

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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 June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 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 June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 30, 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)

July 26, 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

June 30, 2024, December 31, 2023, and June 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets	June 30, 2024		December 31, 2023		June 30, 2023			Liabilities and Equity	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (note 6(1))	\$ 5,424,298	23	3,200,675	14	4,948,207	19	2100 Short-term borrowings (note 6(13))	\$ 1,993,422	8	880,246	4	3,920,339	15	
1110 Current financial assets at fair value through profit or loss (note 6(2))	10,594	-	36,298	-	5,337	-	2120 Current financial liabilities at fair value through profit or loss (note 6(2))	11,861	-	778	-	14,349	-	
1136 Current financial assets at amortized cost (notes 6(1), (5) and 8)	3,258	-	20,000	-	20,000	-	2170 Accounts payable (including related parties) (note 7)	3,562,957	15	4,269,356	18	3,171,865	12	
1170 Notes and accounts receivable, net (notes 6(3) and (23))	3,552,850	15	4,898,517	21	5,099,697	20	2209 Accrued expenses	503,626	2	565,992	2	681,678	3	
1180 Accounts receivable due from related parties, net (notes 6(3) and 7)	-	-	765	-	-	-	2216 Dividends payable	743,260	3	-	-	1,211,886	5	
130x Inventories (note 6(4))	6,922,552	29	7,454,980	31	7,418,871	29	2230 Current tax liabilities	337,767	1	378,337	2	322,501	1	
1461 Non-current assets held for sale (note 6(6))	-	-	110,769	-	-	-	2250 Current provisions (note 6(15))	275,735	1	366,787	2	392,805	2	
1470 Other current assets (notes 6(12), 7 and 8)	814,015	3	745,897	3	1,066,946	4	2260 Liabilities related to non-current assets classified as held for sale, current portion (note 6(6))	-	-	1,137	-	-	-	
	<u>16,727,567</u>	<u>70</u>	<u>16,467,901</u>	<u>69</u>	<u>18,559,058</u>	<u>72</u>	2399 Other current liabilities (notes 6(16), (18), (23) and 7)	<u>1,757,723</u>	<u>8</u>	<u>2,298,891</u>	<u>9</u>	<u>2,079,592</u>	<u>8</u>	
Non-current assets:								<u>9,186,351</u>	<u>38</u>	<u>8,761,524</u>	<u>37</u>	<u>11,795,015</u>	<u>46</u>	
1517 Non-current financial assets at fair value through other comprehensive income (note 6(7))	178,781	1	191,331	1	171,994	1	2530 Bonds payable(note 6(17))	130,701	1	264,612	1	496,540	2	
1535 Non-current financial assets at amortized cost (notes 6(1), (3), (5) and 8)	180,765	1	171,565	-	146,025	-	2540 Long-term borrowings (note 6(14))	575,000	3	700,000	3	-	-	
1600 Property, plant and equipment (notes 6(9) and 7)	4,210,633	17	4,273,214	18	4,383,100	17	2580 Non-current lease liabilities (note 6(18))	287,591	1	292,911	1	306,861	1	
1755 Right-of use asset (note 6(10))	650,339	3	649,134	3	590,150	2	2640 Net defined benefit liability (note 6(19))	84,932	-	105,243	-	103,996	-	
1780 Intangible assets (note 6(11) and 7)	1,118,875	5	1,185,129	5	1,241,417	5	2670 Other non-current liabilities (notes 6(15))	348,006	1	344,474	2	150,090	1	
1840 Deferred tax assets	501,710	2	496,387	2	205,318	1		<u>1,426,230</u>	<u>6</u>	<u>1,707,240</u>	<u>7</u>	<u>1,057,487</u>	<u>4</u>	
1990 Other non-current assets (notes 6(12))	420,845	1	364,182	2	440,272	2	Total liabilities	<u>10,612,581</u>	<u>44</u>	<u>10,468,764</u>	<u>44</u>	<u>12,852,502</u>	<u>50</u>	
	<u>7,261,948</u>	<u>30</u>	<u>7,330,942</u>	<u>31</u>	<u>7,178,276</u>	<u>28</u>	Equity (note 6(21)):							
Total assets	<u>\$ 23,989,515</u>	<u>100</u>	<u>23,798,843</u>	<u>100</u>	<u>25,737,334</u>	<u>100</u>	Equity attributable to owners of parent:							
							3110 Ordinary share capital	5,417,185	22	5,417,185	23	5,417,185	21	
							3200 Capital surplus	2,608,527	11	2,595,804	11	2,575,119	10	
							Retained earnings:							
							3310 Legal reserve	1,321,375	6	1,266,681	5	1,266,681	5	
							3320 Special reserve	267,982	1	226,548	1	226,548	1	
							3350 Unappropriated retained earnings	461,081	2	774,486	3	640,358	2	
								<u>2,050,438</u>	<u>9</u>	<u>2,267,715</u>	<u>9</u>	<u>2,133,587</u>	<u>8</u>	
							3400 Other equity interest	(38,962)	-	(267,983)	(1)	(294,448)	(1)	
							Total equity attributable to owners of parent	<u>10,037,188</u>	<u>42</u>	<u>10,012,721</u>	<u>42</u>	<u>9,831,443</u>	<u>38</u>	
							36XX Non-controlling interests (notes 6(8) and (21))	3,339,746	14	3,317,358	14	3,053,389	12	
							Total equity	<u>13,376,934</u>	<u>56</u>	<u>13,330,079</u>	<u>56</u>	<u>12,884,832</u>	<u>50</u>	
							Total liabilities and equity	<u>\$ 23,989,515</u>	<u>100</u>	<u>23,798,843</u>	<u>100</u>	<u>25,737,334</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 six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended June 30,				For the six months ended June 30,				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes 6(23) and 7)								
	\$ 5,684,460	100	7,745,325	100	10,864,660	100	15,614,665	100	
5000	Operating costs (notes 6(4),(19),(24) and 7)								
	4,759,784	84	6,382,869	82	8,932,099	82	12,852,438	82	
	Gross profit								
	924,676	16	1,362,456	18	1,932,561	18	2,762,227	18	
	Operating expenses (notes 6(3),(19),(24) and 7):								
6100	Selling expenses	271,682	5	355,862	5	532,673	5	654,828	4
6200	Administrative expenses	290,473	5	273,434	4	533,165	5	588,586	4
6300	Research and development expenses	461,461	8	493,370	6	859,936	8	956,558	6
6450	Expected credit loss (gain)	(4,066)	-	(40,238)	(1)	4,608	-	(31,083)	-
	Total operating expenses	1,019,550	18	1,082,428	14	1,930,382	18	2,168,889	14
	Net operating income (loss)	(94,874)	(2)	280,028	4	2,179	-	593,338	4
	Non-operating income and expenses:								
7010	Other income (note 6(26))	11,551	-	21,888	-	45,322	-	41,724	-
7020	Other gains and losses, net (note 6(6) and (27))	457,941	8	6,686	-	450,010	4	(38,723)	-
7050	Finance costs (note 6(28))	(43,076)	(1)	(40,307)	-	(75,847)	-	(71,848)	-
7100	Interest income (note 6(25))	35,915	1	23,165	-	48,793	-	40,226	-
	Total non-operating income and expenses	462,331	8	11,432	-	468,278	4	(28,621)	-
	Profit before tax	367,457	6	291,460	4	470,457	4	564,717	4
7950	Less: Income tax expenses (note 6(20))	75,762	1	13,745	-	99,003	1	100,148	1
	Profit	291,695	5	277,715	4	371,454	3	464,569	3
8300	Other comprehensive income (loss):								
8310	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss								
8311	Remeasurements of defined benefit plans	-	-	-	-	648	-	-	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss) (notes 6(21) and (29))	(12,550)	-	-	-	(12,550)	-	-	-
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	(12,550)	-	-	-	(11,902)	-	-	-
8360	Components of other comprehensive loss that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements (note 6(21))	66,982	1	(55,353)	(1)	294,804	3	(51,143)	-
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	66,982	1	(55,353)	(1)	294,804	3	(51,143)	-
8300	Other comprehensive income (loss), net of income tax	54,432	1	(55,353)	(1)	282,902	3	(51,143)	-
8500	Total comprehensive income	\$ 346,127	6	222,362	3	654,356	6	413,426	3
	Profit attributable to:								
8610	Owners of parent	\$ 262,948	4	238,917	3	329,456	3	412,816	3
8620	Non-controlling interests	28,747	1	38,798	1	41,998	-	51,753	-
		\$ 291,695	5	277,715	4	371,454	3	464,569	3
8700	Total comprehensive income attributable to:								
8710	Owners of parent	\$ 307,786	5	159,583	2	558,880	5	344,917	3
8720	Non-controlling interests	38,341	1	62,779	1	95,476	1	68,509	-
		\$ 346,127	6	222,362	3	654,356	6	413,426	3
	Earnings per share (New Taiwan dollars) (note 6(22))								
	Basic earnings per share	\$ 0.49		0.44		0.61		0.76	
	Diluted earnings per share	\$ 0.48		0.44		0.61		0.76	

