

Stock Code: 2419



Hitron Technologies Inc.

2022 Annual General Shareholder's Meeting Handbook

May 30, 2022

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Hitron Technologies Inc.

2022 Annual General Shareholder's Meeting Procedure

I. Call the Meeting to Order

II. Chairperson's Remarks

III. Report Items

IV. Ratification and Discussion Items

V. Extraordinary Motions

VI. Meeting Adjourn

Hitron Technologies Inc.

2022 Annual General Shareholder's Meeting Agenda

Meeting type: Physical shareholder's meeting

Time: 9:00 a.m. on Monday, May 30, 2022

Place: No. 1-8, Li-Hsin 1st Rd., Hsinchu Science Park, Hsinchu City

I. Call the Meeting to Order

II. Chairperson's Remarks

III. Report Items

1. To report the business of 2021.
2. Audit Committee's review report
3. To report the distribution of employees' and directors' remuneration of 2021.
4. To report the cash dividends distribution of 2021 earnings.
5. To report the cash distribution from capital surplus.
6. To report the results of 2018 Private placement equities.

IV. Ratification and Discussion Items

1. To accept the 2021 Business Report and Financial Statements.
2. To accept the proposal for distribution of 2021 profits.
3. To accept the cash offering use change of 2018 private placement equities.
4. To approve the amendment to Articles of Incorporation.
5. To approve the amendment to Handling Procedures for Acquisition or Disposal of Assets.
6. To lift non-competition restrictions on current directors and their representatives.

V. Extraordinary Motions

VI. Meeting Adjourn

Report Items

Report 1: To report the business of 2021.

The 2021 Business Report is attached as Attachment 1 (P.7-P.8)

Report 2: Audit Committee's review report

The Board of Directors has prepared the Company's Business Report, Financial Statements and Earnings Distribution Proposal for the year of 2021. Kun-His Hsu and Shu-Chen Chang Certified Public Accountants of BDO Taiwan, have audited the Financial Statements. The 2021 retained by the Company's Board of Directors, and this Audit Report is duly issued. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Hitron Technologies Inc. I, as the Chair 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.

2022 Annual General Shareholder's Meeting

Chair of the Audit Committee: Lo-Min Chen

February 25, 2022

Report 3: To report the distribution of employees' and directors' remuneration of 2021.

Distribution of NT\$7,316,661 and NT\$548,750 in cash as remunerations to employees and directors, respectively, have been approved by the meeting of board of directors held on February 25, 2022.

Report 4: To report the cash dividends distribution of 2021 earnings.

- I. According to Article 29-1 of the Article of Incorporation, if earnings distribution plan is performed by means of cash dividends, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting
- II. The proposed distribution is allocated from the 2021 earnings available for distribution, and cash dividends amounting to NT\$47,968,935 were distributed to shareholders at approximately NT\$0.15 per share. It is approved by the meeting of board of directors held on February 25, 2022, and proposed that the Chairman of the Board of Directors is authorized to determine the ex-dividend date and payment date for the cash dividend distribution and other related matters.
- III. If the cash dividend distribution ratio is adjusted and need to be modified due to change of the Company's total number of outstanding common shares it is proposed to authorized the Chairman of Board of Directors with full power to adjust the distribution ratio.

Report 5: To report the cash distribution from capital surplus.

- I. According to Article 29-2 of the Articles of Incorporation, when the legal reserve or capital reserve is made in the form of cash, the Board of Directors is authorized to reach resolution and report to the shareholders' meeting.
- II. By resolution of the Board meeting held on February 25, 2022, the Company proposes to issue cash of NT\$0.35 per share from capital reserve through "conversion of corporate bond premium" for a total of NT\$112,689,679, calculated to the dollar amount. The decimal value is truncated. In addition, the total of the odd values less than NT\$1 is counted toward the Other Income of the Company. The distribution will be made in the form of cash and the Chairman is authorized to set a cash dividend base date and other related matters.
- III. For the present cash distribution from the capital reserve, In case there is any change in the number of outstanding shares of the Company such that the cash distribution ratio is changed and requires an adjustment, the Chairman is authorized to handle such matter with full discretion.

Report 6: To report the results of 2018 Private placement equities.

The Company's special meeting of shareholders held on December 19, 2018 resolved that private placement of common shares may not exceed the ceiling of 100 million shares. The total amount of private placement was NT\$1,611 million, approved by Order Letter Zhu-Shang-Zi No. 1080037612 issued by the Central Taiwan Science Park Bureau, Ministry of Science and Technology dated December 25, 2019. The funds were mainly used to purchase machinery and equipment, build plants and enrich working capital in order to strengthen the Company's competitiveness, provide operational efficiency while enhancing its financial structure, posing positive benefits to the equity of shareholders. Please refer to Attachment 2 (P.9).

Ratification and Discussion Items

Agenda 1 (Proposed by the Board of Directors)

Agenda: To accept the 2021 Business Report and Financial Statements.

- Explanation: I. The 2021 Financial Statements were audited by the independent auditors, Kun-His Hsu and Shu-Chen Chang of BDO Taiwan.
- II. For the 2021 Independent Auditors' Report, and the 2021 Financial Statements, please refer to Attachment 3 (P.10-P.27).

Resolution:

Agenda 2 (Proposed by the Board of Directors)

Agenda: To accept the proposal for distribution of 2021 profits.

Explanation: The 2021 Earnings Distribution Proposal please refer to Attachment 4 (P.28).

Resolution:

Agenda 3 (Proposed by the Board of Directors)

Agenda: To accept the cash offering use change of 2018 private placement equities.

Explanation: I. The Company's special meeting of shareholders held on December 19, 2018 resolved that private placement of common shares may not exceed the ceiling of 100 million shares. The total amount of private placement was NT\$1,611 million. The funds from the private placement of common shares were mainly used to purchase machinery and equipment and build plants.

- II. Taking into account the Company's medium- and long-term strategic development plan, the Board meeting held on November 4, 2021 resolved to change the use of private placement funds to enrich the working capital. The plan after the change is as the following table. The change is intended to raise the capital level, increase fund flexibility, and improve the financial structure.

Unit: NT\$/Million

Plan	Capital Requirements Before Change	Capital Requirements After Change	Up until 2021 Q4 Accumulated Actual Expenditures
Purchase machinery and equipment	719	522	522
Build plants	892	743	743
Enrich working capital	0	346	346
Total	1,611	1,611	1,611

- III. The private placement was completed in the 4th quarter of 2021 and was carried out in accordance with Article 9, Paragraph 1, Subparagraph 9 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

Resolution:

Agenda 4 (Proposed by the Board (Directors))

Agenda: To approve the amendment to Articles of Incorporation.

Explanation: I. To comply with the article of the Company Act amended order No. 11000115851 on December 29, 2021, it is proposed to amend Articles of Incorporation.

- II. The comparison table for the Articles of Incorporation before and after amendment is attached hereto as Attachment 5 (P.29-P.30).

Resolution:

Agenda 5 (Proposed by the Board of Directors)

Agenda: To approve the amendment to Handling Procedures for Acquisition or Disposal of Assets.

Explanation: I. To comply with the article of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies the amended order No. 1110380465 on January 28, 2022, it is proposed to amend the Handling Procedures for Acquisition or Disposal of Assets.

II. The comparison table for the Handling Procedures for Acquisition or Disposal of Assets before and after amendment is attached hereto as Attachment 6 (P.31-P.33).

Resolution:

Agenda 6 (Proposed by the Board of Directors)

Agenda: To lift non-competition restrictions on current directors and their representatives.

Explanation: I. According to Article 209 of the Company Act, any Director conducting business for himself/herself/itself or on another's behalf, the scope of which business is within the scope of the Company's business, shall explain at the Shareholders' Meeting the essential contents of such conduct, and obtain approval from shareholders in the Meeting.

II. It is proposed for the 2022 annual shareholders meeting to approve lifting non-competition restrictions on directors as who may invest or operate a business which is similar to the business scope of the Company.

III. The list of non-competition restrictions proposed to be lifted by the Company on each Director is attached hereto as Attachment 7 (P.34).

Resolution:

Extraordinary Motions

Meeting Adjourn

Hitron Technologies Inc.

2021 Business Report

The severe shortage of IC chips in the global supply chain and shortage of shipping containers and port congestion in North America resulted in negative growth in shipments and sales in 2021. Nevertheless, markets in other regions, including South and Central America, Europe and the Asia Pacific have seen significant growth. As North America was our primary market for cable modems, our annual shipments in 2021 showed a decline of appropriately 7% from 2020. In response to raw material shortage and to cope with the pressure of price increase of main wafers at the beginning of the year, we initiated an immediate response plan. In addition to adjusting the proportion of product shipments, we gradually increased the price of products, quickly changed the design, and have since used alternative materials to release the burden of material storage. In the meantime, we made proactive efforts on European, Asia Pacific and Central and South American markets that were not affected by port congestion. Although the shipping volume was not as high as North America's, it still posed a considerable contribution to the revenue. This approach lowered the negative impact on the Company's overall turnover compared to peers. In terms of control for production capacities and costs, as the relocation of the Suzhou plant was completed in May 2021, all production capacity was transferred to the Vietnam plant and mass production has begun. At the same time, we make a proactive effort to increase our inventory turnover while negotiating with suppliers to reduce costs. As the pioneer and leading supplier for cable modems in Taiwan, the Company is committed to business development based on its own brand. It aims to become a global business operator. The Company continues to search for a winning strategy to preserve its dominant position in terms of the existing market and products, enlarging its advantages in product differentiation.

