

Stock Code: 2419



Hitron Technologies Inc.

2023 Annual General Shareholder's Meeting Handbook

May 25, 2023

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Hitron Technologies Inc.

2023 Annual General Shareholder's Meeting Procedure

I. Call the Meeting to Order

II. Chairperson's Remarks

III. Report Items

IV. Election Item

V. Proposals and Discussion Items

VI. Extraordinary Motions

VII. Meeting Adjourn

Hitron Technologies Inc.

2023 Annual General Shareholder's Meeting Agenda

Meeting type: Physical shareholder's meeting

Time: 9:00 a.m. on Thursday, May 25, 2023

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 2022.
2. Audit Committee's review report
3. To report the distribution of employees' and directors' remuneration of 2022.
4. To report the cash dividends distribution of 2022 earnings.

IV. Election Item

To elect nine directors (including three independent directors)

V. Proposals and Discussion Items

1. To accept the 2022 Business Report and Financial Statements.
2. To accept the proposal for distribution of 2022 profits.
3. To approve the amendment to Rules and Procedures for Shareholders' Meeting.
4. To lift non-competition restrictions on newly-elected directors and their representatives.

VI. Extraordinary Motions

VII. Meeting Adjourn

Report Items

Report 1: To report the business of 2022.

The 2022 Business Report is attached as Attachment 1 (P.6-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 2022. Kun-His Hsu and Shu-Chen Chang Certified Public Accountants of BDO Taiwan have audited the Financial Statements. The 2022 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.

2023 Annual General Shareholder's Meeting

Chair of the Audit Committee: Lo-Min Chen

February 23, 2023

Report 3: To report the distribution of employees' and directors' remuneration of 2022.

Distribution of NT\$50,291,722 and NT\$3,771,879 in cash as remunerations to employees and directors, respectively, have been approved by the meeting of board of directors held on February 23, 2023.

Report 4: To report the cash dividends distribution of 2022 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 2022 earnings available for distribution, and cash dividends amounting to NT\$481,975,844 were distributed to shareholders at NT\$1.5 per share. It is approved by the meeting of board of directors held on February 23, 2023, 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.

Election Item

(Proposed by the Board of Directors)

To elect nine directors (including three independent directors)

- Explanation: I. The term of the office of the directors will be expired on February 2, 2023. Thus, it is proposed to elect nine directors (including three independent directors) at the 2023 Annual General Shareholders' Meeting. The term of the office of the new directors (including independent directors) is three years from the date on which the completion of the 2023 Annual General Shareholders' Meeting.
- II. According to the Company's Articles of Incorporation and the Article 192-1 of the Company Act, the company's directors (including independent directors) shall be elected by adopting candidate nomination system. The list of candidates of the director and independent directors has been approved by the Board on February 23, 2023. For the relevant information of the nominated candidates, please refer to Attachment 2 (P.9-P.11)

The election results:

Proposals and Discussion Items

Agenda 1 (Proposed by the Board of Directors)

To accept the 2022 Business Report and Financial Statements.

- Explanation: I. The 2022 Financial Statements were audited by the independent auditors, Kun-Hsi Hsu and Shu-Chen Chang of BDO Taiwan.
- II. For the 2022 Independent Auditors' Report, and the 2022 Financial Statements, please refer to Attachment 3 (P.12-P.29).

Resolution:

Agenda 2 (Proposed by the Board of Directors)

To accept the proposal for distribution of 2022 profits.

Explanation: The 2022 Earnings Distribution Proposal please refer to Attachment 4 (P.30).

Resolution:

Agenda 3 (Proposed by the Board of Directors)

To approve the amendment to Rules and Procedures for Shareholders' Meeting.

- Explanation: I. The Amendment is based on the "Sample Template for XXX Co., Ltd. Rules and Procedures for Shareholders Meetings" promulgated by SFC on March 8, 2022 (Ref. 1110004250) and comply with the articles and meet actual needs, it is proposed to amend the Rules and Procedures for Shareholders' Meeting.
- II. The comparison table for before and after the amendment are attached hereto as Attachment 5 (P.31-P.33).

Resolution:

Agenda 4 (Proposed by the Board of Directors)

To lift non-competition restrictions on newly-elected 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 2023 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 6 (P.34-P.35).

Resolution:

Extraordinary Motions

Meeting Adjourn

Hitron Technologies Inc.

2022 Business Report

Benefitting from the introduction of new products in North America as well as the proactive effort in expanding the South and Central American and European and Asian markets, the Company's business scale grew and product portfolio optimized in 2022. The overall revenue grew by over 20% from the previous year, boosting the Company's profitability. In the past, Hitron focused on North American markets. With slow growth in 2021, we have initiated a multi-market strategy, which will be gradually carried out in 2022. In North America, new products such as WIFI-7 and PON will be introduced, while at the same time strengthening the expansion in markets in Europe, Asia, Central and South America, creating economies of scale.

In terms of the strategy for markets and products in 2022, we planned to expand the scope of customers. We have shifted our past main focus on cable TV providers and launched PON and GPON products through cooperating with Alpha Networks and have successfully been selected by fixed line network providers. Meanwhile, we have also launched 5G small base station products, striving to capture the mobile network provider market. In terms of capacity planning, the plant in Vietnam currently has a capacity of approximately 60% to 70%, with room for utilization. Nevertheless, this result has made significant contributions to production efficiency. Coupled with the fact that the supply chain situation has gradually looked up, inventory control improved at the same time. In the future, local procurement will be increased, transportation costs reduced and operations efficiency of the Vietnam plant continuously strengthened. The quality control of this year's products has also returned to its usual level and production capacity shifting to Vietnam has achieved the Company's set targets.