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 six months ended June 30, 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 (losses) on financial assets measured at fair value through other comprehensive income	Equity related to non-current assets held for sale	Total other equity interest				
Balance at January 1, 2023	\$ 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	-	-	-	-	412,816	412,816	-	-	-	-	412,816	51,753	464,569	
Other comprehensive income (loss)	-	-	-	-	-	-	(67,899)	-	-	(67,899)	(67,899)	16,756	(51,143)	
Total comprehensive income (loss)	-	-	-	-	412,816	412,816	(67,899)	-	-	(67,899)	344,917	68,509	413,426	
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	96,692	-	(96,692)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	(220,543)	220,543	-	-	-	-	-	-	-	-	
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	-	30,702	-	-	-	-	-	-	-	-	30,702	15,337	46,039	
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(296,391)	(296,391)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	80,627	80,627	
Balance at June 30, 2023	\$ 5,417,185	2,575,119	1,266,681	226,548	640,358	2,133,587	(301,026)	6,578	-	(294,448)	9,831,443	3,053,389	12,884,832	
Balance at January 1, 2024	\$ 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	-	-	-	-	329,456	329,456	-	-	-	-	329,456	41,998	371,454	
Other comprehensive income (loss)	-	-	-	-	403	403	236,832	(7,811)	-	229,021	229,424	53,478	282,902	
Total comprehensive income (loss)	-	-	-	-	329,859	329,859	236,832	(7,811)	-	229,021	558,880	95,476	654,356	
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	54,694	-	(54,694)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	41,434	(41,434)	-	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(547,136)	(547,136)	-	-	-	-	(547,136)	-	(547,136)	
Donation from shareholders	-	10	-	-	-	-	-	-	-	-	10	-	10	
Disposal of subsidiaries	-	-	-	-	-	-	(43,579)	-	43,579	-	-	-	-	
Changes in ownership interests in subsidiaries	-	12,713	-	-	-	-	-	-	-	-	12,713	(12,713)	-	
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(196,124)	(196,124)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	135,749	135,749	
Balance at June 30, 2024	\$ 5,417,185	2,608,527	1,321,375	267,982	461,081	2,050,438	(49,765)	10,803	-	(38,962)	10,037,188	3,339,746	13,376,934	

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 six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 470,457	564,717
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	254,306	284,858
Amortization expense	106,104	110,139
Expected credit loss(reversal gain)	4,608	(31,083)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	7,312	(419)
Interest expense	75,847	71,848
Interest income	(48,793)	(40,226)
Loss (gain) on disposal of property, plant and equipment	585	(203)
Provisions for inventory obsolescence and devaluation loss	82,132	127,834
Gain on disposal of non-current assets held for sale	(466,786)	-
Total adjustments to reconcile profit	15,315	522,748
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	1,374,707	538,176
Financial assets mandatorily at fair value through profit or loss	30,309	(9,972)
Inventories	583,095	1,823,788
Other current assets	(54,879)	17,433
Financial liabilities held for trading	(778)	14,349
Accounts payable (including related parties)	(749,448)	(1,832,541)
Other payable to related parties	3,100	4,908
Other current liabilities	(701,307)	(505,417)
Net defined benefit liability	(19,663)	(41,646)
Other non-current liabilities	2,068	(15,829)
Total changes in operating assets and liabilities	467,204	(6,751)
Total adjustments	482,519	515,997

(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 six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2024	2023
Cash flows generated from operations	\$ 952,976	1,080,714
Interest received	48,478	39,833
Interest paid	(75,384)	(56,676)
Income taxes paid	(150,812)	(238,487)
Net cash flows from operating activities	775,258	825,384
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	-	56,146
Acquisition of financial assets at amortized cost	(3,258)	(240,000)
Proceeds from repayments of financial assets at amortized cost	41,000	220,000
Proceeds from disposal of subsidiaries	536,388	-
Acquisition of property, plant and equipment	(61,312)	(413,881)
Proceeds from disposal of property, plant and equipment	16,297	4,939
Decrease (increase) in refundable deposits	(28,167)	4,542
Acquisition of intangible assets	(38,800)	(47,165)
Increase in other non-current assets	(55,025)	(40,844)
Net cash flows from (used in) investing activities	407,123	(456,263)
Cash flows from financing activities:		
Increase in short-term borrowings	5,159,841	7,992,153
Repayments of short-term borrowings	(4,102,234)	(8,103,212)
Proceeds from bonds payable	-	631,884
Proceeds from long-term borrowings	25,000	-
Repayments of long-term borrowings	(150,000)	(26,000)
Increase (decrease) in guarantee deposits received	(164)	312
Payment of lease liabilities	(22,516)	(22,597)
Donation from shareholders	10	16
Net cash flows from financing activities	909,937	472,556
Effect of exchange rate changes on cash and cash equivalents	131,305	22,246
Net increase in cash and cash equivalents	2,223,623	863,923
Cash and cash equivalents at beginning of period	3,200,675	4,084,284
Cash and cash equivalents at end of period	\$ 5,424,298	4,948,207

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 six months ended June 30, 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 July 26, 2024.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission (“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 endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. 	January 1, 2027

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<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards – Volume 11

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, 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.

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(2) Basis of consolidation

A. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			June 30, 2024	December 31, 2023	June 30, 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%
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%	100.00%
D-Link Asia	Alpha Networks (Dongguan) Co., Ltd. (Alpha Dongguan) (note7)	Production and sale of network products	- %	- %	100.00%

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Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			June 30, 2024	December 31, 2023	June 30, 2023
Alpha HK	Alpha Networks (Changshu) Ltd. (Alpha Changshu)	Production and sale of network products	100.00%	100.00%	100.00%
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd. (Mirac) (note 3)	Production and sale of network products	100.00%	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%	100.00%
Enrich Investment	Transnet Corporation (Transnet)(note 8)	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	-	100.00%	100.00%
Enrich Investment	Interactive Digital Technologies Inc. (Interactive Digital) (note 5 and 6)	Telecommunication and broadband network system services	5.32%	5.61%	6.19%
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	34.53%	36.39%	40.18%
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%

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Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			June 30, 2024	December 31, 2023	June 30, 2023
Hitron Technologies	Innoauto Technologies Inc. (Innoauto Technologies)	Investment and automotive electronics products	100.00%	100.00%	100.00%
Hitron Technologies	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Production and sale of broadband telecommunications products	100.00%	100.00%	100.00%
Hitron Samoa	Hitron Technologies (SIP) Inc (Hitron Suzhou)	Telecommunications products, research and development	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%
Interactive Digital	Transnet Corporation (Transnet) (note 8)	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	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.

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Note 6: The Group did not own more than half of the ownership of Interactive Digital. 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 made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan. The abovementioned assets were reclassified as non-current assets held for sale. The abovementioned transaction had been completed in the second quarter of 2024.

Note 8: Alpha signed an agreement with Interactive Digital in June, 2024 to transfer 100% equity of Transnet through the acquisition by cash.

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

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

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

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(4) 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.

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(5) 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

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 1,132	1,217	995
Checking and savings accounts	3,338,536	2,107,735	3,871,082
Time deposits	2,034,630	1,091,723	1,076,130
Cash equivalents	<u>50,000</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 5,424,298</u>	<u>3,200,675</u>	<u>4,948,207</u>

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

As of June 30, 2024, December 31 and June 30, 2023, deposits with original maturities of more than three months were \$3,258 thousand, \$41,000 thousand and \$20,000 thousand respectively, and were recorded in financial assets measured at amortized cost. Please refer to note 6(5).

