

**ALPHA NETWORKS INC. AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2024 and 2023**

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

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## Independent Auditors' Review Report

To the Board of Directors  
Alpha Networks Inc.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Alpha Networks Inc. and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Unqualified Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Alpha Networks Inc. and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



The engagement partners on the reviews resulting in this independent auditors' review report are Chun-Yuan Wu and Wei-Ming Shin.

KPMG

Taipei, Taiwan (Republic of China)

May 3, 2024

#### **Notes to Readers**

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

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

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

Consolidated Balance Sheets

March 31, 2024, December 31 and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2024		December 31, 2023		March 31, 2023			Liabilities and Equity	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>						
1100 Cash and cash equivalents (note 6(1))	\$ 5,273,936	21	3,200,675	14	4,006,913	15	2100 Short-term borrowings (note 6(13))	\$ 3,025,470	12	880,246	4	3,200,755	12	
1110 Current financial assets at fair value through profit or loss (note 6(2))	9,052	-	36,298	-	39,981	-	2120 Current financial liabilities at fair value through profit or loss (note 6(2))	23,664	-	778	-	6,399	-	
1136 Current financial assets at amortized cost (notes 6(1), (5) and 8)	-	-	20,000	-	220,000	1	2170 Accounts payable (including related parties) (note 7)	3,417,041	14	4,269,356	18	5,199,869	20	
1170 Notes and accounts receivable, net (notes 6(3) and (23))	4,136,036	17	4,898,517	21	4,941,038	19	2209 Accrued expenses	398,043	2	565,992	2	511,831	2	
1180 Accounts receivable due from related parties, net (notes 6(3) and 7)	97	-	765	-	250	-	2216 Dividends payable	743,260	3	-	-	1,208,651	5	
130x Inventories (note 6(4))	7,312,242	30	7,454,980	31	9,438,255	35	2230 Current tax liabilities	401,330	2	378,337	2	533,298	2	
1461 Non-current assets held for sale (note 6(6))	114,837	-	110,769	-	-	-	2250 Current provisions (note 6(15))	311,498	1	366,787	2	397,598	1	
1470 Other current assets (notes 6(12), 7 and 8)	779,365	3	745,897	3	1,037,076	4	2260 Liabilities related to non-current assets classified as held for sale, current portion (note 6(6))	-	-	1,137	-	-	-	
	<u>17,625,565</u>	<u>71</u>	<u>16,467,901</u>	<u>69</u>	<u>19,683,513</u>	<u>74</u>	2399 Other current liabilities (notes 6(16), (18), (23) and 7)	2,019,705	8	2,298,891	9	1,924,341	7	
<b>Non-current assets:</b>								<u>10,340,011</u>	<u>42</u>	<u>8,761,524</u>	<u>37</u>	<u>12,982,742</u>	<u>49</u>	
1517 Non-current financial assets at fair value through other comprehensive income (note 6(7))	191,331	-	191,331	1	171,994	-	2530 Bonds payable(note 6(17))	167,765	-	264,612	1	570,126	3	
1535 Non-current financial assets at amortized cost (notes 6(1), (3), (5) and 8)	168,106	-	171,565	-	128,112	-	2540 Long-term borrowings (note 6(14))	705,000	3	700,000	3	-	-	
1600 Property, plant and equipment (notes 6(9) and 7)	4,266,458	17	4,273,214	18	4,431,108	17	2580 Non-current lease liabilities (note 6(18))	291,318	1	292,911	1	225,268	1	
1755 Right-of use asset (note 6(10))	654,702	3	649,134	3	518,016	2	2640 Net defined benefit liability	84,913	-	105,243	-	103,860	-	
1780 Intangible assets (note 6(11) and 7)	1,152,823	5	1,185,129	5	1,273,049	5	2670 Other non-current liabilities (notes 6(15))	344,141	2	344,474	2	135,605	-	
1840 Deferred tax assets	500,301	2	496,387	2	199,650	1		<u>1,593,137</u>	<u>6</u>	<u>1,707,240</u>	<u>7</u>	<u>1,034,859</u>	<u>4</u>	
1990 Other non-current assets (notes 6(12) and (19))	367,122	2	364,182	2	202,101	1	<b>Total liabilities</b>	<u>11,933,148</u>	<u>48</u>	<u>10,468,764</u>	<u>44</u>	<u>14,017,601</u>	<u>53</u>	
	<u>7,300,843</u>	<u>29</u>	<u>7,330,942</u>	<u>31</u>	<u>6,924,030</u>	<u>26</u>	<b>Equity (note 6(21)):</b>							
<b>Total assets</b>	<u>\$ 24,926,408</u>	<u>100</u>	<u>23,798,843</u>	<u>100</u>	<u>26,607,543</u>	<u>100</u>	Equity attributable to owners of parent:							
							3110 Ordinary share	5,417,185	22	5,417,185	23	5,417,185	20	
							3200 Capital surplus	2,605,072	10	2,595,804	11	2,564,934	10	
							Retained earnings:							
							3310 Legal reserve	1,266,681	5	1,266,681	5	1,169,989	4	
							3320 Special reserve	226,548	1	226,548	1	447,091	2	
							3350 Unappropriated retained earnings	294,261	1	774,486	3	277,590	1	
								<u>1,787,490</u>	<u>7</u>	<u>2,267,715</u>	<u>9</u>	<u>1,894,670</u>	<u>7</u>	
							3400 Other equity interest	(83,800)	-	(267,983)	(1)	(215,114)	(1)	
							<b>Total equity attributable to owners of parent:</b>	<u>9,725,947</u>	<u>39</u>	<u>10,012,721</u>	<u>42</u>	<u>9,661,675</u>	<u>36</u>	
							36XX Non-controlling interests (notes 6(8) and (21))	3,267,313	13	3,317,358	14	2,928,267	11	
							<b>Total equity</b>	<u>12,993,260</u>	<u>52</u>	<u>13,330,079</u>	<u>56</u>	<u>12,589,942</u>	<u>47</u>	
							<b>Total liabilities and equity</b>	<u>\$ 24,926,408</u>	<u>100</u>	<u>23,798,843</u>	<u>100</u>	<u>26,607,543</u>	<u>100</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2024 and 2023**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended March 31,			
		2024		2023	
		Amount	%	Amount	%
4000	<b>Operating revenue</b> (notes 6(23) and 7)	\$ 5,180,200	100	7,869,340	100
5000	<b>Operating costs</b> (notes 6(4),(19),(24) and 7)	4,172,315	81	6,469,569	82
	<b>Gross profit</b>	1,007,885	19	1,399,771	18
	<b>Operating expenses</b> (notes 6(3),(19),(24) and 7):				
6100	Selling expenses	260,991	5	298,966	4
6200	Administrative expenses	242,692	4	315,152	4
6300	Research and development expenses	398,475	8	463,188	6
6450	Expected credit loss	8,674	-	9,155	-
	<b>Total operating expenses</b>	910,832	17	1,086,461	14
	<b>Net operating income</b>	97,053	2	313,310	4
	<b>Non-operating income and expenses:</b>				
7010	Other income (note 6(26))	33,771	1	19,836	-
7020	Other gains and losses, net (note 6(27))	(7,931)	-	(45,409)	(1)
7050	Finance costs (note 6(28))	(32,771)	(1)	(31,541)	-
7100	Interest income (note 6(25))	12,878	-	17,061	-
	<b>Total non-operating income and expenses</b>	5,947	-	(40,053)	(1)
	<b>Profit before tax</b>	103,000	2	273,257	3
7950	Less: Income tax expenses (note 6(20))	23,241	-	86,403	1
	<b>Profit</b>	79,759	2	186,854	2
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plans	648	-	-	-
	<b>Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss</b>	648	-	-	-
8360	<b>Components of other comprehensive loss that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements (note 6(21))	228,066	4	4,210	-
	<b>Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss</b>	228,066	4	4,210	-
8300	<b>Other comprehensive income, net of income tax</b>	228,714	4	4,210	-
8500	<b>Total comprehensive income</b>	\$ 308,473	6	191,064	2
	<b>Profit attributable to:</b>				
8610	Owners of parent	66,508	2	173,899	2
8620	Non-controlling interests	13,251	-	12,955	-
		\$ 79,759	2	186,854	2
8700	<b>Total comprehensive income attributable to:</b>				
8710	Owners of parent	251,094	5	185,334	2
8720	Non-controlling interests	57,379	1	5,730	-
		\$ 308,473	6	191,064	2
	<b>Earnings per share</b> (New Taiwan dollars) (note 6(22))				
	Basic earnings per share	\$ 0.12		0.32	
	Diluted earnings per share	\$ 0.12		0.32	

See accompanying notes to consolidated financial statements.

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

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest		Total equity attributable to owners of parent	Non-controlling interests	Total equity		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains on financial assets measured at fair value through other comprehensive income				Equity related to non-current assets held for sale	Total other equity interest
<b>Balance at January 1, 2023</b>	\$ 5,417,185	2,544,401	1,169,989	447,091	1,019,195	2,636,275	(233,127)	6,578	-	(226,549)	10,371,312	3,185,307	13,556,619
Profit	-	-	-	-	173,899	173,899	-	-	-	-	173,899	12,955	186,854
Other comprehensive income (loss)	-	-	-	-	-	-	11,435	-	-	11,435	11,435	(7,225)	4,210
Total comprehensive income (loss)	-	-	-	-	173,899	173,899	11,435	-	-	11,435	185,334	5,730	191,064
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	-	(915,504)	(915,504)	-	-	-	-	(915,504)	-	(915,504)
Donation from shareholders	-	16	-	-	-	-	-	-	-	-	16	-	16
Changes in ownership interests in subsidiaries	-	20,517	-	-	-	-	-	-	-	-	20,517	9,967	30,484
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(293,147)	(293,147)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	20,410	20,410
<b>Balance at March 31, 2023</b>	\$ <u>5,417,185</u>	<u>2,564,934</u>	<u>1,169,989</u>	<u>447,091</u>	<u>277,590</u>	<u>1,894,670</u>	<u>(221,692)</u>	<u>6,578</u>	<u>-</u>	<u>(215,114)</u>	<u>9,661,675</u>	<u>2,928,267</u>	<u>12,589,942</u>
<b>Balance at January 1, 2024</b>	\$ 5,417,185	2,595,804	1,266,681	226,548	774,486	2,267,715	(243,018)	18,614	(43,579)	(267,983)	10,012,721	3,317,358	13,330,079
Profit	-	-	-	-	66,508	66,508	-	-	-	-	66,508	13,251	79,759
Other comprehensive income (loss)	-	-	-	-	403	403	184,183	-	-	184,183	184,586	44,128	228,714
Total comprehensive income (loss)	-	-	-	-	66,911	66,911	184,183	-	-	184,183	251,094	57,379	308,473
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	-	(547,136)	(547,136)	-	-	-	-	(547,136)	-	(547,136)
Donation from shareholders	-	10	-	-	-	-	-	-	-	-	10	-	10
Changes in ownership interests in subsidiaries	-	9,258	-	-	-	-	-	-	-	-	9,258	(9,258)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(196,124)	(196,124)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	97,958	97,958
Equity related to non-current assets held for sale	-	-	-	-	-	-	(2,390)	-	2,390	-	-	-	-
<b>Balance at March 31, 2024</b>	\$ <u>5,417,185</u>	<u>2,605,072</u>	<u>1,266,681</u>	<u>226,548</u>	<u>294,261</u>	<u>1,787,490</u>	<u>(61,225)</u>	<u>18,614</u>	<u>(41,189)</u>	<u>(83,800)</u>	<u>9,725,947</u>	<u>3,267,313</u>	<u>12,993,260</u>

