

Stock Code: 3380

Alpha Networks Inc.

2023

Annual General Shareholders' Meeting

Handbook

Table of Contents

I. Meeting Procedures	1
II. Meeting Agenda	2
1. Report on Company Affairs.....	3
2. Election of Company Affairs.....	4
3. Adoption and Discussion of Company Affairs.....	5
4. Questions and Motions.....	6
III. Attachments	7
1. 2022 Business Report.....	8
2. The Review Report of the Audit Committee.....	13
3. List of Candidates for Directors (including Independent Directors).....	14
4. Independent Auditors' Report and 2022 Consolidated Financial Statements.....	16
5. Independent Auditors' Report and 2022 Parent Company Only Financial Statements.....	26
6. The Distribution Table of 2022 Earnings	37
7. Comparison Table for the Rules of Procedures for Shareholders' Meeting Before and After Amendment.....	38
8. List of Non-competition Restrictions on Newly Elected Directors and Their Representatives	44
IV. Appendices	48
1. Rules of Procedures for Shareholders' Meeting (Before the Amendments).....	49
2. Articles of Incorporation	53
3. Regulations Governing the Election of Directors	61
4. Shareholding of Directors.....	63

I. Meeting Procedures

Procedures of Alpha Networks Inc. 2023 Annual General Shareholders' Meeting are as Follows.

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

II. Meeting Agenda

Date of Meeting: May 31, 2023 at 09:00 a.m.

Date of Place: Darwin Hall of HSP Link.

(2F, No. 1, Industry E. Rd. II, Science-Based Industrial Park, Hsinchu, Taiwan, R.O.C.)

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

The agenda for the Meeting is as follows:

- I. Call Meeting to Order
- II. Chairperson Remarks
- III. Report on Company Affairs
 1. 2022 Business Report.
 2. The Audit Committee's Review Report.
 3. The Report of the Distribution of the Employees' Compensation and Directors' Remuneration of 2022.
 4. The Report of the Distribution of Cash Dividends from 2022 Earnings.
- IV. Election of Company Affairs: To Elect the Eight Directors (Including Four Independent Directors)
- V. Adoption and Discussion of Company Affairs
 1. To Adopt 2022 the Business Report and Consolidated Financial Statements.
 2. To Adopt the 2022 Statement of Earnings Distribution.
 3. To Approve the Amendment of the "Rules of Procedures for Shareholders' Meeting".
 4. To Release the Newly Elected Directors and Their Representatives from Non-competition Restrictions.
- VI. Questions and Motions
- VII. Adjournment

Report on Company Affairs

1. 2022 Business Report

Explanation: 2022 Business Report. Please refer to Attachment 1 (P.8 ~ P.12).

2. The Audit Committee's Review Report

Explanation: The Audit Committee's Review Report. Please refer to Attachment 2 (P.13).

3. The Distribution of the Employees' Compensation and Directors' Remuneration of 2022

Explanation: The meeting of board of directors has approved the distribution of the employees' compensation and directors' remuneration of 2022 at NT\$ 116,793,846 and NT\$ 8,759,538 respectively on February 24, 2023.

4. The Distribution of Cash Dividends from 2022 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 2022 earnings available for distribution and approved by the meeting of the board of directors on February 24, 2023. The cash dividends, amounted to NT\$915,504,197, will be distributed at NT\$1.69 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. The Chairperson of Board of Directors 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.

Election of Company Affairs

1. To elect eight directors (Including Four Independent Directors) (Proposed by the Board of Directors)

Explanation:

- (1)The term of office of the Company's directors will expire on January 27, 2024. It is planned to fully re-elect eight directors (including four independent directors) in advance in accordance with the Company's Articles of Incorporation. The term of office of new directors (including independent directors) shall be three years. The tenure of newly elected Directors shall commence on May 31, 2023 and expire on May 30, 2026.
- (2)According to the Company's Articles of Incorporation and the Article 192-1 of the Company Act, the Company's directors (including independent directors) shall be elected by adopting candidate nomination system. The list of candidates of the director and independent directors has been approved by the Board on February 24, 2023. For the relevant information of the nominated candidates (including independent directors), please refer to Attachment 3 (pages 14-15).
- (3)Please refer to Appendix 3 “Regulations Governing the Election of Directors” (pages 61-62).

Election Outcome

Adoption and Discussion of Company Affairs

1. To Adopt 2022 the Business Report and Consolidated Financial Statements (Proposed by the Board of Directors)

Explanation:

- (1)The 2022 consolidated financial statements were audited by independent auditors, Hai-Ning, Huang and Wei-Ming, Shih of the CPA firm, KPMG, and the opinion of the independent auditors showed that the consolidated financial statements presented fairly for financial position of the Company as of December 31, 2022 and its consolidated financial performance and consolidated cash flows for 2022.
- (2)Please refer to Attachment 1 (P.8~P.12), Attachment 4 (P.16~P.25) and Attachment 5 (P.26~P.36) for related reports and statements.
- (3)Submission for adoption.

Resolution:

2. To Adopt the 2022 Statement of Earnings Distribution (Proposed by the Board of Directors)

Explanation:

- (1) Please refer to Attachment 6 (P.37) for the distribution table of 2022 earnings.
- (2) Submission for adoption.

Resolution:

**3. To Approve the Amendment of the “ Rules of Procedures for Shareholders’ Meeting ”
(Proposed by the Board of Directors)**

Explanation:

- (1) To comply with the Public Announcement No. Taiwan-Stock-Governance-1110004250 of the Taiwan Stock Exchange Corporation on March 8, 2022 to amend some articles of “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” and the operational needs of the Company. It is proposed to amend the “Rules of Procedures for Shareholders’ Meeting” of the Company.
- (2) Please refer to Attachment 7 (P.38~P.43) for the comparison table for the “Rules of Procedure for Shareholders’ Meeting” before and after amendment.
- (3) Submission for discussion.

Resolution:

4. 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.44- P.47) for propose to release the newly elected directors and their representatives from non-competition restrictions on 2023 annual general shareholders’ meeting.

Questions and Motions

Adjournment

Attachments

Alpha Networks Inc.

2022 Business Report

I. 2022 Operating Result

(I) Implementation Results of Business Plan in 2022

Looking back over the past year, the overall revenue growth for the year was driven by the easing of material shortages and COVID-19 restrictions lifting in Mainland China. In terms of products and markets, in addition to the continuing efforts and growth in the existing markets, the sales in new markets including Europe, Asia Pacific and South America also increased.

Looking forward to 2023, despite the uncertainty of the economy and order from customers due to high inflation and interest rate hikes, the problem of material shortage is expected to slightly ease. Apart from the launch of the new businesses in private network and Internet of Vehicle (IoV), under the momentum of major products such as network switches, Wi-Fi 6 and 5G, the driving force of product shipment expected to ramp up comparing to last year. The Company is looking forward with cautious optimism about the operation and growth of 2023 and work hard to maintain growth momentum.

(II) Budget Implementation Status

The Company did not disclose its financial forecast for 2022.

(III) Analysis of Financial Results and Profitability

In 2022, the consolidated revenue was NT\$33.634 billion, which was 20.7% growth comparing to last year. The consolidated gross margin was 18.6%, which was about 2.1% growth comparing to last year of 16.5%. The consolidated net operating profit was NT\$1,715 million. The net profit attributable to the owners of the parent company was NT\$917 million, which was equivalent to NT\$1.69 per share.