Financial Performance

The consolidated operating revenue of the Company in 2021 was NT\$9,681.55 million, a decrease of 5.8% from NT\$10,278.46 million in the previous year. The yearly consolidated gross margin was 20.3%, a decrease of 0.6% from 20.9% in the previous year; the operating expenses decreased by 2% from the previous year, and the consolidated operating profit was NT\$293.94 million, a decrease of 34% from NT\$446.83 million in the previous year. The net consolidated profit after tax attributable to the parent company was NT\$71.58 million, a decrease of 74% from NT\$280.01 million in the previous year. The basic earnings per share (EPS) in 2021 was NT\$0.22.

Technology Development

In 2021, Hitron's cable CPE shipment volume accounted for 10% of the global market share. The market share for DOCSIS 3.1 CPE in the overall cable market continued to increase, and the demand for DOCSIS 3.1 CPE in Central and South America was higher than expected. Wireless gateways have become our main product. With the addition of Wi-Fi 6 (original 802.11ax) and Wi-Fi extender supporting mesh function, the entire product planning becomes more complete. In 2021, 5 new models were CableLabs Certified, couple with wireless gateways with Wi-Fi 6, which major operators are selling in Europe and the U.S., we are now providing the latest and fastest home broadband wireless services. Unlimited extenders have also indirectly contributed to the operators' broadband as they use Hitron's cloud services. It is expected that the new model of the next generation of the standard product DOCSIS 4.0 CPE will be developed in the fourth quarter this year. The Company's development centers on the home network and user experience. By doing so, we enable our customers to increase revenue from more software services with the existing business model and network structure, generating more profits.

In terms of software and the APP support, the human-machine interface is also equipped with cloud GUI interface. Compared to the traditional standalone GUI interface, this is a huge step in developing the human-machine interface. This is the essential function for the overall development of cloud management. With our years of dedication to the cloud, the number of registered users has doubled, reaching over 750,000 paid users. The function of allowing multiple online users to view instantly at any time also facilitates the business operators to manage and service customers more effectively. The Company can receive instant feedback from users rather than messages forwarded from the business operators, which significantly differentiates the Company from other OEM competitors and establishes a solid foundation for value-added services of the Company in the future.

Optical fiber products have become more mature. Even though the planning of MSO has been affected by the COVID-19 pandemic such that its development is slowed down significantly, the Company deeply believes that it is the correct direction for medium and long term development. For MSO, two box solution is typically selected. For the LAN end, the Company also continuously includes the ports of 10G and 2.5G. In terms of WLAN end, the development of Wi-Fi 6/6E Access Point has also been started. Through comprehensive products, the Company

expects to increase the purchase volume made by customers and improve the Company's competitive advantages. This year, our revenue from fiber optic products also doubled. In particular, for the development of mesh wireless, the Company has carefully determined and decided to cooperate with Plume. For the architecture of OpenSync of Plume, regardless of whether the reception end uses a network gateway from the Company, it is able to achieve cloud management and remote service. Under such architecture, all equipment and devices are to achieve channel setting, transmission power adjustment, verification password synchronization and encrypted, remote control. Such architecture can assist business operators to allow users to manage wireless equipment and provide the functions of cloud backup and remote troubleshooting while increasing the coverage at the same time, thereby reducing the operating costs and improving customer satisfaction.

In terms of the development of next-generation 5G and mmWave solution network products, the Company has invested in the R&D of 5G CPE. As well as this, a multiple-system operator (MSO) based product line is expected to be introduced in mid-2022. In conjunction with the backhaul mechanism of the cable modem, the Company's technical advantage in DOCSIS will help the Company smoothly enter the 5G CPE and small cell markets.

With the Automotive Electronics Business Group being integrated into the grand fleet of Alpha Networks and Qisda Corporation in 2021, image recognition technology for advanced driver-assistance systems is able to be provided. At Hitron, we constantly seek better development with the strength of the Group.

Future Outlook

Regardless of the COVID-19 pandemic or the post-pandemic era, broadband has already become a basic necessity for people's everyday life. Not only this, there is also an urgent need for connectivity speed for online learning and video conferencing. Thanks to the zero-touch economy that has accelerated the global need for digital transformation, it has at the same time effectively driven the upgrade of network equipment, including fiber optic networking equipment, DOCSIS3.x Cable products, commercial networking equipment and smart IoT applications. The cable modem business of the Company will focus more on the functions of easyInstall & easyConnect for customers' individual operations, thereby ensuring continuous growth of the business without being affected by the pandemic. Furthermore, the application of 5G technology is also increasing at the same time. Nevertheless, a greater number of 5G base stations will still not be sufficient to overcome the problem of penetrating through brick walls with millimeter wave in practice. DOCSIS developed by the technical groups of CableLabs, etc., will become the key options for 5G backhaul, which means that the cable modem business of the Company is expected to have a promising outlook with the increasing popularity of 5G technology. In addition, regarding the wireless reception technology, through years of effort and development, the Company also aims to actively develop an effective method to bring 5G millimeter wave to the indoor environment.

As internet speed is surging and the efficiency of the wafer is getting more robust, The work division of edge and cloud computing has expanded the room for networking communication equipment. Its functions and role are increasingly important as well. The future technological advances of Hitron will lie in the development of gateway application functions. In the meantime, the cloud application is integrated with Hitron's networking communication equipment, and thus creating greater and better value-add to user experience for the customers. As the wireless roaming standard of EasyMesh has been upgraded to version 2.0, integrated Wi-Fi extender continuing from the wireless network communication of Cable Gateway has become an essential part of the entire home network.

The Company will continue to provide higher-speed quality transmission to existing customers in the future. For R&D, the core technology would be on terminal end and cloud machine learning, and big data accumulation for optimization and automatic management to reduce operating costs and enhance customer satisfaction. In horizontal expansion, for in-home internet entertainment and lifestyle application, cybersecurity, and confidential data protection, the Company seeks to produce faster, more diversified network technology and more convenient broadband service. In vertical expansion, an all-around solution is a chief focus, where the software design of smart management and cloud network management are key development areas. The Company also actively ventures into emerging markets to increase business opportunities and hence its corporate value, in the hope of optimizing the Shareholders' interest.

Chairman: April Huang

President: Patrick Chiu

Chief Accounting: Allen Hsu

[Attachment 2]

Hitron Technologies Inc.

Private placement of common shares for 2018

Items	First private placement in 2019 Date of issuance: December 16, 2019				
Types of private placement of marketable securities	Common stock				
Date and amount approved by the Shareholders' and Board Meetings	Date of Shareholders' Meeting: December 19, 2018 Issuance amount: Within the ordinary share limit of 100,000 thousand shares, depending on the market and specific persons, the Company will undertake once or a few (at most, not more than two) issuances.				
Basis and rationale for the price established	In accordance with the first Special Shareholders' Meeting in 2018 (December 19, 2018), the price of the private placement is not lower than 80% of the higher of the following computation before the price determination date: (1) The simple average closing price of the common shares for either 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction; (2) The simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction. According to the price determination principle above, the reference price of the private placement was NT\$20.13. The private placement price was set at NT\$16.11, which was 80.03% of the reference price, and was not lower than 80% of the reference price as per the resolution passed in the Special Shareholders' Meeting. The price determination method and conditions were in accordance with the rules and regulations. They had taken into consideration the current state and future outlook of the Company, as well as the three-year conversion limitation imposed by the Securities and Exchange Act.				
Selection method of specific persons	In accordance with the Securities and Exchange Act, Article 43-6 subparagraph 1 on specific persons				
Reasons for private placement	The state of the capital market, the timeliness, feasibility, issue costs of raising capital and the actual need of strategic investors are taken into consideration. Further, the transfer of privately placed securities is subject to a three-year restriction. This can ensure long-term collaboration between the Company and its strategic investors. As such, the Company opted for private placement instead of public issuance of shares.				
Number of shares (or number of corporate bonds)	100,000,000 shares				
Payment completion date	December 16, 2019				
Delivery date	January 10, 2020				
Subscriber	Target subscriber	Eligibility requirement	Number of shares placed	Relationship with the Company	Participation in the management of the Company
	Alpha Networks Inc.	In accordance with the Securities and Exchange Act, Article 43-6 subparagraph 1 on specific persons	100,000 thousand shares	After cash capital increase by private placement, Alpha has become a major shareholder with more than a 10% stake	Acquired more than half of the Board of Directors
Subscription price	NT\$16.11 per share				
Difference between subscription price and reference price	The reference price was NT\$20.13. The subscription price was NT\$16.11, which was not lower than the minimum price that was set in the resolution of the Shareholders' Meeting.				
Impact of the private placement on Shareholders' interest	Strengthen the competitiveness of the Company, increase operational effectiveness, and enhance the financial structure of the Company. It is thus beneficial to the Shareholders' interest.				
The use of capital raised in the private placement and the implementation of plans	Taking into account the Company's medium- and long-term strategic development plan, the Board meeting held on November 4, 2021 resolved to change the use of private placement funds to purchasing machinery and equipment, and building plants as well as enriching the working capital. A total of NT\$346 million was put into enriching the working capital, and funds raised by private placement were completed in the fourth quarter of 2021.				
Benefit of private placement	Strengthen the competitiveness of the Company, increase operational effectiveness, and enhance the financial structure of the Company. It is thus beneficial to the Shareholders' interest.				

[Attachment 3]



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hitron Technologies Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Hitron Technologies Inc. as of December 31, 2021 and 2020, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Hitron Technologies Inc. as of December 31, 2021 and 2020, and financial performance and 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the section of Auditor's Responsibilities for the Audit of the Financial Statements of our report. We are independent of Hitron Technologies Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Norm. Base on our audits and the reports of other auditors, We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements of the current period are stated as follows:



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Revenue recognition

Please refer to Note 4(22) to the financial statements about accounting policy of revenue recognition, Note 5(1) about accounting judgments, key sources of estimates and uncertainty for revenue recognition.

