

Stock Code: 2419



Hitron Technologies Inc.

2024 Annual General Shareholder's Meeting Handbook

May 27, 2024

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Hitron Technologies Inc.

2024 Annual General Shareholder's Meeting Procedure

I. Call the Meeting to Order

II. Chairperson's Remarks

III. Report Items

IV. Proposals and Discussion Items

V. Extraordinary Motions

VI. Meeting Adjourn

Hitron Technologies Inc.

2024 Annual General Shareholder's Meeting Agenda

Meeting type: Physical shareholder's meeting

Time: 9:00 a.m. on Monday, May 27, 2024

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 2023.
2. Audit Committee's review report
3. To report the distribution of employees' and directors' remuneration of 2023.
4. To report the cash dividends distribution of 2023 earnings.
5. To report the cash distribution from capital surplus.

IV. Proposals and Discussion Items

1. To accept the 2023 Business Report and Financial Statements.
2. To accept the proposal for distribution of 2023 profits.
3. To lift non-competition restrictions on current directors and their representatives.

V. Extraordinary Motions

VI. Meeting Adjourn

Report Items

1. To report the business of 2023.

The 2023 Business Report is attached as Attachment 1 (P.6-P.8)

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 2023. Huang, Hai-Ning and Shih, Wei-Ming Certified Public Accountants of KPMG have audited the Financial Statements. The 2023 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.

2024 Annual General Shareholder's Meeting

Chair of the Audit Committee: Lo-Min Chen

February 26, 2024

3. To report the distribution of employees' and directors' remuneration of 2023.

Distribution of NT\$2,028,491 and NT\$152,137 in cash as remunerations to employees and directors, respectively, have been approved by the meeting of board of directors held on February 26, 2024.

4. To report the cash dividends distribution of 2023 earnings.

- (1) 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
- (2) The proposed distribution is allocated from the 2023 earnings available for distribution, and cash dividends amounting to NT\$37,903,480 were distributed to shareholders at NT\$0.12 per share. It is approved by the meeting of board of directors held on February 26, 2024, 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.
- (3) If the cash dividend distribution ratio is adjusted and need to be modified due to change of the Company's total number of outstanding common shares it is proposed to authorized the Chairman of Board of Directors with full power to adjust the distribution ratio.

5. To report the cash distribution from capital surplus.

- (1) According to Article 29-2 of the Articles of Incorporation, when the legal reserve or capital reserve is made in the form of cash, the Board of Directors is authorized to reach resolution and report to the shareholders' meeting.
- (2) By resolution of the Board meeting held on February 26, 2024, the Company proposes to issue cash of NT\$0.18 per share from capital reserve through "conversion of corporate bond premium" for a total of NT\$58,491,688, calculated to the dollar amount. The cash distribution from capital surplus 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 distribution from capital surplus has been fully distributed.
- (3) For the present cash distribution from the capital reserve, In case there is any change in the number of outstanding shares of the Company such that the cash distribution ratio is changed and requires an adjustment, the Chairman is authorized to handle such matter with full discretion.

Proposals and Discussion Items

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

Explanation:

- (1) The 2023 Financial Statements were audited by the independent auditors, Huang, Hai-Ning and Shih, Wei-Ming of KPMG.
- (2) For the 2023 Independent Auditors' Report, and the 2023 Financial Statements, please refer to Attachment 2 (P.9-P.26).

Resolution:

2. To accept the proposal for distribution of 2023 profits. (Proposed by the Board of Directors)

Explanation:

The 2023 Earnings Distribution Proposal please refer to Attachment 3 (P.27).

Resolution:

3. To lift non-competition restrictions on current directors and their representatives. (Proposed by the Board of Directors)

Explanation:

- (1) 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.
- (2) It is proposed for the 2024 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.
- (3) The list of non-competition restrictions proposed to be lifted by the Company on each Director is attached hereto as Attachment 4 (P.28).

Resolution:

Extraordinary Motions

Meeting Adjourn

Attachment 1

Hitron Technologies Inc.