Aside from developing new markets, our past focus on products was DOCSIS-related product lines. We are now concentrating on providing network hardware and software integration services as well as comprehensive strategies for solutions. By doing this, we are able to offer more diversified and differentiated products. These include integrating the capabilities of Alpha Networks' wireless network, optical fiber, 5G products with Hitron's cable TV cable data and software network management solutions to build cloud home network management solutions. In the future, we will also further expand the proportion of fiber optic and wireless products in an effort to optimize the structure of our products.

Financial Performance

The 2022 consolidated operating revenue of Hitron Technologies amounted to NT\$12.3 billion, up by 27% as compared to NT\$9.68115 billion in the previous year. The yearly consolidated gross margin amounted to 22.0%, up by 1.7% as compared to 20.3% last year; the operating expenses increased by 15% as compared to the previous year, resulting in a consolidated operating profit of NT\$797.20 million, up by 169% as compared to NT\$296.09 million last year. The net consolidated profit after tax attributable to the parent company was NT\$482.19 million, an increase of 574% from NT\$7.158 million in the last year. The basic earnings per share (EPS) in 2022 was NT\$1.50.

Technology Development

As broadband technology officially entered the era of high speed in 2022, new products such as DOCSIS 3.x Cable, ultra-high speed fiber access devices, WiFi 6/6E wireless gateways and extenders, 5G wireless access devices, and small base stations will be in demand. With the Company's longstanding dedication to its field as a broadband operator, it has accumulated extensive and outstanding software and firmware integration capabilities. While we take a proactive approach to participate in the forward-looking broadband technology development and projects of customers, with our leading technology in communications, we also work closely with our customers around the world. Our efforts have been reflected in the overall operating performance in 2022.

In 2022, 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, and wireless gateways have become the main products in the market. With the addition of Wi-Fi 6 (original 802.11ax) and Wi-Fi extender supporting mesh function, the entire product planning has become more complete. 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, Hitron Cloud, a self-developed cloud management development system that has been applied by operators, have been strengthened with human-machine interface APP support and the GUI interface. In 2022, we also teamed up with multiple global well-known software service providers to launched more versatile services that are ideal home users to boost the ARPU of operators. This is the trend and necessary feature for the overall development for cloud management. With our years of dedication to the cloud, the number of registered users has doubled, reaching 1 million paid users. The function of allowing multiple online users to view instantly at any time also facilitates 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.

The Company continues to increase its development capacity in optical fiber products. As the pandemic outbreak gradually eased, the planning of MSO also increased by a wide margin. In 2022, the proportion of optical fiber products in sales increased exponentially, proving Hitron was correct in its long-term direction of optical fiber products. In terms of WLAN end, the development of Wi-Fi 6/6E Access Point has also begun. Through comprehensive products, the Company expects to increase the purchase volume made by customers and to improve the competitive advantages of the Company.

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.

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.

Looking forward to 2023, the disparity in raw material supply is much smaller now compared to before. However, the overall demand is slightly lower than the capacity supply. Based on rolling forecast, with the visibility rate of the overall orders for next year being 80%, the overall demand is reasonable. Alongside the launch of Qisda's network fleet, combined with the capabilities of Alpha Networks' wireless network, optical fiber, 5G products with Hitron's cable TV cable data and software network management solutions, cloud home network management solutions are expected to be constructed. This is one of the key factors for the Group's future growth. The main growth momentum will center on the expansion of new markets. In addition to continuing to introduce new products in North America, we will expand the development in Europe, Asia Pacific and South America, extending the Company's growth. Additionally, we have shifted from past focus on DOCSIS-related product lines to providing network software and hardware integration services and comprehensive solutions. These include

integrating the capabilities of Alpha Networks' wireless network, optical fiber, 5G products with Hitron's cable TV cable data and software network management solutions to build cloud home network management solutions. In the future, we will also further expand the proportion of fiber optic and wireless products in an effort to optimize the structure of our products. With the combined effect of the synergistic fleet coming into place, coupled with extensive range of products and balanced regional layout, we hold a positive attitude towards the overall operating outlook for this year.

Chairman: April Huang

President: Patrick Chiu

Chief Accounting: Allen Hsu

[Attachment 2]

List of Director Candidates

Dirsector Candidates	Major Education & Experience	Major Current Positions	No. of Shareholding
April Huang Representative of Alpha Network Inc.	EMBA, National Taiwan University Department of Economics, National Taiwan University Director, Qisda Optronics Corp.	Chairman, Representative of Alpha Networks Inc. CFO & President, Alpha Networks Inc. Chairman, Representative of Hitron Technologies Inc. Director, Representative of Interactive Digital Technologies Inc. Chairman, Representative of Enrich Investment Corporation. Chairman, Representative of Transent Corporation. Chairman, Representative of Innoauto Technologies Inc. Chairman, Representative of Aespula Technology Inc. Director, BenQ Foundation Director, Representative of Alpha Holdings Inc. Director, Representative of D-Link Asia Investment Pte Ltd. Director, Representative of Alpha Networks (Hong Kong) Limited. Chairman, Representative of Alpha Networks, Inc. (USA) Chairman, Representative of Alpha Solutions Co., Ltd.	200,000,000
Amy Liu	Department of International Business, Ming Chuan University EMBA, National Chengchi University Vice Chairman & Vice President, Hitron Technologies Inc. President, Interactive Digital Technologies Inc. President, Hitron Technologies Americas Inc. Director, Innoauto Technologies Inc. Director, Hitron Technologies (SIP) Inc.	Direcotr, Hitron Technologies Inc. Vice Chairman, Representative of Interactive Digital Technologies Inc. President, Interactive Digital Technologies Inc.	743,951
Peter Chen Representative of Alpha Network Inc.	EMBA, Thunderbird American Graduate School, U.S.A B.S., Electrical Engineering, National Cheng Kung University Technology Product Center EVP, BenQ Corp.	Chairman, Qisda Corp. Director, Representative of Darfon Electronics Corp. Chairman, Representative of DFI Inc. Vice Chairman, Representative of Alpha Networks Inc. Director, Representative of Hitron Technologies Inc. Chairman, Representative of BenQ Medical Technology Corporation Chairman, Representative of Partner Tech Corp. Director, Representative of BenQ Materials Corp. Director, Representative of BenQ Corp. Director, Representative of Darly Venture Inc. Director, Representative of Darly2 Venture, Inc. Director, Representative of Darly Consulting Corporation	200,000,000