Hitron Technologies Inc. mainly engaged in the development, manufacture and sale of broadband CPE. The main products are cable modem, cable router and other telecommunication products. As the market demand changes rapidly, customer needs and contract terms become complex and impact the performance of the management. There remains a risk of sales being recorded in an inappropriate period before the risks and rewards have been transferred to customers. Therefore, we consider this a key audit matter.

Our key audit procedures performed in respect of the above area included:

1. Assess the appropriateness of the accounting policy of revenue recognition.
2. Evaluate and test the design and operating effectiveness of internal controls around revenue recognition.
3. Check customer sales contracts, order status, shipping and collection of the selected transactions, to verify the occurrence of transactions and reasonableness of the timing of revenue recognition.
4. Perform cut-off test and vouching them to supporting evidences.

Valuation for Inventories

Please refer to Note 4(12) to the financial statements about accounting policy of inventory, Note 5(2) about accounting judgments, key sources of estimation and uncertainty for inventory evaluation, and Note 6(6) for the details of the information about allowance for inventory valuation losses.

Due to the rapid change in consumer needs and the technology development of mobile internet, cloud services and integration, price of goods or services influenced by market competition and functional requirements, resulted in a rapid change in inventory value. The assessment of the inventory valuation require significant management judgement. Therefore we consider this a key audit matter.

Our procedures performed in respect of the inventory valuation included:

1. Understand and assess the internal control procedures and accounting estimates for inventory by management.
2. Sampling market information and assess the reasonableness of inventory net realized value.
3. Observing physical inventory counts and check any obsolete and slow-moving.



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Other Matter

We did not audit the financial statements of certain investments accounted for under the equity method and information on investees disclosed in Note 6. Therefore, our opinion expressed herein, insofar as it related to the amounts included in respect of these associates, is based solely on the reports of the other auditors. These debit balance of investments accounted for under the equity method amounted to NT\$19,110 thousand and credit balance amount to NT\$8,686 thousand, constituting 0.23% and 0.1% of total assets as at December 31, 2021 and 2020, respectively, and the share of profit of subsidiaries and joint ventures accounted for under the equity method was NT\$38,227 thousand and NT\$70,410 thousand, constituting 69.34% and 29.22% of the total comprehensive income for the years then ended, respectively.

Responsibilities of Management and Those Charged with Governance for the 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 ability of Hitron Technologies Inc. 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 Hitron Technologies Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of Hitron Technologies Inc..

Auditor's Responsibilities for the Audit of the 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 ROC GAAS 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 financial statements.



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As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 Hitron Technologies Inc. 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 Hitron Technologies Inc. ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Hitron Technologies Inc. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Hitron Technologies Inc. to express an opinion on the 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.



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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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Kun-His Hsu and Shu-Chen Chang.

BDO Taiwan

BDO TAIWAN

Feb 25, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

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HITRON TECHNOLOGIES INC.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2021 and 2020

Assets	Notes	December 31, 2021		December 31, 2020		Liabilities & Stockholders' Equity		Notes		December 31, 2021		December 31, 2020	
		December 31, 2021	%	December 31, 2020	%	December 31, 2021	%	December 31, 2021	%	December 31, 2020	%		
Current assets													
Cash and cash equivalents	6.1	\$1,087,012	13.29	\$2,417,651	27.66			Short-term borrowings	6.11	\$2,477,360	30.28	\$1,686,825	19.30
Financial assets at fair value through profit or loss - current	6.2	38,738	0.47	45,366	0.52			Financial liabilities at fair value through profit or loss - current	6.2	52	-	3,318	0.04
Financial assets at amortized cost - current	6.3	369,960	4.52	-	-			Contract liabilities - current	6.18	5,067	0.06	22,918	0.26
Accounts receivable, net	6.5	681,218	8.33	379,286	4.34			Accounts payable		93,535	1.14	282,344	3.23
Accounts receivable - related parties	7	1,472,035	17.99	2,135,663	24.44			Accounts payable - related parties	7	685,219	8.38	1,540,447	17.63
Other receivables		3,713	0.05	68,254	0.78			Other payables	6.12	108,344	1.32	180,703	2.07
Other receivables - related parties	7	1,271,205	15.54	1,296,304	14.83			Other payables - related parties	7	67,406	0.82	8,025	0.09
Inventories	6.6	41,512	0.51	188,514	2.16			Current income tax liabilities		-	-	24,677	0.28
Prepayments		31,470	0.38	25,751	0.29			Provisions - current	6.13	15,056	0.18	11,525	0.13
Other current assets		1,629	0.02	2,141	0.03			Lease liabilities - current	6.9	1,232	0.02	2,162	0.02
Sub-total		4,998,492	61.10	6,558,930	75.05			Other current liabilities		3,428	0.05	2,999	0.04
								Sub-total		3,456,699	42.25	3,765,943	43.09
Non-current assets													
Financial assets at fair value through other comprehensive income - non-current	6.4	19,335	0.24	19,335	0.22			Deferred tax liabilities	6.22	5,356	0.07	11,402	0.13
Investments accounted for under equity method	6.7	2,816,500	34.43	1,822,186	20.85			Lease liabilities - non-current	6.9	22,250	0.27	384	0.01
Property, plant and equipment	6.8	219,442	2.68	225,461	2.58			Other non-current liabilities		247	0.01	16,849	0.20
Right-of-use assets	6.9	23,475	0.29	2,500	0.03			Sub-total		27,853	0.35	28,635	0.34
Intangible assets		20,896	0.26	29,896	0.34			Total Liabilities		3,484,552	42.60	3,794,578	43.43
Deferred tax assets	6.22	38,090	0.46	37,763	0.43			Equity					
Other non-current assets	6.10	44,944	0.54	43,656	0.50			Share Capital	6.15				
Sub-total		3,182,682	38.90	2,180,797	24.95			Common stock		3,289,862	40.21	3,289,862	37.64
								Capital surplus	6.16	1,236,008	15.11	1,326,737	15.18
								Retained earnings	6.17				
								Legal reserve		276,066	3.37	248,065	2.84
								Special reserve		129,057	1.58	89,973	1.03
								Unappropriated earnings (Accumulated deficit)		71,582	0.87	280,010	3.20
								Other equity		(145,511)	(1.78)	(129,056)	(1.48)
								Treasury stock		(160,442)	(1.96)	(160,442)	(1.84)
								Total Equity		4,696,622	57.40	4,945,149	56.57
Total assets		\$8,181,174	100.00	\$8,739,727	100.00			Total Liabilities and Equity		\$8,181,174	100.00	\$8,739,727	100.00

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2021 and 2020

UNIT : NTD (In Thousands)

Item	Notes	2021	%	2020	%
Operating revenue	6.18	\$7,243,067	100.00	\$8,526,047	100.00
Operating costs	6.6	(6,688,054)	(92.34)	(7,743,817)	(90.83)
Gross profit (loss)		555,013	7.66	782,230	9.17
Unrealized (profit) loss from sales		(136,203)	(1.88)	(110,852)	(1.30)
Realized profit (loss) from sales		110,852	1.53	63,957	0.75
Net gross profit (loss)		529,662	7.31	735,335	8.62
Operating expenses					
Selling expenses		(157,714)	(2.18)	(161,099)	(1.89)
General and administrative expenses		(151,383)	(2.09)	(172,451)	(2.02)
Research and development expenses		(311,304)	(4.30)	(285,320)	(3.35)
Expected credit impairment gain (loss)		(15,823)	(0.21)	(519)	-
Total operating expenses		(636,224)	(8.78)	(619,389)	(7.26)
Operating profit (loss)		(106,562)	(1.47)	115,946	1.36
Non-operating income and expenses					
Interest income		8,017	0.11	15,131	0.18
Other income		10,448	0.14	21,730	0.25
Other gains and losses	6.19	(7,209)	(0.10)	13,261	0.16
Financial costs		(14,622)	(0.20)	(15,711)	(0.18)
Share of the profit (loss) of subsidiaries, associates and joint ventures accounted for under equity method	6.7	175,229	2.42	157,579	1.84
Sub-total		171,863	2.37	191,990	2.25
Profit (loss) before income tax		65,301	0.90	307,936	3.61
Income tax (expenses) benefit	6.22	6,281	0.09	(27,926)	(0.33)
Net profit (loss) from continuing operations		\$71,582	0.99	\$280,010	3.28
Net profit (loss)		\$71,582	0.99	\$280,010	3.28
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		\$-	-	\$(1,911)	(0.02)
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(16,455)	(0.23)	(37,172)	(0.44)
Other comprehensive income (loss), net of income tax		\$(16,455)	(0.23)	\$(39,083)	(0.46)
Total comprehensive income (loss)		\$55,127	0.76	\$240,927	2.82
Earnings per share	6.23				
Basic earnings (loss) per share (in dollars)		\$0.22		\$0.87	
Diluted earnings per share (in dollars)		\$0.22		\$0.87	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2021 and 2020

UNIT : NTD (In Thousands)