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31,	
	2024	2023
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 103,000	273,257
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	130,238	140,964
Amortization expense	53,556	55,264
Expected credit loss	8,674	9,155
Net loss on financial assets or liabilities at fair value through profit or loss	20,640	6,055
Interest expense	32,771	31,541
Interest income	(12,878)	(17,061)
Loss on disposal of property, plant and equipment	575	-
Provisions for inventory obsolescence and devaluation loss	50,382	84,592
Gain on disposal of investments	-	(1,775)
<b>Total adjustments to reconcile profit</b>	283,958	308,735
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	807,329	643,069
Financial assets mandatorily at fair value through profit or loss	30,309	(604)
Inventories	187,055	(76,699)
Other current assets	(29,982)	48,959
Financial liabilities held for trading	(778)	(9,836)
Accounts payable (including related parties)	(878,885)	160,785
Other payable to related parties	7,977	(2,968)
Other current liabilities	(523,251)	(832,949)
Net defined benefit liability	(19,682)	(41,782)
Other non-current liabilities	(1,449)	(12,597)
<b>Total changes in operating assets and liabilities</b>	(421,357)	(124,622)
<b>Total adjustments</b>	(137,399)	184,113

(Continued)

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows generated (used in) from operations	\$ (34,399)	457,370
Interest received	12,980	16,653
Interest paid	(21,428)	(27,436)
Income taxes paid	(2,908)	(34,370)
<b>Net cash flows (used in) from operating activities</b>	<b>(45,755)</b>	<b>412,217</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of financial assets at fair value through profit or loss	-	23,766
Acquisition of financial assets at amortized cost	-	(220,000)
Proceeds from repayments of financial assets at amortized cost	41,000	2,730
Decrease in cash of non-current assets classified as held for sale	(19,189)	-
Acquisition of property, plant and equipment	(31,703)	(356,967)
Proceeds from disposal of property, plant and equipment	-	20,835
Decrease (increase) in refundable deposits	(15,044)	13,981
Acquisition of intangible assets	(20,481)	(23,956)
Decrease in other non-current assets	9,390	191,755
<b>Net cash flows used in investing activities</b>	<b>(36,027)</b>	<b>(347,856)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	3,406,548	2,813,046
Repayments of short-term borrowings	(1,330,495)	(3,445,699)
Proceeds from bonds payable	-	631,884
Proceeds from long-term borrowings	5,000	-
Repayments of long-term borrowings	-	(26,000)
Decrease in guarantee deposits received	(124)	(443)
Payment of lease liabilities	(9,007)	(11,341)
Donation from shareholders	10	16
<b>Net cash flows from (used in) financing activities</b>	<b>2,071,932</b>	<b>(38,537)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>83,111</b>	<b>(103,195)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,073,261</b>	<b>(77,371)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,200,675</b>	<b>4,084,284</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,273,936</b>	<b>4,006,913</b>

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**1. Company history**

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

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

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 3, 2024.

**3. New standards, amendments and interpretations adopted:**

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

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

The new and amended standards, which have not yet to be endorsed by the FSC, are as follows:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

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- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”
- IFRS 18 “Presentation and Disclosure in Financial Statements”

As of the reporting date, except for IFRS 17 “Insurance Contracts” and its related amendments are not relevant to the Group, the Group is evaluating the impact of its initial adoption of the remaining standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

**4. Summary of material accounting policies:**

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

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC, and do not include all of the information required by the IFRSs, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRSs endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except as described in the following paragraph (2), (3) and (4), the Group's significant accounting policies are applied consistently with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of consolidation

A. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			March 31, 2024	December 31, 2023	March 31, 2023
Alpha	Alpha Holdings Inc. (Alpha Holdings) (note1)	Investment holding	- %	- %	100.00%
Alpha	Alpha Solutions Co., Ltd. (Alpha Solutions)	Sale of network equipment, components and technical services	100.00%	100.00%	100.00%
Alpha	Alpha Networks, Inc. (Alpha USA)	Sale, marketing and procurement services in USA	100.00%	100.00%	100.00%

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<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business Activities</u>	<u>Shareholding</u>		
			<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Alpha	Alpha Networks (Hong Kong) Limited (Alpha HK)	Investment holding	100.00%	100.00%	100.00%
Alpha	Alpha Technical Services Inc. (ATS)	Post-sale service	100.00%	100.00%	100.00%
Alpha	Enrich Investment Corporation (Enrich Investment)	Investment holding	100.00%	100.00%	100.00%
Alpha	D-Link Asia Investment Pte. Ltd. (D-Link Asia) (note7)	Investment in manufacturing business	- %	- %	100.00%
Alpha	Hitron Technologies Inc. (Hitron Technologies)	Marketing on system integration of communication product and telecommunication products	62.24%	62.24%	62.24%
Alpha	Alpha Networks Vietnam Company Limited (Alpha VN)	Production and sale of network products	100.00%	100.00%	100.00%
Alpha	Alpha Networks (Chengdu) Co., Ltd. (Alpha Chengdu) (note 2)	Research and development of network products	100.00%	100.00%	- %
D-Link Asia	Alpha Networks (Dongguan) Co., Ltd. (Alpha Dongguan) (note7)	Production and sale of network products	- %	- %	100.00%
D-Link Asia	Alpha Networks (Chengdu) Co., Ltd. (Alpha Chengdu) (note2)	Research and development of network products	- %	- %	100.00%
Alpha Dongguan	Mirac Networks (Dongguan) Co., Ltd. (Mirac) (note 3)	Production and sale of network products	- %	- %	100.00%
Alpha HK	Alpha Networks (Changshu) Ltd. (Alpha Changshu)	Production and sale of network products	100.00%	100.00%	100.00%

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<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business Activities</u>	<u>Shareholding</u>		
			<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd. (Mirac) (note 3)	Production and sale of network products	100.00%	100.00%	- %
Alpha Changshu	Alpha Electronics Trading (Changshu), Ltd. (Alpha Changshu Trading) (note 4)	Production and sale of network products	100.00%	100.00%	- %
Enrich Investment	Transnet Corporation (Transnet)	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	100.00%	100.00%	100.00%
Enrich Investment	Interactive Digital Technologies Inc. (Interactive Digital) (note 5 and 6)	Telecommunication and broadband network system services	5.54%	5.61%	6.40%
Enrich Investment	Aespula Technology INC. (Aespula)	Sale of network equipment, components and technical services	98.92%	98.92%	98.92%
Hitron Technologies	Hitron Technologies (Samoa) Inc (Hitron Samoa)	International trade	100.00%	100.00%	100.00%
Hitron Technologies	Interactive Digital Technologies Inc. (Interactive Digital) (note 5 and 6)	Telecommunication and broadband network system services	35.03%	36.39%	41.49%
Hitron Technologies	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%	100.00%
Hitron Technologies	Hitron Technologies (Americas) Inc. (Hitron Americas)	International trade	100.00%	100.00%	100.00%
Hitron Technologies	Innoauto Technologies Inc. (Innoauto Technologies)	Investment and automotive electronics products	100.00%	100.00%	100.00%

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<b>Name of Investor</b>	<b>Name of Investee</b>	<b>Main Business Activities</b>	<b>Shareholding</b>		
			<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Hitron Technologies	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Production and sale of broadband telecommunication products	100.00%	100.00%	100.00%
Hitron Samoa	Hitron Technologies (SIP) Inc (Hitron Suzhou)	Production and sale of broadband telecommunications products	100.00%	100.00%	100.00%
Hitron Samoa	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	100.00%	100.00%
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (Hwa Chi Technologies)	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	100.00%	100.00%	100.00%

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

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

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

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

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

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

Note 7: On December 28, 2023, Alpha entered into the agreement with non-related party to dispose the entire shares of D-Link Asia and Alpha Dongguan. Since the expected day of settlement was in June, 2024, the abovementioned assets and liabilities were reclassified as non-current assets and liabilities held for sale.

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

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(3) Employee benefits

The defined benefit pension cost for an interim period is calculated on a year to date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time, as well as significant curtailments settlement, or other significant one-time events.

(4) Income tax

Income tax expense in the financial statements is measured and disclosed in according to paragraph B12 of IAS 34 endorsed by the FSC.

Income tax expense for the period is best estimated by multiplying pretax income for the reporting period by the effective annual tax rate as forecasted by the management. This is recognized fully as income tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases are measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as income tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRS Accounting Standards (in accordance with IAS 34 endorsed by the FSC) requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

The preparation of the consolidated financial statements, the major sources of accounting judgments, estimations and assumptions of uncertainty are applied consistently with note 5 of the consolidated financial statements for the year ended December 31, 2023.

**6. Explanation of significant accounts:**

Except as described below, there were no significant changes in the description of significant accounts mentioned in the consolidated financial statements for the year ended December 31, 2023. For other information about the description of significant accounts, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023.

(1) Cash and cash equivalents

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Cash on hand	\$ 1,150	1,217	1,000
Checking and savings accounts	3,065,731	2,107,735	2,722,564
Time deposits	1,907,055	1,091,723	483,349
Cash equivalents	<u>300,000</u>	<u>-</u>	<u>800,000</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 5,273,936</u>	<u>3,200,675</u>	<u>4,006,913</u>

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

As of March 31, 2024, December 31 and March 31, 2023, deposits with original maturities of more than three months were \$0 thousand, \$41,000 thousand and \$220,000 thousand respectively, and were recorded in financial assets measured at amortized cost. Please refer to note 6(5).

