

Stock Code: 3380

Alpha Networks Inc.

2024

Annual General Shareholders' Meeting

Handbook

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I. Meeting Procedures

Procedures of Alpha Networks Inc. 2024 Annual General Shareholders' Meeting are as Follows.

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

II. Meeting Agenda

Date and time: May 31, 2024 starting 09:00 a.m.

Place: Darwin Hall of HSP Link.

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

Shareholders' Meeting is held by: Physical Meeting

The agenda for the Meeting is as follows:

- I. Call Meeting to Order
- II. Chairperson Remarks
- III. Report on Company Affairs
 1. 2023 Business Report.
 2. The Audit Committee's Review Report.
 3. The Report of the Distribution of the Employees' Compensation and Directors' Remuneration of 2023.
 4. The Report of the Distribution of Cash Dividends from 2023 Earnings.
- IV. Adoption and Discussion of Company Affairs
 1. To Adopt 2023 the Business Report and Consolidated Financial Statements.
 2. To Adopt the 2023 Statement of Earnings Distribution.
 3. To Release the Current Directors and Their Representatives from Non-competition Restrictions.
- V. Questions and Motions
- VI. Adjournment

Report on Company Affairs

1. 2023 Business Report

Explanation: 2023 Business Report. Please refer to Attachment 1 (P.7 ~ P.11).

2. The Audit Committee's Review Report

Explanation: The Audit Committee's Review Report. Please refer to Attachment 2 (P.12).

3. The Distribution of the Employees' Compensation and Directors' Remuneration of 2023

Explanation: The board of directors have approved the distribution of the employees' compensation and directors' remuneration of 2023 at NT\$ 73,510,268 and NT\$ 5,513,271 respectively on February 27, 2024.

4. The Distribution of Cash Dividends from 2023 Earnings

Explanation:

- (1) In accordance with article 30-1 of the articles of incorporation, when the Company's dividends and bonuses are distributed in cash, the board of directors is authorized to make a resolution and report the distribution in the shareholders' meeting.
- (2) The proposed distribution is appropriated from the 2023 earnings available for distribution and approved by the meeting of the board of directors on February 27, 2024. The cash dividends, amounted to NT\$547,135,645, will be distributed at NT\$1.01 per share, and the distribution of cash dividends shall be based on share ratio and rounded off (less than NT\$1) to the integer. Fractional dividend amounts that are less than NT\$1 shall be ranked from high to low in value and from a small beginning into a mighty in shareholders account number, and then they shall be adjusted in this order until the total amount of cash dividend distribution is met. The Chairperson of Board of Directors is also authorized to determine the ex-dividend date and payment date for the cash dividends and other related matters.
- (3) If the cash dividend distribution ratio is adjusted and need to be modified due to change of the Company's total number of outstanding common shares, the Chairperson of Board of Directors is authorized with full power to adjust the distribution ratio.

Adoption and Discussion of Company Affairs

1. To Adopt 2023 the Business Report and Consolidated Financial Statements (Proposed by the Board of Directors)

Explanation:

- (1)The 2023 consolidated financial statements were audited by independent auditors, Hai-Ning, Huang and Wei-Ming, Shih of the CPA firm, KPMG, and the opinion of the independent auditors showed that the consolidated financial statements presented fairly for financial position of the Company as of December 31, 2023 and its consolidated financial performance and consolidated cash flows for 2023. And attached is 2023 Business Report.
- (2)Please refer to Attachment 1 (P.7~P.11), Attachment 3 (P.13~P.25) and Attachment 4 (P.26~P.36) for related reports and statements.
- (3)Submission for adoption.

Resolution:

2. To Adopt the 2023 Statement of Earnings Distribution (Proposed by the Board of Directors)

Explanation:

- (1) Please refer to Attachment 5 (P.37) for the distribution table of 2023 earnings.
- (2) Submission for adoption.

Resolution:

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

Explanation:

- (1) According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) The Company's directors may invest in or operate other companies with the same or similar business scope as the company, they are required to submit to the shareholders' meeting for approval in accordance with the law.
- (3) Please refer to Attachment 6 (P.38) for proposal to release the newly elected directors and their representatives from non-competition restrictions in 2024 annual general shareholders' meeting.

Resolution:

Questions and Motions

Adjournment

Attachments

Alpha Networks Inc.

2023 Business Report

I. Business Results in 2023

(I) Implementation Results of Business Plan in 2023

Reviewing the past year, the supply chain shortage issue was resolved in the second half of 2023. However, our Company experienced a decline starting in the second half of 2023 due to rapid adjustments in clients' inventories. As a result, the overall revenue performance for the year was lower compared with 2022. Despite the revenue decline, the gross profit margin only showed a slight decrease due to adjustments in the product portfolio. Additionally, we continued to achieve success in developing and expanding with new products and customers. We also efficiently planned factory capacity by merging the Dongguan and Changshu factories. Some products affected by tariffs were relocated to Vietnam. These actions were taken to improve our resilience and prepare for growth amidst ongoing economic instability.

Looking ahead to this year, despite facing uncertainties such as customer inventory adjustment, delayed order demand, and the launch of new business ventures in enterprise networking, product shipment momentum is expected to recover from the previous year, driven by the momentum of key products such as network switches, Wi-Fi 6, and 5G. We are optimistic but cautious about this year's operating performance, believing that we will regain growth momentum with the Company's strong R&D capabilities.

(II) Budget Implementation Status

The Company did not disclose its financial forecast for 2023.

(III) Analysis of Financial Results and Profitability

In 2023, the consolidated revenue was NT\$ 28,272 million, which was 15.9% lower compared with the number recorded in the last year; the consolidated gross margin was 18.4%, which was about 0.2% lower than the previous year's 18.6%; the consolidated net operating profit was NT\$829 million; the net profit attributable to the owners of the parent company was NT\$548 million, equivalent to NT\$1.01 per share.

(IV) Research and Development Status

The Company has complete network communication software/hardware technologies, and its research and development focuses in 2023 were as follows:

1. Despite the challenging business environment in the second half of 2023, Alpha Network continued to invest in research and development and made significant progress on patent applications.

(1) 5G:

Focuses on the development of Wireless Radio Unit (RU), Distributed Unit (DU) and Centralized Unit (CU), Sub-6G, Millimeter Wave 5G CPE of base station for private 5G network, 5G Small Cell devices, along with Wi-Fi 6/Wi-Fi 6E/Wi-Fi 7 wireless network technology to enter into the enterprise and family markets. The 5G Smart Factory project, in collaboration with the Industrial Bureau, has successfully concluded this year, setting the stage for future instances of 5G network deployments.