(IV) Research and Development Status

The Company has complete network communication software/hardware technologies, and its research and development focuses in 2022 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) 5G :

The focus was on the development of Radio Unit (RU), Distributed Unit (DU) and Centralized Unit (CU), Sub-6G, Millimeter Wave 5G CPE, and 5G Small Cell devices. Wi-Fi 6/Wi-Fi 6E/Wi-Fi 7 wireless network technologies were combined to penetrate the enterprise and family markets.

(2)6G :

The focus was on the development of ground communication user terminal for low-earth-orbit satellites.

(3)Fiber :

The focus was on the development of OLT (local end) and ONT (customer end) equipment for 10G-PON optical fiber network as well as G.fast telecommunication local end and terminal equipment.

(4)MEC & AI :

The focus was on the development of MEC software server integration platform, the introduction of AI applications (AI DevOps), and the improvement of 5G core network stability and compatibility.

2. To take advantage of the integration of 5G, Fiber, MEC & AI to provide the end-to-end solutions of 5G private network with high cost-performance ratio. Smart factory, smart health, smart agriculture, and smart building were the key focused market sectors.
3. Continually to develop telecommunication-class switches and industry-class switches due to the trend in 5G and IoT.
4. To develop 800G high-speed Ethernet switches for data centers and conducted tests and simulations of signal and power integrity engineering development of high-speed network.
5. To integrate 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. To develop 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 2022

(I) Business Direction

1. Continuously commit to group resource integration for the synergy.
2. To improve the Company's service quality and strengthen the core competitive advantages.
3. Continue to develop strategic partnership with customers and suppliers.
4. To 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 2023 sales forecast and planning of the Company 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 level, enterprise level, telecom level and industrial level. As the demand for huge data flow in data centers continues to increase, 100G switches have

become mainstream. The penetration of 400G switches increased. The release of the IEEE 800G technical standard have made 800G high-speed switches the next wave of data center critical solutions.

The continuously evolving Wi-Fi technology and speed has driven the increase of the demand of Multi-Gigabit switches. The interface bandwidth for upload was also improved. The original circuit design was simplified, combined with the high-density Multi-Gigabit PHY chips developed by chip suppliers and power over Ethernet with high-power (PoE++). All of these have made Wi-Fi deployment easier, increasing the growth rate of high power supply switches. The Company continued to develop 5G xHaul transmission switches in telecom level, OLT optical cable central office equipment, and telecom core network switch. With high precision time synchronization design, they were able to meet the requirements of high bandwidth and low latency so as to improve our customers' market competitiveness.

2. Wireless Broadband BU

Due to the irreversible change of global trends caused by COVID-19, the demand for long-distance work or working from home is rising rapidly and has become trend of workplace. However, long-distance work or collaboration highly relies on the timely transmission of large volume of data, images and voices. The rapid growth of the demand for high bandwidth such as working from home and smart home environment implementation pushed 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 deployment. Therefore, besides the continuing focus on the expansion of 5G enterprise vertical market and the development of the wireless radio unit (RU), the Company also has developed customizable end-to-end solutions which can be flexibly applied in various vertical fields. We also continuously devote in developing to fulfill the demand in 5G telecommunication market application service, integrate 5G CPE (5G FWA) and 5G small cell (RU, CDU) product solutions and develop 10G-PON high speed bandwidth optical fiber network product solution.

The 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 surged demand of high bandwidth from long-distance work of enterprises and the smart home network, which will continuously bring the new demand for the Company's Wi-Fi 6, 6E enterprise-grade wireless AP and home router. Moreover, the development of Wi-Fi 7 brought the great enhancement of network bandwidth and is much easier to integrate 5G network products such as 5G FWA and 10G-XGSPON ONT. In the face of 10G network era and the next generation broadband network Multi-10G, the product integration solution will create more revenue in not only the home network market but also telecom and enterprise user market for the Company in the next three years.

In addition, the demand for related network and communication products such as

wireless, fiber optical, and mobile continued to grow in 2022 and the supply shortage of semi-conductor capacity gradually eased. However, due to the panic caused by material shortage, the over-estimated demand caused global ICT and telecommunication product inventory increased since 2022Q4. It is estimated that it will take the first half of 2023 to consume the excess inventory. Overall demand in wireless, fiber optical, and mobile related telecommunication products will gradually recover in the second half of 2023.

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 like 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.

4. Mobile Enterprise Solutions Business Unit

In the face of higher trend in car accidents caused by blind spots of large vehicles, the Company has conducted vehicle road test with customers on side blind spot detection radar that complies with UN regulation UN/ECER151. The improvement of erroneous report rate or missed report rate have been included in version upgrade plan. At the same time, the Company actively carried out the integration and implementation plan of ADAS Domain Controller and AEB/LKA controlled unit with electric bus companies, with the aim of aligning the demand of ADAS by Taiwan electric buses with international standards.

(III) Major Production and Marketing Strategies of 2023

1. To strengthen the relationship with suppliers and develop alternative plan for substitute materials to stabilize the material sources and delivery momentum.
2. To collaborate with the Vietnam subsidiary that newly joined the mass production to optimize the capacity allocation and improve the overall manufacturing quality of products and the competitive advantages in cost.
3. Actively to expand core businesses, combine with group resources to provide the comprehensive solutions to customers.

III. Future Development Strategies of the Company

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

- (I) Deeply to cultivate long-term partnership with customers and suppliers to expand markets.
- (II) Strictly to 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) To 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 competition in low-end products, and actively expand sales channels and provide customers with complete solutions. On the business environment, although COVID-19 pandemic and supply chain bottleneck have continued to ease, the high inflation crisis, interest rate raising, and geo-political interference contributed uncertainties in global economy and international trade situation. On the other side, the development of technology applications in 5G, IoV and AI as well as work-from-home lifestyle have now become unavoidable trends, which brought growth opportunities to the network communication industry.

In addition to strengthening its core competitiveness and integrating cross-product line technology, the Company will continue to focus on enhancing corporate sustainability, focusing on environmental protection, social responsibility and corporate governance performance as well as promoting its ESG strategy, implementing various tasks such as environmental protection and friendly workplace.

Looking forward to 2023, the Company will continue to adopt a prudent approach to maintain a stable market layout. Apart from optimizing its existing businesses and product portfolio, adding new products and services in its existing channels, the Company will also actively expand new channels and new field applications. The focus on IoV will be 4D Imaging millimeter-wave Radar. Innovative 5G related products and services will be provided. Cloud management platform service will be expanded. Continuous merge will be made to make up deficiency in technology and channels in the hope of increasing profitability.

Alpha wish you good health and all the best!

Sincerely!