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Financial assets mandatorily measured at fair value through profit or loss – current			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 4,685	575	25
Foreign exchange swaps	118	29,734	-
Non-derivative financial assets			
Stocks listed on domestic markets	5,791	5,989	5,312
Total	<u>\$ 10,594</u>	<u>36,298</u>	<u>5,337</u>
Financial liabilities held for trading – current			
Forward exchange contracts	\$ 396	148	6,813
Foreign exchange swaps	11,465	630	7,536
Total	<u>\$ 11,861</u>	<u>778</u>	<u>14,349</u>

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:

	<u>June 30, 2024</u>		
	<u>Nominal principal (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	USD 27,810	USD to CNY	July 2024~August 2024
Forward exchange contracts	EUR 800	EUR to NTD	July 2024
Forward exchange contracts	USD 6,000	USD to NTD	July 2024
Forward exchange contracts	USD 24,000	USD to VND	July 2024~August 2024
Foreign exchange swaps	CNY 10,000	CNY to NTD	July 2024
Foreign exchange swaps	USD 51,000	USD to NTD	July 2024~August 2024
	<u>December 31, 2023</u>		
	<u>Nominal principal (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
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

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June 30, 2023

	Nominal principal		Currency	Maturity date
	(in thousands)			
Forward exchange contracts	USD	1,077	USD to EUR	July 2023
Forward exchange contracts	USD	7,000	USD to NTD	July 2023
Forward exchange contracts	USD	8,980	USD to CNY	July 2023 ~ August 2023
Forward exchange contracts	EUR	2,929	EUR to NTD	August 2023 ~ September 2023
Forward exchange contracts	NTD	153,475	NTD to USD	October 2023
Forward exchange contracts	USD	4,000	USD to USD	July 2023
Foreign exchange swaps	CNY	15,000	NTD to CNY	July 2023
Foreign exchange swaps	USD	16,000	USD to NTD	July 2023

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

	June 30,	December 31,	June 30,
	2024	2023	2023
Notes and accounts receivable	\$ 3,569,158	4,910,886	5,104,053
Less: loss allowances	(16,308)	(11,604)	(4,356)
	\$ 3,552,850	4,899,282	5,099,697

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

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

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

	June 30, 2024		
	Gross carrying	Weighted-	Loss allowance
	amount	average loss	provision
		rate	
Current	\$ 3,096,483	0.00%	-
Less than 90 days past due	421,744	0.96%	4,069
91 to 180 days past due	1,371	0.36%	5
More than 181 days past due	117,517	68.24%	80,191
	\$ 3,637,115		84,265

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	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,501,192	0.00%	-
Less than 90 days past due	389,642	1.88%	7,332
91 to 180 days past due	4,855	18.48%	897
More than 181 days past due	83,154	85.78%	71,332
	\$ 4,978,843		79,561
	June 30, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,862,066	0.00%	-
Less than 90 days past due	238,872	1.47%	3,514
91 to 180 days past due	3,115	27.03%	842
More than 181 days past due	67,957	100%	67,957
	\$ 5,172,010		72,313

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

	For the six months ended June 30,	
	2024	2023
Balance at January 1	\$ 79,561	103,376
Impairment losses recognized (reversed)	4,608	(31,083)
Effect of changes in exchange rates	96	20
Balance at June 30	\$ 84,265	72,313

(4) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 4,074,904	4,146,936	4,100,097
Work in progress and semi-finished products	317,204	540,338	598,743
Finished goods and merchandises	2,530,444	2,767,706	2,720,031
	\$ 6,922,552	7,454,980	7,418,871

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The components of operating cost were as below:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 4,728,034	6,339,627	8,849,967	12,724,604
Provision for inventory obsolescence and devaluation loss	31,750	43,242	82,132	127,834
	<u>\$ 4,759,784</u>	<u>6,382,869</u>	<u>8,932,099</u>	<u>12,852,438</u>

As of June 30, 2024, December 31 and June 30, 2023, the Group's inventories were not pledged.

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current:			
Time deposits	<u>\$ 3,258</u>	<u>20,000</u>	<u>20,000</u>
Non-current:			
Restricted deposits	\$ 23,075	21,043	27,463
Refundable deposits	157,690	129,522	118,562
Overdue receivables	67,957	67,957	67,957
Less: loss allowances	(67,957)	(67,957)	(67,957)
Time deposits	-	21,000	-
	<u>\$ 180,765</u>	<u>171,565</u>	<u>146,025</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 June 30, 2024, December 31 and June 30, 2023, the Group held bank time deposits with variable interest rates, and the average interest rates ranged between 0.69%~5.35%, 0.56%~5.5% and 0.56%~7.5%, respectively.

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

(6) Non-current assets held for sale

On December 28, 2023, the Board of Directors had approved the resolution and made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan with non-related party. This transaction has been completed in the second quarter of 2024. Based on the contract between the two parties, the final settlement of the transaction price will be completed within six months following the delivery date. As of June 30, 2024, the disposal gain of \$466,786 thousand was generated and recognized under the "Other gains and losses".

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As of May 30, 2024, the date on which control was lost, the asset and liability amounts of D-Link Asia and Alpha Dongguan were as follows:

	May 30, 2024
Cash and cash equivalents	\$ 32,218
Other current assets	62,833
Property, plant and equipment	15,445
Right-of-use asset	7,270
Intangible assets	1,995
Other non-current assets	42
Total assets	\$ 119,803
Accrued expenses and other payables	\$ 6,748
Total liabilities	\$ 6,748
Net asset	\$ 113,055

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

	June 30, 2024	December 31, 2023	June 30, 2023
Domestic unlisted stocks	\$ 147,352	159,902	140,565
Limited partnership unlisted stocks	31,429	31,429	31,429
	\$ 178,781	191,331	171,994

As of June 30, 2024, December 31 and June 30, 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 June 30, 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:

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		June 30, 2024	December 31, 2023	June 30, 2023
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. and subsidiaries' collective financial information:

	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 8,379,731	7,715,903	8,850,720
Non-current assets	3,900,659	4,140,976	4,084,087
Current liabilities	(3,824,830)	(3,157,286)	(5,085,240)
Non-current liabilities	(1,077,094)	(1,334,874)	(693,558)
Net assets	<u>\$ 7,378,466</u>	<u>7,364,719</u>	<u>7,156,009</u>
Non-controlling interests	<u>\$ (1,334,178)</u>	<u>(1,322,300)</u>	<u>(1,029,523)</u>
Net assets of investees	<u>\$ 6,044,288</u>	<u>6,045,511</u>	<u>6,126,486</u>
Book value of non-controlling interests	<u>\$ 3,338,873</u>	<u>3,136,485</u>	<u>3,052,516</u>

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Operating revenue	<u>\$ 2,438,863</u>	<u>2,806,236</u>	<u>4,548,649</u>	<u>5,616,859</u>
Profit	\$ 19,782	52,215	4,584	71,135
Other comprehensive income	24,358	63,508	141,222	44,374
Total comprehensive income	<u>\$ 44,140</u>	<u>115,723</u>	<u>145,806</u>	<u>115,509</u>
Profit (loss) attributable to non-controlling interests	<u>\$ (4,903)</u>	<u>5,796</u>	<u>(23,906)</u>	<u>8,703</u>
Total comprehensive income, attributable to non-controlling interests	<u>\$ 4,204</u>	<u>29,777</u>	<u>29,084</u>	<u>25,459</u>
Net cash flows from (used in) operating activities			\$ 240,485	(497,738)
Net cash flows from (used in) investing activities			126,906	(14,047)
Net cash flows from financing activities			276,312	1,106,359
Effect of exchange rate changes on cash and cash equivalents			72,308	(6,874)
Net increase in cash and cash equivalents			<u>\$ 716,011</u>	<u>587,700</u>
Dividends paid to non-controlling interests			<u>\$ (196,124)</u>	<u>(296,391)</u>

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(9) Property, plant and equipment

The carrying amount of property, plant and equipment of the Group were 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	\$ <u>879,267</u>	<u>2,346,885</u>	<u>912,740</u>	<u>134,322</u>	<u>4,273,214</u>
Balance at June 30, 2024	\$ <u>882,822</u>	<u>2,328,302</u>	<u>868,936</u>	<u>130,573</u>	<u>4,210,633</u>
Balance at January 1, 2023	\$ <u>879,225</u>	<u>2,159,331</u>	<u>1,002,897</u>	<u>180,604</u>	<u>4,222,057</u>
Balance at June 30, 2023	\$ <u>879,999</u>	<u>2,338,140</u>	<u>976,067</u>	<u>188,894</u>	<u>4,383,100</u>

There were no significant additions, disposal and reversal of property, plant and equipment for the six months ended June 30, 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 June 30, 2024, December 31 and June 30, 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 were 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	\$ <u>528,229</u>	<u>113,099</u>	<u>7,806</u>	<u>649,134</u>
Balance at June 30, 2024	\$ <u>534,251</u>	<u>106,819</u>	<u>9,269</u>	<u>650,339</u>
Balance at January 1, 2023	\$ <u>389,322</u>	<u>32,277</u>	<u>6,261</u>	<u>427,860</u>
Balance at June 30, 2023	\$ <u>456,120</u>	<u>128,977</u>	<u>5,053</u>	<u>590,150</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of the right-of-use assets for the six months ended June 30, 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 June 30, 2024, December 31 and June 30, 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 were 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 June 30, 2024	\$ 78,672	126,433	198,474	578,900	136,396	1,118,875
Balance at January 1, 2023	\$ 125,875	160,914	264,633	578,900	174,115	1,304,437
Balance at June 30, 2023	\$ 110,141	149,420	242,580	578,900	160,376	1,241,417