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Financial assets mandatorily measured at fair value through profit or loss – current			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 2,704	575	365
Foreign exchange swaps	390	29,734	2,044
Non-derivative financial assets			
Stocks listed on domestic markets	5,958	5,989	37,572
Total	<b>\$ 9,052</b>	<b>36,298</b>	<b>39,981</b>
Financial liabilities held for trading – current			
Forward exchange contracts	\$ 3,674	148	6,260
Foreign exchange swaps	19,990	630	139
Total	<b>\$ 23,664</b>	<b>778</b>	<b>6,399</b>

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

	<b>March 31, 2024</b>			
	<b>Nominal principal (in thousands)</b>		<b>Currency</b>	<b>Maturity date</b>
Forward exchange contracts	USD	19,810	USD to CNY	April 2024 ~ May 2024
Forward exchange contracts	EUR	1,700	EUR to NTD	April 2024 ~ June 2024
Forward exchange contracts	USD	2,000	USD to NTD	April 2024
Forward exchange contracts	USD	25,000	USD to VND	April 2024 ~ June 2024
Foreign exchange swaps	CNY	10,000	CNY to NTD	April 2024
Foreign exchange swaps	USD	51,000	USD to NTD	April 2024



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<b>December 31, 2023</b>				
	<b>Nominal principal</b>	<b>(in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
Forward exchange contracts	USD	13,990	USD to CNY	January 2024 ~ February 2024
Forward exchange contracts	EUR	1,700	EUR to NTD	March 2024
Forward exchange contracts	USD	3,000	USD to NTD	January 2024
Forward exchange contracts	USD	800	USD to VND	January 2024
Foreign exchange swaps	CNY	10,000	CNY to NTD	January 2024
Foreign exchange swaps	USD	51,000	USD to NTD	January 2024

  

<b>March 31, 2023</b>				
	<b>Nominal principal</b>	<b>(in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
Forward exchange contracts	USD	1,760	USD to EUR	May 2023
Forward exchange contracts	USD	22,800	USD to NTD	April 2023 ~ July 2023
Forward exchange contracts	USD	15,960	USD to CNY	April 2023 ~ May 2023
Forward exchange contracts	EUR	4,630	EUR to NTD	April 2023 ~ May 2023
Foreign exchange swaps	CNY	28,000	NTD to CNY	April 2023
Foreign exchange swaps	USD	16,000	USD to NTD	April 2023

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes and accounts receivable	\$ 4,156,513	4,910,886	4,985,816
Less: loss allowances	(20,380)	(11,604)	(44,528)
	<b>\$ 4,136,133</b>	<b>4,899,282</b>	<b>4,941,288</b>

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

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

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

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 3,638,136	0.00%	-
Less than 90 days past due	441,465	0.75%	3,312
91 to 180 days past due	59,558	20.36%	12,127
More than 181 days past due	85,311	85.45%	72,898
	<b>\$ 4,224,470</b>		<b>88,337</b>

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

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 4,335,073	0.00%	-
Less than 90 days past due	488,443	0.83%	4,041
91 to 180 days past due	152,300	20.02%	30,487
More than 181 days past due	77,957	100%	77,957
	<b>\$ 5,053,773</b>		<b>112,485</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 79,561	103,376
Impairment losses recognized	8,674	9,155
Effect of changes in exchange rates	102	(46)
Balance at March 31	<b>\$ 88,337</b>	<b>112,485</b>

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(4) Inventories

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Raw materials	\$ 3,996,625	4,146,936	4,579,000
Work in progress and semi-finished products	653,153	540,338	1,221,433
Finished goods and merchandises	<u>2,662,464</u>	<u>2,767,706</u>	<u>3,637,822</u>
	<u>\$ 7,312,242</u>	<u>7,454,980</u>	<u>9,438,255</u>

The components of operating cost were as below:

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 4,121,933	6,384,977
Provision for inventory obsolescence and devaluation loss	<u>50,382</u>	<u>84,592</u>
	<u>\$ 4,172,315</u>	<u>6,469,569</u>

As of March 31, 2024, December 31 and March 31, 2023, the Group's inventories were not pledged.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current:			
Time deposits	\$ <u>-</u>	<u>20,000</u>	<u>220,000</u>
Non-current:			
Restricted deposits	\$ 23,513	21,043	18,938
Refundable deposits	144,593	129,522	109,174
Overdue receivables	67,957	67,957	67,957
Less: loss allowances	(67,957)	(67,957)	(67,957)
Time deposits	<u>-</u>	<u>21,000</u>	<u>-</u>
	<u>\$ 168,106</u>	<u>171,565</u>	<u>128,112</u>

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

As of March 31, 2024, December 31 and March 31, 2023, the Group held bank time deposits with variable interest rates, and the average interest rates ranged between 0.56%~5.30%, 0.56%~5.5% and 0.56%~1.57%, respectively.

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

**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
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(6) Non-current assets held for sale

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

As of March 31, 2024, the amount of assets and liabilities, which was reclassified as non-current assets held for sale was \$114,837 thousand and \$0 thousand, respectively.

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

There were no significant changes in non-current assets held for sale for the three months ended March 31, 2024. Please refer to note 6(6) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Domestic unlisted stocks	\$ 159,902	159,902	140,565
Limited partnership unlisted stocks	31,429	31,429	31,429
	<u>\$ 191,331</u>	<u>191,331</u>	<u>171,994</u>

As of March 31, 2024, December 31 and March 31, 2023, the Group's financial assets above were not pledged.

According to the agreements from the conference that held by the partners of Ignition Ventures, the lifetime of the investment to Ignition Ventures from October 2022 would be extended without limits. The carrying amount of above assets, which was classified as financial assets at fair value through other comprehensive income from the original investment, was \$31,429 thousand as of March 31, 2024.

Based on the Q&A issued by FSC, the accounting treatment issued based on the IFRS Q&A dated June 15, 2023 need not be applied retroactively to investments in limited partnership companies prior to June 30, 2023. Thus, the Group continues to measure its limited partnership investment in Ignition Ventures at fair value through other comprehensive income.

(8) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Hitron Technologies Inc.	Taiwan	37.76%	37.76%	37.76%

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The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRSs endorsed by the FSC. The fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date are included in these information. Intragroup transactions were not eliminated in this information.

Hitron Technologies Inc.'s collective financial information:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current assets	\$ 8,861,850	7,715,903	9,419,460
Non-current assets	4,036,648	4,140,976	4,021,097
Current liabilities	(4,367,635)	(3,157,286)	(5,810,713)
Non-current liabilities	(1,238,093)	(1,334,874)	(662,086)
Net assets	<u>\$ 7,292,770</u>	<u>7,364,719</u>	<u>6,967,758</u>
Non-controlling interests	<u>\$ (1,264,399)</u>	<u>(1,322,300)</u>	<u>(934,352)</u>
Net assets of investees	<u>\$ 6,028,371</u>	<u>6,045,511</u>	<u>6,033,406</u>
Book value of non-controlling interests	<u>\$ 3,266,440</u>	<u>3,136,485</u>	<u>2,927,394</u>

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating revenue	<u>\$ 2,109,786</u>	<u>2,810,623</u>
Profit (loss)	\$ (15,198)	18,920
Other comprehensive income (loss)	116,864	(19,134)
Total comprehensive income (loss)	<u>\$ 101,666</u>	<u>(214)</u>
Profit (loss) attributable to non-controlling interests	<u>\$ (19,003)</u>	<u>11,223</u>
Total comprehensive income, attributable to non-controlling interests	<u>\$ 24,880</u>	<u>17,246</u>
Net cash flows from operating activities	\$ 252,581	(197,231)
Net cash flows from investing activities	78,677	(232,871)
Net cash flows from financing activities	721,657	375,122
Effect of exchange rate changes on cash and cash equivalents	36,534	20,187
Net increase (decrease) in cash and cash equivalents	<u>\$ 1,089,449</u>	<u>(34,793)</u>
Dividends paid to non-controlling interests	<u>\$ 196,124</u>	<u>293,147</u>

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(9) Property, plant and equipment

The carrying amount of property, plant and equipment of the Group was as follow:

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Office, transportation and other facilities</u>	<u>Total</u>
Carrying amounts:					
Balance at January 1, 2024	\$ 879,267	2,346,885	912,740	134,322	4,273,214
Balance at March 31, 2024	\$ 881,881	2,352,254	894,803	137,520	4,266,458
Balance at January 1, 2023	\$ 879,225	2,159,331	1,002,897	180,604	4,222,057
Balance at March 31, 2023	\$ 878,703	2,370,856	986,482	195,067	4,431,108

There were no significant additions, disposal and reversal of property, plant and equipment for the three months ended March 31, 2024 and 2023. Please refer to note 12 of the depreciation. Please refer to note 6(9) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

As of March 31, 2024, December 31 and March 31, 2023, the Group's property, plant and equipment were not pledged.

(10) Right-of-use assets

The carrying amount of right-of-use assets of the Group was as follow:

	<u>Land</u>	<u>Buildings</u>	<u>Transport- ation and other equipment</u>	<u>Total</u>
Carrying amount:				
Balance at January 1, 2024	\$ 528,229	113,099	7,806	649,134
Balance at March 31, 2024	\$ 536,727	109,728	8,247	654,702
Balance at January 1, 2023	\$ 389,322	32,277	6,261	427,860
Balance at March 31, 2023	\$ 458,594	53,265	6,157	518,016

There were no significant additions, disposal, or recognition and reversal of impairment losses of the right-of-use assets for the three months ended March 31, 2024 and 2023. Please refer to note 12 of the depreciation. Please refer to note 6(10) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

As of March 31, 2024, December 31 and March 31, 2023, the Group's right-of-use assets were not pledged.

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(11) Intangible asset

The carrying amount of intangible asset of the Group was as follow:

	<u>Core Technology</u>	<u>Brand Name</u>	<u>Customer relationship</u>	<u>Goodwill</u>	<u>Software application and others</u>	<u>Total</u>
Carrying amount						
Balance at January 1, 2024	\$ 94,407	137,927	220,527	578,900	153,368	1,185,129
Balance at March 31, 2024	\$ 86,540	132,180	209,501	578,900	145,702	1,152,823
Balance at January 1, 2023	\$ 125,875	160,914	264,633	578,900	174,115	1,304,437
Balance at March 31, 2023	\$ 118,008	155,167	253,606	578,900	167,368	1,273,049

There were no significant additions, disposal or recognition and reversal of impairment losses of the intangible assets for the three months ended March 31, 2024 and 2023. Please refer to note 12 of the amortization. Please refer to note 6(11) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

As of March 31, 2024, December 31 and March 31, 2023, the Group's intangible assets were not pledged.

(12) Other current assets and other non-current assets

The other current assets and other non-current assets of the Group were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepayments for plants and equipment	\$ 348,227	346,261	186,381
Business tax receivable	131,597	159,560	130,259
Income tax receivable	146,912	139,652	122,364
Advance payment	9,086	16,450	114,153
Other receivables (including related parties)	379,987	328,138	565,113
Others	130,678	120,018	120,847
	<u>\$ 1,146,487</u>	<u>1,110,079</u>	<u>1,239,117</u>
Other current assets	\$ 779,365	745,897	1,037,076
Other non-current assets	367,122	364,182	202,101
	<u>\$ 1,146,487</u>	<u>1,110,079</u>	<u>1,239,177</u>

(13) Short-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured bank loans	\$ 3,025,470	880,246	3,200,755
Unused short-term credit lines	\$ 15,383,906	17,968,386	13,763,865
Range of interest rates	1.75%~ 6.16%	4.3%~ 6.33%	1.5%~ 5.59%

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(14) Long-term borrowings

<b>March 31, 2024</b>				
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.79050%	2025 (note 1)	\$ 300,000
	NTD	1.89617%	2026 (note 2)	400,000
	NTD	0.5%	2026	<u>5,000</u>
Subtotal				705,000
Less: current portion				<u>-</u>
Total				<u><u>\$ 705,000</u></u>
Unused long-term credit lines				<u><u>\$ 155,000</u></u>

<b>December 31, 2023</b>				
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.79050%	2025 (note 1)	\$ 300,000
	NTD	1.89617%	2026 (note 2)	<u>400,000</u>
Subtotal				700,000
Less: current portion				<u>-</u>
Total				<u><u>\$ 700,000</u></u>
Unused long-term credit lines				<u><u>\$ 100,000</u></u>

<b>March 31, 2023</b>				
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Total	-	-	-	<u><u>\$ -</u></u>
Unused long-term credit lines				<u><u>\$ -</u></u>

Note 1: These loans are repayable in tranches over the next 2 years (to be paid over 2 installments). The first period of repayment is 18 months after the first loan is used, and the subsequent 6 months is considered as the next period of repayment. The repayment period for used loans was not longer than 2 years after the date of the first loan being used.