Chairperson: Wen-Fang Huang

President: Wen-Fang Huang

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 2022 consolidated financial statements. Hai-Ning, Huang and Wei-Ming, Shih of the CPA firm of KPMG were retained to audit the Company's financial statements and have issued an audit report relating to the financial statements. The 2022 consolidated financial statements, business report, independent auditors' report and the distribution of 2022 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: February 24, 2023

List of candidates for directors (including independent directors)

Title	Candidates	Career (Academic) Backgrounds	Current Positions	Shareholding (shares)
Director	Representative of Qisda Corporation: Chi-Hong Chen	<ul style="list-style-type: none"> - Technology Management Program, National Chengchi University - EMBA, Thunderbird American Graduate School, U.S.A. - B.S., Electrical Engineering, National Cheng Kung University - President, Qisda Corporation - President, Technology Product Center of BenQ Corp. 	<ul style="list-style-type: none"> - Chairperson, Qisda Corporation. - Director, Darfon Electronics Corp. - Chairperson, DFI Inc. - Vice Chairperson, Alpha Networks Inc. - Director, Hitron Technologies Inc. - Chairperson, BenQ Medical Technology Corporation - Corporation Chairperson, Partner Tech Corp. - Director, BenQ Materials Corp. - Director, BenQ Corp. 	295,797,126
Director	Representative of Qisda Corporation : Wen-Fang Huang	<ul style="list-style-type: none"> - EMBA, National Taiwan University - VP, Commercial and Industrial Products Group, Qisda Corporation - Minister, Opto-Mechatronics Products, Qisda Corporation 	<ul style="list-style-type: none"> - Chairperson, Alpha Networks Inc. - Chairperson, Hitron Technologies Inc. - Director, Interactive Digital Technologies Inc. 	295,797,126
Director	Representative of Qisda Corporation : Han-Zhou Huang	<ul style="list-style-type: none"> - EMBA, Tsinghua University - MBA, University of Greenwich - Senior Vice President, Qisda Corporation. - Vice President, Global supply chain in Qisda Corporation. - COO, BenQ China - Vice President, Global Manufacturing in BenQ Corporation. 	<ul style="list-style-type: none"> - President, Qisda Corporation. - Director, AU Optronics Corp. - Director, Qisda Corporation. - Director, Alpha Networks Inc. - Director, Topview Optronics Corp. - Director, Simula Technology, Inc. - Director, Action Star Technology Co., Ltd. - Director, Data image Corporation. - Chairperson, DIVA Laboratories, Ltd. 	295,797,126
Director	Representative of Qisda Corporation : Chiu-Chin Hung	<ul style="list-style-type: none"> - EMBA, National Taiwan University - MBA, California State University, Fullerton - Chief Financial Officer, Daxon Technology Co., Ltd. 	<ul style="list-style-type: none"> - Chief Financial Officer, Qisda Corp. - Director, Darfon electronics Corp. - Director, Alpha Networks Inc. - Director, Metaage Corporation. - Director, Data Image Corporation. - Director, K2 International Medical Inc. - Director, BenQ Corporation. 	295,797,126
Independent Director	Shu-Hsing Li	<ul style="list-style-type: none"> - Ph.D., New York University - B.B.A., National Chengchi University - Chief Financial Officer, Daxon Technology Co., Ltd. - Vice President for Financial Affairs, National Taiwan University - Dean of College of Management, National Taiwan 	<ul style="list-style-type: none"> - Chair Professor, Department of Accounting, Tunghai University - Independent Director, Fubon Financial Holding Co., Ltd. - Independent Director, Healthconn Corp. - Independent Director, Sharehope Medicine Co., Ltd. - Independent Director, Alph Networks Inc. 	0

Title	Candidates	Career (Academic) Backgrounds	Current Positions	Shareholding (shares)
		University - Chairperson, Department of Accounting, National Taiwan University - President, Taiwan Accounting Association		
Independent Director	Cheng-Jung Chiang	- Ph.D., Business Administration, University of Maryland ,U.S.A - EMBA, Program, National Chengchi University, - B.B.A., Dept. of Aerospace Engineering Tamkang University, - Independent Director, Chen Full International Co., Ltd. - Independent Director, Glory Science Co., Ltd.	- Chairperson and President, Taiwan-Asahi Environmental Technology Co., Ltd - Chairperson and President, Diamond Technical & Trading Corp. - Independent Director, Sampo Corporation - Independent Director, Chernan Metal Industrial Corp. - Independent Director, FIT Holding Co., Ltd. - Adjunct Professor, DEPT. of Aerospace Engineering, Tamkang University - Independent Director, Alpha Networks Inc.	0
Independent Director	Ming-Der Shieh	- Ph.D., Electrical Engineering, Michigan State University, U.S.A - Chairperson, Taiwan IC Design Society Chairperson, Department of Electrical Engineering, National Cheng Kung University - Deputy General Director, Information and Communications Research Laboratories, Industrial Technology Research Institute.	- Professor, Department of Electrical Engineering, National Cheng Kung University - Independent Director, Alpha Networks Inc.	0
Independent Director	Julian Chen	- MBA, East Illinois University, U.S.A - Vice Chairperson, Yuanta Securities Investment Consulting Co., Ltd.	- Chairperson, Ray Wing Research & Investment Corp. - Independent Non-Executive Director and Audit Committee Member, VEDAN Enterprise Corporation. - Independent Director, Pili International Multimedia Co., Ltd. - Director, Forcecon Tech. Co., Ltd. - Independent Director, Longwell Company. - Director, Tai-Saw Technology Co., Ltd.	0

Independent Auditors' Report and 2022 Financial Statements

2022 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, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, 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 (22) 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

The Group has prepared individual financial reports for 2022 and 2021, 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 Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)

February 24, 2023

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
 Consolidated Balance Sheets
 December 31, 2022 and 2021
 (Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		
	Amount	%	Amount	%	
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(1))	\$ 4,084,284	15	4,498,050	19
1110	Current financial assets at fair value through profit or loss (note 6(2))	61,084	-	67,565	-
1136	Current financial assets at amortized cost (notes 6(1), (5) and 8)	-	-	375,007	2
1170	Notes and accounts receivable, net (notes 6(3) and (22))	5,598,816	21	4,053,112	16
130x	Inventories (note 6(4))	9,424,252	35	9,238,822	37
1470	Other current assets (notes 6(11) and 7)	<u>1,074,308</u>	<u>4</u>	<u>467,666</u>	<u>2</u>
		<u>20,242,744</u>	<u>75</u>	<u>18,700,222</u>	<u>76</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(6))	171,994	-	19,335	-
1535	Non-current financial assets at amortized cost (notes 6(3), (5) and 8)	144,873	-	136,777	-
1600	Property, plant and equipment (notes 6(8) and 7)	4,222,057	16	3,654,414	15
1755	Right-of use asset (note 6(9))	427,860	2	422,208	2
1780	Intangible assets (note 6(10))	1,304,437	5	1,344,845	5
1840	Deferred tax assets (note 6(19))	222,151	1	228,983	1
1990	Other non-current assets (notes 6(11) and (18))	<u>396,898</u>	<u>1</u>	<u>224,000</u>	<u>1</u>
		<u>6,890,270</u>	<u>25</u>	<u>6,030,562</u>	<u>24</u>
Total assets		<u>\$ 27,133,014</u>	<u>100</u>	<u>24,730,784</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(12))	\$ 3,936,093	14	4,044,952	16
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	9,836	-	2,927	-
2170	Accounts payable (including related parties) (note 7)	5,031,113	19	4,193,913	17
2209	Accrued expenses	845,618	3	501,745	2
2230	Current tax liabilities	475,146	2	233,597	1
2250	Current provisions (note 6(14))	385,198	1	286,255	1
2321	Bonds payable, current portion (note 6(16))	-	-	461,471	2
2322	Long-term borrowings, current portion (note 6(13))	26,000	-	-	-
2399	Other current liabilities (notes 6(15), (17), (22) and 7)	2,338,091	9	1,858,655	8
		13,047,095	48	11,583,515	47
Non-Current liabilities:					
2580	Non-current lease liabilities (note 6(17))	217,451	1	224,220	1
2640	Net defined benefit liability (note 6(18))	145,642	-	204,784	1
2670	Other non-current liabilities (notes 6(14) and (19))	166,207	1	159,161	-
		529,300	2	588,165	2
Total liabilities					
		13,576,395	50	12,171,680	49
Equity (notes 6(20) and (21)):					
Equity attributable to owners of parent:					
3110	Ordinary share capital	5,417,185	20	5,417,185	22
3200	Capital surplus	2,544,401	9	2,583,772	10
Retained earnings:					
3310	Legal reserve	1,169,989	4	1,127,420	5
3320	Special reserve	447,091	2	448,804	2
3350	Unappropriated retained earnings	1,019,195	4	472,330	2
		2,636,275	10	2,048,554	9
3400	Other equity interest	(226,549)	(1)	(447,092)	(2)
Total equity attributable to owners of parent:					
		10,371,312	38	9,602,419	39
36XX	Non-controlling interests (note 6(7))	3,185,307	12	2,956,685	12
Total equity					
		13,556,619	50	12,559,104	51
Total liabilities and equity					
		\$ 27,133,014	100	24,730,784	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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