2023 Business Report

In 2023, due to excess inventory in the Netcom market, the overall global economic growth has slowed from the end of the second quarter, particularly in the North American and European markets. Our customers have delayed the shipment of purchase orders or even cancelled orders. In addition, in the South American market, Hitron also faced fierce price competition, as Chinese suppliers reduced prices by more than 10% in order to digest inventory. As a result, the turnover in South America was significantly affected. 2023 for Hitron was difficult. In addition, we voluntarily cut prices in Europe, America, and South America to reduce the inventory of finished products. Therefore, the profit margin is lower than that of last year. In conclusion, Hitron's revenue in 2023 totaled NTD 9.4 billion, and the gross profit margin is also lower than that of last year. In terms of regions, the North American market still accounts for 72% of revenue, followed by Asia Pacific at 14%, CALA South America at 9%, and Europe at 5%.

Although the turnover did not meet the expectations, we have reached a major milestone in terms of product development. Our 10G optical fiber ONU products were selected by one of the top two MSOs in the U.S. out of 13 vendors participating in the global product selection process. This reaffirms Hitron's R&D capabilities and the efforts of our sales team. As fiber optic products are gradually selected for higher bandwidth and lower cost deployments, Hitron has continued to develop 10G PON CPE solutions over the past five years. In addition, Hitron has also launched the 5G FWA CPE solution in the US market, providing 5G mobile network solutions and home gateway integration solutions. At the SCTE exhibition in the U.S. in 2023, both 10G PON and 5G FWA were launched to the market together with the latest DOCSIS 4.0 products. We expect these new products to help Hitron penetrate the telecommunications market and expand our product lines and customers.

In terms of operations, we continue to improve manufacturing efficiency and maintain the same manufacturing cost level with a lower output. As in 2022, Hitron still has a large inventory of materials and finished goods due to the poor economic conditions and the excess inventory of most customers. However, compared with the end of 2022, our inventory has been relatively reduced by about 35%. Continued reduction of inventory will remain our top priority in 2024. Inventory is expected to return to normal by the end of the third quarter of this year.

We are going through the progress of transformation. To do this, 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.

Financial Performance

The consolidated operating revenue of the Company in 2023 was NT\$9.4366 billion, a decrease of 24% from NT\$12.31823 billion in the previous year. The yearly consolidated gross margin was 21.6%, a decrease of 0.4% from 22.0% in the previous year; the operating expenses decreased by 8% from the previous year, and the consolidated operating profit was NT\$257.92 million, a decrease of 68% from NT\$797.2 million in the previous year. Consolidated net income attributable to the parent company was NT\$4.88 million, down 99% from NT\$482.19 million in the previous year. The basic earnings per share (EPS) in 2023 was NT\$0.02.

Technology Development

Additionally, we have shifted from past focus on DOCSIS-related product lines to providing network software and hardware integration services and comprehensive solutions, providing more diversified and differentiated products.

As broadband technology entered the era of high speed in 2023, 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.

Hitron has been focusing on cable CPE technology since 2000. In the past 23 years, cable technology has also evolved from a simple modem for data transmission to the most advanced data communication technology embedded with OFDMA. Complex equipment not only supports wireless network standards such as WiFi 7, but also integrates high-power SOC and IP voice, satisfying all applications of broadband home service. Therefore, the technology roadmap that must be considered is broader and deeper, covering almost all new technologies, forming hardware specifications such as DOCSIS 4.0, WiFi 7, 5G mobile solutions, and 25G PON. As these specifications have been developed for several generations, we must put them all in one hardware platform and integrate with our own software in order to provide the best service to our customers. At Hitron, we did not slow down our R&D work in 2023. We expect the launch of these new products in 2024 to accelerate our business.

In 2023, Hitron's cable CPE shipment volume accounted for 12% 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 becomes 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 cable modem product development, we launched our first D4.0 modem at SCTE and conducted a live demonstration at CES 2024. With this new technology, we anticipate that our leading position in the North American market will bring faster advertising speed and stable service to more customers.