Note 2: These loans are repayable in tranches over the next 3 years (to be paid over 3 installments). The first period of repayment is 24 months after the first loan is used, and the subsequent 6 months is considered as the next period of repayment. The repayment of the loans for the first and second installments is each 20% of the loan amount. The interest expense is calculated in the monthly basis.

The financial commitments were as follows for the long-term bank loans with KGI Bank.

- A. Current ratio (current assets/current liabilities) was no less than 100%.
- B. Debt Ratio (total liabilities/net value) was no more than 150%.
- C. (Cash and cash equivalents + yearly EBITDA)/(short-term borrowings + long-term borrowings within one years) was no less than one.



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The benchmark used to evaluate the aforementioned ratio is based on the Group's yearly and halfyearly consolidated financial statements that have been audited or reviewed by the auditor of the Group. When the Group breaches the above financial commitments, it is required to repay all the loans owing to KGI Bank immediately.

As of the reporting date, there have been no breaches of the aforementioned financial commitments by the Group.

(15) Provisions

The provision for warranties relates mainly to network product sold and professional services provide. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

The provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

There were no significant additions, disposal of the provisions for the three months ended March 31, 2024 and 2023. Please refer to note 6(15) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

(16) Other current liabilities

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Payroll and bonus payable	\$ 541,081	767,734	914,565
Contract liabilities (note 6(23))	1,109,343	1,242,077	779,440
Lease liabilities-current (note 6(18))	29,764	31,192	38,038
Other accounts payable-related parties (note 7)	8,687	710	12,834
Others	330,830	257,178	179,464
	<b><u>\$ 2,019,705</u></b>	<b><u>2,298,891</u></b>	<b><u>1,924,341</u></b>

(17) Bonds payable

The details of secured and unsecured convertible corporate bonds issued by Interactive Digital, a subsidiary of the Group were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Total convertible corporate bonds issued	\$ 600,000	600,000	600,000
Unamortized discounted payable	(5,535)	(9,988)	(29,874)
Cumulative converted amount	(426,700)	(325,400)	-
Total bonds payable at the end of the period	<b><u>\$ 167,765</u></b>	<b><u>264,612</u></b>	<b><u>570,126</u></b>

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	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Embedded derivative – call and put options, included in other non-current assets	\$ <u>17</u>	<u>55</u>	<u>60</u>
Equity component – conversion options	\$ <u>18,376</u>	<u>29,117</u>	<u>11,654</u>

In response to future operational needs, Interactive Digital Board of Directors resolved to issue the \$600,000 thousand 3-year second secured zero coupon convertible corporate bonds on October 24, 2022. The bonds had been approved by the FSC on December 19, 2022. The conversion price was set at \$60.7 at the time of issue. The above conversion price had been adjusted from \$60.7 at the time of issue to \$56.7 on July 23, 2023.

Except in the cases of the conversion of the corporate bonds to Interactive Digital's ordinary shares in accordance with the Article no.10 of the Regulations Governing Issuance of Corporate Bonds, or the corporate bonds may be redeemed in advance by Interactive Digital in accordance with the Article no.18 of the Regulations Governing Issuance of Corporate Bonds, or redemption by the Securities Dealers, Interactive Digital will repay all convertible corporate bonds at face value and in cash within the 10 business days following their maturity date.

First Commercial Bank Co.,Ltd. is a guarantor of the convertible corporate bonds. The guarantee period is from the date of funds receipt until the end of the full settlement period. The area of guarantee which includes the principal balance of the corporate bonds and liabilities that area subordinate to the principal debt.

As of March 31, 2024, the second convertible bond issued by Interactive Digital, a subsidiary, has been converted into 7,432 thousand ordinary shares, and the capital surplus arising from the conversion totaled \$380,993 thousand.

Please refer to note 6(17) to the consolidated financial statements for the year ended December 31, 2023 for other related information.

(18) Lease liabilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current (recorded in other current liabilities)	\$ 29,764	31,192	38,038
Non-current	<u>291,318</u>	<u>292,911</u>	<u>225,268</u>
	<u>\$ 321,082</u>	<u>324,103</u>	<u>263,306</u>

For the maturity analysis, please refer to note 6(29).

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The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	\$ 2,779	978
Expenses relating to short-term leases and leases of low-value assets	\$ 9,590	8,936

The amounts recognized in the statement of cash flows were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	\$ 21,376	21,255

A. Real estate leases

The Group leases land for factory and office buildings use. The leases of land typically run for a period of 19 and 39 years. For office building, the terms range between 1 to 5 years, some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The lease payment of the land contract depends on the land price announced by the Science Park, plus adjustments for public facilities construction costs, which are adjusted after amortization. These costs usually occur once a year.

B. Other leases

The Group leases office, transportation equipment, and other with lease terms of 1 to 7 years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of or low-value assets office, warehouse, parking space, staff dormitories and printer.

(19) Employee benefits

A. Defined benefit plans

Given that there was no significant market fluctuations since that time no significant curtailments, settlements, or other significant one-off event in the prior fiscal year, pension costs in the financial statements are measured and disclosed according to the actuarial results determined on December 31, 2023 and 2022.

The pension costs under benefit plans amounted \$395 thousand and \$511 thousand for the three month ended March 31, 2024 and 2023, respectively.

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B. Defined contribution plans

The pension costs under contribution plans amounted to \$41,509 thousand and \$41,038 thousand for the three month ended March 31, 2024 and 2023, respectively.

(20) Income taxes

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by management.

The components of income tax were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Current income tax expense		
Current period	<b>\$ 23,241</b>	<b>86,403</b>

As of March 31, 2024, Alpha's tax returns have been assessed by the tax administration through 2021.

(21) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interest for the three months ended March 31, 2024 and 2023. For related information about the shareholders' equity, please refer to note 6(21) of the consolidated financial statements for the year ended December 31, 2023.

A. Ordinary share capital

As of March 31, 2024, December 31 and March 31, 2023, the authorized capital of Alpha amounted to \$8,000,000 thousand of which included the amount of \$500,000 thousand reserved for employee share options; the issued capital amounted to \$5,417,185 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Capital surplus – premium	\$ 2,491,661	2,491,661	2,491,661
Capital surplus – investments under equity method	98,407	89,149	58,279
Others	15,004	14,994	14,994
	<b>\$ 2,605,072</b>	<b>2,595,804</b>	<b>2,564,934</b>

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According to the R.O.C Company Act, capital surplus can only be first used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Alpha's articles of incorporation stipulated that Alpha's earnings before tax, if any, shall be distributed in the following order:

- (a) payment of all taxes;
- (b) offset prior years' operating losses;
- (c) of the remaining balance, 10% to be appropriated as legal reserve;
- (d) set aside special reserve in accordance with the Securities and Exchange Act or reverse special reserve previously provided; and
- (e) after the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and if the distribution is in form of new shares, a shareholders meeting will be held to decide on this matter.

According to the R.O.C. Company Act, Alpha shall distribute the legal reserve and capital surplus as cash dividends fully or partially, if the resolution is passed in majority with two third of attendance in Board of Directors' meeting and is submitted to the shareholders' meeting.

According to the Alpha's dividend policy, the Alpha shall first take into consideration its investing environment, capital management and industry development, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The cash dividends shall not be less than 10% of total dividends.

D. Earnings distribution

Earnings distribution of 2023 was approved by the Board of Directors on February 27, 2024. The appropriations and cash dividends per share were as follow:

	<b>Earnings Distribution</b>	<b>Dividends per Share</b>
Legal reserve	\$ 54,694	
Special reserve	41,434	
Cash dividends	547,136	1.01
	<b>\$ 643,264</b>	

The above-mentioned legal reserve and special reserve for 2023 are to be approved in the shareholders' meeting to be held on May 31, 2024.

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The amounts of cash dividends and other earnings distribution of 2022 was approved by the Board of Directors on February 24, 2023 and by the shareholders meeting on May 31, 2023 were as follows:

	<b>Earnings Distribution</b>	<b>Dividends per Share</b>
Legal reserve	\$ 96,692	
Special reserve	(220,543)	
Cash dividends	915,504	1.69
	<b>\$ 791,653</b>	

The above-mentioned earnings distribution of 2022 was consistent with the resolutions approved by the Board of Directors on February 24, 2023.

Related information would be available at the Market Observation Post System website.

E. Other equity and non-controlling interest

	<b>Differences on translation of foreign operation financial statements</b>	<b>Unrealized gains (losses) on financial assets at fair value through other comprehensive income</b>	<b>Equity related to non-current assets held for sale</b>	<b>Non- controlling interests</b>	<b>Total</b>
Balance at January 1, 2024	\$ (243,018)	18,614	(43,579)	3,317,358	3,049,375
Differences on translation of foreign operation financial statements	184,183	-	-	43,883	228,066
Remeasurements of defined benefit plans	-	-	-	245	245
Changes in ownership interests in subsidiaries	-	-	-	(9,258)	(9,258)
Distribution of cash dividend by subsidiaries to non-controlling interest	-	-	-	(196,124)	(196,124)
Changes in non-controlling interests	-	-	-	111,209	111,209
Equity related to non-current assets held for sale	(2,390)	-	2,390	-	-
Balance at March 31, 2024	<b>\$ (61,225)</b>	<b>18,614</b>	<b>(41,189)</b>	<b>3,267,313</b>	<b>3,183,513</b>

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	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Non- controlling interests	Total
Balance at January 1, 2023	\$ (233,127)	6,578	3,185,307	2,958,758
Differences on translation of foreign operation financial statements	11,435	-	(7,225)	4,210
Changes in ownership interests in subsidiaries	-	-	9,967	9,967
Distribution of cash dividend by subsidiaries to non-controlling interest	-	-	(293,147)	(293,147)
Changes in non-controlling interests	-	-	33,365	33,365
Balance at March 31, 2023	<u>\$ (221,692)</u>	<u>6,578</u>	<u>2,928,267</u>	<u>2,713,153</u>

(22) Earnings per share

A. Basic earnings per share

	For the three months ended March 31,	
	2024	2023
Profit attributable to Alpha's ordinary shareholders	<u>\$ 66,508</u>	<u>173,899</u>
Weighted-average number of shares outstanding (in thousands of shares)	<u>541,719</u>	<u>541,719</u>
Basic earnings per share (NTD)	<u>\$ 0.12</u>	<u>0.32</u>