For the years ended December 31,

		<u>2022</u>		<u>2021</u>	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(22) and 7)	\$ 33,634,197	100	27,862,336	100
5000	Operating costs (notes 6(4),(18),(23) and 7)	27,380,956	81	23,276,437	84
	Gross profit	<u>6,253,241</u>	<u>19</u>	<u>4,585,899</u>	<u>16</u>
	Operating expenses (notes 6(3),(18),(23) and 7):				
6100	Selling expenses	1,320,302	4	1,142,902	4
6200	Administrative expenses	1,361,291	4	1,253,497	4
6300	Research and development expenses	1,833,973	6	1,473,517	5
6450	Expected credit loss (note 6(3))	23,143	-	6,310	-
	Total operating expenses	<u>4,538,709</u>	<u>14</u>	<u>3,876,226</u>	<u>13</u>
	Net operating income (loss)	<u>1,714,532</u>	<u>5</u>	<u>709,673</u>	<u>3</u>
	Non-operating income and expenses:				
7010	Other income (note 6(25))	68,140	-	83,962	-
7020	Other gains and losses, net (note 6(26))	(162,889)	(1)	(27,329)	-
7050	Finance costs (note 6(27))	(120,191)	-	(38,707)	-
7100	Interest income (note 6(24))	34,419	-	27,263	-
	Total non-operating income and expenses	<u>(180,521)</u>	<u>(1)</u>	<u>45,189</u>	<u>-</u>
	Profit from continuing operations before tax	1,534,011	4	754,862	3
7950	Less: Income tax expenses (note 6(19))	375,840	1	214,450	1
	Profit	<u>1,158,171</u>	<u>3</u>	<u>540,412</u>	<u>2</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans (note 6(18))	50,106	-	(8,200)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(20) and (28))	12,480	-	(1,910)	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>62,586</u>	<u>-</u>	<u>(10,110)</u>	<u>-</u>
8360	Components of other comprehensive loss that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(20))	357,452	1	(2,509)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (notes (19) and (20))	(53,245)	-	(726)	-
	Components of other comprehensive loss that will be reclassified to profit or loss	<u>304,207</u>	<u>1</u>	<u>(3,235)</u>	<u>-</u>
8300	Other comprehensive income (loss), net of income tax	366,793	1	(13,345)	-
8500	Total comprehensive income	<u>\$ 1,524,964</u>	<u>4</u>	<u>527,067</u>	<u>2</u>
	Profit attributable to:				
8610	Owners of parent	\$ 917,075	2	433,888	2
8620	Non-controlling interests	241,096	1	106,524	-
		<u>\$ 1,158,171</u>	<u>3</u>	<u>540,412</u>	<u>2</u>
8700	Total comprehensive income attributable to:				
8710	Owners of parent	\$ 1,187,467	3	427,400	2
8720	Non-controlling interests	337,497	1	99,667	-
		<u>\$ 1,524,964</u>	<u>4</u>	<u>527,067</u>	<u>2</u>
	Earnings per share (New Taiwan dollars) (note 6(21))				
	Basic earnings per share	<u>\$ 1.69</u>		<u>0.80</u>	
	Diluted earnings per share	<u>\$ 1.68</u>		<u>0.80</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Total other equity interest											
	Retained earnings					Unrealized gains (losses) on financial					Total equity attributable to owners of parent	Non-controlling interests
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Special reserve	Unappropriated retained earnings (Deficit to be compensated)	Total retained earnings	Exchange differences on translation of foreign financial statements	Assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent		
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	3,034,149	12,738,331
Profit	-	-	-	-	433,888	433,888	-	-	-	433,888	106,524	540,412
Other comprehensive income (loss)	-	-	-	-	(8,200)	(8,200)	2,901	(1,189)	1,712	(6,488)	(6,857)	(13,345)
Total comprehensive income (loss)	-	-	-	-	425,688	425,688	2,901	(1,189)	1,712	427,400	99,667	527,067
Appropriation and distribution of retained earnings:												
Reversal of special reserve	-	-	-	(282,962)	282,962	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(108,344)	(108,344)	-	-	-	(108,344)	-	(108,344)
Donated from shareholders	-	(220)	-	-	-	-	-	-	-	(220)	-	(220)
Cash dividends from capital surplus	-	(433,375)	-	-	-	-	-	-	-	(433,375)	-	(433,375)
Changes in ownership interests in subsidiaries	-	12,776	-	-	-	-	-	-	-	12,776	(12,776)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(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)	(1,189)	(447,092)	9,602,419	2,956,685	12,559,104
Profit	-	-	-	-	917,075	917,075	-	-	-	917,075	241,096	1,158,171
Other comprehensive income (loss)	-	-	-	-	49,849	49,849	212,776	7,767	220,543	270,392	96,401	366,793
Total comprehensive income (loss)	-	-	-	-	966,924	966,924	212,776	7,767	220,543	1,187,467	337,497	1,527,964
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	42,569	-	(42,569)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,713)	1,713	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(379,203)	(379,203)	-	-	-	(379,203)	-	(379,203)
Donated from shareholders	-	13	-	-	-	-	-	-	-	13	-	13
Cash dividends from capital surplus	-	(54,172)	-	-	-	-	-	-	-	(54,172)	-	(54,172)
Changes in ownership interests in subsidiaries	-	14,788	-	-	-	-	-	-	-	14,788	(14,788)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(189,021)	(189,021)
Changes in non-controlling interests	-	-	-	-	-	-	(233,127)	6,578	(226,549)	-	94,934	94,934
Balance at December 31, 2022	5,417,185	2,544,401	1,169,989	447,091	1,019,195	2,636,275	(233,127)	6,578	(226,549)	10,371,312	3,185,307	13,556,619

(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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	<u>2022</u>	<u>2021</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,534,011	754,862
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	493,373	524,534
Amortization expense	211,867	221,904
Expected credit loss	23,143	6,310
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	13,067	(10,823)
Interest expense	120,191	38,707
Interest income	(34,419)	(27,263)
Dividend income	(6,391)	(3,679)
Loss on disposal of property, plant and equipment	16,608	9,049
Provisions for inventory obsolescence and devaluation loss	161,328	106,667
Total adjustments to reconcile profit	<u>998,767</u>	<u>865,406</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	(1,568,847)	2,741,656
Financial assets mandatorily at fair value through profit or loss	3,249	16,645
Inventories	(346,758)	(2,316,119)
Other current assets	(618,911)	480,871
Financial liabilities held for trading	(2,927)	(10,920)
Accounts payable (including related parties)	837,200	(2,634,190)
Other payable to related parties	(8,171)	9,670
Other current liabilities	1,042,538	(582,840)
Net defined benefit liability	(9,036)	(23,783)
Total changes in operating assets and liabilities	<u>(671,663)</u>	<u>(2,319,010)</u>
Total adjustments	<u>327,104</u>	<u>(1,453,604)</u>
Cash flows generated from (used in) operations	1,861,115	(698,742)
Interest received	38,904	23,621
Dividends received	6,391	3,679
Interest paid	(108,243)	(39,207)
Income taxes paid	(237,003)	(189,333)
Net cash flows from (used in) operating activities	<u>1,561,164</u>	<u>(899,982)</u>