Director Candidates	Major Education & Experience	Major Current Positions	No. of Shareholding
		Director, Representative of BenQ Healthcare Consulting Corp. Director, Representative of BenQ Hospital Management Consulting (NanJing) Co., Ltd. Director, Representative of NanJing BenQ Hospital Co., Ltd. Director, Representative of Suzhou BenQ Hospital Co., Ltd. Director, Qisda (Hong Kong) Limited. Director, BenQ BM Holding Corp. Director, BenQ BM Holding Cayman Corp. Director, Qisda (L) Corp. Director, Darly Venture (L) Ltd. Director, BenQ Foundation Director, Representative of Phoenix Innovation Investment Corporation. Director, Representative of PhoenixII Innovation Investment Corporation. Director, Representative of PhoenixIII Innovation Investment Corporation.	
David Chou Representative of Alpha Network Inc.	MSEE, Polytechnic University Manager, Industrial Technology Research Institute. Senior Manager, Tecom Co., Ltd. President, Wireless Broadband Business Unit of Alpha Networks Inc.	Director, Representative of Hitron Technologies Inc. Senior Manager, Alpha Networks Inc. Director, Representative of Alpha Solutions Co., Ltd Supervisor, Representative of Alpha Networks (Changshu) Ltd. Director, Representative of Transent Corporation. Director, Alpha Foundation Director, Representative of Aespula Technology Inc.	200,000,000
Patrick Chiu Representative of Alpha Network Inc.	Univ.of Nebraska, Lincoln Master of Science E.E Member of Scientific Staff, Bell Northern Research Senior Engineer, Advance Fiber Communication Manager, TollBridge Technologies Co-Founder, Codent Networks.	Director, Representative of Hitron Technologies Inc. President, Hitron Technologies Inc. Director, Hitron Technologies (SIP) Inc. Director, Hitron Technologies (Samoa) Inc. Director, Hitron Technologies Europe Holding B.V. President, Hitron Technologies Americas Inc. Director, Hitron Technologies Vietnam Company Limited. Director, Jietech Trading (Suzhou) Inc. Director, Representative of Innoauto Technologies Inc.	200,000,000
Adams Lee Representative of Alpha Network Inc.	Bachelor, College of Engineering, National Taiwan University MBA, National Chengchi University President, BenQ Europe and Asia President, ViewSonic Europe and Asia Gogoro, GM of Global Distribution	Director, Representative of Hitron Technologies Inc. Vice President, Hitron Technologies Inc. Director, Hitron Technologies (SIP) Inc. Director, Representative of Innoauto Technologies Inc.	200,000,000

Independent directors Candidates	Major Education & Experience	Major Current Positions	No. of Shareholding
Mao-Chao Lin	Ph.D. from the University of Hawaii Professor in the Department of Electrical Engineering, National Taiwan University Professor in Graduate Institute of Communication Engineering, National Taiwan University Independent Director, Alpha Networks Inc.	Independent Director, Hitron Technologies Inc. Engineering, National Taiwan University Professor in Graduate Institute of Communication Engineering, National Taiwan University	0
Lo-Min Chen	Business Administration, National Chengchi University Global Executive Vice President of Diebold Nixdorf, Inc. President, Asia Pacific Area of Diebold Nixdorf, Inc. General Manager of Philips Electronics N.V China Group General Manager of NCR China Deputy General Manager of NCR Taiwan Senior Consultant of Oki Electric Industry Co., Ltd.	Independent Director, Hitron Technologies Inc. Independent Director, Transcend Information, Inc.	0
David Lee	M.S., Graduate School of Management Science, National Chiao Tung University B.S., Mechanical Engineering, National Taiwan University Lecturer of Technology Industry, IBF Investment Consulting Co., Ltd. Chairman and General Manager, Shanghai Dun Zhi Information Consultation Co., Ltd. General Manager, Topology Research Institute, China Consultant, Topology Research Institute, China Region Chief Representative of Aspire Academy, China Region General Manager and Director, Acer Group Di San Po Information Co., Ltd. China Region Manager, General Manager and Special Assistant to General Manager, Acer Group Di San Po Information Co., Ltd. China Region Industry Analyst and Project Manager, Market Intelligence & Consulting Institute	Lecturer of Technology Industry, IBF Investment Consulting Co., Ltd.	0

[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, 2022 and 2021, 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, 2022 and 2021, 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 Standard on Auditing of 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, 2022. 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\$104,624 thousand and NT\$19,110 thousand, constituting 1.03% and 0.23% of total assets as at December 31, 2022 and 2021, respectively, and the share of profit of subsidiaries and joint ventures accounted for under the equity method was NT\$86,684 thousand and NT\$38,227 thousand, constituting 11.76% and 69.34% 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 Standard on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

1. Identify and assess the risks of material misstatement of the 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 23, 2023

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.