Summary	Common Stock	Capital Surplus	Retained Earnings			Other Equity Interests			Treasury Stock	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
Balance on January 1, 2020	\$3,289,862	\$1,401,968	\$226,069	\$56,615	\$223,073	\$(95,371)	\$5,397	\$(160,442)	\$4,947,171	
Appropriation of earnings 2019	-	-	21,996	-	(21,996)	-	-	-	-	
Legal reserve	-	-	-	33,358	(33,358)	-	-	-	-	
Special reserve	-	-	-	-	(167,719)	-	-	-	(167,719)	
Cash dividends	-	-	-	-	-	-	-	-	(6,492)	
Effects of changes in ownership interest from investee	-	(6,492)	-	-	-	-	-	-	20,596	
Changes in capital surplus of investees	-	20,596	-	-	-	-	-	-	(89,335)	
Cash dividends distributed from capital surplus	-	(89,335)	-	-	-	-	-	-	280,010	
Net profit (loss)	-	-	-	-	-	(37,172)	(1,911)	-	280,010	
Other comprehensive income (loss)	-	-	-	-	-	-	1	-	(39,083)	
Rounding	-	-	-	-	-	-	-	-	1	
Balance on January 1, 2021	\$3,289,862	\$1,326,737	\$248,065	\$89,973	\$280,010	\$(132,543)	\$3,487	\$(160,442)	\$4,945,149	
Appropriation of earnings 2020	-	-	28,001	-	(28,001)	-	-	-	-	
Legal reserve	-	-	-	39,083	(39,083)	-	-	-	-	
Special reserve	-	-	-	-	(212,926)	-	-	-	(212,926)	
Cash dividends	-	-	-	-	-	-	-	-	(9,185)	
Effects of changes in ownership interest from investee	-	(9,185)	-	-	-	-	-	-	26,848	
Changes in capital surplus of investees	-	26,848	-	-	-	-	-	-	(108,392)	
Cash dividends distributed from capital surplus	-	(108,392)	-	-	-	-	-	-	71,582	
Net profit (loss)	-	-	-	-	71,582	-	-	-	(16,455)	
Other comprehensive income (loss)	-	-	-	-	-	(16,455)	-	-	1	
Rounding	-	-	-	1	-	-	-	-	-	
Balance on December 31, 2021	\$3,289,862	\$1,236,008	\$276,066	\$129,057	\$71,582	\$(148,998)	\$3,487	\$(160,442)	\$4,696,622	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

UNIT : NTD (In Thousands)

Items	2021	2020
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$65,301	\$307,936
Profit (loss) before tax	65,301	307,936
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	50,488	48,370
Amortization	24,035	28,098
Expected credit impairment loss (gain)	15,823	519
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	(12,253)	(6,495)
Interest expense	14,622	15,711
Interest income	(8,017)	(15,131)
Dividend income	(2,575)	(2,680)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for under equity method	(75,013)	(57,365)
Loss (gain) on disposal and scrap of property, plant and equipment	(1)	59
Loss (gain) on disposal of investments	3,764	13,664
Unrealized (profit) loss from sales	136,203	110,852
Realized profit (loss) from sales	(110,852)	(63,958)
Loss (gain) on a lease modification	(18)	-
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	-	1,470
(Increase) decrease in accounts receivable	(317,755)	(110,204)
(Increase) decrease in accounts receivable - related parties	663,628	(929,796)
(Increase) decrease in other receivables	65,089	(9,776)
(Increase) decrease in other receivables - related parties	25,099	(769,722)
(Increase) decrease in inventories	147,002	168,775
(Increase) decrease in prepaid expenses	(411)	(5,317)
(Increase) decrease in prepayments	(5,308)	10,987
(Increase) decrease in other current assets	511	(432)
Increase (decrease) in contract liabilities	(17,851)	(426)
Increase (decrease) in accounts payable	(188,809)	117,106
Increase (decrease) in accounts payable - related parties	(855,228)	698,137
Increase (decrease) in other payables	(73,882)	42,642
Increase (decrease) in other payables - related parties	59,381	1,882
Increase (decrease) in provisions	3,532	817
Increase (decrease) in other current liabilities	429	78
Interest received	8,551	14,130
Dividends received	2,575	2,680
Interest paid	(13,014)	(16,586)
Income taxes refund (paid)	(25,850)	(11,237)
Net cash flows generated from (used in) operating activities	<u>(420,804)</u>	<u>(415,212)</u>
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(369,960)	-
Acquisition of financial assets at fair value through profit or loss	-	(4,072)
Proceeds from disposal of financial assets at fair value through profit or loss	11,851	15,854
Acquisition of investments accounted for under equity method	(960,046)	(349,450)
Acquisition of property, plant and equipment	(41,391)	(37,515)
Proceeds from disposal of property, plant and equipment	13	4,000
Increase in guarantee deposits	-	(110)
Decrease in guarantee deposits	24,128	-
Acquisition of intangible assets	(15,035)	(14,482)
Proceed from disposal of intangible assets	-	906
Decrease in other non-current assets	6	107
Increase in prepayments for equipment	(25,422)	(7,664)
Net cash flows generated from (used in) investing activities	<u>(1,375,856)</u>	<u>(392,426)</u>
Cash flows from financing activities		
Increase in short-term borrowings	790,535	1,071,825
Repayments of long-term borrowings	-	(270,000)
Repayment of lease principle	(3,196)	(3,545)
Cash dividends paid	(321,318)	(257,054)
Net cash generated from (used in) financing activities	<u>466,021</u>	<u>541,226</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,330,639)</u>	<u>(266,412)</u>
Cash and cash equivalents at beginning of period	2,417,651	2,684,063
Cash and cash equivalents at end of period	<u>\$1,087,012</u>	<u>\$2,417,651</u>

The accompanying notes are an integral part of financial statements



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hitron Technologies Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Hitron Technologies Inc. and its subsidiaries as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Hitron Technologies Inc. and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the section of Auditor's Responsibilities for the Audit of the Consolidated Financial Statements of our report. We are independent of Hitron Technologies Inc. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Norm. Base on our audits and the reports of other auditors, We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements of the current period are stated as follows:



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Revenue recognition

Please refer to Note 4(23) to the consolidated financial statements about accounting policy of revenue recognition, Note 5(1) about accounting judgments, key sources of estimates and uncertainty for revenue recognition.

Hitron Technologies Inc. and its subsidiaries mainly engaged in the development, manufacture and sale of broadband CPE. The main products are cable modem, cable router and other telecommunication products. As the market demand changes rapidly, customer needs and contract terms become complex and impact the performance of the management. There remains a risk of sales being recorded in an inappropriate period before the risks and rewards have been transferred to customers. Therefore, we consider this a key audit matter.

Our key audit procedures performed in respect of the above area included:

1. Assess the appropriateness of the accounting policy of revenue recognition.
2. Evaluate and test the design and operating effectiveness of internal controls around revenue recognition.
3. Check customer sales contracts, order status, shipping and collection of the selected transactions, to verify the occurrence of transactions and reasonableness of the timing of revenue recognition.
4. Perform cut-off test and vouching them to supporting evidences.

Valuation for Inventories

Please refer to Note 4(13) to the consolidated financial statements about accounting policy of inventory, Note 5(2) about accounting judgments, key sources of estimation and uncertainty for inventory evaluation, and Note 6(6) for the details of the information about allowance for inventory valuation losses.

Due to the rapid change in consumer needs and the technology development of mobile internet, cloud services and integration, price of goods or services influenced by market competition and functional requirements, resulted in a rapid change in inventory value. The assessment of the inventory valuation require significant management judgement. Therefore we consider this a key audit matter.

Our procedures performed in respect of the inventory valuation included:

1. Understand and assess the internal control procedures and accounting estimates for inventory by management.
2. Sampling market information and assess the reasonableness of inventory net realized value.
3. Observing physical inventory counts and check any obsolete and slow-moving.



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Provisions

Please refer to Note 4(19) to the consolidated financial statements about accounting policy of provisions, Note 5(3) about key sources of estimation and assumptions of uncertainty for provisions.

Hitron Technologies Inc. and its subsidiaries estimates the possible maintenance costs and accrues provisions of the product warranty based on past technical experience and contractual conditions. Considering the uncertainty in estimation, the accrual of warranty provisions has been identified as a key audit matter.

Our key audit procedures performed in respect of the above area included:

1. Understood the evaluation process of provision performed by the management.
2. Evaluate the appropriateness of procedures used and the rationality of estimates in assessing provisions.
3. Sampled warranties not expired and evaluated if there were significant unexpected liabilities.
4. Reviewed the settlements of expired warranties and the relevant authorization and supporting documents.

Other Matter

We did not audit the financial statements of the Hitron Technologies Europe Holding B.V. Thus, the amounts and information of the subsidiary shown within are based solely on the reports of other auditors. Total assets of the subsidiary were NT\$211,934 thousand and NT\$362,527 thousand, constituting 1.93% and 2.89% of the consolidated total assets as of December 31, 2021 and 2020 respectively. Total operating revenues of the subsidiary were NT\$825,908 thousand and NT\$582,353 thousand, constituting 8.53% and 5.67% of the consolidated operating revenues for December 31, 2021 and 2020 respectively.

We have audited and expressed an unqualified opinion on the parent company only financial statements of Hitron Technologies Inc. as of and for the years ended December 31, 2021 and 2020.

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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed 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.



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In preparing the consolidated financial statements, management is responsible for assessing the ability of Hitron Technologies Inc. and its subsidiaries 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 Hitron Technologies Inc. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of Hitron Technologies Inc. and its subsidiaries.

Auditor's 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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of Hitron Technologies Inc. and its subsidiaries.
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 Hitron Technologies Inc. and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause Hitron Technologies Inc. and its subsidiaries to cease to continue as a going concern.



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5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Hitron Technologies Inc. and its subsidiaries 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 auditor's 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 Kun-His Hsu and Shu-Chen Chang.