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows(Continued)
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(140,179)	-
Acquisition of financial assets at amortized cost	(399,940)	(1,927,119)
Proceeds from repayments of financial assets at amortized cost	774,947	1,690,791
Proceeds from disposal of financial assets at fair value through profit or loss	-	11,851
Consideration paid to non-controlling interests	-	(560)
Acquisition of property, plant and equipment	(947,650)	(156,780)
Proceeds from disposal of property, plant and equipment	9,019	9,467
Decrease (increase) in refundable deposits	(8,096)	19,698
Acquisition of intangible assets	(170,616)	(133,332)
Increase in other non-current assets	(163,152)	(211,659)
Net cash flows used in investing activities	<u>(1,045,667)</u>	<u>(697,643)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	32,960,371	15,883,924
Repayments of short-term borrowings	(33,035,546)	(14,681,734)
Repayments of bonds payable	(372,300)	-
Proceeds from long-term borrowings	26,000	-
Increase in guarantee deposits received	417	446
Payment of lease liabilities	(34,484)	(41,142)
Cash dividends paid distributed to shareholders	(433,375)	(541,719)
Donation from shareholders	13	(220)
Subsidiary-issued preferred stock	-	873
Cash dividends paid to non-controlling interest	(189,021)	(238,145)
Net cash flows from (used in) financing activities	<u>(1,077,925)</u>	<u>382,283</u>
Effect of exchange rate changes on cash and cash equivalents	<u>148,662</u>	<u>3,388</u>
Net decrease in cash and cash equivalents	(413,766)	(1,211,954)
Cash and cash equivalents at beginning of period	4,498,050	5,710,004
Cash and cash equivalents at end of period	<u>\$ 4,084,284</u>	<u>4,498,050</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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 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, 2022 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, 2022 are stated as follows:

1. Revenue recognition

Please refer to notes 4(14) and 6(20) for the accounting policy on revenue recognition and “Revenue” for the related disclosures, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of inventories

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

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid technological innovations and highly competitive environments in the electronic industry, the life cycle of certain products of the Company are short and their market prices fluctuate rapidly, which could possibly result in a price decline and obsolescence of inventory, wherein the inventory cost may exceed its net realizable value. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; selecting samples to verify

the accuracy of the net realizable value of inventories and inventory aging report prepared by the Company; evaluating whether valuation of inventories was accounted for in accordance with the Company's accounting policies; and assessing the historical reasonableness of management's estimates on inventory provisions.

3. Acquisition of subsidiaries

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

Description of key audit matter:

The Company acquired 62.24% ownership of Hitron Technologies Inc. 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 thousand, respectively, constituting 0.13%, respectively, of the total assets as of December 31, 2021 and the related shares of profit of subsidiaries, associates and joint ventures amounted to NT\$38,383 thousand, respectively, constituting 8.98%, respectively, of the total income before income tax for the years ended December 31, 2021.

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, 2022 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)

February 24, 2023

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.
Balance Sheets
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		
	Amount	%	Amount	%	
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(1))	\$ 322,687	2	672,458	5
1110	Current financial assets at fair value through profit or loss (note 6(2))	-	-	2,364	-
1170	Accounts receivable, net (note 6(3))	1,934,353	12	1,702,109	12
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	1,976,987	12	1,195,553	8
1210	Other receivables due from related parties (note 7)	176,867	1	174,835	1
130x	Inventories (note 6(4))	1,556,686	9	1,029,931	7
1470	Other current assets (notes 6(11) and 7)	<u>77,332</u>	-	<u>89,516</u>	1
		<u>6,044,912</u>	<u>36</u>	<u>4,866,766</u>	<u>34</u>
Non-current assets:					
1535	Non-current financial assets at amortized cost (notes 6(3), (5) and 8)	18,717	-	17,290	-
1550	Investment accounted for using equity method (note 6(7))	9,449,648	58	8,408,677	58
1600	Property, plant and equipment (note 6(8))	677,140	4	585,435	4
1755	Right-of-use assets (note 6(9))	176,334	1	173,291	1
1780	Intangible assets (note 6(10))	202,515	1	203,829	1
1840	Deferred tax assets (note 6(17))	54,981	-	94,783	1
1990	Other non-current assets (notes 6(6) and(11))	<u>67,248</u>	-	<u>147,506</u>	1
		<u>10,646,583</u>	<u>64</u>	<u>9,630,811</u>	<u>66</u>
Total assets		<u>\$ 16,691,495</u>	<u>100</u>	<u>14,497,577</u>	<u>100</u>

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

ALPHA NETWORKS INC.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(12))	\$ 1,260,000	8	1,490,240	10
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	2,415	-	1,905	-
2170	Accounts payable	1,039,355	6	922,391	7
2180	Accounts payable to related parties (note 7)	1,701,958	10	731,727	5
2209	Accrued expenses	442,620	3	260,106	2
2220	Other payables to related parties (note 7)	150,426	1	132,239	1
2230	Current tax liabilities	155,110	1	37,820	-
2250	Current provisions (note 6(13))	231,586	1	173,536	1
2280	Current lease liabilities (note 6(15))	12,927	-	7,536	-
2399	Other current liabilities (notes 6(14), (20) and 7)	921,711	6	675,590	5
		<u>5,918,108</u>	<u>36</u>	<u>4,433,090</u>	<u>31</u>
Non-Current liabilities:					
2570	Deferred tax liabilities (note 6(17))	73,492	-	72,570	1
2580	Non-current lease liabilities (note 6(15))	182,941	1	184,714	1
2640	Net defined benefit liability (note 6(16))	145,642	1	204,784	1
		<u>402,075</u>	<u>2</u>	<u>462,068</u>	<u>3</u>
Total liabilities		<u>6,320,183</u>	<u>38</u>	<u>4,895,158</u>	<u>34</u>
Equity (note 6(18)):					
3110	Ordinary shares	5,417,185	32	5,417,185	37
3200	Capital surplus	2,544,401	15	2,583,772	18
Retained earnings:					
3310	Legal reserve	1,169,989	7	1,127,420	8
3320	Special reserve	447,091	3	448,804	3
3350	Unappropriated retained earnings	1,019,195	6	472,330	3
		<u>2,636,275</u>	<u>16</u>	<u>2,048,554</u>	<u>14</u>
3400	Other equity interest	(226,549)	(1)	(447,092)	(3)
Total equity		<u>10,371,312</u>	<u>62</u>	<u>9,602,419</u>	<u>66</u>
Total liabilities and equity		<u>\$ 16,691,495</u>	<u>100</u>	<u>14,497,577</u>	<u>100</u>