(2) 6G:

Focuses on the development of essential user terminal modules for Low Earth orbit satellite ground communications equipment. These modules include antenna array modules, frequency conversion modules, Wi-Fi modules, radar covers, and heat dissipation modules. The National Low Earth Orbit Satellite Ground Receiver Project, in cooperation with the Ministry of Economy, was successfully completed this fiscal year, providing valuable experience for future efforts in the field of low earth orbit satellites.

2. The Company continually developing telecommunication-grade switches and industry-grade switches due to the trend in 5G and IoT.
3. The Company developed 800G high-speed Ethernet switches for data centers, and did tests and simulation of signal and power integrity engineering development of high-speed network.
4. The Company integrated 24GHz millimeter-wave radar into home monitoring equipment for motion detection; in addition, edge computing was introduced to improve the accuracy of image recognition.
5. The Company developed side blind spot detection radar, AI Dashcams above L3, Radar+AVM Sensor Fusion and industrial embedded radars that comply with UN regulations UN/ECE R151.

II. Summary of Business Plan for the Year

(I) Business Direction

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

(II) Sales Volume Forecast and Basis

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

1. LAN/MAN BU

To continuously develop high-speed Ethernet network switches for the data center, enterprise, telecommunications, and industrial markets. The continuous surge in data traffic demand within data centers has propelled the widespread adoption of 100G switches and boosted the penetration of 400G switches. Furthermore, the introduction of the IEEE 800G technical standard has catalyzed the uptake of 800G high-speed switches as the forthcoming solution for data centers. We have also partnered with a software systems provider in the United States to provide integrated network management services for 400G and 10G/100G MDU product systems to telecommunications operators in the United States. This collaboration includes high-speed Ethernet network switches and MDU integration for data centers and telecommunications, facilitating the creation of a more comprehensive network service.

Additionally, the advancement of Wi-Fi technology and speed has increased the demand for Multi-Gigabit switches. The upload interface bandwidth has also increased accordingly. In addition, chip manufacturers have developed high-density Multi-Gigabit PHY chips, resulting in a more streamlined circuit design. In addition, the integration of high-power Power over Ethernet (PoE++) technology is

simplifying Wi-Fi deployment and consequently driving the growth rate of high-power PoE switches. The Company consistently develops telecommunications-grade 5G xHaul transmission switches, OLT cable terminal equipment, and telecommunications core network switches. These products are designed with high-precision time synchronization to meet the requirements of high bandwidth and low latency, thereby enhancing customers' market competitiveness.

In response to the demands of Industry 4.0 applications and the promotion of carbon emission net-zero policies, our focus for the new product planning in 2024 is on developing a new generation of Single Pair Ethernet (SPE) switches. These switches will utilize energy-saving and carbon-reducing networking technologies to meet the new requirements of Industrial Internet of Things (IIoT) applications. By combining the low power consumption and low operating costs of SPE switches with the integration of traditional industrial operational technology (OT) and information technology (IT) requirements through IP transformation, we can achieve further advances. In addition, the development of key technologies for IIoT Ultra Reliable Low Latency Communications (URLLC) applications through Time Sensitivity Network (TSN) will open up new markets for industrial switches, expanding business opportunities for industrial-grade SPE switches in untapped areas. Our existing customers have consistently expressed their need for SPE switch products, including 10Base-T1L and the associated PoDL power supply technology. They are looking to upgrade to a new generation of SPE network switches that can meet the demands of IIoT smart factories and provide a comprehensive solution for Industry 4.0. This will enable a new approach to OT and IT integration. Furthermore, leveraging the same technology development, we aim to simultaneously address the low-latency and high-reliability requirements of Building Automation, enhance Connectivity, and reduce communication costs through large-scale Sensor deployment via SPE Switches, thereby enhancing the market competitiveness of industrial control and applications products.

2. Wireless Broadband BU

Global telecommunications operators are rapidly upgrading fiber optic fixed network infrastructure, deploying 5G networks, and increasing the number of wireless base stations in response to the growing demand for high bandwidth for remote work and smart home environments. Going forward, they will continue to focus on integration and development in the two key areas of 5G and wireless broadband.

In the 5G segment, the Company is focusing not only on expanding in the 5G enterprise vertical market, but also on developing wireless radio frequency units (RU) and end-to-end solutions that can be customized and flexibly applied in various vertical fields. The Company is investing to meet the application service requirements of the 5G telecommunications market by integrating 5G CPE (FWA) and 5G small cell (RU, CDU) product solutions.

Telecommunications operators have significantly increased the number of wireless access points (Wi-Fi AP) and terminal devices, such as high-speed wireless routers and extenders, in response to the growing demand for high bandwidth in remote work and smart home networks. This trend will also continue to drive the demand for enterprise-grade wireless APs and home routers. The advancement of Wi-Fi 7 technology also results in a significant increase in network bandwidth, simplifying the integration of XGSPON ONT and facilitating the transition to the 10G network era and the future multi-10G broadband network.

3. Business Entity for Digital Multimedia and Mobile Solutions

The growth demands of IoT and 5G will drive the continued growth of digital multimedia in the future, with smart home and residential security surveillance video products leading the way.

To enhance product differentiation and competitiveness of ODM/OEM/JDM, key initiatives include vertical integration of new key technologies such as millimeter wave radar, AI deep learning, and software-related algorithms such as facial recognition and motion detection. Integration with public and private clouds will also be crucial.

In the second half of 2023, we ventured into the cloud baby monitor market to increase future revenue for the Company. In response to the growing number of accidents caused by blind spots in large vehicles, our company has conducted extensive road tests with customers for commercial vehicles using the UN/ECE R151 side blind spot detection radar. Additionally, we have refined our strategies to improve the accuracy of detecting false alarms and missed detections. At the same time, we are actively collaborating with electric bus manufacturers to integrate our company's ADAS Domain Controller into the AEB/LKA sub-control unit. Our goal is to harmonize the ADAS requirements of Taiwanese electric buses with international standards.

(III) Major Production and Marketing Strategies for the Year

1. In line with global trade protection measures, we are constantly striving to make the most appropriate supply chain adjustments to enhance our relationships with strategic suppliers. This will optimize logistics costs, stabilize material sources and improve our shipping capabilities.
2. Improve overall efficiency by continuously optimizing production capacity planning. Collaborate with newly established Vietnamese subsidiary to optimize production capacity allocation, thereby improving the overall quality of product manufacturing quality and cost competitiveness.
3. Actively expand core businesses combining with group resources to provide the comprehensive solutions to customers.