B. Diluted earnings per share

	For the three months ended March 31,	
	2024	2023
Profit attributable to Alpha's ordinary shareholders	<u>\$ 66,508</u>	<u>173,899</u>
Weighted average number of shares outstanding (in thousands of shares) (basic)	541,719	541,719
Effect of employee remuneration in shares	<u>1,444</u>	<u>2,816</u>
Weighted average number of shares outstanding (in thousands of shares) (diluted)	<u>543,163</u>	<u>544,535</u>
Diluted earnings per share (NTD)	<u>\$ 0.12</u>	<u>0.32</u>

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(23) Revenues

A. The details of revenues were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Primary geographical markets:		
United States	\$ 3,031,045	5,162,817
Taiwan	963,443	1,118,154
Others	<u>1,185,712</u>	<u>1,588,369</u>
	<b><u>\$ 5,180,200</u></b>	<b><u>7,869,340</u></b>
Major products/services lines:		
LAN/MAN	\$ 2,000,630	3,866,265
Wireless Broadband	2,387,427	3,374,959
Digital Multimedia	370,789	276,022
Others	<u>421,354</u>	<u>352,094</u>
	<b><u>\$ 5,180,200</u></b>	<b><u>7,869,340</u></b>

B. Contract balances

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Trade receivables (including related parties)	<b><u>\$ 4,136,133</u></b>	<b><u>4,899,282</u></b>	<b><u>4,941,288</u></b>
Contract liabilities (included in other current liabilities)	<b><u>\$ 1,109,343</u></b>	<b><u>1,242,077</u></b>	<b><u>779,440</u></b>

For details on notes and accounts receivable, and loss allowances, please refer to note 6(3).

The amounts of revenue recognized for the three months ended March 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$356,853 thousand and \$217,728 thousand, respectively.

The contract liabilities primarily relate to the advance receipts from the Group's product sales contracts, and the Group's will recognize the revenue when the product is transferred to the customer.

(24) Remuneration to employees and directors

In accordance with the Articles of incorporation, Alpha should contribute 10% to 22.5% of the profit as employee compensation and less than 1% as directors' remuneration when there is profit for the year. However, if Alpha has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Alpha's affiliated companies who meet certain conditions.



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For the three month ended March 31, 2024 and 2023, the Alpha accrued and recognized its remuneration to employees amounting to \$8,767 thousand and \$22,993 thousand, respectively, and directors amounting to \$658 thousand and \$1,724 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of the period, multiplied by the percentage of remuneration to employees and directors as specified in the Alpha's articles. These remunerations are recognized under operating costs or operating expenses. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognize as profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration to be distributed through stock dividends, the closing price of the ordinary share on the day before the Board of Directors' meeting is used in the calculation for stock remuneration. Related information would be available at the Market Observation Post System website.

For the year ended 2023, the Alpha accrued and recognized its remuneration to employees and directors amounting to \$73,510 thousand and \$5,513 thousand respectively. For the year ended 2022, the Alpha accrued and recognized its remuneration to employees and directors amounting to \$116,794 thousand and \$8,760 thousand respectively. The above-mentioned remuneration was distributed in cash and was consisted to the resolution from the board of directors, and the related information would be available at the Market Observation Post System website.

(25) Interest income

The details of the Group's interest income of 2024 and 2023 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest income from bank deposits and others	\$ <b>12,878</b>	<b>17,061</b>

(26) Other income

The details of the Group's other income of 2024 and 2023 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Government grants income	\$ 22,543	10,397
Others	11,228	9,439
	\$ <b>33,771</b>	<b>19,836</b>

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(27) Other gains and losses

The details of the Group's other gains and losses of 2024 and 2023 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Gain (loss) on financial assets at fair value through profit or loss, net	\$ (100,691)	(2,065)
Foreign exchange gain (loss), net	94,232	(32,887)
Others	(1,472)	(10,457)
	<b>\$ (7,931)</b>	<b>(45,409)</b>

(28) Finance costs

The details of the Group's finance costs of 2024 and 2023 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest expense of borrowings, etc.	\$ 29,992	30,563
Interest expense of lease liability	2,779	978
	<b>\$ 32,771</b>	<b>31,541</b>

(29) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, liquidity risk and market risk. For related information about the fair value on financial instruments, please refer to note 6(29) of the consolidated financial statements for the year ended December 31, 2023.

A. Credit risk

(a) Credit risk exposure

The carrying amounts of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The major customers of the Group are centralized in the networking related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the networking industry. As of March 31, 2024, December 31 and March 31, 2023, 48%, 48% and 52%, respectively, of the Group's accounts receivable (including related parties) were from the top 7 customers. Although there is a potential in concentration of credit risk, the Group routinely assesses the collectability of its accounts receivable and makes a corresponding allowance for doubtful accounts.

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(c) Credit risk of receivable

Risk exposure information for notes receivable and accounts receivable, please refer to note 6(3).

Other financial assets measured at amortized cost include time deposits with maturities of more than three months and restricted bank deposits, please refer to note 6(5) for details of relevant investments.

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
<b>March 31, 2024</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 3,025,470	(3,062,391)	(3,062,391)	-	-
Accounts payable (including related parties)	3,417,041	(3,417,041)	(3,417,041)	-	-
Other payables to related parties (included in other current liabilities)	8,687	(8,687)	(8,687)	-	-
Accrued expenses	398,043	(398,043)	(398,043)	-	-
Dividends payable	743,260	(743,260)	(743,260)	-	-
Lease liabilities	321,082	(356,370)	(33,953)	(108,385)	(214,032)
Bonds payable	167,765	(167,765)	-	(167,765)	-
Long-term borrowings	705,000	(734,420)	(12,981)	(721,439)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	3,674	(1,556,276)	(1,556,276)	-	-
Inflows	(2,704)	1,555,306	1,555,306	-	-
Foreign exchanges swaps:					
Outflows	19,990	(1,675,906)	(1,675,906)	-	-
Inflows	(390)	1,656,306	1,656,306	-	-
	<u>\$ 8,806,918</u>	<u>(8,908,547)</u>	<u>(7,696,926)</u>	<u>(997,589)</u>	<u>(214,032)</u>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 880,246	(894,394)	(894,394)	-	-
Accounts payable (including related-parties)	4,269,356	(4,269,356)	(4,269,356)	-	-
Other payables to related parties (included in other current liabilities)	710	(710)	(710)	-	-
Accrued expenses	565,992	(565,992)	(565,992)	-	-
Long-term borrowings (included maturity within 1 year)	700,000	(733,214)	(13,272)	(719,942)	-
Lease liabilities	324,103	(391,825)	(45,107)	(124,887)	(221,831)
Bonds payable	264,612	(264,612)	-	(264,612)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	148	(604,151)	(604,151)	-	-
Inflows	(575)	604,578	604,578	-	-
Foreign exchanges swaps:					
Outflows	630	(1,607,567)	(1,607,567)	-	-
Inflows	(29,734)	1,636,671	1,636,671	-	-
	<u>\$ 6,975,488</u>	<u>(7,090,572)</u>	<u>(5,759,300)</u>	<u>(1,109,441)</u>	<u>(221,831)</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
<b>March 31, 2023</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 3,200,755	(3,207,483)	(3,207,483)	-	-
Accounts payable (including related parties)	5,199,869	(5,199,869)	(5,199,869)	-	-
Other payables to related parties (included in other current liabilities)	12,834	(12,834)	(12,834)	-	-
Accrued expenses	511,831	(511,831)	(511,831)	-	-
Bond payables due within one year	-	(29,774)	(29,774)	-	-
Dividends payable	1,028,651	(1,028,651)	(1,028,651)	-	-
Lease liabilities	263,306	(297,282)	(41,200)	(65,392)	(190,690)
Bonds payable	570,126	(570,126)	-	(570,126)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	6,260	(1,383,277)	(1,383,277)	-	-
Inflows	(365)	1,377,382	1,377,382	-	-
Foreign exchanges swaps:					
Outflows	139	(612,056)	(612,056)	-	-
Inflows	(2,044)	613,961	613,961	-	-
	<u>\$ 10,791,362</u>	<u>(10,861,840)</u>	<u>(10,035,632)</u>	<u>(635,518)</u>	<u>(190,690)</u>

C. Currency risk

(a) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>March 31, 2024</u>			<u>December 31, 2023</u>			<u>March 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 129,791	32.00	4,153,312	101,229	30.75	3,114,944	116,200	30.48	3,541,776
CNY	4,683	4.4296	20,744	6,591	4.3364	28,581	4,252	4.4377	18,869
<u>Non-Monetary items</u>									
USD	19,000	32.00	Note	63,790	30.75	Note	28,000	30.48	Note
CNY	10,000	4.4296	Note	-	-	-	-	-	-
EUR	800	34.467	Note	1,700	34.034	Note	1,760	33.315	Note
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	176,029	32.00	5,632,928	106,054	30.75	3,261,161	113,480	30.48	3,458,870
<u>Non-Monetary items</u>									
USD	78,810	32.00	Note	5,000	30.75	Note	26,760	30.48	Note
CNY	-	-	-	10,000	4.3364	Note	28,000	4.4377	Note
EUR	900	34.467	Note	-	-	-	4,630	33.315	Note

Note: Please refer to note 6(2) for the information on forward exchange contracts and foreign exchanges swaps at fair value.

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(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, trade receivables, other receivables, short-term borrowings, trade payables and other payables which are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the USD and the CNY as of March 31, 2024 and 2023, would have increased or decreased the profit before tax by \$14,589 thousand and \$1,018 thousand, respectively. The analysis assumed that all other variables remain constant, and performed on the same basis for both periods.

(c) Exchange gains and losses on monetary items

Since the Group has different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in aggregate amount. For the three month ended March 31, 2024 and 2023, foreign exchange loss (including realized and unrealized portions) amounted to \$94,232 thousand and \$(32,887) thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial assets and liabilities. The following sensitivity analysis is based on the exposure to the interest rate risk. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Group's profit before tax would have increased or decreased by \$1,604 thousand and \$1,402 thousand, respectively for the three months ended March 31, 2024 and 2023 with all other variable factors remaining constant. The change is mainly due to the Group's cash and cash equivalents, financial assets at amortized cost (current and non-current) and borrowings with variable rates.