(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, 2022 and 2021

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

	2022		2021		
4000	Operating revenue (notes 6(20) and 7)	\$ 20,346,112	100	17,163,287	100
5000	Operating costs (notes 6(4) and 7)	17,326,133	85	15,008,266	87
	Gross profit	3,019,979	15	2,155,021	13
5920	Add: Net changes in unrealized profit on sales to subsidiaries and associates (note 7)	(62,467)	-	64,019	-
	Realized or loss gross profit	2,957,512	15	2,219,040	13
	Operating expenses (notes 7):				
6100	Selling expenses	447,703	2	348,728	2
6200	Administrative expenses	423,921	2	354,819	2
6300	Research and development expenses	1,284,273	6	1,116,367	7
6450	Expected credit loss (reversal gain) (note 6(3))	1,013	-	(10,637)	-
	Total operating expenses	2,156,910	10	1,809,277	11
	Net operating income	800,602	5	409,763	2
	Non-operating income and expenses:				
7010	Other income (note 6(23))	30,722	-	32,154	-
7020	Other gains and losses, net (note 6(24))	92,800	-	(9,290)	-
7050	Finance costs (note 6(25))	(21,000)	-	(7,025)	-
7070	Share of profit of subsidiaries (note 6(7))	131,519	1	67,709	1
7100	Interest income (note 6(22))	7,742	-	2,036	-
	Total non-operating income and expenses	241,783	1	85,584	1
	Profit before income tax	1,042,385	6	495,347	3
7950	Less: Income tax expense (note 6(17))	125,310	1	61,459	-
	Profit	917,075	5	433,888	3
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans (note 6(16))	49,510	-	(8,200)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method (note 6(18))	8,106	-	(1,189)	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	57,616	-	(9,389)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(18))	265,970	1	3,627	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (notes 6(17) and (18))	(53,194)	-	(726)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	212,776	1	2,901	-
8300	Other comprehensive income (loss), net of income tax	270,392	1	(6,488)	-
8500	Total comprehensive income	\$ 1,187,467	6	427,400	3
	Earnings per share (New Taiwan dollars) (note 6(19))				
	Basic earnings per share	\$ 1.69		\$ 0.80	
	Diluted earnings per share	\$ 1.68		\$ 0.80	

(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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Total other equity interest						
	Share capital	Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Deficit to be compensated)	Total retained earnings	Total other equity interest	Total equity
Balance at January 1, 2021	5,417,185	3,004,591	1,127,420	731,766	1,731,210	(448,804)	9,704,182
Profit	-	-	-	433,888	433,888	-	433,888
Other comprehensive income (loss)	-	-	-	(8,200)	(8,200)	2,901	(1,189)
Total comprehensive income (loss)	-	-	-	425,688	425,688	2,901	1,712
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)
Donation from shareholders	-	(220)	-	-	-	-	(220)
Cash dividends from capital surplus	-	(433,375)	-	-	-	-	(433,375)
Changes in ownership interests in subsidiaries	-	12,276	-	-	-	-	12,276
Balance at December 31, 2021	5,417,185	2,583,772	1,127,420	448,404	2,048,554	(445,903)	9,602,419
Profit	-	-	-	917,075	917,075	-	917,075
Other comprehensive income	-	-	-	49,849	49,849	212,776	270,392
Total comprehensive income	-	-	-	966,924	966,924	7,767	974,691
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	42,569	(42,569)	-	-	-
Reverse of Special reserve	-	-	(1,713)	1,713	-	-	-
Cash dividends of ordinary share	-	-	-	(379,203)	(379,203)	-	(379,203)
Donation from shareholders	-	13	-	-	-	-	13
WCash dividends of Capital Surplus	-	(54,172)	-	-	-	-	(54,172)
Changes in ownership interests in subsidiaries	-	14,788	-	-	-	-	14,788
Balance at December 31, 2022	5,417,185	2,544,401	1,169,989	447,091	1,019,195	(233,127)	10,371,312

(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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,042,385	495,347
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	92,557	104,157
Amortization expense	75,588	86,689
Expected credit loss (reversal gain)	1,013	(10,637)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	2,415	(459)
Interest expense	21,000	7,025
Interest income	(7,742)	(2,036)
Share of profit of subsidiaries	(131,519)	(67,709)
Gain on disposal of property, plant and equipment	(662)	-
Provisions for inventory obsolescence and devaluation loss	90,644	9,995
Unrealized profit from sales	62,467	(64,019)
Total adjustments to reconcile profit	205,761	63,006
Changes in operating assets and liabilities:		
Financial assets mandatorily at fair value through profit or loss	2,364	7,406
Notes and accounts receivable	(233,257)	2,286,456
Accounts receivable due from related parties	(781,434)	115,212
Inventories	(617,399)	(525,793)
Other current assets	12,184	(50,925)
Financial liabilities mandatorily at fair value through profit or loss	(1,905)	(7,067)
Accounts payable	116,964	338,352
Accounts payable to related parties	970,231	(3,055,630)
Other payable to related parties	18,187	(56,223)
Other current liabilities	422,752	(72,661)
Net defined benefit liability	(9,631)	(23,783)
Total changes in operating assets and liabilities	(100,944)	(1,044,656)
Total adjustments	104,817	(981,650)
Cash flows generated from (used in) operations	1,147,202	(486,303)
Interest received	7,742	2,036
Interest paid	(20,345)	(6,859)
Income taxes paid	(21,927)	(74,653)
Net cash flows from (used in) operating activities	1,112,672	(565,779)

(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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) investing activities:		
Acquisition of other financial assets	(31,429)	-
Acquisition of investments accounted for using equity method	(646,542)	(80,000)
Cash dividends from investments accounted for using equity method	100,000	200,000
Acquisition of property, plant and equipment	(133,880)	(47,799)
Proceeds from disposal of property, plant and equipment	2,785	-
Decrease (increase) in refundable deposits	(1,427)	79
Decrease (increase) in other receivables due from related parties	(2,032)	85,975
Acquisition of intangible assets	(74,274)	(114,032)
Decrease (increase) in other non-current assets	945	(132,987)
Net cash flows used in investing activities	(785,854)	(88,764)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	12,406,781	6,024,965
Repayments of short-term borrowings	(12,637,021)	(4,959,975)
Payment of lease liabilities	(12,987)	(12,910)
Cash dividends distributed to shareholders	(433,375)	(541,719)
Donation from shareholders	13	(220)
Net cash flows from (used in) financing activities	(676,589)	510,141
Net decrease in cash and cash equivalents	(349,771)	(144,402)
Cash and cash equivalents at beginning of period	672,458	816,860
Cash and cash equivalents at end of period	\$ 322,687	672,458

Alpha Networks Inc.
2022 Earnings Distribution Table

	Unit: NT\$
Net Income of 2022	917,074,764
Less: Legal Reserve	(96,692,393)
Plus: Reverse of Special Reserve	220,543,112
Earnings in 2022 Available for Distribution	1,040,925,483
Plus: Unappropriated Retained Earnings of Previous Years	52,271,398
Plus: Change in Remeasurements of the Defined Benefit Plan	49,849,169
Retained Earnings Available for Distribution as of December 31, 2022	1,143,046,050
Distribution Items:	
Cash Dividends (NT\$ 1,690 for every 1,000 common shares)	(915,504,197)
Unappropriated Retained Earnings After Earnings Distribution	227,541,853

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 Rules of Procedures for Shareholders' Meeting Before and After Amendment

Article No.	After Amendment	Before Amendment	Reason for Amendments
Article 1	<p>Unless otherwise provided by laws and regulations, the shareholders' meeting of the Company shall be held in accordance with the Rules.</p> <p><u>Unless otherwise provided by the competent securities authority, the virtual shareholders' meeting of the Company shall be held in accordance with the Rules.</u></p>	<p>Unless otherwise provided by laws and regulations, the shareholders' meeting of the Company shall be held in accordance with the Rules.</p> <p>(New)</p>	Amend according to regulation and actual needs
Article 2	<p><u>Shareholders, proxies solicitors and agent (collectively "shareholders") attending the shareholders' meeting shall submit a sign-in card to sign in. In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u></p>	<p>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.</p>	Amend according to regulation and actual needs
Article 3	<p>The attendance and voting by shareholders shall be duly calculated based on the number of shares held.</p> <p><u>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p>	<p>The attendance and voting by shareholders shall be duly calculated based on the number of shares held.</p> <p>(New)</p>	Amend according to regulation and actual needs