III. Future Development Strategies of the Company

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

- (I) Strengthening the foundation: We will optimize the switch, focus on broadband-related business, increase the proportion of high-end models, cultivate long-term partnerships with customers and suppliers, explore new sales markets, and strive for growth. Strictly control the quality and cost of manufacturing to improve the operation efficiency and profitability of the Company.
- (II) Innovation: We prioritize innovation and continually invest in software development, 5G technology, low-orbit satellite receivers, millimeter-wave radar and other cutting-edge technologies to strengthen our core competitive advantages.
- (III) Expansion: Constantly seeking opportunities to enter new markets and expand distribution channels.
- (IV) M&A: Continue to leverage mergers and acquisitions to build an ecosystem of strategic partners, to become a highly capable mid-size fleet and rapidly expanding the Company's combat capabilities.
- (V) We continue to invest in ESG-related sustainable development, leveraging the Group's experience to become a leader in the field.

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

The Company will continue to focus on core technologies and develop high-end integrated products to enhance their value and avoid price competition with low-end products. It will also actively expand sales channels and provide customers with comprehensive solutions. In terms of the business environment, although the supply chain bottleneck continues to ease, factors such as high inflation risks, interest rate hikes, and geopolitical disruptions continue to create uncertainty in the global economy and international trade. However, the development of technology applications such as 5G, Wi-Fi7, connected cars, and artificial intelligence has become an inevitable trend and is expected to provide growth opportunities for the telecommunications industry.

In addition to strengthening its core competitive capabilities and integrating cross-product line technologies, Alpha Network will continue to improve its corporate sustainability by prioritizing environmental protection, social responsibility, and corporate governance performance. The Company will promote Alpha Network's ESG strategy and implement various initiatives to protect the environment and create a friendly workplace.

We would like to express our sincere gratitude to all shareholders for their unwavering support and encouragement of the Company. Looking ahead to 2024, Alpha Network will proceed cautiously in the market, expanding our product and service offerings in existing channels, actively exploring new channels, and venturing into new application areas. Internally, we will strive to optimize and integrate our existing businesses, minimize duplicate investments within the Group, and improve operational efficiency. Moreover, the Company consistently enhances its technology and distribution channels by engaging in mergers and acquisitions, to maximize benefits for both the Company and its shareholders.

Alpha wish you good health and all the best!

Sincerely!

Chairperson: Wen-Fang Huang

President: Wen-Fang Huang

Accounting officer: Shao-Ling Chen

The Review Report of the Audit Committee

To: Alpha Networks Inc. 2023 Annual General Shareholders' Meeting.

The board of directors has prepared the Company's 2023 consolidated financial statements. Hai-Ning, Huang and Wei-Ming, Shih of the CPA firm of KPMG were retained to audit the Company's financial statements and have issued an audit report relating to the financial statements. The 2023 consolidated financial statements, business report, independent auditors' report and the distribution of 2023 earnings have been reviewed and determined to be correct and accurate by the audit committee of Alpha Networks Inc. I, as the chairperson of the audit committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

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

Date: February 27, 2024

Independent Auditors' Report and 2023 Financial Statements

2023 Consolidated Financial Statements

Independent Auditors' Report

To the Board of Directors of Alpha Networks Inc.

Opinion

We have audited the consolidated financial statements of Alpha Networks Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Alpha Networks Inc, and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These

matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition from contracts with customers

Please refer to note 4 (15) and note 6 (23) for accounting policy and detailed disclosure of revenue, respectively.

In explanation of key audit matters:

The Group's major revenue is derived from the sales of goods to its customers. Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control over a product to its customer. Therefore, revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group's internal controls surrounding the sales process and cash collection transaction process; analyzing the terms and types of the major sales transactions and assessing whether they were recorded in the proper period; selecting samples of sales transactions within the period before and after the balance sheet date, to recognize when the performance obligation has been satisfied by transferring control over the goods to a customer in order to determine whether they have been recorded in a proper period.

2. Valuation of inventories

Please refer to the note 4(8) for the accounting policy, note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and note 6(4) for summary of inventory.

In explanation of key audit matters:

Inventories are measured at the lower of cost or net realizable value at the reporting date. The net realizable value of the inventory is determined by the Group based on the assumptions of the estimated selling price of the products. The rapid development of technology and introduction of new products may significantly change market demand and cause market price fluctuation, which may lead to product obsolescence and the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventory is one of our key audit matters

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Group; evaluating whether the valuation of inventories was accounted for in accordance with the Group's accounting policies; and assessing the historical reasonableness of the management's

estimates on inventory provisions.

Other Matter

Alpha Networks Inc. has prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion and unmodified opinion with an Other Matter paragraph, respectively

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai Ning Huang and Wei Ming Shin.

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2024

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

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(1))	\$ 3,200,675	14	4,084,284	15
1110	Current financial assets at fair value through profit or loss (note 6(2))	36,298	-	61,084	-
1136	Current financial assets at amortized cost (notes 6(1), (5) and 8)	20,000	-	-	-
1170	Notes and accounts receivable, net (notes 6(3) and (23))	4,898,517	21	5,598,816	21
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	765	-	-	-
130x	Inventories (note 6(4))	7,454,980	31	9,424,252	35
1461	Non-current assets held for sale (note 6(6))	110,769	-	-	-
1470	Other current assets (notes 6(12) and 8)	<u>745,897</u>	<u>3</u>	<u>1,074,308</u>	<u>4</u>
		<u>16,467,901</u>	<u>69</u>	<u>20,242,744</u>	<u>75</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(7))	191,331	1	171,994	-
1535	Non-current financial assets at amortized cost (notes 6(1), (3), (5) and 8)	171,565	-	144,873	-
1600	Property, plant and equipment (notes 6(9) and 7)	4,273,214	18	4,222,057	16
1755	Right-of use assets (note 6(10))	649,134	3	427,860	2
1780	Intangible assets (notes 6(1) and 7)	1,185,129	5	1,304,437	5
1840	Deferred tax assets (note 6(20))	496,387	2	222,151	1
1990	Other non-current assets (notes 6(12) and (19))	<u>364,182</u>	<u>2</u>	<u>396,898</u>	<u>1</u>
		<u>7,330,942</u>	<u>31</u>	<u>6,890,270</u>	<u>25</u>
Total assets		<u>\$ 23,798,843</u>	<u>100</u>	<u>27,133,014</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(13))	\$ 880,246	4	3,936,093	14
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	778	-	9,836	-
2170	Accounts payable (including related parties) (note 7)	4,269,356	18	5,031,113	19
2209	Accrued expenses	565,992	2	845,618	3
2230	Current tax liabilities	378,337	2	475,146	2
2250	Current provisions (note 6(15))	366,787	2	385,198	1
2322	Long-term borrowings, current portion (note 6(14))	-	-	26,000	-
2260	Liabilities related to non-current assets held for sale, current portion (note 6(6))	1,137	-	-	-
2399	Other current liabilities (notes 6(16), (18), (23) and 7)	2,298,891	9	2,338,091	9
		<u>8,761,524</u>	<u>37</u>	<u>13,047,095</u>	<u>48</u>
Non-Current liabilities:					
2530	Bonds payable(note 6(17))	264,612	1	-	-
2540	Long-term borrowings (note 6(14))	700,000	3	-	-
2580	Non-current lease liabilities (note 6(18))	292,911	1	217,451	1
2640	Net defined benefit liability (note 6(19))	105,243	-	145,642	-
2670	Other non-current liabilities (notes 6(15) and (20))	344,474	2	166,207	1
		<u>1,707,240</u>	<u>7</u>	<u>529,300</u>	<u>2</u>
Total liabilities		<u>10,468,764</u>	<u>44</u>	<u>13,576,395</u>	<u>50</u>
Equity (notes 6(21)):					
Equity attributable to owners of parent:					
3110	Ordinary share capital	5,417,185	23	5,417,185	20
3200	Capital surplus	2,595,804	11	2,544,401	9
Retained earnings:					
3310	Legal reserve	1,266,681	5	1,169,989	4
3320	Special reserve	226,548	1	447,091	2
3350	Unappropriated retained earnings	774,486	3	1,019,195	4
		<u>2,267,715</u>	<u>9</u>	<u>2,636,275</u>	<u>10</u>
3400	Other equity interest	(267,983)	(1)	(226,549)	(1)
Total equity attributable to owners of parent:		<u>10,012,721</u>	<u>42</u>	<u>10,371,312</u>	<u>38</u>
36XX	Non-controlling interests (notes 6(8) and (21))	3,317,358	14	3,185,307	12
Total equity		<u>13,330,079</u>	<u>56</u>	<u>13,556,619</u>	<u>50</u>
Total liabilities and equity		<u>\$ 23,798,843</u>	<u>100</u>	<u>27,133,014</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