There were no significant additions, disposal or recognition and reversal of impairment losses of the intangible assets for the six months ended June 30, 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 June 30, 2024, December 31 and June 30, 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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Prepayments for equipment	\$ 402,928	346,261	424,812
Business tax receivable	78,072	159,560	143,955
Income tax receivable	138,849	139,652	212,892
Advance payment	42,406	16,450	102,468
Other receivables (including related parties)	438,233	328,138	472,297
Others	134,372	120,018	150,794
	<u>\$ 1,234,860</u>	<u>1,110,079</u>	<u>1,507,218</u>
Other current assets	\$ 814,015	745,897	1,066,946
Other non-current assets	420,845	364,182	440,272
	<u>\$ 1,234,860</u>	<u>1,110,079</u>	<u>1,507,218</u>

(13) Short-term borrowings

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Unsecured bank loans	\$ 1,993,422	880,246	3,920,339
Unused short-term credit lines	\$ 16,861,315	17,968,386	14,280,787
Range of interest rates	4.5%~ 6.25%	4.3%~ 6.33%	1.7%~ 6.2%

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(14) Long-term borrowings

June 30, 2024				
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.9239%	2025 (note 1)	\$ 150,000
	NTD	1.89675%	2026 (note 2)	400,000
	NTD	0.5%	2029	<u>25,000</u>
Subtotal				575,000
Less: current portion				<u>-</u>
Total				<u><u>\$ 575,000</u></u>
Unused long-term credit lines				<u><u>\$ 10,000</u></u>

December 31, 2023				
	<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>

June 30, 2023				
	<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.

Hitron Technologies had signed a long-term borrowing contact with The Export-Import Bank of the Republic of China and KGI Bank in 2023. The financial commitments for the long-term bank loans with KGI Bank were as follows.

- A. Current ratio (current assets/current liabilities) was no less than 100%.
- B. Debt Ratio (total liabilities/net value) was no more than 150%.
- C. (Cash and cash equivalents + yearly EBITDA)/(short-term borrowings + 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 Hitron Technologies. yearly and halfyearly consolidated financial statements that have been audited or reviewed by the auditor of the Hitron Technologies. When Hitron Technologies breaches the above financial commitments, it is required to repay all the loans owing to KGI Bank immediately.

As of June 30, 2024, there have been no breaches of the aforementioned financial commitments by Hitron Technologies.

(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 six months ended June 30, 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

	June 30, 2024	December 31, 2023	June 30, 2023
Payroll and bonus payable	\$ 671,552	767,734	1,068,690
Contract liabilities (note 6(23))	933,087	1,242,077	829,573
Lease liabilities-current (note 6(18))	31,088	31,192	29,918
Other accounts payable to related parties (note 7)	3,810	710	6,418
Others	118,186	257,178	144,993
	<u>\$ 1,757,723</u>	<u>2,298,891</u>	<u>2,079,592</u>

(17) Bonds payable

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

	June 30, 2024	December 31, 2023	June 30, 2023
Total convertible corporate bonds issued	\$ 600,000	600,000	600,000
Unamortized discounted payable	(3,699)	(9,988)	(23,560)
Cumulative converted amount	(465,600)	(325,400)	(79,900)
Total bonds payable at the end of the period	<u>\$ 130,701</u>	<u>264,612</u>	<u>496,540</u>

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	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Embedded derivative – call and put options, included in other non-current assets	\$ -	55	156
Equity component – conversion options	<u>\$ 14,251</u>	<u>29,117</u>	<u>69,990</u>

In response to future operational needs, Interactive Digital's Board of Directors resolved to issue the \$600,000 thousand 3-year second secured zero coupon convertible corporate bonds on October 24, 2022. The bonds issuance 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 \$53.3 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 the Group in accordance with the Article no.18 of the Regulations Governing Issuance of Corporate Bonds, or redemption by the Securities Dealers, Interactive Digital will repay all convertible corporate bonds at face value and in cash within the 10 business days following their maturity date.

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

As of June 30, 2024, the second convertible bond issued by Interactive Digital, a subsidiary, has been converted into 8,119 thousand ordinary shares.

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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current (recorded in other current liabilities)	\$ 31,088	31,192	29,918
Non-current	287,591	292,911	306,861
	<u>\$ 318,679</u>	<u>324,103</u>	<u>336,779</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:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest on lease liabilities	<u>\$ 2,783</u>	<u>1,793</u>	<u>5,562</u>	<u>2,771</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 9,113</u>	<u>9,472</u>	<u>18,703</u>	<u>18,408</u>

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

	For the six months ended June 30,	
	2024	2023
Total cash outflow for leases	<u>\$ 46,781</u>	<u>43,776</u>

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 or low-value assets of 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 \$394 thousand, \$511 thousand, \$789 thousand and \$1,022 thousand for the three months and six months ended June 30, 2024 and 2023, respectively.

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B. Defined contribution plans

The pension costs under contribution plans amounted to \$39,014 thousand, \$39,311 thousand, \$80,524 thousand and \$80,349 thousand for the three months and six months ended June 30, 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:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Current income tax expense				
Current period	\$ 75,762	42,024	99,003	128,427
Adjustment for prior period	-	(28,279)	-	(28,279)
	<u>\$ 75,762</u>	<u>13,745</u>	<u>99,003</u>	<u>100,148</u>

As of June 30, 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 six months ended June 30, 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 June 30, 2024, December 31 and June 30, 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Capital surplus – premium	\$ 2,491,661	2,491,661	2,491,661
Capital surplus – investments under equity method	101,862	89,149	68,464
Others	15,004	14,994	14,994
	<u>\$ 2,608,527</u>	<u>2,595,804</u>	<u>2,575,119</u>

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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 and shareholders meeting on February 27 and May 31, 2024, respectively. The appropriations and cash dividends per share were as follow:

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

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The above-mentioned earnings distribution was consistent with the resolutions approved by Board of Directors on February 27, 2024.

Earnings distribution of 2022 was approved by the Board of Directors and shareholders meeting on February 24 and May 31, 2023, respectively. The appropriations and cash dividends per share were as follow:

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

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

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Equity related to non-current assets held for sale	Non- controlling interests	Total
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	236,832	-	-	57,972	294,804
Remeasurements of defined benefit plans	-	-	-	245	245
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(7,811)	-	(4,739)	(12,550)
Changes in ownership interests in subsidiaries	-	-	-	(12,713)	(12,713)
Distribution of cash dividend by subsidiaries to non-controlling interest	-	-	-	(196,124)	(196,124)
Changes in non-controlling interests	-	-	-	177,747	177,747
Disposal of subsidiaries	(43,579)	-	43,579	-	-
Balance at June 30, 2024	\$ (49,765)	10,803	-	3,339,746	3,300,784

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	Differences on translation of foreign operation financial statements	Unrealized gains 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	(67,899)	-	16,756	(51,143)
Changes in ownership interests in subsidiaries	-	-	15,337	15,337
Distribution of cash dividend by subsidiaries to non-controlling interest	-	-	(296,391)	(296,391)
Changes in non-controlling interests	-	-	132,380	132,380
Balance at June 30, 2023	<u>\$ (301,026)</u>	<u>6,578</u>	<u>3,053,389</u>	<u>2,758,941</u>

(22) Earnings per share

A. Basic earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Profit attributable to Alpha's ordinary shareholders	<u>\$ 262,948</u>	<u>238,917</u>	<u>329,456</u>	<u>412,816</u>
Weighted-average number of shares outstanding (in thousands of shares)	<u>541,719</u>	<u>541,719</u>	<u>541,719</u>	<u>541,719</u>
Basic earnings per share (NTD)	<u>\$ 0.49</u>	<u>0.44</u>	<u>0.61</u>	<u>0.76</u>

B. Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Profit attributable to Alpha's ordinary shareholders	<u>\$ 262,948</u>	<u>238,917</u>	<u>329,456</u>	<u>412,816</u>
Weighted average number of shares outstanding (in thousands of shares) (basic)	541,719	541,719	541,719	541,719
Effect of employee remuneration in shares	<u>1,259</u>	<u>1,330</u>	<u>1,859</u>	<u>2,402</u>
Weighted average number of shares outstanding (in thousands of shares) (diluted)	<u>542,978</u>	<u>543,049</u>	<u>543,578</u>	<u>544,121</u>
Diluted earnings per share (NTD)	<u>\$ 0.48</u>	<u>0.44</u>	<u>0.61</u>	<u>0.76</u>

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(23) Revenues

A. The details of revenues were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Primary geographical markets:				
United States	\$ 3,038,478	4,887,921	6,069,523	10,050,738
Taiwan	1,229,312	947,539	2,192,755	2,065,693
Others	<u>1,416,670</u>	<u>1,909,865</u>	<u>2,602,382</u>	<u>3,498,234</u>
	<u>\$ 5,684,460</u>	<u>7,745,325</u>	<u>10,864,660</u>	<u>15,614,665</u>
Major products/services lines:				
LAN/MAN	\$ 2,170,770	3,467,676	4,171,400	7,333,941
Wireless Broadband	2,539,142	3,608,901	4,926,569	6,983,860
Digital Multimedia	345,364	202,676	716,153	478,698
Others	<u>629,184</u>	<u>466,072</u>	<u>1,050,538</u>	<u>818,166</u>
	<u>\$ 5,684,460</u>	<u>7,745,325</u>	<u>10,864,660</u>	<u>15,614,665</u>

B. Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Trade receivables (including related parties)	<u>\$ 3,552,850</u>	<u>4,899,282</u>	<u>5,099,697</u>
Contract liabilities (included in other current liabilities)	<u>\$ 933,087</u>	<u>1,242,077</u>	<u>829,573</u>

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

The amounts of revenue recognized for the six months ended June 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$489,847 thousand and \$328,455 thousand, respectively.