Article 3-1	<p><u>The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.</u></p> <p><u>Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p>	(New)	Amend according to regulation and actual needs
Article 4-1	<p><u>When a company will convene a shareholders' meeting with video conferencing, it shall specify the following matters in the shareholders' meeting notice:</u></p> <ol style="list-style-type: none"> <u>1. The means for shareholders to take part in the video conferencing and exercise their rights.</u> <u>2. Measures to be taken if, due to circumstances of a natural disaster, unforeseen event, or other force majeure event, any disruption occurs in the video conferencing platform or in participation by means of video conferencing, including at least the following particulars:</u> <ol style="list-style-type: none"> <u>(1) To what time the meeting is postponed or from what time the meeting will resume if the above disruption continues and cannot be eliminated, and the date to which the meeting is postponed or on which the meeting will resume.</u> <u>(2) Shareholders that have not registered to take part by video conference in the originally scheduled shareholders' meeting may not take part by video conference in the postponed or reconvened meeting.</u> <u>(3) When the Company convenes a hybrid shareholders meeting, if the virtual meeting cannot be continued, then if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the shareholders meeting by video conferencing, meets the legal quorum</u> 	(New)	Amend according to regulation and actual needs

	<p><u>for holding a shareholder meeting, the shareholders meeting shall continue in session. The number of shares represented by the shareholders, proxy solicitors, or proxy agents who were attending the shareholders' meeting by video conferencing shall be counted toward the total number of shares represented by the shareholders attending the meeting, but they shall be deemed to have waived their voting rights on all proposals at that shareholders' meeting.</u></p> <p><u>(4) Measures to be taken if the outcome of all proposals have been announced but extemporary motions have not yet been proceeded with.</u></p> <p><u>3. When the Company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.</u></p>		
Article 6	<p>The process of the shareholders' meeting shall be tape-recorded or videotaped and these recorded materials shall be preserved for at least one year. <u>Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p>	<p>The process of the shareholders' meeting shall be tape-recorded or videotaped and these recorded materials shall be preserved for at least one year.</p> <p>(New)</p>	<p>Amend according to regulation and actual needs</p>
Article 7	<p>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</p>	<p>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</p>	<p>Amend according to regulation and actual</p>

<p>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, <u>the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform. If the quorum is not met after two postponements as referred to in the preceding paragraph, 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. <u>All shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company within 2 days held shareholders' meeting.</u></u></p> <p>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.</p>	<p>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.</p> <p>(New)</p> <p>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.</p>	<p>needs</p>
--	--	--------------

Article 10	<p>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.</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in preceding article and paragraphs 1 in this article do not apply.</u></p>	<p>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.</p> <p>(New)</p>	Amend according to regulation and actual needs
Article 16	<p>When the Company 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.</p> <p>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.</p> <p>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.</p> <p><u>When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes</u></p>	<p>When the Company 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.</p> <p>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.</p> <p>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.</p> <p>(New)</p>	Amend according to regulation and actual needs

	<p><u>on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p>		
Article 18	<p><u>In the event of a virtual shareholders meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p>	New Article	In accordance with the regulation to add, the original articles 18 and 19 were adjusted to articles 19 and 20
Article 21	<p><u>The Rules was formulated on March 2nd, 2004 at Special Shareholders' Meeting.</u></p> <p><u>The first amendment was made on June 9th, 2006.</u></p> <p><u>The second amendment was made on June 18th, 2015.</u></p> <p><u>The third amendment was made on May 31st, 2023.</u></p>	(New)	Add article and amendment date

List of Non-competition restrictions on Newly Elected Directors and Their Representatives

Director	Release Non-competition restrictions Items
Qisda Corp.	<p>Director, Darfon Electronics Corp.</p> <p>Director, AU Optronics Corp.</p> <p>Chairperson, DFI Inc.</p> <p>Chairperson, Sysage Thchnology Co., Ltd.</p> <p>Chairperson, BenQ Materials Corp.</p> <p>Director, Topview Optronics Corp.</p> <p>Chairperson, Simula Technology, Inc.</p> <p>Chairperson, Partner Tech Corp.</p> <p>Chairperson, Data image Corporation.</p> <p>Director, QS Control Corp.</p> <p>Director, TCI Gene Inc.</p> <p>Director, Rapidtek Technologies Inc.</p> <p>Chairperson, K2 International Medical Inc.</p> <p>Chairperson, BenQ Corp.</p> <p>Chairperson, Golden Spirit Co., Ltd.</p> <p>Chairperson, Darly Venture Inc.</p> <p>Chairperson, BenQ Dialysis Technology Corp.</p> <p>Chairperson, Qisda Optronics Corp.</p> <p>Chairperson, BenQ Biotech (Shanghai) Co., Ltd.</p> <p>Chairperson, Qisda Vietnam Co., Ltd.</p>
<p>Representative of Qisda Corporation:</p> <p>Chi-Hong Chen</p>	<p>Chairperson, Qisda Corporation.</p> <p>Director, Representative of Darfon Electronics Corp.</p> <p>Chairperson, Representative of DFI Inc.</p> <p>Director, Representative of Hitron Technologies Inc.</p> <p>Chairperson, Representative of BenQ Medical Technology Corporation.</p> <p>Chairperson, Representative of Partner Tech Corp.</p> <p>Director, Representative of BenQ Materials Corp.</p> <p>Director, Representative of BenQ corporation.</p> <p>Director, Representative of Darly Venture Inc.</p>

Director	Release Non-competition restrictions Items
	<p>Director, Representative of Darly2 Venture, Inc.</p> <p>Director, Representative of Darly Consulting Corporation.</p> <p>Director, Representative of BenQ Healthcare Consulting Corporation.</p> <p>Director, Representative of Nanjing BenQ Hospital Co., Ltd.</p> <p>Director, Representative of Suzhou BenQ Hospital Co., Ltd.</p> <p>Director, Qisda Corporation</p> <p>Director, BenQ BM Holding Corp.</p> <p>Director, BenQ BM Holding Cayman Corp.</p> <p>Director, Qisda (L) Corp.</p> <p>Director, Darly Venture (L) Ltd.</p> <p>Director, BenQ Foundation.</p> <p>Director, Representative of Phoenix Venture Capital Co., Ltd.</p> <p>Director, Representative of Phoenix 2 Venture Capital Co., Ltd.</p> <p>Director, Representative of Phoenix 3 Venture Capital Co., Ltd.</p>
<p>Representative of Qisda Corporation: Wen-Fang Huang</p>	<p>Chairperson, Representative of Hitron Technologies Inc.</p> <p>Director, Representative of Interactive Digital Technologies Inc.</p> <p>Chairperson, Representative of Enrich Investment Corporation.</p> <p>Chairperson, Representative of Transent Corporation.</p> <p>Chairperson, Representative of Innoauto Technologies Inc.</p> <p>Chairperson, Representative of Aespula Technology Inc.</p> <p>Director, Alpha Networks Foundation.</p> <p>Director, Representative of Alpha Holdings Inc.</p> <p>Director, Representative of D-Link Asia Investment Pte Ltd.</p> <p>Director, Representative of Alpha Networks (Hong Kong) Limited.</p> <p>Director, Representative of Alpha Networks, Inc.(USA)</p> <p>Director, Representative of Alpha Solutions Co., Ltd.</p>
<p>Representative of Qisda Corporation: Han-Zhou Huang</p>	<p>Director, Representative of AU Optronics Corp.</p> <p>Director, Representative of Qisda Corporation.</p> <p>Director, Representative of Topview Optronics Corp.</p> <p>Chairperson, Representative of Simula Technology, Inc.</p> <p>Chairperson, Representative of Action Star Technology Co., Ltd.</p> <p>Chairperson, Representative of Data image Corporation.</p> <p>Chairperson, Representative of DIVA Laboratories, Ltd.</p> <p>Chairperson, Representative of Qisda Optronics Corp.</p> <p>Director, BenQ Foundation.</p>