BDO Taiwan

BDO TAIWAN

Feb 25, 2022

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HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

Assets	Notes	December 31, 2021		December 31, 2020		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
				(Restated)		(Restated)			(Restated)
Current assets									
Cash and cash equivalents	6.1	\$2,803,348	25.52	\$3,935,224	31.34	\$2,554,712	23.25	\$2,417,512	19.25
Financial assets at fair value through profit or loss - current	6.2	65,200	0.59	70,488	0.56	1,023	0.01	3,449	0.03
Financial assets at amortized cost - current	6.3	371,960	3.39	-	-	622,327	5.66	668,057	5.32
Notes receivable, net	6.5	134,278	1.22	154,954	1.23	1,037,818	9.45	2,178,647	17.35
Accounts receivable, net	6.5	1,662,845	15.14	2,042,026	16.26	57,481	0.52	39,951	0.32
Other receivables		21	-	22	-	508,113	4.63	739,814	5.89
Current income tax assets		8,121	0.07	71,378	0.57	6,041	0.05	-	-
Inventories	6.6	26,744	0.24	45,114	0.36	100,469	0.91	121,594	0.97
Prepayments	6.7	3,453,905	31.44	3,614,030	28.78	95,902	0.87	165,676	1.32
Other current assets		124,298	1.13	170,872	1.36	11,332	0.11	27,681	0.22
Sub-total		3,753	0.04	4,943	0.05	467,310	4.26	542,698	4.33
		<u>8,654,473</u>	<u>78.78</u>	<u>10,109,051</u>	<u>80.51</u>	<u>5,462,528</u>	<u>49.72</u>	<u>6,905,165</u>	<u>55.00</u>
Non-current assets									
Financial assets at fair value through other comprehensive income - non-current	6.4	19,335	0.18	19,335	0.15	73,853	0.67	45,699	0.36
Property, plant and equipment	6.8	1,782,568	16.23	1,876,017	14.94	5,561	0.05	11,782	0.09
Right-of-use assets	6.9	181,041	1.65	178,015	1.42	36,573	0.33	10,138	0.08
Intangible assets		33,757	0.31	48,136	0.38	240	0.01	284	-
Deferred tax assets	6.25	130,077	1.18	141,431	1.13	116,227	1.06	67,903	0.53
Other non-current assets	6.10	184,709	1.67	183,970	1.47	5,578,755	50.78	6,973,068	55.53
Sub-total		<u>2,331,487</u>	<u>21.22</u>	<u>2,446,904</u>	<u>19.49</u>	<u>6,973,068</u>	<u>63.12</u>	<u>6,973,068</u>	<u>55.53</u>
Total assets									
		<u>\$10,985,960</u>	<u>100.00</u>	<u>\$12,555,955</u>	<u>100.00</u>	<u>\$10,985,960</u>	<u>100.00</u>	<u>\$12,555,955</u>	<u>100.00</u>
Liabilities & Stockholders' Equity									
Current liabilities									
Short-term borrowings									
Financial liabilities at fair value through profit or loss - current	6.11								
Contract liabilities - current	6.20								
Notes payable									
Accounts payable									
Accounts payable - related parties	7								
Other payables	6.13								
Other payables - related parties	7								
Current income tax liabilities									
Provisions - current	6.12								
Lease liabilities - current	6.9								
Other current liabilities	6.14								
Sub-total									
Non-current liabilities									
Provisions - non-current	6.12								
Deferred tax liabilities	6.25								
Lease liabilities - non-current	6.9								
Other non-current liabilities									
Sub-total									
Total Liabilities									
Equity attributable to owners of the parent									
Share Capital	6.17								
Common stock									
Capital surplus	6.18								
Retained earnings	6.19								
Legal reserve									
Special reserve									
Unappropriated earnings (Accumulated deficit)									
Other equity									
Treasury stock									
Total equity attributable to owners of the parent									
Non-controlling interests									
Total Equity									
Total Liabilities and Equity									
		<u>\$10,985,960</u>	<u>100.00</u>	<u>\$12,555,955</u>	<u>100.00</u>	<u>\$10,985,960</u>	<u>100.00</u>	<u>\$12,555,955</u>	<u>100.00</u>

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2021 and 2020

UNIT : NTD (In Thousands)

Item	Notes	2021	%	2020	%
Operating revenue	6.20	\$9,681,546	100.00	\$10,278,461	100.00
Operating costs	6.6	(7,717,426)	(79.71)	(8,125,961)	(79.06)
Gross profit (loss)		1,964,120	20.29	2,152,500	20.94
Net gross profit (loss)		1,964,120	20.29	2,152,500	20.94
Operating expenses					
Selling expenses		(648,318)	(6.70)	(634,036)	(6.17)
General and administrative expenses		(639,363)	(6.60)	(686,654)	(6.68)
Research and development expenses		(363,400)	(3.75)	(384,247)	(3.74)
Expected credit impairment gain (loss)		(16,947)	(0.18)	(731)	-
Total operating expenses		(1,668,028)	(17.23)	(1,705,668)	(16.59)
Operating profit (loss)		296,092	3.06	446,832	4.35
Non-operating income and expenses					
Interest income		11,770	0.12	10,680	0.10
Other income	6.21	44,550	0.46	56,272	0.55
Other gains and losses	6.22	(12,566)	(0.13)	(10,987)	(0.11)
Financial costs		(31,376)	(0.32)	(34,412)	(0.33)
Sub-total		12,378	0.13	21,553	0.21
Profit (loss) before income tax		308,470	3.19	468,385	4.56
Income tax (expenses) benefit	6.25	(87,086)	(0.90)	(65,726)	(0.64)
Net profit (loss) from continuing operations		\$221,384	2.29	\$402,659	3.92
Net profit (loss)		\$221,384	2.29	\$402,659	3.92
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		\$-	-	\$(1,911)	(0.02)
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(16,377)	(0.17)	(37,163)	(0.36)
Other comprehensive income (loss), net of income tax		\$(16,377)	(0.17)	\$(39,074)	(0.38)
Total comprehensive income (loss)		\$205,007	2.12	\$363,585	3.54
Profit (loss) attributable to:					
Shareholders of the parent		71,582	0.74	280,010	2.72
Non-controlling interests		149,802	1.55	122,649	1.20
Total		221,384	2.29	402,659	3.92
Comprehensive income (loss) attributable to:					
Shareholders of the parent		55,127	0.57	240,926	2.34
Non-controlling interests		149,880	1.55	122,659	1.20
Total		\$205,007	2.12	\$363,585	3.54
Earnings per share	6.26				
Basic earnings (loss) per share (in dollars)		\$0.22		\$0.87	
Diluted earnings per share (in dollars)		\$0.22		\$0.87	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2021 and 2020

UNIT : NTD (In Thousands)

Summary	Equity Attributable to Shareholders of the Parent							Total			
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Other Equity Interests Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income		Treasury Stock	SubTotal	Non-Controlling Interest
Balance on January 1, 2020	\$3,289,862	\$1,401,968	\$226,069	\$56,615	\$223,073	\$(95,371)	\$5,397	\$(160,442)	\$4,947,171	\$596,381	\$5,543,552
Appropriation of earnings 2019	-	-	21,996	-	(21,996)	-	-	-	-	-	-
Legal reserve	-	-	-	33,358	(33,358)	-	-	-	-	-	-
Special reserve	-	-	-	-	(167,719)	-	-	-	(167,719)	-	(167,719)
Cash dividends	-	(6,492)	-	-	-	-	-	-	(6,492)	-	(6,492)
Effects of changes in ownership interest from investee	-	20,596	-	-	-	-	-	-	20,596	32,409	53,005
Changes in capital surplus of investees	-	(89,335)	-	-	-	-	-	-	(89,335)	-	(89,335)
Cash dividends distributed from capital surplus	-	-	-	-	280,010	-	-	-	280,010	122,650	402,660
Net profit (loss)	-	-	-	-	-	(37,172)	(1,911)	-	(39,083)	9	(39,074)
Other comprehensive income (loss)	-	-	-	-	-	-	1	-	-	(113,711)	(113,711)
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	1	-	1
Balance on January 1, 2021	\$3,289,862	\$1,326,737	\$248,065	\$89,973	\$280,010	\$(132,543)	\$3,487	\$(160,442)	\$4,945,149	\$637,738	\$5,582,887
Appropriation of earnings 2020	-	-	28,001	-	(28,001)	-	-	-	-	-	-
Legal reserve	-	-	-	39,083	(39,083)	-	-	-	-	-	-
Special reserve	-	-	-	-	(212,926)	-	-	-	(212,926)	-	(212,926)
Cash dividends	-	(9,185)	-	-	-	-	-	-	(9,185)	-	(9,185)
Effects of changes in ownership interest from investee	-	26,848	-	-	-	-	-	-	26,848	44,879	71,727
Changes in capital surplus of investees	-	(108,392)	-	-	-	-	-	-	(108,392)	-	(108,392)
Cash dividends distributed from capital surplus	-	-	-	-	71,582	-	-	-	71,582	149,802	221,384
Net profit (loss)	-	-	-	-	-	(16,455)	-	-	(16,455)	78	(16,377)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	(121,914)	(121,914)
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	1	-	-	-	-	1	-	1
Balance on December 31, 2021	\$3,289,862	\$1,236,008	\$276,066	\$129,057	\$71,582	\$(148,998)	\$3,487	\$(160,442)	\$4,696,622	\$710,583	\$5,407,205

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

UNIT : NTD (In Thousands)