For the years ended December 31,

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(23) and 7)	\$ 28,272,191	100	33,634,197	100
5000	Operating costs (notes 6(4),(18),(19),(24) and 7)	23,061,018	82	27,380,956	81
	Gross profit	5,211,173	18	6,253,241	19
	Operating expenses (notes 6(3),(18),(19),(24) and 7):				
6100	Selling expenses	1,303,715	4	1,320,302	4
6200	Administrative expenses	1,212,678	4	1,361,291	4
6300	Research and development expenses	1,889,315	7	1,833,973	6
6450	Expected credit loss (gain)	(23,805)	-	23,143	-
	Total operating expenses	4,381,903	15	4,538,709	14
	Net operating income	829,270	3	1,714,532	5
	Non-operating income and expenses:				
7010	Other income (note 6(26))	104,559	-	68,140	-
7020	Other gains and losses, net (note 6(27))	(51,523)	-	(162,889)	(1)
7050	Finance costs (note 6(28))	(156,251)	-	(120,191)	-
7100	Interest income (note 6(25))	81,342	-	34,419	-
	Total non-operating income and expenses	(21,873)	-	(180,521)	(1)
	Profit from continuing operations before tax	807,397	3	1,534,011	4
7950	Less: Income tax expenses (note 6(20))	167,530	1	375,840	1
	Profit	639,867	2	1,158,171	3
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans (note 6(19))	(976)	-	50,106	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(21) and (29))	19,337	-	12,480	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	18,361	-	62,586	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(21))	(61,867)	-	357,452	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (notes (20) and (21))	13,367	-	(53,245)	-
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	(48,500)	-	304,207	1
8300	Other comprehensive income (loss), net of income tax	(30,139)	-	366,793	1
8500	Total comprehensive income	<u>\$ 609,728</u>	<u>2</u>	<u>1,524,964</u>	<u>4</u>
	Profit attributable to:				
8610	Owners of parent	\$ 547,920	2	917,075	2
8620	Non-controlling interests	91,947	-	241,096	1
		<u>\$ 639,867</u>	<u>2</u>	<u>1,158,171</u>	<u>3</u>
8700	Total comprehensive income attributable to:				
8710	Owners of parent	\$ 505,510	2	1,187,467	3
8720	Non-controlling interests	104,218	-	337,497	1
		<u>\$ 609,728</u>	<u>2</u>	<u>1,524,964</u>	<u>4</u>
	Earnings per share (New Taiwan dollars) (note 6(22))				
	Basic earnings per share	<u>\$ 1.01</u>		<u>1.69</u>	
	Diluted earnings per share	<u>\$ 1.01</u>		<u>1.68</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest		Total 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
Balance at January 1, 2022	\$ 5,417,185	2,583,772	1,127,420	448,804	472,330	2,048,554	(445,903)	(1,189)	-	(447,092)	9,602,419	2,956,685	12,559,104
Profit	-	-	-	-	917,075	917,075	-	-	-	-	917,075	241,096	1,158,171
Other comprehensive income (loss)	-	-	-	-	49,849	49,849	212,776	7,767	-	220,543	270,392	96,401	366,793
Total comprehensive income (loss)	-	-	-	-	966,924	966,924	212,776	7,767	-	220,543	1,187,467	337,497	1,524,964
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	42,569	-	(42,569)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(1,713)	1,713	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(379,203)	(379,203)	-	-	-	-	(379,203)	-	(379,203)
Donation from shareholders	-	13	-	-	-	-	-	-	-	-	13	-	13
Cash dividends from capital surplus	-	(54,172)	-	-	-	-	-	-	-	-	(54,172)	-	(54,172)
Changes in ownership interests in subsidiaries	-	14,788	-	-	-	-	-	-	-	-	14,788	(14,788)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(189,021)	(189,021)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	94,934	94,934
Balance at December 31, 2022	5,417,185	2,544,401	1,169,989	447,091	1,019,195	2,636,275	(233,127)	6,578	-	(226,549)	10,371,312	3,185,307	13,556,619
Profit	-	-	-	-	547,920	547,920	-	-	-	-	547,920	91,947	639,867
Other comprehensive income (loss)	-	-	-	-	(976)	(976)	(53,470)	12,036	-	(41,434)	(42,410)	12,271	(30,139)
Total comprehensive income (loss)	-	-	-	-	546,944	546,944	(53,470)	12,036	-	(41,434)	505,510	104,218	609,728
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	-	51,387	-	-	-	-	-	-	-	-	51,387	(51,387)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(296,382)	(296,382)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	375,602	375,602
Equity related to non-current assets held for sale	-	-	-	-	-	-	43,579	-	(43,579)	-	-	-	-
Balance at December 31, 2023	\$ 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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 807,397	1,534,011
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	556,948	493,373
Amortization expense	217,260	211,867
Expected credit loss	(23,805)	23,143
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(35,836)	13,067
Interest expense	156,251	120,191
Interest income	(81,342)	(34,419)
Dividend income	(3,456)	(6,391)
Loss on disposal of property, plant and equipment	7,626	16,608
Loss on disposal of intangible assets	3,115	-
Provisions for inventory obsolescence and devaluation loss	225,505	161,328
Total adjustments to reconcile profit	1,022,266	998,767
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	704,967	(1,568,847)
Financial assets mandatorily at fair value through profit or loss	5,320	3,249
Inventories	1,697,983	(346,758)
Other current assets	228,441	(618,911)
Financial liabilities held for trading	(9,836)	(2,927)
Accounts payable (including related parties)	(740,638)	837,200
Other payable to related parties	(800)	(8,171)
Other current liabilities	(593,356)	1,042,538
Net defined benefit liability	(41,375)	(9,036)
Other non-current liabilities	(31,428)	-
Total changes in operating assets and liabilities	1,219,278	(671,663)
Total adjustments	2,241,544	327,104
Cash flows generated from (used in) operations	3,048,941	1,861,115
Interest received	80,177	38,904
Dividends received	3,456	6,391
Interest paid	(152,011)	(108,243)
Income taxes paid	(278,211)	(237,003)
Net cash flows from (used in) operating activities	2,702,352	1,561,164