Director	Release Non-competition restrictions Items
Representative of Qisda Corporation: Chiu-Chin Hung	Director, Representative of Darfon Electronics Corp. Director, Representative of Sysage Technology Co., Ltd. Director, Representative of Data image Corporation. Director, Representative of K2 International Medical Inc. Director, Representative of BenQ Corp. Director, Representative of Qisda Optronics Corp. Chairperson, Representative of Darly Venture Inc. Chairperson, Representative of Darly2 Venture, Inc. Chairperson, Representative of Darly Consulting Corporation. Director, Representative of BenQ Healthcare Consulting Corporation. Director, Representative of BenQ Hospital Management Consulting (NanJing) Co., Ltd. Director, Representative of NanJing BenQ Hospital Co., Ltd. Director, Representative of Suzhou BenQ Hospital Co., Ltd. Director, Representative of Suzhou BenQ Investment Co., Ltd. Director, Representative of BenQ Biotech (Shanghai) Co., Ltd. Director, Representative of Shanghai Filter Technology Co., Ltd. Director, Qisda Corporation. Director, BenQ BM Holding Corp. Director, BenQ BM Holding Cayman Corp. Director, Qisda Sdn. Bhd. Director, Qisda (L) Corp. Director, Darly Venture (L) Ltd.
Shu-Hsing Li	Independent Director, Fubon Financial Holding Co., Ltd. Independent Director, Healthconn Corp. Independent Director, Sharehope Medicine Co., Ltd.
Cheng-Jung Chiang	Chairperson, Taiwan-Asahi Environmental Technology Co., Ltd. Chairperson, Diamond Technical & Trading Corp. Independent Director, Sampo Corporation. Independent Director, Chernan Metal Industrial Corp. Independent Director, FIT Holding Co., Ltd. Director, Commerce Development Research Institute.
Julian Chen	Chairperson, Ray Wing Research & Investment Corp. Independent Non-Executive Director and Audit Committee Member, VEDAN Enterprise Corporation.

Director	Release Non-competition restrictions Items
	Independent Director, Pili International Multimedia Co., Ltd. Director, Forcecon Tech. Co., Ltd. Independent Director, Longwell Company. Director, Tai-Saw Technology Co., Ltd.

Appendices

Alpha Networks Inc.

**Rules of Procedure for Shareholders' Meeting
(Before the Amendment)**

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 Company 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

Chapter 1 General Provisions

Article 1

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

Article 2

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

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

Article 3

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

Article 4

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

Article 5

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

Article 6

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

Chapter 2 Shares

Article 7

The authorized capital of the Company is NT\$ 8,000 million, divided into 800 million shares, with a par value of NT\$10 per share and the board of directors is authorized to issue the shares in separate installments as required. The Company may issue employee stock options from time to time. A total of 50 million shares among the above total capital should be reserved for issuing employee stock options. The board of directors is also authorized to issue options in separate installments as required. The employees qualified for certain requirements shall be included in the recipients of the issuance of shares, the recipients of employee stock options, recipients of employee restricted shares plan and the recipients of issuance of shares reserved for subscription by employees. The board of directors is authorized to set the "certain requirements".

Article 8

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

Article 9

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

Article 10

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

Chapter 3 Shareholders' Meeting

Article 11

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

to the convening date of a special shareholders' meeting, or within 5 days prior to the date on which the distribution of dividends, bonus or other benefits, registration for transfer of shares shall be suspended.

Article 12

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

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

Article 12-1

The Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

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.
Its sixteenth amendment was made on 31st May, 2022.

Alpha Networks Inc.

Regulations Governing the Election of Directors

The Regulation was formulated on March 2nd, 2004.

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

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

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

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

Article 1

Unless otherwise provided by Company Act or by this Company's articles of incorporation, election of directors shall be conducted in accordance with these Regulations.

Article 2

The election of the company's directors is selected in Annual shareholders meeting.

Article 3

In the election of Directors of the Company, the recorded cumulative voting system is implemented. The recorded voting of candidates shall be replaced by the attendance number printed on the ballot.

Article 4

Each share shall have voting rights equivalent to the number of seats to be elected in the election of Directors of the Company. The elections for independent directors and non-independent directors shall be held concurrently with the numbers of candidates elected separately.

Article 5

The numbers of the directors of the Company shall be as specified by the Articles of Incorporation of the Company. In the election for the independent directors and directors of the Company, the candidates receiving ballots representing the highest number of voting rights sequentially shall be elected.

Article 6

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Article 7

The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 8

The ballot should be issued according to the attendance number, and its right should be added-in. If the candidate is a shareholder of this Company, voters shall fill in the “candidate” column the candidate’s name and the candidate’s shareholder’s number. If the candidate is not a shareholder of this Company, voters shall fill in the “candidate” column the candidate’s name and the candidate’s ID number. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) shall be filled in the “candidate” column. If there are multiple representatives, these representatives’ names shall be filled in separately.

Article 9

Ballots shall be deemed void in either one of the following conditions:

1. Use different the ballots of this regulation rules are prohibited.
2. Blank ballots voted in the ballot box by the voter;
3. The handwriting on the ballots is too illegible to be identified;
4. The candidate whose name is enter in the ballot is a shareholder, but the candidate’s account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate’s name and identity card number do not match;
5. Other words or marks are written in addition to the candidate’s account name(or identity card number) and the number of voting rights allotted;
6. The number of write-in candidates is more than one candidate;
7. One of the candidate’s account name (or identity card number) and the number of voting rights allotted is altered.

Article 10

After the end of the poll, and the results of the calculation shall be announced by the chair on the site.

Article 11

The board of directors of the Company shall issue notifications to the person elected as directors.

Article 12

The matters not provided of the Regulation in accordance with the Company Law and other relevant Laws. The Regulation and any amendments hereto, shall be implemented after approval by a shareholders’ meeting.

Alpha Networks Inc.

Shareholding of Directors

Book Closure Date: April 2, 2023

Title	Name	Date elected	Shareholding when elected			Current shareholding		
			Type	Shares	%	Type	Shares	%
Chairperson	Representative of Qisda Corporation: Wen-Fang 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 Chen							
Director	Representative of Qisda Corporation: Han-Zhou Huang							
Director	Representative of Qisda Corporation: Chiu-Chin 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 2, 2023.

Note: The minimum number of shares that shall be held by all directors of the Company is 17,334,990. As of April 2, 2023, 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)

The Company had set up the audit committee and therefore the number of shares held by supervisors did not apply.

ALPHA Networks

No.8, Li-shing 7th Rd., Science-based Industrial Park, Hsinchu, Taiwan, R.O.C.

Tel: 886-3-5636666 Fax: 886-3-5636789

▲ www.alphanetworks.com