E. Other market price risk

For the three months ended March 31, 2024 and 2023, the sensitivity analyses for the changes in securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<b>Prices of securities at the reporting date</b>	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Financial assets at fair value through profit or loss		
Increasing 5%	\$ 298	1,879
Decreasing 5%	\$ (298)	(1,879)
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ 9,567	8,600
Decreasing 5%	\$ (9,567)	(8,600)

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F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

	March 31, 2024				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value under repetitive basis</b>					
Financial assets mandatorily at fair value through profit or loss – stocks	\$ <u>5,958</u>	<u>5,958</u>	<u>-</u>	<u>-</u>	<u>5,958</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>3,094</u>	<u>-</u>	<u>3,094</u>	<u>-</u>	<u>3,094</u>
Non-current financial assets at fair value through other comprehensive income	\$ <u>191,331</u>	<u>-</u>	<u>-</u>	<u>191,331</u>	<u>191,331</u>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 5,273,936	-	-	-	-
Notes and accounts receivable (including related parties)	4,136,133	-	-	-	-
Financial assets measured at amortized cost – current and non-current	<u>168,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>9,578,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities measured at fair value under repetitive basis</b>					
Financial liabilities at fair value through profit or loss – derivative	\$ <u>23,664</u>	<u>-</u>	<u>23,664</u>	<u>-</u>	<u>23,664</u>

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		March 31, 2024			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial liabilities measured at amortized cost</b>					
Accounts payable (including related parties)	\$ 3,417,041	-	-	-	-
Other payable to related parties (included in other current liabilities)	8,687	-	-	-	-
Short-term borrowings	3,025,470	-	-	-	-
Dividends payable	743,260	-	-	-	-
Accrued expenses	398,043	-	-	-	-
Long-term borrowings	705,000	-	-	-	-
Bonds payable	167,765	-	-	-	-
Lease liabilities – current and non-current	321,082	-	-	-	-
Total	<u>\$ 8,786,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value under repetitive basis</b>					
Financial assets mandatorily at fair value through profit or loss – stocks	<u>\$ 5,989</u>	<u>5,989</u>	<u>-</u>	<u>-</u>	<u>5,989</u>
Financial assets mandatorily at fair value through profit or loss – derivative	<u>\$ 30,309</u>	<u>-</u>	<u>30,309</u>	<u>-</u>	<u>30,309</u>
Non-current financial assets at fair value through other comprehensive income	<u>\$ 191,331</u>	<u>-</u>	<u>-</u>	<u>191,331</u>	<u>191,331</u>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 3,200,675	-	-	-	-
Notes and accounts receivable	4,899,282	-	-	-	-
Financial assets measured at amortized cost –current and non-current	191,565	-	-	-	-
Total	<u>\$ 8,291,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial liabilities measured at fair value under repetitive basis</b>					
Financial liabilities at fair value through profit or loss – derivative	\$ <u>778</u>	-	<u>778</u>	-	<u>778</u>
<b>Financial liabilities measured at amortized cost</b>					
Accounts payable (including related parties)	\$ 4,269,356	-	-	-	-
Other payable to related parties (included in other current liabilities)	710	-	-	-	-
Short-term borrowings	880,246	-	-	-	-
Accrued expenses	565,992	-	-	-	-
Long-term borrowings	700,000	-	-	-	-
Bonds Payable	264,612	-	-	-	-
Lease liabilities – current and non-current	<u>324,103</u>	-	-	-	-
Total	<u>\$ 7,005,019</u>	-	-	-	-
	March 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value under repetitive basis</b>					
Financial assets mandatorily at fair value through profit or loss – stocks	\$ <u>37,572</u>	<u>37,572</u>	-	-	<u>37,572</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>2,409</u>	-	<u>2,409</u>	-	<u>2,409</u>
Financial assets at fair value through other comprehensive income – non-current	<u>\$ 171,994</u>	-	-	<u>171,994</u>	<u>171,994</u>



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	March 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 4,006,913	-	-	-	-
Notes and accounts receivable	4,941,288	-	-	-	-
Financial assets measured at amortized cost – current and non-current	<u>348,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><b>\$ 9,296,313</b></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities measured at fair value under repetitive basis</b>					
Financial liabilities at fair value through profit or loss – derivative	<u><b>\$ 6,399</b></u>	<u>-</u>	<u><b>6,399</b></u>	<u>-</u>	<u><b>6,399</b></u>
<b>Financial liabilities measured at amortized cost</b>					
Accounts payable (including related parties)	\$ 5,199,869	-	-	-	-
Other payable to related parties (included in other current liabilities)	12,834	-	-	-	-
Short-term borrowings	3,200,755	-	-	-	-
Accrued expenses	511,831	-	-	-	-
Dividends payable	1,208,651	-	-	-	-
Bonds Payable	570,126	-	-	-	-
Lease liabilities – current and non-current	<u>263,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><b>\$10,967,372</b></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

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The categories and nature of the fair value for the Group's financial instruments which have active market are as below:

For publicly traded stock, bank draft and bond with standard terms, conditions that traded in active market, the fair value of these financial assets and liabilities is based on quoted market prices.

Except for the above-mentioned financial instruments traded in active markets, the fair value of other financial instruments is based on the valuation techniques or refer to quoted price from counterparties. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques which include model calculating with observable market data at the reporting date (such as yield curve from Taipei Exchange, average interest rate from Reuters' commercial paper).

The categories and nature of the fair value for the Group's financial instruments which without an active market are as below:

The fair value for equity instruments which do not have public quoted price is measured based on net asset value of comparable companies. The main assumption is based on the market multiples derived from the net value per share of investees and quoted price of EV/EBIT's comparable listed companies. The estimated amount has adjusted the discounted effect due to the lack of liquidity in market for equity security.

ii. Derivative financial instruments

Measurement on fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Foreign currency forward contract is measured based on the current forward exchange rate. Structured interest rate derivative products are measured based on appropriate option pricing model.

(c) There was no transfer between the different levels of fair value hierarchy for the three months ended March 31, 2024 and 2023.

(d) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
Ending balance, March 31, 2024 (Same as opening balance, January 1, 2024)	\$ <b><u>191,331</u></b>
Ending balance, March 31, 2023 (Same as opening balance, January 1, 2023)	\$ <b><u>171,994</u></b>

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- (e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through other comprehensive income—investments". Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income—equity investments without an active market	Price-equity ratios/Price-to-Earnings ratios method	As of March 31, 2024, December 31, 2023 and March 31, 2023, net asset values of comparable companies were at 1.75 times, 1.75 times and 1.61 times.	Not applicable
		As of March 31, 2024, December 31, 2023 and March 31, 2023, discount for lack of marketability of 18.10%~23.21%, 18.10%~23.21% and 19.30%.	The fair value would decrease if lack of marketability and higher discount rate.
Financial assets at fair value through other comprehensive income—limited partnership	Equity method	Not applicable (Note)	Not applicable (Note)

Note: The funds of limited partnership was remained unused.

(30) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management from those in the consolidated financial statement for the year ended December 31, 2023. For related information about the financial risk management, please refer to note 6(30) of the consolidated financial statements for the year ended December 31, 2023.

(31) Capital management

The Group's objectives, policies and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2023. There were no significant changes in quantified factors of capital management from those in the consolidated financial statement for the year ended December 31, 2023. For related information about the capital management, please refer to note 6(31) of the consolidated financial statements for the year ended December 31, 2023.

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(32) Non-cash investing and financing activities

The Group's investing and financing activities which did not affect the current cash flow were as follows:

A. For right-of-use assets obtained from lease, please refer to note 6(10).

B. Reconciliations of liabilities arising from financing activities were as follows:

	<b>January 1, 2024</b>	<b>Cash flows</b>	<b>Foreign exchange movement and other</b>	<b>March 31, 2024</b>
Short-term borrowings	\$ 880,246	2,076,053	69,171	3,025,470
Long-term borrowings	700,000	5,000	-	705,000
Bonds payable	264,612	-	(96,847)	167,765
Lease liabilities	<u>324,103</u>	<u>(9,007)</u>	<u>5,986</u>	<u>321,082</u>
Total liabilities from financing activities	<u><b>\$ 2,168,961</b></u>	<u><b>2,072,046</b></u>	<u><b>(21,690)</b></u>	<u><b>4,219,317</b></u>

	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Foreign exchange movement and other</b>	<b>March 31, 2023</b>
Short-term borrowings	\$ 3,936,093	(632,653)	(102,685)	3,200,755
Long-term borrowings (including maturity within 1 year)	26,000	(26,000)	-	-
Bonds payable	-	631,884	(61,758)	570,126
Lease liabilities	<u>244,052</u>	<u>(11,341)</u>	<u>30,595</u>	<u>263,306</u>
Total liabilities from financing activities	<u><b>\$ 4,206,145</b></u>	<u><b>(38,110)</b></u>	<u><b>(133,848)</b></u>	<u><b>4,034,187</b></u>

**7. Related-party transactions:**

(1) Parent company and ultimate controlling company

Qisda Corporation (Qisda), who is both the parent company and the ultimate controlling party of the Group, holds 54.60% of the Group's outstanding shares and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The following are entities that have had transactions with related party during the periods covered in the consolidated financial statement:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda Corporation (Qisda)	Parent Company
AEWIN Technologies Co., Ltd. (AEWIN Technologies)	Qisda's subsidiary

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<u>Name of related party</u>	<u>Relationship with the Group</u>
Metaage Corporation (Metaage)	Qisda's subsidiary
BenQ Asia Pacific Corp (BQP)	Qisda's subsidiary
BenQ Healthcare Corporation (BHC)	Qisda's subsidiary
Qisda Corporation (Suzhou) Co., Ltd. (QCSZ)	Qisda's subsidiary
Global Intelligence Network Co., Ltd. (Ginnet)	Qisda's subsidiary
Qisda Vietnam Co.,Ltd. (QVH)	Qisda's subsidiary
Concord Medical Co., Ltd. (Concord)	Qisda's subsidiary
BenQ Technologies (Shanghai) Co., Ltd. (BQIs)	Qisda's subsidiary
BenQ AB DentCare Corp. (BABD)	Qisda's subsidiary
AdvancedTEK International Corp. (AdvancedTEK)	Qisda's subsidiary
Golden Spirit Co., Ltd. (GSC)	Qisda's subsidiary
Darfon Electronics Corp. (DFN)	Qisda's associate
Rapidtek Technologies Inc. (Rapidtek Technologies)	Qisda's associate
Uniction Technologies Corporation (Uniction Technologies)	Qisda's associate
BenQ Foundation	Substantive related party

(3) Significant related-party transactions

A. Sales

The amounts of sales to related parties were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Parent Company	\$ -	238
Other related parties	90	-
	<b>\$ 90</b>	<b>238</b>

The prices for sales to the above related parties were determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

The collection terms for third parties and related parties were 30 to 90 days.

B. Purchases

The amounts of purchases by the Group from related parties were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Other related parties	<b>\$ 27,956</b>	<b>15,923</b>

The prices for purchase with related parties were not materially different from those with third parties. The payment terms for purchase from related parties were 30 to 90 days after purchase.