The contract liabilities primarily relate to the advance receipts from the Group's product sales contracts, and the Group 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 months and six months ended June 30, 2024 and 2023, Alpha accrued and recognized its remuneration to employees amounting to \$35,057 thousand, \$31,423 thousand, \$43,824 thousand and \$54,416 thousand, respectively, and directors amounting to \$2,629 thousand, \$2,357 thousand, \$3,287 thousand and \$4,081 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, 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, 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 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 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest income from bank deposits and others	\$ 35,915	23,165	48,793	40,226

(26) Other income

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Government grants income	\$ 7,514	15,577	30,057	25,974
Others	4,037	6,311	15,265	15,750
	\$ 11,551	21,888	45,322	41,724

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(27) Other gains and losses

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Gains on disposal of subsidiaries, net (note 6(6))	\$ 466,786	-	466,786	-
Gains (loss) on financial assets at fair value through profit or loss, net	(57,261)	(55,443)	(157,952)	(57,508)
Foreign exchange gain (loss), net	51,712	76,261	145,944	43,374
Others	<u>(3,296)</u>	<u>(14,132)</u>	<u>(4,768)</u>	<u>(24,589)</u>
	<u>\$ 457,941</u>	<u>6,686</u>	<u>450,010</u>	<u>(38,723)</u>

(28) Finance costs

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest expense of borrowings, etc.	\$ 40,293	38,514	70,285	69,077
Interest expense of lease liability	<u>2,783</u>	<u>1,793</u>	<u>5,562</u>	<u>2,771</u>
	<u>\$ 43,076</u>	<u>40,307</u>	<u>75,847</u>	<u>71,848</u>

(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 June 30, 2024, December 31 and June 30, 2023, 37%, 48% and 55%, 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>
June 30, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,993,422	(2,015,190)	(2,015,190)	-	-
Accounts payable (including related parties)	3,562,957	(3,562,957)	(3,562,957)	-	-
Other payables to related parties (included in other current liabilities)	3,810	(3,810)	(3,810)	-	-
Accrued expenses	503,626	(503,626)	(503,626)	-	-
Dividends payable	743,260	(743,260)	(743,260)	-	-
Lease liabilities	318,679	(356,608)	(41,126)	(124,708)	(190,774)
Bonds payable	130,701	(130,701)	(130,701)	-	-
Long-term borrowings	575,000	(598,164)	(10,598)	(587,566)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	396	(1,906,803)	(1,906,803)	-	-
Inflows	(4,685)	1,911,092	1,911,092	-	-
Foreign exchanges swaps:					
Outflows	11,465	(1,699,490)	(1,699,490)	-	-
Inflows	(118)	1,688,143	1,688,143	-	-
	<u>\$ 7,838,513</u>	<u>(7,921,374)</u>	<u>(7,018,326)</u>	<u>(712,274)</u>	<u>(190,774)</u>
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 880,246	(894,394)	(894,394)	-	-
Accounts payable (including related-parties)	4,269,356	(4,269,356)	(4,269,356)	-	-
Other payables to related parties (included in other current liabilities)	710	(710)	(710)	-	-
Accrued expenses	565,992	(565,992)	(565,992)	-	-
Long-term borrowings (including 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>
June 30, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 3,920,339	(4,360,570)	(4,360,570)	-	-
Accounts payable (including related parties)	3,171,865	(3,171,865)	(3,171,865)	-	-
Other payables to related parties (included in other current liabilities)	6,418	(6,418)	(6,418)	-	-
Accrued expenses	681,678	(681,678)	(681,678)	-	-
Dividends payable	1,211,886	(1,211,886)	(1,211,886)	-	-
Lease liabilities	336,779	(409,107)	(43,501)	(129,526)	(236,080)
Bonds payable	496,540	(496,540)	-	(496,540)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	6,813	(909,169)	(909,169)	-	-
Inflows	(25)	902,381	902,381	-	-
Foreign exchanges swaps:					
Outflows	7,536	(561,995)	(561,995)	-	-
Inflows	-	554,459	554,459	-	-
	<u>\$ 9,839,829</u>	<u>(10,352,388)</u>	<u>(9,490,242)</u>	<u>(626,066)</u>	<u>(236,080)</u>

C. Currency risk

(a) Exposure to currency risk

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

	<u>June 30, 2024</u>			<u>December 31, 2023</u>			<u>June 30, 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	\$ 88,961	32.45	2,886,784	101,229	30.75	3,114,944	89,850	31.10	2,794,335
CNY	5,849	4.4658	26,120	6,591	4.3364	28,581	1,246	4.2897	5,345
<u>Non-Monetary items</u>									
USD	51,000	32.45	Note	63,790	30.75	Note	1,077	31.10	Note
CNY	10,000	4.4658	Note	-	-	-	-	-	-
EUR	800	34.705	Note	1,700	34.034	Note	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	98,702	32.45	3,202,880	106,054	30.75	3,261,161	96,505	31.10	3,001,306
CNY	5,336	4.4658	23,830	-	-	-	-	-	-
<u>Non-Monetary items</u>									
USD	57,810	32.45	Note	5,000	30.75	Note	35,980	31.10	Note
CNY	-	-	-	10,000	4.3364	Note	15,000	4.2897	Note
EUR	-	-	-	-	-	-	2,929	33.821	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 June 30, 2024 and 2023, would have increased or decreased the profit before tax by \$3,138 thousand and \$2,016 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 months and six months ended June 30, 2024 and 2023, foreign exchange gain(loss) (including realized and unrealized portions) amounted to \$51,712 thousand, \$76,261 thousand, \$145,944 thousand and \$43,374 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 \$2,108 thousand and \$54 thousand, respectively for the six months ended June 30, 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 six months ended June 30, 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:

<u>Prices of securities at the reporting date</u>	For the six months ended	
	June 30,	
	<u>2024</u>	<u>2023</u>
Financial assets at fair value through profit or loss		
Increasing 5%	\$ <u>290</u>	<u>266</u>
Decreasing 5%	\$ <u>(290)</u>	<u>(266)</u>
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ <u>8,939</u>	<u>8,600</u>
Decreasing 5%	\$ <u>(8,939)</u>	<u>(8,600)</u>

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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:

	June 30, 2024				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – stocks	\$ <u>5,791</u>	<u>5,791</u>	-	-	<u>5,791</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>4,803</u>	-	<u>4,803</u>	-	<u>4,803</u>
Non-current financial assets at fair value through other comprehensive income	\$ <u>178,781</u>	-	-	<u>178,781</u>	<u>178,781</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,424,298	-	-	-	-
Notes and accounts receivable (including related parties)	3,552,850	-	-	-	-
Other receivables(including related parties)(included in other current assets)	438,233	-	-	-	-
Financial assets measured at amortized cost – current and non-current	<u>184,023</u>	-	-	-	-
Total	\$ <u>9,599,404</u>	-	-	-	-
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative	\$ <u>11,861</u>	-	<u>11,861</u>	-	<u>11,861</u>

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		June 30, 2024			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 3,562,957	-	-	-	-
Other payable to related parties (included in other current liabilities)	3,810	-	-	-	-
Short-term borrowings	1,993,422	-	-	-	-
Dividends payable	743,260	-	-	-	-
Accrued expenses	503,626	-	-	-	-
Long-term borrowings	575,000	-	-	-	-
Bonds payable	130,701	-	-	-	-
Lease liabilities – current and non-current	318,679	-	-	-	-
Total	\$ 7,831,455	-	-	-	-
		December 31, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – stocks	\$ 5,989	5,989	-	-	5,989
Financial assets mandatorily at fair value through profit or loss – derivative	\$ 30,309	-	30,309	-	30,309
Non-current financial assets at fair value through other comprehensive income	\$ 191,331	-	-	191,331	191,331
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 3,200,675	-	-	-	-
Notes and accounts receivable(including related parties)	4,899,282	-	-	-	-
Other receivables(including related parties)(included in other current assets)	328,138	-	-	-	-
Financial assets measured at amortized cost –current and non-current	191,565	-	-	-	-
Total	\$ 8,619,660	-	-	-	-