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BDO Taiwan, a joint accounting firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

UNIT : NTD (In Thousands)

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, 2022 and 2021

		UNIT : NTD (In Thousands)			
Item	Notes	2022	%	2021	%
Operating revenue	6.18	\$9,947,772	100.00	\$7,243,067	100.00
Operating costs	6.6	(9,483,709)	(95.34)	(6,688,054)	(92.34)
Gross profit (loss)		464,063	4.66	555,013	7.66
Unrealized (profit) loss from sales		(328,284)	(3.30)	(136,203)	(1.88)
Realized profit (loss) from sales		136,203	1.37	110,852	1.53
Net gross profit (loss)		271,982	2.73	529,662	7.31
Operating expenses					
Selling expenses		(162,870)	(1.64)	(157,714)	(2.18)
General and administrative expenses		(223,672)	(2.25)	(151,383)	(2.09)
Research and development expenses		(490,805)	(4.93)	(311,304)	(4.30)
Expected credit impairment gain (loss)		(15,698)	(0.15)	(15,823)	(0.21)
Total operating expenses		(893,045)	(8.97)	(636,224)	(8.78)
Operating profit (loss)		(621,063)	(6.24)	(106,562)	(1.47)
Non-operating income and expenses					
Interest income		12,491	0.13	8,017	0.11
Other income		12,990	0.13	10,448	0.14
Other gains and losses	6.19	(41,386)	(0.42)	(7,209)	(0.10)
Financial costs		(42,290)	(0.43)	(14,622)	(0.20)
Share of the profit (loss) of subsidiaries, associates and joint ventures accounted for under equity method	6.7	1,127,805	11.34	175,229	2.42
Sub-total		1,069,610	10.75	171,863	2.37
Profit (loss) before income tax		448,547	4.51	65,301	0.90
Income tax (expenses) benefit	6.22	33,646	0.34	6,281	0.09
Net profit (loss) from continuing operations		\$482,193	4.85	\$71,582	0.99
Net profit (loss)		<u>\$482,193</u>	<u>4.85</u>	<u>\$71,582</u>	<u>0.99</u>
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans		\$681	0.01	\$-	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		12,480	0.13	-	-
Income tax relating to components		(136)	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		242,123	2.42	(16,455)	(0.23)
Other comprehensive income (loss), net of income tax		<u>\$255,148</u>	<u>2.56</u>	<u>\$(16,455)</u>	<u>(0.23)</u>
Total comprehensive income (loss)		<u>\$737,341</u>	<u>7.41</u>	<u>\$55,127</u>	<u>0.76</u>
Earnings per share	6.23				
Basic earnings (loss) per share (in dollars)		<u>\$1.50</u>		<u>\$0.22</u>	
Diluted earnings per share (in dollars)		<u>\$1.49</u>		<u>\$0.22</u>	

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, 2022 and 2021

Summary							UNIT : NTD (In Thousands)			
	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, 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)	-	-	-	-	-
Legal reserve	-	-	28,001	-	(39,083)	-	-	-	-	-
Special reserve	-	-	-	39,083	(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	-	-	-	-	71,582
Net profit (loss)	-	-	-	-	-	(16,455)	-	-	-	(16,455)
Other comprehensive income (loss)	-	-	-	-	1	-	-	-	-	1
Rounding	-	-	-	-	-	-	-	-	-	-
Balance on January 1, 2022	\$3,289,862	\$1,236,008	\$276,066	\$129,057	\$71,582	\$ (148,998)	\$3,487	\$ (160,442)	\$4,696,622	
Appropriation of earnings 2021	-	-	-	-	(7,158)	-	-	-	-	-
Legal reserve	-	-	7,158	-	(16,455)	-	-	-	-	-
Special reserve	-	-	-	16,455	(47,970)	-	-	-	-	(47,970)
Cash dividends	-	-	-	-	-	-	-	-	-	(13,496)
Effects of changes in ownership interest from investee	-	(13,496)	-	-	-	-	-	-	-	33,985
Changes in capital surplus of investees	-	33,985	-	-	-	-	-	-	-	(112,691)
Cash dividends distributed from capital surplus	-	(112,691)	-	-	-	-	-	-	-	482,193
Net profit (loss)	-	-	-	-	482,193	-	-	-	-	12,480
Other comprehensive income (loss)	-	-	-	-	545	242,123	-	-	-	255,148
Cancellation of treasury stock	(76,690)	(28,812)	-	-	(54,940)	-	-	160,442	-	-
Rounding	-	-	-	-	1	-	-	-	-	1
Balance on December 31, 2022	\$3,213,172	\$1,114,994	\$283,224	\$145,512	\$427,798	\$93,125	\$15,967	\$0	\$5,293,792	

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, 2022 and 2021

UNIT : NTD (In Thousands)