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C. Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts receivable to related parties	Parent Company	\$ -	250	250
Accounts receivable to related parties	Other related parties	97	515	-
		<u>\$ 97</u>	<u>765</u>	<u>250</u>

D. Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts payable to related parties	Parent Company	\$ 64	62	-
Accounts payable to related parties	Other related parties	31,956	18,335	22,560
		<u>\$ 32,020</u>	<u>18,397</u>	<u>22,560</u>

E. Rendering of services and other expenses

The amounts of product warranty and maintenance services, research, donation and other expenses paid by the Group were as follows:

	<b>For the three months ended March 31,</b>	
	<u>2024</u>	<u>2023</u>
Parent Company	\$ 153	106
Other related parties	881	5,033
	<u>\$ 1,034</u>	<u>5,139</u>

The payables to related parties were as follows:

<u>Account</u>	<u>Related Party Category</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other payable to related parties	Parent Company	\$ 4,219	487	111
Other payable to related parties	Other related parties	816	223	3,238
		<u>\$ 5,035</u>	<u>710</u>	<u>3,349</u>

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F. Property transactions

Acquisition of property, plant and equipment and intangible assets

	<b>Amount</b>	
	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Parent Company	\$ 3,917	-
Other related parties	2,544	275
	<b>\$ 6,461</b>	<b>275</b>

The amounts of payable to related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other payable to related parties	Other related parties	\$ -	-	3,353
		-	-	3,353

G. Prepayments

<b>Account</b>	<b>Relationship</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Prepayments (included in other current assets)	Parent Company	\$ -	200	-
Prepayments (included in other current assets)	Other related parties	-	360	95
		\$ -	560	95

(4) Key management personnel compensation

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 23,322	36,958
Post-employment benefits	297	270
	<b>\$ 23,619</b>	<b>37,228</b>

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**8. Pledged assets:**

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Time deposit (recorded in other current assets)	Guarantee for Foreign exchange forward	\$ 709	650	-
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Import guarantee for Customs	7,550	7,550	7,550
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for land lease	8,000	8,000	8,000
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for construction project	565	558	558
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for land lease and import customs clearance	2,382	2,382	2,382
Refundable deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee to local authority for sales to overseas customers	12,261	12,061	11,674
Refundable deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for construction project	93,330	92,632	77,587
Refundable deposit (recorded in other non-current assets)	Guarantee for warranty	21,000	-	-
		<u>\$ 145,797</u>	<u>123,833</u>	<u>107,751</u>



**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**9. Significant commitments and contingencies:**

- (1) As of March 31, 2024, December 31 and March 31, 2023, the Group's deposited notes and guarantees in the bank amounting to \$18,669,530 thousand, \$7,755,950 thousand and \$5,510,000 thousand, respectively in order to obtain the credits limit of bank financing, foreign exchange facilities and contracts of government grants.
- (2) The Group had entered into a technology license agreement with suppliers. According to the agreement, the Group is obligated to make payments for technology license fee and royalty based on the total sales of products by using such technology.
- (3) Others

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Guaranteed Notes Payable for tender contract	\$ <b>16,798</b>	<b>15,256</b>	<b>4,395</b>
Guarantee for construction projects	\$ <b>71,468</b>	<b>113,771</b>	<b>99,566</b>

**10. Losses due to major disasters: None**

**11. Subsequent events: None**

**12. Other:**

A summary of employee benefits, depreciation, and amortization, by function, was as follows:

<b>By item</b>	<b>By function</b>		<b>For the three months ended March 31,</b>			
	<b>2024</b>			<b>2023</b>		
	<b>Cost of Sales</b>	<b>Operation Expenses</b>	<b>Total</b>	<b>Cost of Sales</b>	<b>Operation Expenses</b>	<b>Total</b>
Employee benefits						
Salary	157,731	511,208	668,939	216,658	609,449	826,107
Labor and health insurance	14,500	42,718	57,218	18,853	47,266	66,119
Pension	8,666	33,238	41,904	8,806	32,743	41,549
Remuneration of directors	-	4,530	4,530	-	7,371	7,371
Others	10,280	11,552	21,832	13,863	19,070	32,933
Depreciation	64,214	66,024	130,238	78,746	62,218	140,964
Amortization	1,180	52,376	53,556	865	54,399	55,264

**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**13. Other disclosures:**

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- A. Financing provided to other parties: Please refer to Table 1.
- B. Guarantees and endorsements provided to other parties: Please refer to Table 2.
- C. Securities held (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Individual securities acquired or disposed of with accumulated amounts exceeding \$300 million or 20% of the capital stock: None
- E. Acquisition of individual real estate with amounts exceeding \$300 million or 20% of the capital stock: None.
- F. Disposal of individual real estate with amounts exceeding \$300 million or 20% of the capital stock: None.
- G. Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 4.
- H. Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 5.
- I. Trading in derivative instruments: Please refer to note 6(2).
- J. Business relationships and significant intercompany transactions: Please refer to Table 6.

(2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 7.

(3) Information on investment in Mainland China:

- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 8.
- B. Limitation on investment in Mainland China: Please refer to Table 8.
- C. Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(4) Major shareholders:

Shareholder's Name	Shares	Percentage
Qisda Corporation	295,797,126	54.60 %

1. The main shareholder information in this table is calculated on the last business day at the end of each quarter by the Taiwan Depository & Clearing Corporation, based on those who held more than 5% of the company's ordinary shares and preferred shares and have completed unregistered non-physical securities delivered (including treasury shares). As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences due to different basis of calculation.
2. In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Market Observation Post System website.

**14. Segment information:**

Information on reportable segments and their measurement and reconciliations were as follows:

	<b>For the three months ended March 31, 2024</b>			
	<b>Network related products</b>	<b>Others</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue:				
Revenue from external customers	\$ 4,760,006	420,194	-	5,180,200
Intersegment revenue	-	12,725	(12,725)	-
Total revenue	<u>\$ 4,760,006</u>	<u>432,919</u>	<u>(12,725)</u>	<u>5,180,200</u>
Interest expenses	<u>\$ 31,597</u>	<u>1,174</u>	<u>-</u>	<u>32,771</u>
Depreciation and amortization	<u>\$ 166,420</u>	<u>17,436</u>	<u>(62)</u>	<u>183,794</u>
Reportable segment profit or loss	<u>\$ 40,214</u>	<u>52,476</u>	<u>(12,931)</u>	<u>79,759</u>
	<b>March 31, 2024</b>			
	<b>Network related products</b>	<b>Others</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Reportable segment assets	<u>\$ 21,100,032</u>	<u>3,835,876</u>	<u>(9,500)</u>	<u>24,926,408</u>
Reportable segment liabilities	<u>\$ 10,578,044</u>	<u>1,470,958</u>	<u>(115,854)</u>	<u>11,933,148</u>



**Alpha Networks Inc. and Subsidiaries**  
**Financing provided to other parties**  
**For the three months ended March 31, 2024**

Table 1

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Alpha	Alpha VN	Other receivable from related parties	Yes	320,000 (USD10,000 thousand)	320,000 (USD10,000 thousand)	-	5.5%	2	-	Operating capital	-		-	1,945,189 (note 2)	3,890,379 (note 3)
1	Alpha HK	Alpha Changshu	Same as above	Yes	1,098,541 (CNY248,000 thousand)	1,098,541 (CNY248,000 thousand)	1,098,541 (CNY248,000 thousand)	-	2	-	Operating capital	-		-	2,278,295 (note 4)	2,278,295 (note 4)
2	Alpha Chengdu	Alpha Changshu	Same as above	Yes	265,776 (CNY60,000 thousand)	265,776 (CNY60,000 thousand)	-	1.25%~ 1.75%	2	-	Operating capital	-		-	476,663 (note4)	476,663 (note4)
3	Enrich Investment	Transnet Corporation	Same as above	Yes	15,000	15,000	15,000	1.65%	2	-	Operating capital	-		-	61,714 (note 5)	123,428 (note 5)

Note 1: The method of filling out the capital loan and nature is as follows:

- (1) relate business relationship, please fill in 1.
- (2) relate short-term financing, please fill in 2.

Note 2: The individual financing amounts for a short term period shall not exceed 20% of the net worth of Alpha.

Note 3: The aggregate financing amount for a short term period shall not exceed 40% of the net worth of Alpha.

Note 4: Alpha HK and Alpha Chengdu, the subsidiaries whose voting shares are 100% owned, directly or indirectly, by Alpha, which are not located in Taiwan, for the purpose of lending operating capital, the amount of financing offered to a single company owned by Alpha shall not exceed 100% of the lender's net worth.

Note5: The total and individual amount of lending to a company by Enrich Investment shall not exceed 40% and 20% of net worth of latest financial statement, respectively.

**Alpha Networks Inc. and Subsidiaries**  
**Guarantees and endorsements provided to other parties**  
**For the three months ended March 31, 2024**

Table 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1 and 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2 and 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Alpha	Alpha Dongguan	note 3	4,862,974	64,000	64,000	-	-	0.66 %	9,725,947	Y	N	Y
0	Alpha	Alpha Changshu	note 3	4,862,974	224,000	224,000	2,371	-	2.30 %	9,725,947	Y	N	Y

Note 1: The total amount of guarantee provided by Alpha to any individual entity shall not exceed 50% of Alpha's equity.

Note 2: The total amount of guarantee provided by Alpha shall not exceed 100% of Alpha's equity.

Note 3: The company directly and indirectly holds more than 50% of the shares with voting rights.

**Alpha Networks Inc. and Subsidiaries**  
**Securities held (excluding investment in subsidiaries, associates and joint ventures)**  
**March 31, 2024**

Table 3

(In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/ Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Alpha	TGC, Inc.	None	Non-current financial assets at fair value through profit and loss	500	-	1.83	-	
Alpha	IGNITION VENTURES	None	Non-current financial assets at fair value through other comprehensive income	-	31,429	-	31,429	
Enrich Investment	RAPIDTEK TECHNOLOGIES	Qisda's associate	Non-current financial assets at fair value through other comprehensive income	1,751	108,750	5.84	108,750	
Hitron Technologies	SENAO INTERNATIONAL CO, LTD.	None	Current financial assets at fair value through profit or loss	152	5,958	0.06	5,958	
Hitron Technologies	CHAO LONG MOTOR PARTS CORP	None	Non-current financial assets at fair value through other comprehensive income	668	51,152	1.79	51,152	
Hitron Technologies	IMAGETECH CO., LTD.	None	Non-current financial assets at fair value through other comprehensive income	120	-	1.20	-	
Hitron Technologies	TSUNAMI VISUAL TECHNOLOGIES, INC.	None	Non-current financial assets at fair value through other comprehensive income	1,220	-	9.34	-	
Hitron Technologies	PIVOT TECHNOLOGY CORP.	None	Non-current financial assets at fair value through other comprehensive income	198	-	10.94	-	
Hitron Technologies	CARDTEK TECHNOLOGY CO., LTD.	None	Non-current financial assets at fair value through other comprehensive income	1,000	-	6.45	-	
Hitron Technologies	YESMOBIRE HOLDINGS COMPANY LTD.	None	Non-current financial assets at fair value through other comprehensive income	294	-	0.75	-	
Hitron Technologies	CODENT NETWORKS (CAYMAN) LTD. (SPECIAL SHARES)	None	Non-current financial assets at fair value through other comprehensive income	1,570	-	-	-	

**Alpha Networks Inc. and Subsidiaries**  
**Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock**  
**For the three months ended March 31, 2024**

Table 4

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Alpha	Alpha USA	Subsidiary of Alpha	(Sales)	(596,428)	(25)%	90 days	-		1,164,318	43%	Note
Alpha	Alpha Changshu	Subsidiary of Alpha	Purchase	1,354,238	61%	90 days	-		(1,212,605)	(66)%	Note
Alpha	Alpha HK	Subsidiary of Alpha	Purchase	431,221	19%	90 days	-		(254,708)	(14)%	Note
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	(Sales)	(689,789)	(39)%	90 days	-		487,893	35%	Note
Alpha HK	Alpha VN	Subsidiary to subsidiary	(Sales)	(650,996)	(37)%	90 days	-		632,879	46%	Note
Alpha VN	Alpha HK	Subsidiary to subsidiary	(Sales)	(431,221)	(100)%	90 days	-		254,708	100%	Note
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	(Sales)	(1,284,386)	(78)%	90 days	-		1,889,272	79%	Note
Hitron Technologies	Hitron Vietnam	Subsidiary to subsidiary	Purchase	1,381,997	81%	60 days	-		(1,097,058)	(75)%	Note

Note: The relevant transactions and ending balance have been eliminated in the consolidated financial statements.