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows(Continued)
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	56,025	-
Acquisition of financial assets at fair value through other comprehensive income	-	(140,179)
Acquisition of financial assets at amortized cost	(261,000)	(399,940)
Proceeds from repayments of financial assets at amortized cost	220,000	774,947
Acquisition of non-current assets classified as held for sale	(12,349)	-
Acquisition of property, plant and equipment	(636,079)	(947,650)
Proceeds from disposal of property, plant and equipment	50,269	9,019
Increase in refundable deposits	(6,352)	(8,096)
Acquisition of intangible assets	(103,307)	(170,616)
Decrease (increase) in other non-current assets	28,677	(163,152)
Net cash flows used in investing activities	<u>(664,116)</u>	<u>(1,045,667)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	13,191,481	32,960,371
Repayments of short-term borrowings	(15,757,797)	(33,035,546)
Proceeds from bonds payable	631,884	-
Repayments of bonds payable	-	(372,300)
Proceeds from long-term borrowings	700,000	26,000
Repayments of long-term borrowings	(26,000)	-
(Decrease) increase in guarantee deposits received	(76)	417
Payment of lease liabilities	(39,820)	(34,484)
Cash dividends paid distributed to shareholders	(915,504)	(433,375)
Donation from shareholders	16	13
Cash dividends paid to non-controlling interest	(296,382)	(189,021)
Net cash flows from (used in) financing activities	<u>(2,512,198)</u>	<u>(1,077,925)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(409,647)</u>	<u>148,662</u>
Net decrease in cash and cash equivalents	(883,609)	(413,766)
Cash and cash equivalents at beginning of period	<u>4,084,284</u>	<u>4,498,050</u>
Cash and cash equivalents at end of period	<u><u>\$ 3,200,675</u></u>	<u><u>4,084,284</u></u>

Independent Auditors' Report

To the Board of Directors of Alpha Networks Inc.

Opinion

We have audited the parent company only financial statements of Alpha Networks Inc. (“the Company”), which comprise the parent company only balance sheet as of December 31, 2023 and 2022, the parent company only statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition from contracts with customers

Please refer to note 4(15) and note 6(20) for accounting policy and detailed disclosure of revenue, respectively, of the notes to the parent company only financial statements.

In explanation of key audit matter:

The Company's major revenue is derived from the sales of goods to its customers. Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control over a product to its customer. Therefore, revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's internal controls surrounding the sales process and cash collection transaction process; analyzing the terms and types of the major sales transactions and assessing whether they were recorded in the proper period; selecting samples of sales transactions within the period before and after the balance sheet date, to recognize when the performance obligation has been satisfied by transferring control over the goods to a customer in order to determine whether they have been recorded in a proper period.

2. Valuation of inventories

Please refer to the note 4(7) for the accounting policy, note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and note 6(4) for summary of inventory, of the notes to the parent company only financial statements.

In explanation of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. The net realizable value of the inventory is determined by the Company based on the assumptions of the estimated selling price of the products. The rapid development of technology and introduction of new products may significantly change market demand and cause market price fluctuation, which may lead to product obsolescence and the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventory is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Company; evaluating whether valuation of inventories was accounted for in accordance with the Company's accounting policies; and assessing the historical reasonableness of management's estimates on inventory provisions.

3. Evaluation of investments accounted for using equity method

Please refer to note 4(9) investment in subsidiary company, for the accounting policies of investments accounted for using equity method; as well as note 6(7) investments in equity accounted investee, for the evaluation description of the investments accounted for using equity method.

In explanation of key audit matter:

The Company holds 62.24% shares of Hitron Technologies Inc. Due to the significant amount of investment and the fluctuation in selling price subject to market competition of Netcom products, as well as the rapid development of product functions, revenue recognition and inventory valuation of subsidiaries are our key audit matters.

How the matter was addressed in our audit:

We reviewed the audit work papers to evaluate the main audit procedures of revenue recognition and the valuation of inventories of Investments accounted for using equity method, which included analysis of the policies on revenue recognition, the sampling test used to support the appropriateness of revenue recognition, and the execution of period end cut off tests used to confirm the attribution period of significant sales revenue. The main audit procedures for inventory evaluation included the understanding of the accounting treatment for inventory measurement; sampling test of market information, evaluation of the rationality of the net realizable value of inventory, and observation of the slow moving inventory

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue

an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai Ning Huang and Wei Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2024

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.
Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022		
	Amount	%	Amount	%	
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(1))	\$ 609,030	4	322,687	2
1110	Current financial assets at fair value through profit or loss (note 6(2))	30,168	-	-	-
1170	Accounts receivable, net (note 6(3))	2,309,216	15	1,934,353	12
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	1,474,837	10	1,976,987	12
1210	Other receivables due from related parties (note 7)	-	-	176,867	1
130x	Inventories (note 6(4))	857,822	6	1,556,686	9
1461	Non-current assets held for sale (note 6(6))	109,632	1	-	-
1470	Other current assets (notes 6(11) and 7)	96,663	1	77,332	-
		5,487,368	37	6,044,912	36
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(2))	31,429	-	31,429	-
1535	Non-current financial assets at amortized cost (notes 6(3), (5) and 8)	18,428	-	18,717	-
1550	Investment accounted for using equity method (note 6(7))	8,044,561	55	9,449,648	58
1600	Property, plant and equipment (notes 6(8) and 7)	707,444	5	677,140	4
1755	Right-of-use assets (note 6(9))	166,784	1	176,334	1
1780	Intangible assets (note 6(10))	186,725	1	202,515	1
1840	Deferred tax assets (note 6(17))	129,602	1	54,981	-
1990	Other non-current assets (notes 6(11))	22,256	-	35,819	-
		9,307,229	63	10,646,583	64
Total assets		\$ 14,794,597	100	16,691,495	100