Items	2022	2021
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$448,547	\$65,301
Profit (loss) before tax	448,547	65,301
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	50,191	50,488
Amortization	24,959	24,035
Expected credit impairment loss (gain)	15,698	15,823
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	11,898	(12,253)
Interest expense	42,290	14,622
Interest income	(12,491)	(8,017)
Dividend income	(4,219)	(2,575)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for under equity method	(1,021,474)	(75,013)
Loss (gain) on disposal and scrap of property, plant and equipment	-	(1)
Loss (gain) on disposal of investments	-	3,764
Unrealized (profit) loss from sales	328,284	136,203
Realized profit (loss) from sales	(136,203)	(110,852)
Loss (gain) on a lease modification	-	(18)
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in accounts receivable	(427,368)	(317,755)
(Increase) decrease in accounts receivable - related parties	(1,090,063)	663,628
(Increase) decrease in other receivables	(456,993)	65,089
(Increase) decrease in other receivables - related parties	708,371	25,099
(Increase) decrease in inventories	(62,554)	147,002
(Increase) decrease in prepaid expenses	(4,184)	(411)
(Increase) decrease in prepayments	(30,680)	(5,308)
(Increase) decrease in other current assets	(475)	511
Increase (decrease) in contract liabilities	1,725	(17,851)
Increase (decrease) in accounts payable	168,226	(188,809)
Increase (decrease) in accounts payable - related parties	2,436,313	(855,228)
Increase (decrease) in other payables	92,986	(73,882)
Increase (decrease) in other payables - related parties	(30,437)	59,381
Increase (decrease) in provisions	28,595	3,532
Increase (decrease) in other current liabilities	151	429
Increase (decrease) in net defined benefit liabilities	545	-
Interest received	12,753	8,551
Dividends received	4,219	2,575
Interest paid	(43,553)	(13,014)
Income taxes refund (paid)	(2,511)	(25,850)
Net cash flows generated from (used in) operating activities	1,052,546	(420,804)
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	-	(369,960)
Repayments of financial assets at amortized cost	369,960	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	11,851
Acquisition of investments accounted for under equity method	-	(960,046)
Acquisition of property, plant and equipment	(33,715)	(41,391)
Proceeds from disposal of property, plant and equipment	1,566	13
Increase in guarantee deposits	(64)	-
Decrease in guarantee deposits	-	24,128
Acquisition of intangible assets	(82,650)	(15,035)
Increase in other non-current assets	(569)	-
Decrease in other non-current assets	-	6
Increase in prepayments for equipment	-	(25,422)
Decrease in prepayments for equipment	23,902	-
Net cash flows generated from (used in) investing activities	278,430	(1,375,856)
Cash flows from financing activities		
Increase in short-term borrowings	-	790,535
Decrease in short-term borrowings	(1,307,360)	-
Increase in guarantee deposits received	30	-
Repayment of lease principle	(2,746)	(3,196)
Cash dividends paid	(160,657)	(321,318)
Net cash generated from (used in) financing activities	(1,470,733)	466,021
Net increase (decrease) in cash and cash equivalents	(139,757)	(1,330,639)
Cash and cash equivalents at beginning of period	1,087,012	2,417,651
Cash and cash equivalents at end of period	\$947,255	\$1,087,012

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, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and 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 Standard on Auditing of 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. Based on our audits and the reports of other auditors, We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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, 2022. 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\$513,187 thousand and NT\$211,934 thousand, constituting 4.19% and 1.93% of the consolidated total assets as of December 31, 2022 and 2021 respectively. Total operating revenues of the subsidiary were NT\$1,211,680 thousand and NT\$825,908 thousand, constituting 9.84% and 8.53% of the consolidated operating revenues for December 31, 2022 and 2021 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, 2022 and 2021.

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 Standard on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 23, 2023

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HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021

Assets	Notes	UNIT : NTD (In Thousands)				Liabilities & Stockholders' Equity	Notes				
		December 31, 2022	%	December 31, 2021	%			December 31, 2022	%	December 31, 2021	%
Current assets						Current liabilities					
Cash and cash equivalents	6.1	\$2,385,676	19.49	\$2,803,348	25.52	Short-term borrowings	6.11	\$1,940,870	15.86	\$2,554,712	23.25
Financial assets at fair value through profit or loss - current	6.2	61,084	0.50	65,200	0.59	Financial liabilities at fair value through profit or loss - current	6.2	7,421	0.06	1,023	0.01
Financial assets at amortized cost- current	6.3	-	-	371,960	3.39	Contract liabilities - current	6.20	531,475	4.34	622,327	5.66
Notes receivable, net	6.5	36,008	0.29	134,278	1.22	Accounts payable		2,558,762	20.91	1,037,818	9.45
Accounts receivable, net	6.5	2,488,920	20.34	1,662,845	15.14	Accounts payable - related parties	7	112,984	0.92	57,481	0.52
Accounts receivable - related parties		765	0.01	21	-	Other payables	6.13	591,259	4.83	508,113	4.63
Other receivables		460,618	3.76	8,121	0.07	Other payables - related parties	7	5,165	0.04	6,041	0.05
Current income tax assets		93,235	0.76	26,744	0.24	Current income tax liabilities		155,901	1.27	100,469	0.91
Inventories	6.6	3,848,848	31.45	3,453,905	31.44	Provisions - current	6.12	136,953	1.12	95,902	0.87
Prepayments	6.7	183,639	1.50	124,298	1.13	Lease liabilities - current	6.9	11,522	0.09	11,332	0.11
Other current assets		3,872	0.04	3,753	0.04	Other current liabilities	6.14	5,751	0.06	467,310	4.26
Sub-total		9,562,665	78.14	8,654,473	78.78	Sub-total		6,058,063	49.50	5,462,528	49.72
Non-current assets						Non-current liabilities					
Financial assets at fair value through other comprehensive income - non-current	6.4	31,815	0.26	19,335	0.18	Provisions - non-current	6.12	66,069	0.54	73,853	0.67
Property, plant and equipment	6.8	2,059,077	16.83	1,782,568	16.23	Deferred tax liabilities	6.25	19,464	0.16	5,561	0.05
Right-of-use assets	6.9	186,866	1.53	181,041	1.65	Lease liabilities - non-current	6.9	34,213	0.28	36,573	0.33
Intangible assets		97,425	0.80	33,757	0.31	Other non-current liabilities		409	-	240	0.01
Deferred tax assets	6.25	165,084	1.35	130,077	1.18	Sub-total		120,155	0.98	116,227	1.06
Other non-current assets	6.10	135,163	1.09	184,709	1.67	Total Liabilities		6,178,218	50.48	5,578,755	50.78
Sub-total		2,675,430	21.86	2,331,487	21.22	Equity					
						Equity attributable to owners of the parent	6.17	3,213,172	26.26	3,289,862	29.95
						Share Capital		1,114,994	9.11	1,236,008	11.25
						Common stock	6.18				
						Capital surplus	6.19				
						Retained earnings		283,224	2.31	276,066	2.51
						Legal reserve		145,512	1.19	129,057	1.17
						Special reserve		427,798	3.50	71,582	0.65
						Unappropriated earnings (Accumulated deficit)		109,092	0.89	(145,511)	(1.32)
						Other equity		-	-	(160,442)	(1.46)
						Treasury stock					
						Total equity attributable to owners of the parent		5,293,792	43.26	4,696,622	42.75
						Non-controlling interests		766,085	6.26	710,583	6.47
						Total Equity		6,059,877	49.52	5,407,205	49.22
Total assets		\$12,238,095	100.00	\$10,985,960	100.00	Total Liabilities and Equity		\$12,238,095	100.00	\$10,985,960	100.00