Items	2021	2020 (Restated)
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$308,470	\$468,385
Consolidated profit (loss) before tax	308,470	468,385
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	254,080	247,539
Amortization	29,307	32,237
Expected credit impairment loss (gain)	16,947	731
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	(12,609)	(4,933)
Interest expense	31,375	34,411
Interest income	(11,770)	(10,680)
Dividend income	(3,679)	(4,259)
Loss (gain) on disposal and scrap of property, plant and equipment	3,764	949
Loss (gain) on disposal of intangible Assets	(271)	-
Loss gain) on disposal of investments	3,764	10,021
Intangible assets transferred to other loss	962	-
Loss (gain) on a lease modification	(445)	(68)
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	20,675	(108,899)
(Increase) decrease in accounts receivable	362,234	(758,185)
(Increase) decrease in accounts receivable - related parties	1	(22)
(Increase) decrease in other receivables	68,062	(12,370)
(Increase) decrease in inventories	160,125	(1,620,370)
(Increase) decrease in prepaid expenses	22,771	(19,855)
(Increase) decrease in prepayments	23,802	(12,665)
(Increase) decrease in other current assets	1,192	975
Increase (decrease) in contract liabilities	(45,730)	204,701
Increase (decrease) in notes payable	(86)	(151)
Increase (decrease) in accounts payable	(1,140,829)	909,157
Increase (decrease) in accounts payable - related parties	17,531	39,951
Increase (decrease) in other payables	(232,120)	281,231
Increase (decrease) in other payables - related parties	6,041	-
Increase (decrease) in provisions	(41,620)	(19,431)
Increase (decrease) in advanced receipts	552	-
Increase (decrease) in other current liabilities	(10,903)	1,476
Interest received	8,047	9,852
Dividends received	3,679	4,259
Interest paid	(22,178)	(23,169)
Income taxes refund (paid)	(85,790)	(104,050)
Net cash flows generated from (used in) operating activities	<u>(264,649)</u>	<u>(453,232)</u>
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(371,960)	-
Repayments of financial assets at amortized cost	-	30,000
Acquisition of financial assets at fair value through profit or loss	-	(26,382)
Proceeds from disposal of financial assets at fair value through profit or loss	11,851	45,581
Acquisition of property, plant and equipment	(164,300)	(1,059,318)
Proceeds from disposal of property, plant and equipment	9,467	66,076
Decrease in guarantee deposits	22,196	11,991
Acquisition of intangible assets	(17,184)	(29,454)
Proceed from disposal of intangible assets	1,367	-
Increase in other non-current assets	(8,293)	-
Decrease in other non-current assets	-	1,176
Increase in prepayments for equipment	(14,640)	(16,190)
Net cash flows generated from (used in) investing activities	<u>(531,496)</u>	<u>(976,520)</u>
Cash flows from financing activities		
Increase in short-term borrowings	137,200	1,464,811
Repayments of long-term borrowings	-	(270,000)
Decrease in guarantee deposits received	(43)	(177)
Repayment of lease principle	(25,147)	(50,567)
Cash dividends paid	(321,317)	(257,054)
Increase (decrease) in minority interest	(132,290)	(121,449)
Net cash generated from (used in) financing activities	<u>(341,597)</u>	<u>765,564</u>
Effects of changes in exchange rate on cash and cash equivalents	5,866	(7,596)
Net increase (decrease) in cash and cash equivalents	(1,131,876)	(671,784)
Cash and cash equivalents at beginning of period	3,935,224	4,607,008
Cash and cash equivalents at end of period	<u>\$2,803,348</u>	<u>\$3,935,224</u>

The accompanying notes are an integral part of financial statements

[Attachment 4]

Hitron Technologies Inc.
2021 Earnings Distribution Table

	Unit:NT\$
Net income of 2021	71,581,955
Less: Actuarial gain/loss of defined benefit plans recognized in retained earnings	0
Less: Provisioned as Legal reserve	(7,158,196)
Less: Provisioned as Special reserve	(16,454,824)
Retained earnings available for distribution in 2021	47,968,935
Add: Unappropriated retained earnings from previous years	2
Retained earnings available for distribution as of December 31, 2021	47,968,937
Distribution item:	
Cash Dividend (NT\$150 for every 1,000 common shares)	(47,968,935)
Unappropriated retained earnings after earnings distribution	2

Note: The shareholders' cash bonus distributed this time is calculated according to the distribution ratio to the whole dollar amount, and the decimal value less than the dollar amount is truncated. In addition, the total of the odd values less than NT\$1 is counted toward the Other Income of the Company.

[Attachment 5]

Comparison table for the Articles of Incorporation before and after amendment

Article No.	After Amendment	Before Amendment	Reason of Amendment
Article 2	<p>The Company’s businesses are as follows:</p> <ol style="list-style-type: none"> 1.CB01010 Mechanical Equipment Manufacturing. 2.CB01020 Affairs Machine Manufacturing. 3.CC01060 Wired Communication Mechanical Equipment Manufacturing. 4.CC01070 Wireless Communication Mechanical Equipment Manufacturing. 5.CC01080 Electronics Components Manufacturing. 6.<u>CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.</u> 7.CC01110 Computer and Peripheral Equipment Manufacturing. 8.CC01120 Data Storage Media Manufacturing and Duplicating. 9.CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing. 10.F399040 Retail Sale No Storefront. 11.F401010 International Trade. <u>12.I301010 Information Software Services.</u> <u>13.I301020 Data Processing Services.</u> <u>14.I301030 Electronic Information Supply Services.</u> <u>15.I501010 Product Designing.</u> <u>16.IZ13010 Internet Certificates Service.</u> <p>I. Research, development, production, manufacturing and sale of the following products</p> <ol style="list-style-type: none"> 1.Wireless communication equipment 2.Synchronous sequential system. 3.Synchronous fiber communication equipment 4.Digital modem equipment 5.Fiber (automatic) monitoring system 6.Splice box for central surveillance system 7.Broadband gateway 8.Set-top box <p>II. Export and import businesses of the aforementioned products.</p>	<p>The Company’s businesses are as follows:</p> <ol style="list-style-type: none"> 1.CB01010 Mechanical Equipment Manufacturing. 2.CB01020 Affairs Machine Manufacturing. 3.CC01060 Wired Communication Mechanical Equipment Manufacturing. 4.CC01070 Wireless Communication Mechanical Equipment Manufacturing. 5.CC01080 Electronics Components Manufacturing. 6.<u>CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.</u> 7.CC01110 Computer and Peripheral Equipment Manufacturing. 8.CC01120 Data Storage Media Manufacturing and Duplicating. 9.CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing. 10.F399040 Retail Sale No Storefront. 11.F401010 International Trade. 12.F401021 Restrained Telecom Radio-Frequency Equipment and Materials Import. 13.I301010 Information Software Services. 14.I301020 Data Processing Services. 15.I301030 Electronic Information Supply Services. 16.I501010 Product Designing. 17.IZ13010 Internet Certificates Service. <p>I. Research, development, production, manufacturing and sale of the following products</p> <ol style="list-style-type: none"> 1.Wireless communication equipment 2.Synchronous sequential system. 3.Synchronous fiber communication equipment 4.Digital modem equipment 5.Fiber (automatic) monitoring system 6.Splice box for central surveillance system 7.Broadband gateway 8.Set-top box <p>II. Export and import businesses of the aforementioned products.</p>	Amendment made in accordance with the laws
Article 10	<p>(Omitted)</p> <p><u>The Company’s shareholders’ meeting may be convened by videoconference or other means announced by the central competent authority.</u></p>	(Omitted)	Amendment made in accordance with the laws

Article No.	After Amendment	Before Amendment	Reason of Amendment
Article 36	<p>These Articles of Incorporation Directors were duly enacted on March 10, 1986. (Omitted) The thirtieth amendment was made on July 28, 2021. <u>The thirty-first amendment was made on May 30, 2022.</u></p>	<p>These Articles of Incorporation Directors were duly enacted on March 10, 1986. (Omitted) The thirtieth amendment was made on July 28, 2021.</p>	<p>Newly added the date of the amendment</p>

[Attachment 6]

Comparison table for the Handling Procedures for Acquisition or Disposal of Assets before and after amendment

Article No.	After Amendment	Before Amendment	Reason of Amendment
Article 5	<p>(Omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>industry code of their respective trade associations and the following:</u></p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion. They have evaluated and found that the information used is <u>appropriate</u> and reasonable, and that they have complied with applicable laws and regulations.</p>	<p>(Omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph <u>shall comply with the following:</u></p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	Amendments made in line with the law
Article 9	<p>Real property, equipment or right-of-use assets thereof (Omitted)</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (Omitted)</p>	<p>Real property, equipment or right-of-use assets thereof (Omitted)</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness</p>	Amendments made in line with the law

Article No.	After Amendment	Before Amendment	Reason of Amendment
		of the transaction price: (Omitted)	
Article 10	Securities (Omitted) When the transaction amount of the acquisition or disposal of securities reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	Securities (Omitted) When the transaction amount of the acquisition or disposal of securities reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	Amendments made in line with the law
Article 11	Memberships or intangible assets Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.	Memberships or intangible assets Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	Amendments made in line with the law
Article 15	(Omitted) <u>Where the Company or the Company's subsidiary that is not a domestic public company engages in the transaction as described in the first paragraph and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in the first paragraph to the shareholders' meeting for approval prior to entering into a transaction contract and paying the amount. However, this restriction does not apply to transactions between the Company and its parent company, subsidiaries or between subsidiaries.</u> The <u>calculation of the transaction amounts referred to in the preceding 2 paragraphs</u> shall be made in accordance with Paragraph 2 of Article 31, and the term "within the preceding year" described refers to the year preceding the date of occurrence of the current transaction. Items that the shareholders' meeting has approved, <u>Audit Committee and the Board of</u>	(Omitted) (Newly added) <u>The calculation of the transaction amounts referred to in the preceding paragraph</u> shall be made in accordance with Paragraph 2 of Article 31, and the term "within the preceding year" described refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by	Amendment made according to the laws and actual needs

Article No.	After Amendment	Before Amendment	Reason of Amendment
	<p><u>Directors</u> need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent company, subsidiaries or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, the Board of Directors may authorize the Chairman to decide such matters when the transaction is within the amount of <u>NT\$400 million</u> and have the decisions subsequently submitted to and ratified by the most recent Board of Directors' meeting after the execution:</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>(Omitted)</p>	<p>the <u>Audit Committee and the Board of Directors</u> need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent company, subsidiaries or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, the Board of Directors may authorize the Chairman to decide such matters when the transaction is within the amount of <u>NT\$300 million</u> and have the decisions subsequently submitted to and ratified by the most recent Board of Directors' meeting after the execution:</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>With respect to the types of transactions in the preceding paragraph, when to be conducted between subsidiaries of the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may delegate the chairman to decide such matters within NT\$ 150 million and proceed based on the procedures in the preceding paragraph.</p> <p>(Omitted)</p>	
Article 31	<p>(Omitted)</p> <p>I. Items for public announcement</p> <p>(Omitted)</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>1. Trading of domestic bonds <u>or foreign bonds with a foreign central government with a sovereign rating not lower than the sovereign rating of Taiwan.</u></p> <p>2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Omitted)</p>	<p>(Omitted)</p> <p>I. Items for public announcement</p> <p>(Omitted)</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>1. Trading of domestic government bonds.</p> <p>2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Omitted)</p>	Amendment made in accordance with the laws

[Attachment 7]

List of non-competition restrictions on current directors and their representatives proposed to be lifted

Director	Released restriction items
Alpha Networks Inc. Representative: April Huang	Director, Aespula Technology Inc. Director, BenQ Foundation Chairman, Alpha Foundation
Alpha Networks Inc. Representative: David Chou	Director, Aespula Technology Inc.