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December 31, 2023						
		Fair Value				
		Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss—						
derivative						
	\$	<u>778</u>	<u>-</u>	<u>778</u>	<u>-</u>	<u>778</u>
Financial liabilities measured at amortized cost						
Accounts payable (including related parties)						
	\$	4,269,356	-	-	-	-
Other payable to related parties (included in other current liabilities)						
		710	-	-	-	-
Short-term borrowings						
		880,246	-	-	-	-
Accrued expenses						
		565,992	-	-	-	-
Long-term borrowings						
		700,000	-	-	-	-
Bonds Payable						
		264,612	-	-	-	-
Lease liabilities – current and non-current						
		<u>324,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 7,005,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
						June 30, 2023
		Fair Value				
		Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis						
Financial assets mandatorily at fair value through profit or loss – stocks						
	\$	<u>5,312</u>	<u>5,312</u>	<u>-</u>	<u>-</u>	<u>5,312</u>
Financial assets mandatorily at fair value through profit or loss – derivative						
	\$	<u>25</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>
Financial assets at fair value through other comprehensive income – non-current						
	\$	<u>171,994</u>	<u>-</u>	<u>-</u>	<u>171,994</u>	<u>171,994</u>

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	June 30, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,948,207	-	-	-	-
Notes and accounts receivable(including related parties)	5,099,697	-	-	-	-
Other receivables(including related parties)(included in other current assets)	472,297	-	-	-	-
Financial assets measured at amortized cost –current and non-current	166,025	-	-	-	-
Total	<u>\$10,686,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative	\$ <u>14,349</u>	<u>-</u>	<u>14,349</u>	<u>-</u>	<u>14,349</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 3,171,865	-	-	-	-
Other payable to related parties (included in other current liabilities)	6,418	-	-	-	-
Short-term borrowings	3,920,339	-	-	-	-
Dividends payable	1,211,886	-	-	-	-
Bonds Payable	496,540	-	-	-	-
Lease liabilities – current and non-current	336,779	-	-	-	-
Total	<u>\$ 9,143,827</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 and six months ended June 30, 2024 and 2023.

(d) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
Opening Balance, January 1, 2024	\$ 191,331
Unrealized gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	(12,550)
Ending balance, June 30, 2024	<u>\$ 178,781</u>
Ending balance, June 30, 2023 (Same as opening balance, January 1, 2023)	<u>\$ 171,994</u>

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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 June 30, 2024, December 31, 2023 and June 30, 2023, price-equity ratios of comparable companies were at 1.11 times, 1.75 times and 1.61 times.	The higher the price-equity ratios, the higher the fair value.
		As of June 30, 2024, December 31, 2023 and June 30, 2023, price-to-earning ratio of comparable companies were at 25.66 times, 23.21 times and 25.45 times.	The higher the price-to-earning ratios, the higher the fair value.
		As of June 30, 2024, December 31, 2023 and June 30, 2023, discount for lack of marketability of 18.10%~18.34%, 18.10%~23.21% and 18.10%~19.30%.	The greater degree of lack of marketability, the lower the fair value.
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.

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(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.

(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:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Foreign exchange movement and other</u>	<u>June 30, 2024</u>
Short-term borrowings	\$ 880,246	1,057,607	55,569	1,993,422
Long-term borrowings	700,000	(125,000)	-	575,000
Bonds payable	264,612	-	(133,911)	130,701
Lease liabilities	<u>324,103</u>	<u>(22,516)</u>	<u>17,092</u>	<u>318,679</u>
Total liabilities from financing activities	<u>\$ 2,168,961</u>	<u>910,091</u>	<u>(61,250)</u>	<u>3,017,802</u>

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Foreign exchange movement and other</u>	<u>June 30, 2023</u>
Short-term borrowings	\$ 3,936,093	(111,059)	95,295	3,920,329
Long-term borrowings (including maturity within 1 year)	26,000	(26,000)	-	-
Bonds payable	-	631,884	(135,344)	496,540
Lease liabilities	<u>244,052</u>	<u>(22,597)</u>	<u>115,324</u>	<u>336,779</u>
Total liabilities from financing activities	<u>\$ 4,206,145</u>	<u>472,228</u>	<u>75,275</u>	<u>4,753,648</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.

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(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
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
Simula Technologies Inc. (Simula)	Qisda's subsidiary
BenQ Material Corp. (BMC)	Qisda's subsidiary
Qisda Vietnam Co.,Ltd. (QVH)	Qisda's subsidiary
Concord Medical Co., Ltd. (Concord)	Qisda's subsidiary
BenQ Technologies (Shanghai) Co., Ltd. (BQls)	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
Unictron Technologies Corporation (Unictron 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:

	<u>For the three months</u>		<u>For the six months</u>	
	<u>ended June 30,</u>		<u>ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Parent Company	\$ -	-	-	238
Other related parties	-	-	90	-
	<u>\$ -</u>	<u>-</u>	<u>90</u>	<u>238</u>

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

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

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B. Purchases

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Parent Company	\$ 202	-	202	-
Other related parties	35,013	14,555	62,969	30,478
	\$ 35,215	14,555	63,171	30,478

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

C. Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable from related parties	Parent Company	\$ -	250	-
Accounts receivable from related parties	Other related parties	-	515	-
		\$ -	765	-

D. Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	June 30, 2024	December 31, 2023	June 30, 2023
Accounts payable to related parties	Parent Company	\$ 203	62	-
Accounts payable to related parties	Other related parties	38,619	18,335	16,363
		\$ 38,822	18,397	16,363

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:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Parent Company	\$ 49	294	202	400
Other related parties	69	(1,486)	950	3,547
	\$ 118	(1,192)	1,152	3,947

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

The payables to related parties were as follows:

<u>Account</u>	<u>Related Party Category</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other payable to related parties	Parent Company	\$ 85	487	22
Other payable to related parties	Other related parties	<u>72</u>	<u>223</u>	<u>165</u>
		<u>\$ 157</u>	<u>710</u>	<u>187</u>

F. Property transactions

Acquisition of property, plant and equipment and intangible assets were as follows:

	<u>Amount</u>			
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Parent Company	\$ -	-	3,917	-
Other related parties	<u>142</u>	<u>95</u>	<u>2,686</u>	<u>370</u>
	<u>\$ 142</u>	<u>95</u>	<u>6,603</u>	<u>370</u>

The amounts of payable to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other payable to related parties	Other related parties	\$ -	-	<u>100</u>

G. Prepayments

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Prepayments (included in other current assets)	Parent Company	\$ -	200	-
Prepayments (included in other current assets)	Other related parties	<u>-</u>	<u>360</u>	<u>-</u>
		<u>\$ -</u>	<u>560</u>	<u>-</u>

H. Other income

<u>Account</u>	<u>Relationship</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other income	Other related parties	\$ <u>103</u>	<u>-</u>	<u>103</u>	<u>-</u>

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

(4) Key management personnel compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 17,670	18,268	40,992	55,226
Post-employment benefits	297	323	594	593
	\$ 17,967	18,591	41,586	55,819

8. Pledged assets:

Pledged assets	Object	June 30, 2024	December 31, 2023	June 30, 2023
Time deposit (recorded in other current assets)	Guarantee for Foreign exchange forward	\$ 715	650	686
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	558	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	11,776	12,061	12,419
Refundable deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for construction project	103,860	92,632	86,447
Refundable deposit (recorded in other non-current assets)	Guarantee for warranty	21,000	-	-
		\$ 155,841	123,833	118,042

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

9. Significant commitments and contingencies:

- (1) As of June 30, 2024, December 31 and June 30, 2023, the Group's deposited notes and guarantees in the bank amounting to \$18,700,880 thousand, \$7,755,950 thousand and \$5,573,550 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

	June 30, 2024	December 31, 2023	June 30, 2023
Guaranteed Notes Payable for tender contract	\$ 16,808	15,256	16,190
Guarantee for construction projects	\$ 76,457	113,771	105,563

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other:

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

By function	For the three months ended June 30,					
	2024			2023		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item						
Employee benefits						
Salary	173,448	588,498	761,946	187,736	659,275	847,011
Labor and health insurance	13,106	39,780	52,886	25,657	46,383	72,040
Pension	9,250	30,159	39,409	8,397	31,425	39,822
Remuneration of directors	-	6,515	6,515	-	8,989	8,989
Others	10,465	20,108	30,573	11,641	13,954	25,595
Depreciation	60,138	63,930	124,068	79,716	64,178	143,894
Amortization	1,217	51,331	52,548	932	53,943	54,875