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

ALPHA NETWORKS INC.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(12))	\$ -	-	1,260,000	8
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	778	-	2,415	-
2170	Accounts payable	1,378,265	9	1,039,355	6
2180	Accounts payable to related parties (note 7)	887,985	6	1,701,958	10
2209	Accrued expenses	302,608	2	442,620	3
2220	Other payables to related parties (note 7)	118,033	1	150,426	1
2230	Current tax liabilities	248,705	2	155,110	1
2250	Current provisions (note 6(13))	245,233	2	231,586	1
2280	Current lease liabilities (note 6(15))	12,266	-	12,927	-
2399	Other current liabilities (notes 6(14), (20) and 7)	1,224,302	8	921,711	6
		<u>4,418,175</u>	<u>30</u>	<u>5,918,108</u>	<u>36</u>
Non-Current liabilities:					
2570	Deferred tax liabilities (note 6(17))	84,047	-	73,492	-
2580	Non-current lease liabilities (note 6(15))	174,411	1	182,941	1
2640	Net defined benefit liability (note 6(16))	105,243	1	145,642	1
		<u>363,701</u>	<u>2</u>	<u>402,075</u>	<u>2</u>
Total liabilities		<u>4,781,876</u>	<u>32</u>	<u>6,320,183</u>	<u>38</u>
Equity (note 6(18)):					
3110	Ordinary shares	5,417,185	37	5,417,185	32
3200	Capital surplus	2,595,804	18	2,544,401	15
Retained earnings:					
3310	Legal reserve	1,266,681	9	1,169,989	7
3320	Special reserve	226,548	1	447,091	3
3350	Unappropriated retained earnings	774,486	5	1,019,195	6
		<u>2,267,715</u>	<u>15</u>	<u>2,636,275</u>	<u>16</u>
3400	Other equity interest	(267,983)	(2)	(226,549)	(1)
Total equity		<u>10,012,721</u>	<u>68</u>	<u>10,371,312</u>	<u>62</u>
Total liabilities and equity		<u>\$ 14,794,597</u>	<u>100</u>	<u>16,691,495</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.
Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		<u>2023</u>		<u>2022</u>	
4000	Operating revenue (notes 6(20) and 7)	\$ 18,254,966	100	20,346,112	100
5000	Operating costs (notes 6(4) and 7)	<u>15,253,161</u>	<u>84</u>	<u>17,326,133</u>	<u>85</u>
	Gross profit	3,001,805	16	3,019,979	15
	Add: Net changes in unrealized profit on sales to subsidiaries and associates (note 7)	<u>(121,304)</u>	<u>-</u>	<u>(62,467)</u>	<u>-</u>
5920	Realized or loss gross profit	<u>2,880,501</u>	<u>16</u>	<u>2,957,512</u>	<u>15</u>
	Operating expenses (notes 7):				
6100	Selling expenses	368,122	2	447,703	2
6200	Administrative expenses	413,635	2	423,921	2
6300	Research and development expenses	1,380,005	8	1,284,273	6
6450	Expected credit loss (reversal gain) (note 6(3))	<u>(537)</u>	<u>-</u>	<u>1,013</u>	<u>-</u>
	Total operating expenses	<u>2,161,225</u>	<u>12</u>	<u>2,156,910</u>	<u>10</u>
	Net operating income	<u>719,276</u>	<u>4</u>	<u>800,602</u>	<u>5</u>
	Non-operating income and expenses:				
7010	Other income (note 6(23) and 7)	49,089	-	30,722	-
7020	Other gains and losses, net (note 6(24))	(24,634)	-	92,800	-
7050	Finance costs (note 6(25))	(17,128)	-	(21,000)	-
7070	Share of profit of subsidiaries (note 6(7))	(97,838)	-	131,519	1
7100	Interest income (note 6(22))	<u>27,314</u>	<u>-</u>	<u>7,742</u>	<u>-</u>
	Total non-operating income and expenses	<u>(63,197)</u>	<u>-</u>	<u>241,783</u>	<u>1</u>
	Profit before income tax	656,079	4	1,042,385	6
7950	Less: Income tax expense (note 6(17))	<u>108,159</u>	<u>1</u>	<u>125,310</u>	<u>1</u>
	Profit	<u>547,920</u>	<u>3</u>	<u>917,075</u>	<u>5</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans (note 6(16))	(976)	-	49,510	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method (note 6(18))	<u>12,036</u>	<u>-</u>	<u>8,106</u>	<u>-</u>
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>11,060</u>	<u>-</u>	<u>57,616</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(18))	(66,837)	-	265,970	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (notes 6(17) and (18))	<u>13,367</u>	<u>-</u>	<u>(53,194)</u>	<u>-</u>
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(53,470)</u>	<u>-</u>	<u>212,776</u>	<u>1</u>
8300	Other comprehensive income (loss), net of income tax	<u>(42,410)</u>	<u>-</u>	<u>270,392</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 505,510</u>	<u>3</u>	<u>1,187,467</u>	<u>6</u>
	Earnings per share (New Taiwan dollars) (note 6(19))				
	Basic earnings per share	<u>\$ 1.01</u>		<u>1.69</u>	
	Diluted earnings per share	<u>\$ 1.01</u>		<u>1.68</u>	

