telecommunications Radio-Frequency Devices and Materials Import.
10. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
11. CF01011 Medical Devices Manufacturing.
12. F108031 Wholesale of Medical Devices.
13. F401010 International Trade.
14. Research, develop, design, manufacture and sell the following products:
 - (7) Equipment and the components of computer network system.
 - (8) Metropolitan network and enterprise network products.
 - (9) Broadband products.
 - (10) Wireless network products.
 - (11) Medical equipment products and the parts and components.
 - (12) The import/export business and medical application of the products in the preceding paragraphs.
 - (13) 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 be 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 chairperson. In his absence, the chairperson shall appoint one of the directors to act as the chairperson. Where the chairperson does not make such a designation, the directors shall select one person among themselves to serve as the chairperson.

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 chairperson of the board of directors by a majority of members in a meeting attended by over two-thirds of the directors.

The chairperson 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 chairperson, 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 chairperson 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.

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

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

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.
Its fifteenth amendment was made on 18th June, 2021.

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 with 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 unappeasable 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:

2. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
3. When examining 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.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.
5. 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 audit committee and resolved by the board of directors:

- (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 this article.
- (4) The date and price at which the related party originally acquired the asset, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- (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 need not be counted toward the transaction amount.

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 chairperson to decide such matters when the transaction is within NT\$ 300 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:
- (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.
- 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 chairperson to decide such matters when the transaction is within NT\$ 150 million and proceed based on the procedures in the preceding paragraph.

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.

(3) Segregation of duties

- A. Finance Division: 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 Division: 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 Division.
- D. Authorization limit:
 - i. The authorization limit is set as follows:

	The Company		Subsidiaries	
	Per transaction	Daily transactions	Per transaction	Daily transactions
Chairperson	More than US\$ 10 million	More than US\$ 30 million	More than US\$ 5 million	More than US\$ 15 million
President	US\$ 10 million	US\$ 30 million	US\$ 5 million	US\$ 15 million
Chief Finance Officer	US\$ 5 million	US\$ 15 million	US\$ 2.5 million	US\$ 7.5 million
Finance Director	US\$ 2 million	US\$ 5 million	NA	NA

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

- i. The principal amount for risk hedge is based the business of the Company.
- ii. The principal amount must not exceed the net assets (or liabilities) that denominated in foreign currency 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.
- iii. Based on the procedures in the above paragraph, if the net position after adding the estimated future revenue (or purchase) exceeds 2 months, it should be done after approval by President.

(6) Loss Cap

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

If the losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company, the decision-maker officer of Finance and Accounting Center shall take necessary measures and report it to the board of directors immediately. Where the position of independent director has been created, independent directors shall attend the board of directors meeting and express their opinions.

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) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall 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. Where the position of independent director has been created, independent directors shall attend the board of directors meeting and express their opinions.
 - (2) The performance evaluation should be compared with the pre-set evaluation benchmark on the evaluation date as a reference for future decision-making.
 - (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.
5. The supervision and management rules of the board of directors towards financial derivative transactions
- (1) Decision-maker officer of Finance and Accounting Center 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	BOD	More than NT\$ 50 million	BOD	More than NT\$ 25 million	30% of Net Value	15% of Net Value
	Chairperson approves and then reports to BOD	NT\$ 50 million and below	Chairperson approves and then reports to BOD	NT\$ 25 million and below		
Equity investment	BOD	More than NT\$ 50 million	BOD	More than NT\$ 25 million	200% of Net Value	50% of Net Value
	Chairperson approves and then reports to BOD	NT\$ 50 million and below	Chairperson	NT\$ 25 million and below		
Long-term secured bond	Chairperson	More than NT\$ 20 million	Chairperson	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	Chairperson	More than NT\$ 20 million	Chairperson	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	Chairperson	More than NT\$ 20 million	Chairperson	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.

Its tenth amendment was made on 26th August, 2021.

Alpha Networks Inc.

Shareholding of All Directors

Book Closure Date: April 2, 2022

Title	Name	Date elected	Shareholding when elected			Current shareholding		
			Type	Shares	%	Type	Shares	%
Chairperson	Representative of Qisda Corporation : Wen-Fang, (April) Huang	2021.1.28	Common Share	295,163,126	54.49 %	Common Share	295,797,126	54.60 %
Vice Chairperson	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	2021.1.28	Common Share	0	0.00%	Common Share	0	0.00%
Independent Director	Shu-Hsing Li	2021.1.28	Common Share	0	0.00%	Common Share	0	0.00%
Independent Director	Cheng-Jung Chiang	2021.1.28	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: The minimum number of shares that shall be held by all directors of the Company is 17,334,990. As of April 2, 2022, 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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