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

By item	By function		For the six months ended June 30,			
	2024			2023		
	Cost of Sales	Operation Expenses	Total	Cost of Sales	Operation Expenses	Total
Employee benefits						
Salary	331,179	1,099,706	1,430,885	404,394	1,268,724	1,673,118
Labor and health insurance	27,606	82,498	110,104	44,510	93,649	138,159
Pension	17,916	63,397	81,313	17,203	64,168	81,371
Remuneration of directors	-	11,045	11,045	-	16,360	16,360
Others	20,745	31,660	52,405	25,504	33,024	58,528
Depreciation	124,352	129,954	254,306	158,462	126,396	284,858
Amortization	2,397	103,707	106,104	1,797	108,342	110,139

13. Other disclosures:

(1) Information on significant transactions:

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

- A. Financing provided to other parties: Please refer to Table 1.
- B. Guarantees and endorsements provided to other parties: Please refer to Table 2.
- C. Securities held (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Individual securities acquired or disposed of with accumulated amounts exceeding \$300 million or 20% of the capital stock: Please refer to Table 4.
- E. Acquisition of individual real estate with amounts exceeding \$300 million or 20% of the capital stock: None.
- F. Disposal of individual real estate with amounts exceeding \$300 million or 20% of the capital stock: None.
- G. Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 5.
- H. Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 6.
- I. Trading in derivative instruments: Please refer to note 6(2).
- J. Business relationships and significant intercompany transactions: Please refer to Table 7.

(2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 8.

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

(3) Information on investment in Mainland China:

- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 9.
- B. Limitation on investment in Mainland China: Please refer to Table 9.
- C. Significant transactions:

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

(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:

	For the three months ended June 30, 2024			
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 5,071,161	613,299	-	5,684,460
Intersegment revenue	-	14,262	(14,262)	-
Total revenue	<u>\$ 5,071,161</u>	<u>627,561</u>	<u>(14,262)</u>	<u>5,684,460</u>
Interest expenses	<u>\$ 42,217</u>	<u>860</u>	<u>(1)</u>	<u>43,076</u>
Depreciation and amortization	<u>\$ 158,916</u>	<u>17,762</u>	<u>(62)</u>	<u>176,616</u>
Reportable segment profit or loss	<u>\$ 252,348</u>	<u>53,777</u>	<u>(14,430)</u>	<u>291,695</u>

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

For the three months ended June 30, 2023				
	Network related products	Others	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 7,283,429	461,896	-	7,745,325
Intersegment revenue	-	10,855	(10,855)	-
Total revenue	<u>\$ 7,283,429</u>	<u>472,751</u>	<u>(10,855)</u>	<u>7,745,325</u>
Interest expenses	<u>\$ 37,602</u>	<u>2,706</u>	<u>(1)</u>	<u>40,307</u>
Depreciation and amortization	<u>\$ 181,972</u>	<u>16,859</u>	<u>(62)</u>	<u>198,769</u>
Reportable segment profit or loss	<u>\$ 226,726</u>	<u>60,704</u>	<u>(9,715)</u>	<u>277,715</u>

For the six months ended June 30, 2024				
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 9,831,167	1,033,493	-	10,864,660
Intersegment revenue	-	26,987	(26,987)	-
Total revenue	<u>\$ 9,831,167</u>	<u>1,060,480</u>	<u>(26,987)</u>	<u>10,864,660</u>
Interest expenses	<u>\$ 73,814</u>	<u>2,034</u>	<u>(1)</u>	<u>75,847</u>
Depreciation and amortization	<u>\$ 325,337</u>	<u>35,197</u>	<u>(124)</u>	<u>360,410</u>
Reportable segment profit or loss	<u>\$ 292,562</u>	<u>106,253</u>	<u>(27,361)</u>	<u>371,454</u>

June 30, 2024				
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 20,101,083</u>	<u>3,909,606</u>	<u>(21,174)</u>	<u>23,989,515</u>
Reportable segment liabilities	<u>\$ 9,278,557</u>	<u>1,453,031</u>	<u>(119,007)</u>	<u>10,612,581</u>

For the six months ended June 30, 2023				
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 14,827,575	787,090	-	15,614,665
Intersegment revenue	-	18,537	(18,537)	-
Total revenue	<u>\$ 14,827,575</u>	<u>805,627</u>	<u>(18,537)</u>	<u>15,614,665</u>
Interest expenses	<u>\$ 67,263</u>	<u>4,587</u>	<u>(2)</u>	<u>71,848</u>
Depreciation and amortization	<u>\$ 361,894</u>	<u>33,227</u>	<u>(124)</u>	<u>394,997</u>
Reportable segment profit or loss	<u>\$ 403,168</u>	<u>79,070</u>	<u>(17,669)</u>	<u>464,569</u>

June 30, 2023				
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 21,981,035</u>	<u>3,761,832</u>	<u>(5,533)</u>	<u>25,737,334</u>
Reportable segment liabilities	<u>\$ 11,209,520</u>	<u>1,646,575</u>	<u>(3,593)</u>	<u>12,852,502</u>

Alpha Networks Inc. and Subsidiaries
Financing provided to other parties
For the six months ended June 30, 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	325,450 (USD10,000 thousand)	324,500 (USD10,000 thousand)	324,500 (USD10,000 thousand)	5.5%	2	-	Operating capital	-		-	2,007,438 (note 2)	4,014,876 (note 3)
1	Alpha HK	Alpha Changshu	Same as above	Yes	1,114,438 (CNY248,000 thousand)	1,107,518 (CNY248,000 thousand)	1,107,518 (CNY248,000 thousand)	-	2	-	Operating capital	-		-	2,353,147 (note 4)	2,353,147 (note 4)
2	Alpha Chengdu	Alpha Changshu	Same as above	Yes	269,622 (CNY60,000 thousand)	267,948 (CNY60,000 thousand)	267,948 (CNY60,000 thousand)	1.25%~1.75%	2	-	Operating capital	-		-	485,253 (note4)	485,253 (note4)
3	Enrich Investment	Transnet Corporation	Same as above	Yes	15,000	-	-	1.65%	2	-	Operating capital	-		-	61,502 (note 5)	123,004 (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.

Note 5: The total and individual amount of lending to a company by Enrich Investment shall not exceed 40% and 20% of net worth of latest financial statement, respectively.

Alpha Networks Inc. and Subsidiaries
Guarantees and endorsements provided to other parties
For the six months ended June 30, 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)	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	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Alpha	Alpha Dongguan	note 3	5,018,594	65,090	-	-	-	- %	10,037,188	Y	N	Y
0	Alpha	Alpha Changshu	note 3	5,018,594	227,815	227,150	8,560	-	2.26 %	10,037,188	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)
June 30, 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	Carrying value	Percentage of ownership (%)	Fair value	
Alpha	TGC, Inc.	-	Non-current financial assets at fair value through profit and loss	500	-	1.83	-	
Alpha	IGNITION VENTURES	-	Non-current financial assets at fair value through other comprehensive income	-	31,429	-	31,429	
Enrich Investment	RAPIDTEK TECHNOLOGIES	Qisda's associate	Non-current financial assets at fair value through other comprehensive income	1,751	108,750	5.84	108,750	
Hitron Technologies	SENAO INTERNATIONAL CO, LTD.	-	Current financial assets at fair value through profit or loss	152	5,791	0.06	5,791	
Hitron Technologies	CHAO LONG MOTOR PARTS CORP	-	Non-current financial assets at fair value through other comprehensive income	668	38,602	1.79	38,602	
Hitron Technologies	IMAGETECH CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	120	-	1.20	-	
Hitron Technologies	TSUNAMI VISUAL TECHNOLOGIES, INC.	-	Non-current financial assets at fair value through other comprehensive income	1,220	-	9.34	-	
Hitron Technologies	PIVOT TECHNOLOGY CORP.	-	Non-current financial assets at fair value through other comprehensive income	198	-	10.94	-	
Hitron Technologies	CARDTEK TECHNOLOGY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	1,000	-	6.45	-	
Hitron Technologies	YESMOBIRE HOLDINGS COMPANY LTD.	-	Non-current financial assets at fair value through other comprehensive income	294	-	0.75	-	
Hitron Technologies	CODENT NETWORKS (CAYMAN) LTD. (SPECIAL SHARES)	-	Non-current financial assets at fair value through other comprehensive income	1,570	-	-	-	

Alpha Networks Inc. and Subsidiaries
Individual securities acquired or disposed of with accumulated amounts exceeding \$300 million or 20% of the capital stock
For the six months ended June 30, 2024

Table 4

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

Name of company	Category and name of security	Account	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance (note)	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Alpha	D-Link Asia	Non-current assets held for sale	NEWSTART INVESTMENT COMPANY LIMITED	Non-related party	-	-	-	-	-	568,606	113,055	466,786	-	-

Note: The ending balance included the amount of exchange differences on translation about the foreign financial statements, please refer to 6(6).