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

ALPHA NETWORKS INC.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	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	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
Balance at January 1, 2022	<u>\$ 5,417,185</u>	<u>2,583,772</u>	<u>1,127,420</u>	<u>448,804</u>	<u>472,330</u>	<u>2,048,554</u>	<u>(445,903)</u>	<u>(1,189)</u>	<u>-</u>	<u>(447,092)</u>	<u>9,602,419</u>
Profit	-	-	-	-	917,075	917,075	-	-	-	-	917,075
Other comprehensive income (loss)	-	-	-	-	49,849	49,849	212,776	7,767	-	220,543	270,392
Total comprehensive income (loss)	-	-	-	-	966,924	966,924	212,776	7,767	-	220,543	1,187,467
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	42,569	-	(42,569)	-	-	-	-	-	-
Special reserve	-	-	-	(1,713)	1,713	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(379,203)	(379,203)	-	-	-	-	(379,203)
Donation from shareholders	-	13	-	-	-	-	-	-	-	-	13
Cash dividends from capital surplus	-	(54,172)	-	-	-	-	-	-	-	-	(54,172)
Changes in ownership interests in subsidiaries	-	14,788	-	-	-	-	-	-	-	-	14,788
Balance at December 31, 2022	<u>5,417,185</u>	<u>2,544,401</u>	<u>1,169,989</u>	<u>447,091</u>	<u>1,019,195</u>	<u>2,636,275</u>	<u>(233,127)</u>	<u>6,578</u>	<u>-</u>	<u>(226,549)</u>	<u>10,371,312</u>
Profit	-	-	-	-	547,920	547,920	-	-	-	-	547,920
Other comprehensive income (loss)	-	-	-	-	(976)	(976)	(53,470)	12,036	-	(41,434)	(42,410)
Total comprehensive income	-	-	-	-	546,944	546,944	(53,470)	12,036	-	(41,434)	505,510
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)
Donation from shareholders	-	16	-	-	-	-	-	-	-	-	16
Changes in ownership interests in subsidiaries	-	51,387	-	-	-	-	-	-	-	-	51,387
Equity related to non-current assets held for sale	-	-	-	-	-	-	43,579	-	(43,579)	-	-
Balance at December 31, 2023	<u>\$ 5,417,185</u>	<u>2,595,804</u>	<u>1,266,681</u>	<u>226,548</u>	<u>774,486</u>	<u>2,267,715</u>	<u>(243,018)</u>	<u>18,614</u>	<u>(43,579)</u>	<u>(267,983)</u>	<u>10,012,721</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 656,079	1,042,385
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	116,520	92,557
Amortization expense	77,361	75,588
Expected credit loss (reversal gain)	(537)	1,013
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(29,390)	2,415
Interest expense	17,128	21,000
Interest income	(27,314)	(7,742)
Share of profit of subsidiaries	97,838	(131,519)
Loss (gain) on disposal of property, plant and equipment	82	(662)
Provisions for inventory obsolescence and devaluation loss	201,172	90,644
Unrealized profit from sales	121,304	62,467
Total adjustments to reconcile profit	574,164	205,761
Changes in operating assets and liabilities:		
Financial assets mandatorily at fair value through profit or loss	-	2,364
Notes and accounts receivable	(374,326)	(233,257)
Accounts receivable due from related parties	502,150	(781,434)
Inventories	497,692	(617,399)
Other current assets	(19,331)	12,184
Financial liabilities mandatorily at fair value through profit or loss	(2,415)	(1,905)
Accounts payable	338,910	116,964
Accounts payable to related parties	(813,973)	970,231
Other payable to related parties	(32,393)	18,187
Other current liabilities	171,913	422,752
Net defined benefit liability	(41,375)	(9,631)
Total changes in operating assets and liabilities	226,852	(100,944)
Total adjustments	801,016	104,817
Cash flows generated from (used in) operations	1,457,095	1,147,202
Interest received	27,314	7,742
Interest paid	(17,950)	(20,345)
Income taxes paid	(164,255)	(21,927)
Net cash flows from (used in) operating activities	1,302,204	1,112,672

(Continued)

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of other financial assets	-	(31,429)
Acquisition of investments accounted for using equity method	(945,537)	(646,542)
Cash dividends from investments accounted for using equity method	564,639	100,000
Proceeds from capital reduction of investments accounted for using equity method	1,557,924	-
Acquisition of property, plant and equipment	(107,041)	(133,880)
Proceeds from disposal of property, plant and equipment	285	2,785
Decrease (increase) in refundable deposits	289	(1,427)
Decrease (increase) in other receivables due from related parties	176,867	(2,032)
Acquisition of intangible assets	(61,571)	(74,274)
Decrease (increase) in other non-current assets	(13,256)	945
Net cash flows used in investing activities	1,172,599	(785,854)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	4,470,000	12,406,781
Repayments of short-term borrowings	(5,730,000)	(12,637,021)
Payment of lease liabilities	(12,972)	(12,987)
Cash dividends distributed to shareholders	(915,504)	(433,375)
Donation from shareholders	16	13
Net cash flows from (used in) financing activities	(2,188,460)	(676,589)
Net decrease in cash and cash equivalents	286,343	(349,771)
Cash and cash equivalents at beginning of period	322,687	672,458
Cash and cash equivalents at end of period	\$ 609,030	322,687

Alpha Networks Inc.
2023 Earnings Distribution Table

	Unit: NT\$
Net Income of 2023 (After taxes)	547,919,876
Less: Legal Reserve	(54,694,383)
Less: Special Reserve	(41,434,127)
Earnings in 2023 Available for Distribution	451,791,366
Plus: Unappropriated Retained Earnings of Previous Years	227,541,853
Less: Change in Remeasurements of the Defined Benefit Plan	(976,044)
Retained Earnings Available for Distribution as of December 31, 2023	678,357,175
Distribution Items:	
Cash Dividends (NT\$ 1,010 for every 1,000 common shares)	(547,135,645)
Unappropriated Retained Earnings After Earnings Distribution	131,221,530

Note:

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

Chairperson: Wen-Fang Huang

President: Wen-Fang Huang

Accounting officer: Shao-Ling Chen

List of Non-competition restrictions on Current Directors and Their Representatives

Director	Release Non-competition restrictions Items
Representative of Qisda Corporation: Chi-Hong Chen	Director, Representative of Phoenix 4 Venture Capital Co., Ltd.
Representative of Qisda Corporation: Chiu-Chin Hung	Director, Representative of Topview Optronics Corp.
Cheng-Jung Chiang	Director and Strategic Advisor, Business Development Research Institute, Ministry of Economic Affairs
Ming-Der Hsieh	Technical Director, Electronic and Optoelectronic System Research Laboratories of ITRI

Appendices

Alpha Networks Inc.

Rules of Procedure for Shareholders' Meeting

(Before the Amendment)

The Rules was formulated on March 2nd, 2004.
The first amendment was made on June 9th, 2006.
The second amendment was made on June 18th, 2015.
The third amendment was made on May 31st, 2023.

Article 1

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

Unless otherwise provided by the competent securities authority, the virtual shareholders' meeting of the Company shall be held in accordance with the Rules.