**Alpha Networks Inc. and Subsidiaries**  
**Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock**  
**March 31, 2024**

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period(note 1)	Loss Allowance	Note
					Amount	Action taken			
Alpha	Alpha USA	Subsidiary of Alpha	1,164,318	1.88	-	-	39,590	-	note 2
Alpha Changshu	Alpha	Subsidiary to parent	1,212,605	5.84	359,521	-	64,047	-	note 2
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	487,893	4.61	32,170	-	27,613	-	note 2
Alpha HK	Alpha VN	Subsidiary to subsidiary	632,879	3.36	21,534	-	-	-	note 2
Alpha HK	Alpha	Subsidiary to parent	254,708	6.92	-	-	-	-	note 2
Alpha VN	Alpha HK	Subsidiary to subsidiary	254,708	6.92	-	-	-	-	note 2
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	1,889,272	3.01	-	-	388,188	-	note 2
Hitron Technologies	Hitron Vietnam	Subsidiary to subsidiary	153,838	-	-	-	-	-	note 2
Hitron Vietnam	Hitron Technologies	Subsidiary to subsidiary	1,097,058	3.95	-	-	-	-	note 2

Note 1: The collection situation as of April 19, 2024.

Note 2: The relevant transactions and ending balance have been eliminated in the consolidated financial statements.

**Alpha Networks Inc. and Subsidiaries**  
**Business relationships and significant intercompany transactions**  
**For the three months ended March 31, 2024**

Table 6

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account	Amount	Payment terms	Percentage of the consolidated operating revenue or total assets
0	Alpha	Alpha USA	Parent to Subsidiary	Sales	596,428	-	11.51%
0	Alpha	Alpha USA	Parent to Subsidiary	Accounts receivable from related parties	1,164,318	90 days	4.67%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Purchase	1,354,238	-	26.14%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Accounts payable to related parties	1,212,605	90 days	4.86%
0	Alpha	Mirac	Parent to Subsidiary	Research expense	60,935	-	1.18%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Dividends revenue	60,000	-	1.16%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Sales	51,899	-	1.00%
0	Alpha	Alpha HK	Parent to Subsidiary	Purchase	431,221	-	8.32%
0	Alpha	Alpha HK	Parent to Subsidiary	Accounts payable to related parties	254,708	90 days	1.02%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Sales	689,789	-	13.32%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Accounts receivable from related parties	487,893	90 days	1.96%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Sales	650,996	-	12.57%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Accounts receivable from related parties	632,879	90 days	2.54%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Sales	431,221	-	8.32%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Accounts receivable from related parties	254,708	90 days	1.02%
3	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Sales	1,284,386	-	24.79%
3	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Accounts receivable to related parties	1,889,272	90 days	7.58%
3	Hitron Technologies	Hitron Vietnam	Subsidiary to Subsidiary	Purchase	1,381,997	-	26.68%
3	Hitron Technologies	Hitron Vietnam	Subsidiary to Subsidiary	Accounts payable to related parties	1,097,058	60 days	4.40%

Note: The significant intercompany transactions in this table reach 1% of consolidated operating revenue or total assets.

**Alpha Networks Inc. and Subsidiaries**  
**Information on investees (excluding information on investees in Mainland China)**  
**For the three months ended March 31, 2024**

Table 7

(In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
Alpha	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	5,543	1	100.00 %	16,996	(192)	(192)	
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00 %	186,899	7,627	7,627	
Alpha	Alpha HK	Hong Kong	Investment holding	3,143,628	3,143,628	780,911	100.00 %	2,278,537	(43,204)	(26,741)	
Alpha	ATS	USA	Post-sale service	260,497 (USD8,100 thousand)	260,497 (USD8,100 thousand)	8,100	100.00 %	200,603	1,054	1,054	
Alpha	Enrich Investment	Taiwan	Investment holding	400,000	400,000	40,000	100.00 %	308,569	(5,727)	(5,727)	
Alpha	Hitron Technologies	Taiwan	Marketing on system integration of communication product and telecommunication products	4,811,000	4,811,000	200,000	62.24 %	3,917,794	(29,398)	(31,323)	
Alpha	D-Link Asia	Singapore	Investment in manufacturing business	-	-	note 4	-	-	2,815	2,815	
Alpha	Alpha VN	Vietnam	Production of sale of network products	1,195,424	1,195,424	note 3	100.00 %	908,024	(58,370)	(58,370)	
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	5.54 %	108,537	63,470	note 1	
Enrich Investment	Transnet	Taiwan	Operating network communication products, provide support system services, integrated supply and import and export of network equipment	16,739	50,000	1,674	100.00 %	11,494	(5,245)	note 1	
Enrich Investment	Aespula	Taiwan	Sale of network equipment components and technical services	80,000	80,000	8,000	98.92 %	46,569	(3,411)	note 1, 2	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
Hitron Technologies	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	198,743	5,891	note 1	
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	35.03 %	573,771	63,470	note 1	
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	note 3	100.00 %	2,067,243	6,562	note 1	
Hitron Technologies	Hitron Americas	USA	International trade	90,082	90,082	300	100.00 %	211,055	(36,910)	note 1	
Hitron Technologies	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	56,465	(5,555)	note 1	
Hitron Technologies	Innoauto Technologies	Taiwan	Investment	20,000	20,000	2,000	100.00 %	3,174	(266)	note 1	

Note 1: Recognized by subsidiary.

Note 2: The percentage of ownership had included 87 thousand shares of preferred stock held by the original shareholders.

Note 3: Limited company.

Note 4: On December 28, 2023, Alpha entered into the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan. Since the expected day of settlement was in June, 2024, the abovementioned assets and liabilities were reclassified as non-current assets and liabilities held for sale.

**Alpha Networks Inc. and Subsidiaries**

**The names of investees in Mainland China, the main businesses and products, and other information**

**For the three months ended March 31, 2024**

Table 8

(In Thousands of New Taiwan Dollars)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Alpha Chengdu	Research and development of network products	420,426	note 2(b)	420,426	-	-	420,426	3,475	100.00%	3,475	476,663	147,231
Alpha Dongguan	Production and sale of network products	97,023	note 1(a)	114,197	-	-	114,197 (note 7)	2,572	100.00%	2,572	(19,273)	692,935
Mirac	Production and sale of network products	107,131 (note 10)	note 1(b)	307,326	-	-	307,326	(1,103)	100.00%	(1,103)	124,028	-
Alpha Changshu	Production and sale of network products	1,925,920	note 1(b)	1,925,920	-	-	1,925,920	(43,783)	100.00%	(43,783)	1,158,657	-
Alpha Changshu Trading	Production and sale of network products	17,378 (CNY4,000 thousand)	note 1(b)	-	-	-	-	2,289	100.00%	2,289	6,617	-
Hitron Suzhou	Production and sale of broadband network products	171,245 (CNY34,800 thousand)	note 1(c)	171,245	-	-	171,245	5,893	100.00% (note 9)	5,893	200,899	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (CNY5,425 thousand)	note 1(c)	31,139	-	-	31,139	(2)	100.00% (note 9)	(2)	3,747	-
Hwa Chi Technologies	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	2,907 (USD100 thousand)	note 2(a)	12,048	-	3,194 (USD100 thousand)	8,854	495	35.03% (note 9)	177	3,815	27,458

(2) Limitation on investment in Mainland China

<b>Name of Company</b>	<b>Accumulated Investment in Mainland China as of March 31, 2024</b>	<b>Investment Amounts Authorized by Investment Commission, MOEA</b>	<b>Upper Limit on Investment</b>
Alpha	2,634,897 note 4, 5 and 8	3,496,798	note 6
Hitron Technologies	211,238	214,432	2,593,974

Note 1: Investments in companies in Mainland China through the existing companies in the third regions are as follows:

- (a) D-Link Asia
- (b) Alpha HK
- (c) Hitron Samoa

Note 2: Other methods:

- (a) Hwa Chi is a Chinese-based investment company, which was originally invested by Hitron (Samoa), a subsidiary of Alpha. However, due to the Group's restructuring, the investor was changed to Interactive Digital instead, based on the resolution approved during the board meeting in 2012.
- (b) The entire shares of Alpha Chengdu, which was originally fully owned by D-Link Asia, had been transferred to Alpha on June 15, 2023 based on the agreement entered into by D-Link Asia and Alpha.

Note 3: The amount was recognized based on the reviewed financial statements.

Note 4: The accumulated investments in Alpha Dongguan did not include the previously investment of HKD69,387 thousand (equivalent to approximately \$303,055 thousand) by D-Link Corporation.

Note 5: Alpha, who indirectly invested its subsidiary, Tongying Trading (Shenzhen) Co., Ltd., has liquidated all its rights and obligations and cancelled its registration in March 2008, resulting in the amount of \$5,461 thousand (the difference between the accumulated investment in Tongying Trading (Shenzhen) Co., Ltd. amounting to \$9,828 thousand and the remittance amount of \$4,367 thousand) to be recognized. The amount recognized above still needs to be included in the accumulated investment in Mainland China according to the principle of Investment Commission, MOEA.

Note 6: According to the Operation Headquarters confirmation document, with letter no.11120417620, issued by the Industrial Development Bureau, MOEA, obtained by Alpha on June 8, 2022, the upper limit on its investment in Mainland China, pursuant to the "Principle of Investment or Technical Cooperation in Mainland China", is not applicable.

Note 7: Since the investment amount of \$46,412 thousand was derived from D-Link Asia's own funds, the investment amount didn't need to be included in the accumulated investment in Mainland China as of March 31, 2024.

Note 8: Maintrend, a subsidiary which Alpha's indirectly invested in, has completed its liquidation procedures on various rights and obligations; thus, cancelled its registration on July 23, 2018. However, Alpha's cumulative investment of \$164,622 thousand still needs to be included in the accumulated investment in Mainland China according to the regulations of the Investment Commission, MOEA.

Note 9: This refers to the direct or indirect shareholding of Hitron Technologies.

Note 10: The capital reduction registration procedures had been completed on December 19, 2022 ; however, the capital has yet to be remitted back as of March 31, 2024.