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, 2022 and 2021

UNIT : NTD (In Thousands)

Item	Notes	2022	%	2021	%
Operating revenue	6.20	\$12,318,229	100.00	\$9,681,546	100.00
Operating costs	6.6	(9,607,062)	(77.99)	(7,717,426)	(79.71)
Gross profit (loss)		2,711,167	22.01	1,964,120	20.29
Net gross profit (loss)		2,711,167	22.01	1,964,120	20.29
Operating expenses					
Selling expenses		(706,690)	(5.74)	(648,318)	(6.70)
General and administrative expenses		(650,184)	(5.28)	(639,363)	(6.60)
Research and development expenses		(534,967)	(4.34)	(363,400)	(3.75)
Expected credit impairment gain (loss)		(22,129)	(0.18)	(16,947)	(0.18)
Total operating expenses		(1,913,970)	(15.54)	(1,668,028)	(17.23)
Operating profit (loss)		797,197	6.47	296,092	3.06
Non-operating income and expenses					
Interest income		18,697	0.15	11,770	0.12
Other income	6.21	30,658	0.25	44,550	0.46
Other gains and losses	6.22	(46,684)	(0.38)	(12,566)	(0.13)
Financial costs		(68,213)	(0.55)	(31,376)	(0.32)
Sub-total		(65,542)	(0.53)	12,378	0.13
Profit (loss) before income tax		731,655	5.94	308,470	3.19
Income tax (expenses) benefit	6.25	(123,719)	(1.00)	(87,086)	(0.90)
Net profit (loss) from continuing operations		\$607,936	4.94	\$221,384	2.29
Net profit (loss)		\$607,936	4.94	\$221,384	2.29
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans		\$681	0.01	\$-	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		12,480	0.10	-	-
Income tax relating to components		(136)	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		242,273	1.96	(16,377)	(0.17)
Other comprehensive income (loss), net of income tax		\$255,298	2.07	\$(16,377)	(0.17)
Total comprehensive income (loss)		\$863,234	7.01	\$205,007	2.12
Profit (loss) attributable to:					
Shareholders of the parent		482,193	3.91	71,582	0.74
Non-controlling interests		125,743	1.03	149,802	1.55
Total		607,936	4.94	221,384	2.29
Comprehensive income (loss) attributable to:					
Shareholders of the parent		737,340	5.99	55,127	0.57
Non-controlling interests		125,894	1.02	149,880	1.55
Total		\$863,234	7.01	\$205,007	2.12
Earnings per share	6.26				
Basic earnings (loss) per share (in dollars)		\$1.50		\$0.22	
Diluted earnings per share (in dollars)		\$1.49		\$0.22	

The accompanying notes are an integral part of financial statements

UNIT : NTD (In Thousands)

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, 2022 and 2021

UNIT : NTD (In Thousands)

Items	2022	2021
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$731,655	\$308,470
Consolidated profit (loss) before tax	731,655	308,470
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	243,483	254,080
Amortization	31,397	29,307
Expected credit impairment loss (gain)	22,130	16,947
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	8,552	(12,609)
Interest expense	68,213	31,375
Interest income	(18,697)	(11,770)
Dividend income	(6,391)	(3,679)
Loss (gain) on disposal and scrap of property, plant and equipment	(23)	3,764
Property, plant and equipment transferred to expenses	49	-
Loss (gain) on disposal of intangible Assets	-	(271)
Loss (gain) on disposal of investments	152	3,764
Intangible assets transferred to other loss	-	962
Loss (gain) on a lease modification	-	(445)
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	98,270	20,675
(Increase) decrease in accounts receivable	(848,205)	362,234
(Increase) decrease in accounts receivable - related parties	(744)	1
(Increase) decrease in other receivables	(456,984)	68,062
(Increase) decrease in inventories	(394,943)	160,125
(Increase) decrease in prepaid expenses	(15,753)	22,771
(Increase) decrease in prepayments	(43,587)	23,802
(Increase) decrease in other current assets	(119)	1,192
Increase (decrease) in contract liabilities	(90,852)	(45,730)
Increase (decrease) in notes payable	-	(86)
Increase (decrease) in accounts payable	1,520,945	(1,140,829)
Increase (decrease) in accounts payable - related parties	55,502	17,531
Increase (decrease) in other payables	82,913	(232,120)
Increase (decrease) in other payables - related parties	(876)	6,041
Increase (decrease) in provisions	33,267	(41,620)
Increase (decrease) in advanced receipts	(552)	552
Increase (decrease) in other current liabilities	463	(10,903)
Increase (decrease) in net defined benefit liabilities	545	-
Interest received	23,183	8,047
Dividends received	6,391	3,679
Interest paid	(60,404)	(22,178)
Income taxes refund (paid)	(156,020)	(85,790)
Net cash flows generated from (used in) operating activities	832,960	(264,649)
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	-	(371,960)
Repayments of financial assets at amortized cost	371,960	-
Proceeds from disposal of financial assets at fair value through profit or loss	1,748	11,851
Acquisition of property, plant and equipment	(397,464)	(164,300)
Proceeds from disposal of property, plant and equipment	48	9,467
Increase in guarantee deposits	(2,706)	-
Decrease in guarantee deposits	-	22,196
Acquisition of intangible assets	(94,083)	(17,184)
Proceed from disposal of intangible assets	-	1,367
Increase in other non-current assets	-	(8,293)
Decrease in other non-current assets	8,393	-
Increase in prepayments for equipment	-	(14,640)
Decrease in prepayments for equipment	43,995	-
Net cash flows generated from (used in) investing activities	(68,109)	(531,496)
Cash flows from financing activities		
Increase in short-term borrowings	-	137,200
Decrease in short-term borrowings	(613,842)	-
Repayment of bonds	(372,300)	-
Increase in guarantee deposits received	169	-
Decrease in guarantee deposits received	-	(43)
Repayment of lease principle	(17,384)	(25,147)
Cash dividends paid	(160,659)	(321,317)
Increase (decrease) in minority interest	(145,578)	(132,290)
Net cash generated from (used in) financing activities	(1,309,594)	(341,597)
Effects of changes in exchange rate on cash and cash equivalents	127,071	5,866
Net increase (decrease) in cash and cash equivalents	(417,672)	(1,131,876)
Cash and cash equivalents at beginning of period	2,803,348	3,935,224
Cash and cash equivalents at end of period	\$2,385,676	\$2,803,348