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 six months ended June 30, 2024

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Alpha	Alpha USA	Subsidiary of Alpha	(Sales)	(1,628,689)	(29)%	90 days	-		552,224	25%	Note
Alpha	Alpha Changshu	Subsidiary of Alpha	Purchase	2,681,478	54%	90 days	-		(1,220,823)	(63)%	Note
Alpha	Hitron Technologies	Subsidiary of Alpha	(Sales)	(215,306)	(4)%	60 days	-		152,467	7%	Note
Alpha	Alpha HK	Subsidiary of Alpha	Purchase	1,312,413	26%	90 days	-		(379,668)	(20)%	Note
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	(Sales)	(1,519,111)	(35)%	90 days	-		524,385	32%	Note
Alpha HK	Alpha VN	Subsidiary to subsidiary	(Sales)	(1,499,098)	(34)%	90 days	-		726,205	45%	Note
Alpha VN	Alpha HK	Subsidiary to subsidiary	(Sales)	(1,312,413)	(100)%	90 days	-		378,239	100%	Note
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	(Sales)	(2,554,633)	(77)%	90 days	-		1,969,187	83%	Note
Hitron Technologies	Hitron Europe	Subsidiary to subsidiary	(Sales)	(120,109)	(4)%	90 days	-		46,352	2%	Note
Hitron Technologies	Hitron Vietnam	Subsidiary to subsidiary	Purchase	2,737,033	79%	60 days	-		(1,186,305)	(73)%	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
June 30, 2024

Table 6

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period(note 1)	Loss Allowance	Note
					Amount	Action taken			
Alpha	Alpha USA	Subsidiary of Alpha	552,224	1.88	-	-	-	-	note 2
Alpha	Alpha HK	Subsidiary of Alpha	226,975	-	127,959	-	-	-	note 2
Alpha	Hitron Technologies	Subsidiary of Alpha	152,467	5.13	-	-	-	-	note 2
Alpha Changshu	Alpha	Subsidiary to parent	1,220,823	5.76	111,384	-	-	-	note 2
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	524,385	4.92	9,366	-	133,340	-	note 2
Alpha HK	Alpha VN	Subsidiary to subsidiary	726,205	3.65	131,039	-	11,241	-	note 2
Alpha HK	Alpha	Subsidiary to parent	379,668	8.42	-	-	48,800	-	note 2
Alpha VN	Alpha HK	Subsidiary to subsidiary	378,239	8.44	-	-	48,800	-	note 2
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	1,969,187	2.93	-	-	203,032	-	note 2
Hitron Vietnam	Hitron Technologies	Subsidiary to subsidiary	1,186,305	3.79	-	-	-	-	note 2

Note 1: The collection situation as of July 18, 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 six months ended June 30, 2024

Table 7

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account	Amount	Payment terms	Percentage of the consolidated operating revenue or total assets
0	Alpha	Alpha USA	Parent to Subsidiary	Sales	1,628,689	-	14.99%
0	Alpha	Alpha USA	Parent to Subsidiary	Accounts receivable from related parties	552,224	90 days	2.30%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Purchase	2,681,478	-	24.68%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Accounts payable to related parties	1,220,823	90 days	5.09%
0	Alpha	Alpha Chengdu	Parent to Subsidiary	Research expense	132,192	-	1.22%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Sales	215,306	-	1.98%
0	Alpha	Alpha HK	Parent to Subsidiary	Purchase	1,312,413	-	12.08%
0	Alpha	Alpha HK	Parent to Subsidiary	Accounts payable to related parties	379,668	90 days	1.58%
0	Alpha	Alpha VN	Subsidiary to Subsidiary	Other receivables	325,095	-	1.36%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Sales	1,519,111	-	13.98%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Accounts receivable from related parties	524,385	90 days	2.19%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Sales	1,499,098	-	13.80%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Accounts receivable from related parties	726,205	90 days	3.03%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Sales	1,312,413	-	12.08%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Accounts receivable from related parties	378,239	90 days	1.58%
3	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Sales	2,554,633	-	23.51%
3	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Accounts receivable from related parties	1,969,187	90 days	8.21%
3	Hitron Technologies	Hitron Europe	Subsidiary to Subsidiary	Sales	120,109	-	1.11%
3	Hitron Technologies	Hitron Vietnam	Subsidiary to Subsidiary	Purchase	2,737,033	-	25.19%
3	Hitron Technologies	Hitron Vietnam	Subsidiary to Subsidiary	Accounts payable to related parties	1,186,305	60 days	4.95%

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 six months ended June 30, 2024

Table 8

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
Alpha	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	5,543	1	100.00 %	16,318	(79)	(79)	
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00 %	193,238	11,349	11,349	
Alpha	Alpha HK	Hong Kong	Investment holding	3,143,628	3,143,628	780,911	100.00 %	2,351,204	5,221	19,499	
Alpha	ATS	USA	Post-sale service	260,497 (USD8,100 thousand)	260,497 (USD8,100 thousand)	8,100	100.00 %	204,488	2,112	2,112	
Alpha	Enrich Investment	Taiwan	Investment holding	400,000	400,000	40,000	100.00 %	307,509	(5,447)	(5,447)	
Alpha	Hitron Technologies	Taiwan	Marketing on system integration of communication product and telecommunication products	4,811,000	4,811,000	200,000	62.24 %	3,927,701	(21,453)	(39,404)	
Alpha	D-Link Asia	Singapore	Investment in manufacturing business	-	-	note 4	-	-	(82)	(82)	
Alpha	Alpha VN	Vietnam	Production of sale of network products	1,195,424	1,195,424	note 3	100.00 %	859,747	(119,185)	(119,185)	
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	5.32 %	111,894	128,240	note 1	
Enrich Investment	Transnet	Taiwan	Operating network communication products, provide support system services, integrated supply and import and export of network equipment	-	50,000	-	-	-	(1,246)	note 1, 5	
Enrich Investment	Aespula	Taiwan	Sale of network equipment components and technical services	80,000	80,000	8,000	98.92 %	40,625	9,355	note 1, 2	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
Hitron Technologies	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	205,114	9,831	note 1	
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	34.53 %	601,457	128,240	note 1	
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	note 3	100.00 %	2,086,840	(7,293)	note 1	
Hitron Technologies	Hitron Americas	USA	International trade	90,082	90,082	300	100.00 %	151,434	(24,350)	note 1	
Hitron Technologies	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	61,062	(834)	note 1	
Hitron Technologies	Innoauto Technologies	Taiwan	Investment	20,000	20,000	2,000	100.00 %	3,174	(266)	note 1	
Interactive Digital	Transnet	Taiwan	Operating integrated supply of network communication products, system services, and import and export of network equipment	12,975	-	1,674	100.00 %	11,729	(1,246)	note 1, 5	

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 in the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan, and their related assets and liabilities were reclassified as non-current assets and liabilities held for sale. The abovementioned transaction had been completed in the second quarter of 2024.

Note 5: Alpha signed an agreement with Interactive Digital in June, 2024 to transfer 100% equity of Transnet by cash.

Alpha Networks Inc. and Subsidiaries

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

For the six months ended June 30, 2024

Table 9

(In Thousands of New Taiwan Dollars)

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 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	8,160	100.00%	8,160	485,253	147,231
Alpha Dongguan	Production and sale of network products	97,023	note 1(a)	114,197	-	-	114,197 (note 7)	(1,071)	100.00%	(1,071)	- (note 11)	692,935
Mirac	Production and sale of network products	107,131 (note 10)	note 1(b)	307,326	-	-	307,326	2,444	100.00%	2,444	120,528	-
Alpha Changshu	Production and sale of network products	1,925,920	note 1(b)	1,925,920	-	-	1,925,920	4,185	100.00%	4,185	1,216,311	-
Alpha Changshu Trading	Production and sale of network products	17,378 (CNY4,000 thousand)	note 1(b)	-	-	-	-	3,726	100.00%	3,726	8,106	-
Hitron Suzhou	Telecommunications products, research and development	171,245 (CNY34,800 thousand)	note 1(c)	171,245	-	-	171,245	9,849	100.00% (note 9)	9,849	206,505	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (CNY5,425 thousand)	note 1(c)	31,139	-	-	31,139	(18)	100.00% (note 9)	(18)	3,761	-
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	555	34.53% (note 9)	195	3,910	27,458

(2) Limitation on investment in Mainland China

Name of Company	Accumulated Investment in Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Alpha	2,634,897 note 4, 5 and 8	3,496,798	note 6
Hitron Technologies	211,238	214,432	2,976,081

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 June 30, 2024.

Note 11: On December 28, 2023, Alpha made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan. The abovementioned assets were reclassified as non-current assets held for sale. The abovementioned transaction had been completed in the second quarter of 2024.