[Appendix 1]

Hitron Technologies Inc. Articles of Incorporation (Before the amendments)

Amended on July 28, 2021

Chapter 1 General Rules

Article 1: The Company shall be incorporated under the Company Act and its Chinese name shall be Hitron Technologies Inc. (English name: Hitron Technologies Inc.)

Article 2: The scope of business of the Company shall be as follows:

1. CB01010 Mechanical Equipment Manufacturing.
 2. CB01020 Affairs Machine Manufacturing.
 3. CC01060 Wired Communication Mechanical Equipment Manufacturing.
 4. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
 5. CC01080 Electronics Components Manufacturing.
 6. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.
 7. CC01110 Computer and Peripheral Equipment Manufacturing.
 8. CC01120 Data Storage Media Manufacturing and Duplicating.
 9. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
 10. F399040 Retail Sale No Storefront.
 11. F401010 International Trade.
 12. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
 13. I301010 Information Software Services.
 14. I301020 Data Processing Services.
 15. I301030 Electronic Information Supply Services.
 16. I501010 Product Designing.
 17. IZ13010 Internet Certificates Service.
- I. Research, development, production, manufacturing and sale of the following products
1. Wireless communication equipment
 2. Synchronous sequential system.
 3. Synchronous fiber communication equipment
 4. Digital modem equipment
 5. Fiber (automatic) monitoring system
 6. Splice box for central surveillance system
 7. Broadband gateway
 8. Set-top box
- II. Export and import businesses of the aforementioned products.

Article 3: The Company may provide endorsements and guarantees to the external for business and investment needs.

Article 4: The Company shall have its head office in Hsinchu Science Park. Depending upon the business needs, after the resolution of the Board of Directors, branch offices or factories may be established domestically or overseas.

Chapter 2 Shares

Article 5: The total capital of the Company shall be NTD 4,000,000,000, divided into 400,000,000 shares, at a par value of NTD 10 per share, and the Board of Directors is authorized to perform share issuance at discrete times.

Preferred shares may be issued from the aforementioned total number of shares.

An amount of NTD 300,000,000 of the total capital described in Paragraph 1 shall be reserved for the issuance of employee share subscription warrants and corporate bonds associated with share subscription warrants, for a total of 30,000,000 shares at a par value of NTD 10 per share, which may be issued in discrete times according to the resolution of the Board of Directors' meeting.

Article 6: The shares of the Company shall be registered, which shall be signed or sealed by at least three Directors and indicated with numbers. The shares shall be certified by the competent authority or a registered institution approved by the competent authority for the issuance thereof.

For the shares issued by the Company, the printing of share certificates may be exempted; however, the shares shall be registered with the Centralized Securities Depository Enterprises.

The printing and issuance of other securities may be handled in accordance with relevant laws and regulations for which the provision of the preceding paragraph is applicable.

Article 7: The administration of the Company's shareholder services shall be handled according to the "Regulations Governing the Administration of Shareholder Services of Public Companies" and relevant laws.

Article 8: When considered necessary, the Company may entrust the shareholder services to a shareholder service agency approved by the competent authority for handling according to the resolution of the Board of Directors' meeting.

Article 9: Any transfer registration of shares shall be prohibited within sixty days prior to the ordinary shareholders' meeting, thirty days prior to the extraordinary shareholders' meeting, or five days prior to the record date for the distribution of dividends and bonuses or other interests by the Company.

Chapter 3 Shareholders' Meeting

Article 10: The shareholders' meeting is classified into two types: the ordinary shareholders' meeting and the extraordinary shareholders' meeting. (1) The ordinary shareholders' meeting shall be convened within six months after the close of each fiscal year. (2) The extraordinary shareholders' meeting shall be convened whenever necessary according to laws.

Article 11: For the convention of an ordinary shareholders' meeting, all shareholders shall be informed thirty days prior to the convention of meeting in advance.

For the convention of an extraordinary shareholders' meeting, all shareholders shall be informed fifteen days prior to the convention of meeting in advance.

Article 12: Resolutions at a shareholders' meeting, unless otherwise specified by the laws, shall be adopted by a majority of the shareholders present in person, who represent more than half of the total number of the Company's outstanding shares, and shall be executed based on the majority of the voting rights of the attending shareholders.

Article 13: When the number of attending shareholders is less than the number specified in the preceding article, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted based on the consents of a majority of the voting rights of the attending shareholders, and all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the meeting of shareholders described in the preceding paragraph, if the tentative resolution is again adopted by a majority of attending shareholders who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed a resolution under the preceding paragraph.

Article 14: Except for those without voting rights described in the laws, each shareholder of the Company shall have one vote for each share held,

Article 15: Where a shareholder for any reason cannot attend a shareholders' meeting in person, he/she/it may appoint a proxy to attend the shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company and stating therein the scope of power authorized to the proxy. The regulations for authorizing proxies to attend meetings on behalf of shareholders of the Company shall comply with Article 177 of the Company Act and shall also be handled according to the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" announced by the competent authority.

Article 16: Matters relating to the resolutions of a shareholders' meeting shall be recorded in meeting minutes, which shall be signed or sealed by the chairperson of the meeting and shall be distributed to all shareholders within twenty days after the conclusion of the meeting. The distribution of the meeting minutes may be made via an electronic method or public notice.

Chapter 4 Director and Managerial Personnel

Article 17: The Company shall have seven to thirteen directors. Elections of directors (independent directors) of the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The term of office of directors shall be three years, and directors may be eligible for re-election. The shareholding ratio of all directors of the Company shall comply with the regulations specified by the competent authority of securities.

Article 17-1: In the roster of directors established by the Company, the number of independent directors of the Company shall not be less than three and shall not be less than one-fifth of the total number of directors. Relevant matters of the professional qualification, concurrent job position limitation and other necessary requirements shall comply with relevant regulations specified by the securities competent authority.

Article 17-2: The Company shall establish the Audit Committee composed of all independent directors as members thereof. The exercise of authorities and other matters requiring compliance of the Audit Committee shall be handled in accordance with the regulations of the competent authority.

Article 18: When the number of vacancies of directors reaches one-third of the total number of directors, the Board of Directors shall convene an extraordinary shareholders' meeting within sixty days for election to fill the vacancies or for elections of new directors.

Article 19: The Board of Directors shall be formed by directors. A Chairman shall be elected from among the Directors during a Board meeting attended by more than two-thirds of the directors and with the consent of more than half of all attending directors. In addition, a Deputy Chairman may also be elected from among the directors depending upon the business needs.

The Chairman shall internally preside the shareholders' meeting and the meeting of the Board of Directors, and shall externally represent the Company. In case the Chairman is on leave or absent or cannot exercise his power and authority for any cause, the proxy thereof shall be handled in accordance with the provision of Article 208 of the Company Act. In case a director cannot attend a Board of Directors' meeting due to reasons, he or she may appoint another director to act as his/her proxy for attending the meeting on his or her behalf, provided that the proxy shall only accept the appointment of one director only.

In case a meeting of the Board of Directors is convened via a visual communication network, the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 20: During the convention of a Board of Directors' meeting of the Company, notices indicating the reasons of the convention shall be delivered to all directors seven days in advance; provided that in case of emergencies, such meeting may be convened at any time.

The Board of Directors' convention notices may be made in writing, facsimile or e-mail method, etc.

Article 21: A Board of Directors' meeting shall be attended by a majority of directors to meet the statutory number of attendees. When it is less than the statutory number of attendees, the meeting may be deferred to a later date. Resolutions of a Board of Directors shall be adopted based on the consents of a majority of attending directors. In case a director cannot attend a Board of Directors' meeting, he or she may appoint another director to act as a proxy for attending the meeting on his or her behalf. However, the aforementioned proxy shall be limited to accepting one director's authorization only.

Article 22: Deleted.

Article 23: Deleted.

Article 24: Deleted.

Article 25: The Company may have one President, and several Vice Presidents, Chief Executive Officer, Deputy Chief Executive Officer and several managerial officers may also be established according to the resolution of the Board of Directors. The appointment, discharge and the remuneration thereof shall be handled in accordance with the provision of Article 29 of the Company Act.

Article 26: The President of the Company shall be appointed according to the resolution of the Board of Directors, and shall perform duties of the Company according to the laws and assisted by other managerial officers.

Article 27: For the remunerations of the Chairman and directors, in addition to the appropriation of remuneration to directors from the annual profit according to the provision of Article 29, the Board of Directors is authorized to make determinations based on their participation level and value of contribution to the operation of the Company along with the consideration of the common standard adopted in the same industry. In case a director concurrently assumes another position in the Company, in addition to the aforementioned remuneration determined by the Board of Directors, salary may be paid and collected according to the normal standard.

However, the remuneration to independent directors may be slightly higher than the remuneration to non-independent directors.