The accompanying notes are an integral part of financial statements

[Attachment 4]

Hitron Technologies Inc.
2022 Earnings Distribution Table

	Unit:NT\$
Net income of 2022	482,192,799
Less: Cancelled treasury stock included in reduction of retained earnings	
Less: Cancelled treasury stock included in reduction of retained earnings	(54,939,467)
Less: Provisioned as Special reserve	145,511,519
Less: Provisioned as Legal reserve	(57,276,485)
Retained earnings available for distribution in 2022	515,488,366
Add: Unappropriated retained earnings from previous years	2
Add: Financial assets at fair value through other comprehensive income or loss disposed of by subsidiaries	
Less: Adjustments for retroactive application of new standards	
Retained earnings available for distribution as of December 31, 2022	515,488,368
Distribution item:	
Cash Dividend (NT\$1.5 per share)	(481,975,844)
Unappropriated retained earnings after earnings distribution	33,512,524

Note: The cash dividend distribution to each shareholder will be paid to the rounded-down full NT dollar. Amounts less than one whole NT dollar are rounded-down to the nearest NT dollar. The aggregate unpaid cash dividend resulting from the above rounded-down, will be distributed to shareholders in the descending order of decimal point and the ascending order of shareholder account numbers, until the total amount of the approved cash dividend has been fully distributed.

[Attachment 5]

Comparison table for the Rules and Procedures for Shareholders' Meeting before and after amendment

Article No.	After Amendment	Before Amendment	Reason of Amendment
Article 4	The shareholders' meeting should be held <u>at the location</u> of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9am or later than 3pm. <u>The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.</u>	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.	Amend according to laws and regulations and actual need.
Article 5-1	<u>To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:</u> <u>1. How shareholders attend the virtual meeting and exercise their rights.</u> <u>2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u> <u>(1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u> <u>(2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.</u> <u>(3) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.</u> <u>(4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u> <u>3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.</u>	(New)	Amend according to laws and regulations and actual need.
Article 7	<u>The Company shall record or video tape the entire process of shareholders' meeting. Audio or video records of any shareholders' meeting shall be retained for at least one year. Where a</u>	The Company shall record the entire proceedings of a shareholders' meeting on audio or videotape and preserve the recordings for at least one year.	Amend according to laws and regulations

Article No.	After Amendment	Before Amendment	Reason of Amendment
	shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end. The information and audio and video recording shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.		and actual need.
Article 11	<u>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. Where a virtual shareholders' meeting is convened, shareholders may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.</u>	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 48.	Amend according to laws and regulations and actual need.
Article 15	<u>Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During voting, if the chair solicits and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote. When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting. In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of</u>	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. (New)	Amend according to laws and regulations and actual need.

Article No.	After Amendment	Before Amendment	Reason of Amendment
	<u>votes and elections shall be announced immediately.</u>		
Article 19	Any matters not specified in these Rules shall be handled in accordance with the Company Act, Articles of Incorporation, and <u>other relevant laws.</u>	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.	Amend according to laws and regulations and actual need.

[Attachment 6]