Article 2

Shareholders, proxies solicitors and agent (collectively "shareholders") attending the shareholders' meeting shall submit a sign-in card to sign in. In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Article 3

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

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

Article 3-1

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

Article 4

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

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

Article 4-1

When a company will convene a shareholders' meeting with video conferencing, it shall specify the following matters in the shareholders' meeting notice:

1. The means for shareholders to take part in the video conferencing and exercise their rights.
2. Measures to be taken if, due to circumstances of a natural disaster, unforeseen event, or other force majeure event, any disruption occurs in the video conferencing platform or in participation by means of video conferencing, including at least the following particulars:
 - (1) To what time the meeting is postponed or from what time the meeting will resume if the above disruption continues and cannot be eliminated, and the date to which the meeting is postponed or on which the meeting will resume.
 - (2) Shareholders that have not registered to take part by video conference in the originally scheduled shareholders' meeting may not take part by video conference in the postponed or reconvened meeting.
 - (3) When the Company convenes a hybrid shareholders meeting, if the virtual meeting cannot be continued, then if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the shareholders meeting by video conferencing, meets the legal quorum for holding a shareholder meeting, the shareholders meeting shall continue in session. The number of shares represented by the shareholders, proxy solicitors, or proxy agents who were attending the shareholders' meeting by video conferencing shall be counted toward the total number of shares represented by the shareholders attending the meeting, but they shall be deemed to have waived their voting rights on all proposals at that shareholders' meeting.
 - (4) Measures to be taken if the outcome of all proposals have been announced but extemporary motions have not yet been proceeded with.
3. When the Company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.

Article 5

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

Article 6

The process of the shareholders' meeting shall be tape-recorded or videotaped and these recorded materials shall be preserved for at least one year. Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 7

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company within 2 days held shareholders' meeting.

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

Article 8

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

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

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

Article 9

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

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

Article 10

Except with the consent of the chair, a shareholder may not speak more than twice on the same agenda, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in preceding article and paragraphs 1 in this article do not apply.

Article 11

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

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

Article 12

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

Article 13

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

Article 14

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

Article 15

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

Article 16

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

Except as otherwise provided in the Company Act and the Company's Articles of Incorporation, the passage of an agenda shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairperson. If an objection exists, the resolution shall be voted by casting ballots.

During the voting process, an agenda is deemed as having been duly resolved if no shareholder objects in response to consultation by the chair and the agenda so resolved is equally valid as the one resolved through casting of ballots. In case an objection is heard, the agenda shall be resolved through casting of ballots.

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

Article 17

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

Article 18

In the event of a virtual shareholders meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

Article 19

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

Article 20

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

Article 21

The Rules was formulated on March 2nd, 2004 at Special Shareholders' Meeting.

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

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

The third amendment was made on May 31st, 2023.

Alpha Networks Inc.

Articles of Incorporation

Chapter 1 General Provisions

Article 1

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

Article 2

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

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

Article 3

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

Article 4

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

Article 5

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

Article 6

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

Chapter 2 Shares

Article 7

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

Article 8

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

Article 9

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

Article 10

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

Chapter 3 Shareholders' Meeting

Article 11

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

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

Article 12

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

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

Article 12-1

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

Article 13

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

Article 14

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

Article 15

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

Article 16

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

Article 17

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

Article 18

Resolutions at a shareholders' meeting shall, unless otherwise specified for in the Company Act, be adopted by a majority vote of the attending shareholders, who represent more than one-half of the total number of voting rights.

Article 19

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

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

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

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

Chapter 4 Directors

Article 20

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

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

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

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

The percentage of shareholdings of all the directors shall be in accordance with the rules and

regulations of the securities authority.

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

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

Article 21

When the number of vacancies on the board of directors of the Company exceeds one-third of the total number, the board of directors shall convene, within 60 days, a special shareholders' meeting to elect succeeding directors to fill the vacancies.

Article 22

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

Article 23

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

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

Article 24

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

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

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

Article 24-1

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

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

Article 25

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

Article 26

The authorities of the board of directors are as follows:

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

Article 27

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

Charter 5 Managers

Article 28

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

Charter 6 Accounting

Article 29

The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. After the end of each fiscal year, the following reports shall be prepared by the board of directors,

and then submitted the general shareholders' meeting for adoption:

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

Article 30

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

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

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

Article 30-1

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

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

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

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

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

Charter 7 Supplementary Provisions

Article 31

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

Article 32

This article was formulated on 16th August, 2003.
Its first amendment was made on 2nd March, 2004.
Its second amendment was made on 17th June, 2005.
Its third amendment was made on 9th June, 2006.
Its fourth amendment was made on 8th June, 2007.
Its fifth amendment was made on 8th June, 2007.
Its sixth amendment was made on 13th June, 2008.
Its seventh amendment was made on 19th June, 2009.
Its eighth amendment was made on 18th June, 2010.
Its ninth amendment was made on 10th June, 2011.
Its tenth amendment was made on 15th June, 2012.
Its eleventh amendment was made on 18th June, 2015.
Its twelfth amendment was made on 17th June, 2016.
Its thirteenth amendment was made on 14th June, 2019.
Its fourteenth amendment was made on 12th June, 2020.
Its fifteenth amendment was made on 18th June, 2021.
Its sixteenth amendment was made on 31st May, 2022.

Alpha Networks Inc.

Shareholding of Directors

Book Closure Date: April 2, 2024

Title	Name	Date elected	Shareholding when elected			Current shareholding		
			Type	Shares	%	Type	Shares	%
Chairperson	Representative of Qisda Corporation: Wen-Fang Huang	2023.5.31	Common Share	295,797,126	54.60%	Common Share	295,797,126	54.60%
Vice Chairperson	Representative of Qisda Corporation: Chi-Hong Chen							
Director	Representative of Qisda Corporation: Han-Zhou Huang							
Director	Representative of Qisda Corporation: Chiu-Chin Hung							
Independent Director	Ming-Der Hsieh	2023.5.31	Common Share	0	0.00%	Common Share	0	0.00%
Independent Director	Shu-Hsing Li	2023.5.31	Common Share	0	0.00%	Common Share	0	0.00%
Independent Director	Cheng-Jung Chiang	2023.5.31	Common Share	0	0.00%	Common Share	0	0.00%
Independent Director	Julian Chen	2023.5.31	Common Share	0	0.00%	Common Share	0	0.00%
Total			Common Share	295,797,126		Common Share	295,797,126	

The total outstanding shares of the Company: 541,718,460 common shares as of April 2, 2024.

Note: The minimum number of shares that shall be held by all directors of the Company is 17,334,990. As of April 2, 2024(closing date), the number of shares held by all directors is 295,797,126 shares which have met the minimum requirement. (The number of shares held by independent directors did not apply)

The Company has set up the audit committee therefore the number of shares held by supervisors is not applicable.

ALPHA Networks

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