Article 27-1: During the term of office of the directors of the Company, the Board of Directors may be authorized to purchase liability insurances for their indemnification liabilities within the scope of their official services according to the laws.

Chapter 5 Final Accounts

Article 28: At the end of each fiscal year of the Company, the Board of Directors shall prepare the following reports and statements for submission to the ordinary shareholder's meeting for ratification: I. Business report. II. Financial statements. III. Proposal for the distribution of earnings or covering losses.

Article 29: When the Company has a profit at the end of each fiscal year, an amount between 5% and 20% of the profit shall be appropriated as the remuneration of employees, which is to be distributed and issued in the form of shares or cash according to the resolution of the Board of Director, and the recipients thereof may include employees of affiliates satisfying certain criteria, and such criteria are to be specified by the Chairman.

The Company may appropriate the aforementioned profit as the remuneration to directors, in which the appropriation ratio shall not exceed 1% of the profit of the current year.

If there are previous accumulated losses, the losses shall first be offset before allocating compensation and remuneration to employees and directors. The remaining profits may be allocated as aforementioned. The proposal of compensation to employees and remuneration to Directors must be approved by the Board Meeting. Two-thirds of the Directors have attended and the majority has concurred with the proposal.

Article 29-1: Earnings after tax should be first utilized to offset losses from previous years, and next, set aside 10% of the remaining profit as a legal reserve. However, if the legal reserve is on par with the authorized capital, the Company is allowed to stop allocation to the legal reserve, and allocate it to a special reserve in accordance with relevant laws and regulations. If there are earnings left, the Board of Directors can devise an earnings distribution proposal using the remaining amount, together with the cumulative unappropriated retained earnings, and submit it to the Shareholders' Meeting to disburse as a cash dividend or retain it.

When the earnings distribution proposal described in the preceding paragraph is made in cash dividends, the Board of Directors is authorized to reach resolution and report to the shareholders' meeting.

Article 29-2: The Company may issue new shares or cash with the statutory legal reserve or capital reserve in accordance with the provisions of Article 241 of the Company Act.

If the issuance described in the preceding paragraph is made in the form of cash, the Board of Directors is authorized to reach resolution and to report to the shareholders' meeting.

Article 30: Deleted

Article 31: The industrial environment of the Company is ever-changing and the Company is presently in a stable growth stage. The dividend policy shall consider the Company's future capital needs and long-term financial planning to pursue sustainable operation. The Company adopts an excessive dividend policy and its issuance terms, timing and amount are handled according to Article 29-1 of the Articles of Incorporation. The Company establishes plans according to the future capital demands. When there is a surplus earning at the final account of a fiscal year and when the distributable earnings of the current year reach 2% of the capital, the dividend distribution shall not be less than 10% of the distributable earnings of the current year, and the cash dividend shall not be less than 10% of the total amount of the cash and share dividends issued in the current year.

Chapter VI. Supplementary Provisions

Article 32: The reinvestment total amount of the Company may not be restricted by the regulation related to the reinvestment ratio specified in Article 13 of the Company Act.

Article 33: Any matters not specified in these Articles of Incorporation shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 34: The organizational charters and enforcement rules of the Company shall be further established by the Board of Directors through resolution.

Article 35: These Articles of Incorporation shall take effect after being submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 36: These Articles of Incorporation Directors were duly enacted on March 10, 1986.

The first amendment was made on January 15, 1990.

The second amendment was made on July 31, 1990.

The third amendment was made on August 7, 1992.
The fourth amendment was made on September 20, 1992.
The fifth amendment was made on November 22, 1992.
The sixth amendment was made on August 31, 1994.
The seventh amendment was made on May 10, 1995.
The eighth amendment was made on March 15, 1996.
The ninth amendment was made on November 8, 1996.
The tenth amendment was made on March 28, 1997.
The eleventh amendment was made on April 18, 1998.
The twelfth amendment was made on May 29, 1999.
The thirteenth amendment was made on May 16, 2000.
The fourteenth amendment was made on May 16, 2000.
The fifteenth amendment was made on May 14, 2001.
The sixteenth amendment was made on May 20, 2002.
The seventeenth amendment was made on June 16, 2003.
The eighteenth amendment was made on June 15, 2004.
The nineteenth amendment was made on June 14, 2005.
The twentieth amendment was made on June 15, 2006.
The twenty-first amendment was made on June 13, 2008.
The twenty-second amendment was made on June 16, 2009.
The twenty-third amendment was made on June 17, 2010.
The twenty-fourth amendment was made on June 15, 2011.
The twenty-fifth amendment was made on June 21, 2012.
The twenty-sixth amendment was made on June 21, 2013.
The twenty-seventh amendment was made on June 20, 2014.
The twenty-eighth amendment was made on June 14, 2016.
The twenty-ninth amendment was made on June 13, 2017.
The thirtieth amendment was made on July 28, 2021.

[Appendix 2]

Hitron Technologies Inc.

Rules of Procedure for Shareholders' Meeting

Amended on June 20, 2014

- Article 1: The procedures for shareholders' meeting of the Company shall comply with these Rules.
- Article 2: Where a shareholder of the Company for any reason cannot attend the shareholders' meeting in person, he/she/it may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.
- When one person is concurrently appointed as a proxy by two or more shareholders, with the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail; however, when a declaration is made to cancel the previous proxy appointment, such restriction shall not be applicable.
- Article 3: During the sign-in of shareholders or proxies, sign-in cards shall be submitted in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in.
- Article 4: The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for the convention of the shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5: Shareholder meetings that are convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is unable to perform duty due to leave of absence or any reasons, the Deputy Chairman shall act as the deputy thereof. If the Deputy Chairman is unavailable or is also on leave or cannot exercise the authority due to any reason, the Chairman will appoint one of the directors to act on their behalf. If no one is appointed, the remaining directors shall appoint one among themselves to perform the Chairman's duties on behalf.
- Where a shareholders' meeting is convened by a party with the power to convene but other than the Board of Directors, the convening party shall chair the meeting. Where there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 6: The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards.
- Article 7: The Company shall record the entire proceedings of a shareholders' meeting on audio or videotape and preserve the recordings for at least one year.
- Article 8: At the appointed meeting time, when the attending shareholders represent a majority of the total number of issued shares, the chair shall call the meeting to order. 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 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 based on a majority of the voting rights presented by the attending shareholders pursuant to Article 175 of the Company Act.
- When, prior to the 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.
- For other special resolution matters specified in the Company Act, the resolution method shall be handled

according to the laws and regulations.

Article 9: 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 of the preceding paragraph (including extraordinary motions), except by a resolution of the shareholders' meeting. After the chair declares the meeting adjourned, shareholders shall not further elect a chair to continue the meeting at the original site or at another place.

If the chair declares the meeting adjourned in violation of the rules of procedure, a new chair may be elected based on the agreement of a majority of the votes represented by the attending shareholders in order to continue the meeting.

Article 10: Before speaking, an attending shareholder must specify on a speaker's slip indicating the attendance card number, account name and subject of the speech. The order in which shareholders speak is to 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.

Article 11: An attending shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. However, where the explanation of the proposal or response to doubts is approved by the chair, such restriction shall not be applicable.

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

If the shareholder's speech exceeds the time limit, exceeds the maximum number of speeches or exceeds the scope of the agenda item, the chair may terminate the speech. 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.

For those refusing to accept the correction requested by the chair, such matter shall be handled in accordance with Paragraph 2 of Article 18.

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 a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

Article 14: Vote monitoring and counting personnel to vote on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Voting results shall be made known on-site immediately and recorded in writing.

Article 15: The passage of a proposal shall be based on the calculation of the shares, and, except as otherwise specified in relevant laws, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

When a proposal comes to a vote, if no shareholder voices an objection following an inquiry by the chair, the proposal shall be deemed to be approved, and it shall have the same effect as that reached through voting.

Article 16: When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they are to be put to a vote. When anyone among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 17: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed, or a resolution may be adopted at a shareholders' meeting to inform or announce the resumption of the meeting within five days.

- Article 18: The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. Shareholders shall obey the instructions of the chair and proctors (or security personnel) related to order maintenance. For any personnel interfering with the progress of a shareholders' meeting and refusing to accept correction requested, the chair or proctors (or security personnel) may escort such personnel from the meeting.
- Article 19: Any matters not specified in these Rules shall be handled in accordance with the Company Act, Securities and Exchange Act and other relevant laws as well as the Articles of Incorporation of the Company.
- Article 20: These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

[Appendix 3]

Hitron Technologies Inc.
Current Shareholdings of All Directors

I. Minimum Shareholding Required for All Directors and Details of Shareholding of All Directors Recorded on the Shareholders' Roster

Title	Required Shareholding (shares)	Shareholding Registered on Shareholders' Roster (shares)
Director	12,852,689	200,743,951

Note 1: Period of suspension of transfer is from April 1, 2022 to May 30, 2022.

Note 2: The Company has elected three independent directors. Pursuant to the provision of Paragraph 2 of Article 2 of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum shareholdings of all directors excluding the independent directors is reduced to 80%.

II. Statements of Shareholding of All Directors Date of Suspension of Transfer: April 1, 2022.

Title	Name	Shareholding (Shares)
Chairman	Alpha Networks Inc. Representative: April Huang	200,000,000
Director	Alpha Networks Inc. Representative: Peter Chen	200,000,000
Director	Amy Liu	743,951
Director	Alpha Networks Inc. Representative: Yu-chin Lin	200,000,000
Director	Alpha Networks Inc. Representative: David Chou	200,000,000
Director	Alpha Networks Inc. Representative: Patrick Chiu	200,000,000
Director	Alpha Networks Inc. Representative: Adams Lee	200,000,000
Independent Director	Mao-Cao Lin	-
Independent Director	Ming-Fu Huang	-
Independent Director	Lo-Min Chen	-
Total		200,743,951