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

Director	Released restriction items
April Huang Representative of Alpha Networks Inc.	Chairman, Representative of Alpha Networks Inc. CFO & President, Alpha Networks Inc. Director, Representative of Interactive Digital Technologies Inc. Chairman, Representative of Enrich Investment Corporation. Chairman, Representative of Transent Corporation. Chairman, Representative of Innoauto Technologies Inc. Chairman, Representative of Aespula Technology Inc. Director, BenQ Foundation Director, Representative of Alpha Holdings Inc. Director, Representative of D-Link Asia Investment Pte Ltd. Director, Representative of Alpha Networks(Hong Kong)Limited. Chairman, Representative of Alpha Networks, Inc.(USA) Chairman, Representative of Alpha Solutions Co., Ltd.
Amy Liu	Vice Chairman, Representative of Interactive Digital Technologies Inc. President, Interactive Digital Technologies Inc.
Peter Chen Representative of Alpha Network Inc.	Chairman, Qisda Corp. Director, Representative of Darfon Electronics Corp. Chairman, Representative of DFI Inc. Vice Chairman, Representative of Alpha Networks Inc. Chairman, Representative of BenQ Medical Technology Corporation Chairman, Representative of Partner Tech Corp. Director, Representative of BenQ Materials Corp. Director, Representative of BenQ Corp. Director, Representative of Darly Venture Inc. Director, Representative of Darly2 Venture, Inc. Director, Representative of Darly Consulting Corporation Director, Representative of BenQ Healthcare Consulting Corp. Director, Representative of BenQ Hospital Management Consulting (NanJing) Co., Ltd. Director, Representative of NanJing BenQ Hospital Co., Ltd. Director, Representative of Suzhou BenQ Hospital Co., Ltd. Director, Qisda (Hong Kong) Limited. Director, BenQ BM Holding Corp. Director, BenQ BM Holding Cayman Corp. Director, Qisda (L) Corp. Director, Darly Venture (L) Ltd. Director, BenQ Foundation Director, Representative of Phoenix Innovation Corporation. Director, Representative of PhoenixII Innovation Corporation. Director, Representative of PhoenixIII Innovation Corporation.
David Chou Representative of Alpha Network Inc.	Senior Manager, Alpha Networks Inc. Director, Representative of Alpha Solutions Co., Ltd Director, Representative of Transent Corporation. Director, Alpha Foundation Director, Representative of Aespula Technology Inc.
Patrick Chiu Representative of Alpha Network Inc.	Director, Hitron Technologies (SIP) Inc. Director, Hitron Technologies (Samoa) Inc. Director, Hitron Technologies Europe Holding B.V. President, Hitron Technologies Americas Inc. Director, Hitron Technologies Vietnam Company Limited. Director, Jietech Trading (Suzhou) Inc. Director, Representative of Innoauto Technologies Inc.

Director	Relesased restriction items
Adams Lee Representative of Alpha Network Inc.	Director, Hitron Technologies (SIP) Inc. Director, Representative of Innoauto Technologies Inc.
Lo-Min Chen	Independent Director, Transcend Information, Inc.

[Appendix 1]

Hitron Technologies Inc. Articles of Incorporation

Amended on May 30, 2022

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. CC01100 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. I301010 Information Software Services.
13. I301020 Data Processing Services.
14. I301030 Electronic Information Supply Services.
15. I501010 Product Designing.
16. 1Z13010 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.

The Company's shareholders' meeting may be convened by videoconference or other means announced by the central competent authority.

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.
The thirty-one amendment was made on May 30, 2022.

[Appendix 2]

Hitron Technologies Inc.

Rules and Procedures for Shareholders' Meeting (Before the amendments)

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. Rules for the Election of Directors

Amended on June 13, 2017

- Article 1: In addition to following the Company Act, applicable laws and the Company's Articles of Incorporation, the Company's election of directors is subject to these Rules.
- Article 2: The Company's directors are elected under the cumulative voting system. Unless otherwise provided by the laws and regulations, the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.
- Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 3: The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner.
- Article 4: The ballot for the election shall be prepared by the Company and shall state the attendance card number and voting rights.
- Article 5: Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. The vote monitoring personnel shall have shareholder status.
- Article 6: Ballot boxes with different votes shall be prepared for an election of the directors. The ballot boxes shall be prepared by the Company and publicly checked by the vote monitoring personnel before voting commences.
- Article 7: If the shareholder or his/her proxy is a shareholder at the beginning of the election, voters shall indicate the account name and account number in the "Candidate" column on the ballot. However, if the candidate is a governmental organization or juristic person shareholder, the name of the governmental organization or juristic person shareholder shall be indicated in the column for the candidate's account name on the ballot paper, and the name of his/her proxy may be indicated. If the candidate is not a shareholder, mark the name and the identification document number (or passport number) of the candidate.
- Article 8: A ballot is invalid under any of the following circumstances:
- I. The ballot was not prepared in accordance with these Rules.
 - II. A blank ballot is placed in the ballot box.
 - III. Ballot filled out not in accordance with Article 7 or other words are marked on the ballot.
 - IV. For a candidate who is a shareholder, the account name and account number entered on the ballot do not conform to the director candidate list; or if a candidate's account name is the same as that of another shareholder and the shareholder account number is not filled out to distinguish the account.
 - V. For a candidate who is a non-shareholder, the name and the identification document number or the passport number entered on the ballot do not conform to the his/her name, identification document number or passport number or do not match after verification.
 - VI. Two or more candidates are selected on one ballot.
 - VII. The writing is unclear and indecipherable or has been altered.
- Article 9: After the voting is completed, the vote monitoring personnel and counting personnel shall open the ballot boxes for the votes to be counted on the spot. The chair shall, or instruct the emcee to, announce the list of the elected directors on the spot.
- Article 10: The opening of ballot boxes and counting of votes shall be monitored by the monitoring personnel.
- Article 11: These Rules shall take effect after being submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

[Appendix 4]

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 March 27, 2023 to May 25, 2023.

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: March 27, 2023.

Title	Name	Shareholding (Shares)
Chairman	April Huang Representative of Alpha Networks Inc.	200,000,000
Director	Peter Chen Representative of Alpha Networks Inc.	200,000,000
Director	Amy Liu	743,951
Director	Yu-chin Lin (None) Representative of Alpha Networks Inc.	200,000,000
Director	David Chou Representative of Alpha Networks Inc.	200,000,000
Director	Patrick Chiu Representative of Alpha Networks Inc.	200,000,000
Director	Adams Lee Representative of Alpha Networks Inc.	200,000,000
Independent Director	Mao-Cao Lin	-
Independent Director	Ming-Fu Huang	-
Independent Director	Lo-Min Chen	-
Total		200,743,951

None: The resignation of Yu-Chin Lin, representative director of Alpha Networks Inc representative, went into effect on April 29, 2022.