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. Since 2018, we have been teaming up with multiple global well-known software service providers to launch more versatile services that are ideal home users to boost the ARPU of operators. We have more than 750,000 active users using the Hitron Cloud solution every day. During the COVID-19 pandemic, our cloud-based and remotely managed services greatly helped service providers improve the quality of customer service calls. Hitron has made another breakthrough recently. We are able to integrate the services of third-party WiFi products into our Hitron cloud platform. This enables service providers to use more hardware solutions for different applications through cloud platform for management. This is the trend and necessary feature for the overall development for cloud management. Hitron has been deeply invested in the cloud for many years. 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 2023, the proportion of optical fiber products in sales increased exponentially, proving Hitron was correct in its long-term direction of optical fiber products. We will continue to extend our successful products in North America to Europe and CALA regions to telecom operators. As for the development of a new generation of 5G solution network products, the Company has also invested in the research and development of 5G CPE and small station together with the parent company, Alpha Networks, and has completed the development of 5G CPE (FWA) products in 2023. 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.

Looking forward to 2024, in terms of broadband service operation in the first half of the year, we will still be depleting the inventory. Therefore, the overall broadband market economy is still sluggish in the first half of the year, with low demand. Based on the rolling forecast, the overall order visibility for next year will be 70% on average, and the demand in the entire market is slightly better than that in 2023. Through the integration with the Netcom fleet of Qisda in the past three years, we have still emphasized the synergy of Alpha Networks. Combined with the capabilities of Alpha Networks' wireless network, optical fiber, 5G products with Hitron's cable TV cable data and self-developed 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 still comes from the expansion of new markets. In addition to continuing to introduce new products in the regions where the existing customers are, the Company will also accelerate the development of markets with rapid economic development such as the Middle East and India, etc., extending the Company's growth. In the past, Hitron focused on the cable router DOCSIS related product lines. Now Hitron is moving towards the direction of providing network software and hardware integration services and comprehensive solutions. In the future, Hitron will further expand the proportion of fiber optic and wireless products to optimize the product structure. 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

Independent Auditors' Report

To the Board of Directors of Hitron Technologies Inc.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(14) and note 6(20) for accounting policy and detailed disclosure of revenue, respectively.

In explanation of key audit matter:

The Company is mainly engaged in the research, development, manufacturing and sale of network communication equipment, and its main products are cable modems and cable routers. When network communication products, such as modems and cable routers, depart from the shipping points, the customer has the right to use and price the goods. In addition to the primary responsibility for resale, the customer shall assume the risk of obsolescence of the goods. The Company's recognizes revenue and accounts receivable upon departure of the goods. Since the trading volume of operating revenue is high and is arising from global operating locations. Therefore, we considered the appropriateness of the timing of revenue recognition to be one of the key audit matters.

How the matter was addressed in our audit:

- understanding the Company's accounting policies on revenue recognition and comparing them with both the terms of sales and the criteria for revenue recognition, so as to assess the appropriateness of the policies adopted;
- field observation of the design of the internal control system for sales revenue, as well as test of the effectiveness of execution on a sample basis
- sampling individual revenue transaction and comparing them with customer orders, as well as vouchers for delivery, payment, installation and acceptance; and
- sampling sales transactions during a period before and after the reporting date to review the sales terms, delivery documents and customer confirmation documents, so as to assess sales transactions at year end.

2. Inventory valuation

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

In explanation of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

The financial statements of Hitron Technologies, Inc. for year ended December 31, 2022 were audited by another auditor who issued an audit report with an unqualified opinion and other matters paragraphs on February 23, 2023.

Responsibilities of Management and Those Charged with Governance for the parent-company-only Financial Statements

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

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Hitron Technologies Inc.

Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Assets				
Current assets:				
Cash and cash equivalents (note 6(1))	\$ 823,718	10	947,255	9
Current financial assets at fair value through profit or loss (note 6(2))	6,111	-	34,117	-
Accounts receivables, net (note 6(4))	463,204	6	1,092,888	11
Accounts receivables from related parties, net (note 6(4) and 7)	1,590,236	19	2,562,098	25
Other receivables, net	326,870	4	460,444	4
Other receivables from related parties, net (note 7)	131,798	2	562,834	6
Current tax assets (note 6(17))	3,094	-	959	-
Inventories (note 6(5))	172,429	2	104,065	1
Other current assets (notes 6(10) and 8)	61,540	1	68,439	1
	<u>3,579,000</u>	<u>44</u>	<u>5,833,099</u>	<u>57</u>
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6(3))	51,152	1	31,815	-
Investments in equity-accounted investees (note 6(6))	3,989,271	49	3,908,505	39
Property, plant and equipment (notes 6(7) and 7)	184,199	2	203,902	2
Right-of use assets (note 6(8))	21,872	-	24,193	-
Intangible assets (notes 6(9) and 7)	86,787	1	78,587	1
Deferred tax assets (note 6(17))	246,891	3	87,055	1
Other non-current assets (notes 6(10) and 8)	5,271	-	21,811	-
	<u>4,585,443</u>	<u>56</u>	<u>4,355,868</u>	<u>43</u>
Total assets	<u>\$ 8,164,443</u>	<u>100</u>	<u>10,188,967</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
Short-term borrowings (note 6(11))	\$ 184,500	2	1,170,000	11
Current financial liabilities at fair value through profit or loss (note 6(2))	-	-	7,329	-
Current contract liabilities (note 6(20))	-	-	6,792	-
Accounts payable	256,038	3	261,761	3
Accounts payable to related parties (note 7)	1,723,698	21	3,121,532	31
Other payables (note 6(12) and (16))	96,640	1	199,630	2
Other payables to related parties (note 7)	41,137	1	36,969	-
Current provisions (note 6(15))	24,676	1	43,651	1
Current lease liabilities (note 6(14))	1,884	-	2,151	-
Other current liabilities	3,410	-	3,580	-
	<u>2,331,983</u>	<u>29</u>	<u>4,853,395</u>	<u>48</u>
Non-current liabilities:				
Long-term borrowings (note 6(13))	700,000	9	-	-
Deferred tax liabilities (note 6(17))	192,322	2	19,261	-
Non-current lease liabilities (note 6(14))	20,358	-	22,241	-
Other non-current liabilities	278	-	278	-
	<u>912,958</u>	<u>11</u>	<u>41,780</u>	<u>-</u>
Total liabilities	<u>3,244,941</u>	<u>40</u>	<u>4,895,175</u>	<u>48</u>
Equity attributable to owners of parent company (note 6(18)):				
Ordinary share capital	3,213,172	39	3,213,172	32
capital surplus	1,185,304	15	1,114,994	11
Retained earnings:				
Legal reserve	340,501	4	283,224	3
Special reserve	-	-	145,512	1
Unappropriated retained earnings	38,936	-	427,798	4
	<u>379,437</u>	<u>4</u>	<u>856,534</u>	<u>8</u>
Other equity interest	141,589	2	109,092	1
Total equity	<u>4,919,502</u>	<u>60</u>	<u>5,293,792</u>	<u>52</u>
Total liabilities and equity	<u>\$ 8,164,443</u>	<u>100</u>	<u>10,188,967</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

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

Hitron Technologies Inc.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar, except for Earnings per share)

	For the years ended December 31,			
	2023		2022	
	Amount	%	Amount	%
Operating revenues (notes 6(20) and 7)	\$ 6,214,423	100	9,947,772	100
Operating costs (notes 6(5), (16), (21) and 7)	5,943,315	96	9,483,709	95
Gross profit from operations	271,108	4	464,063	5
Unrealized profit (loss) from sales (note 7)	66,674	1	(192,081)	(2)
Gross profit from operations	337,782	5	271,982	3
Operating expenses (notes 6(16), (21) and 7):				
Selling expenses	132,846	2	162,870	2
Administrative expenses	200,289	3	223,672	2
Research and development expenses	445,698	7	490,805	5
Expected credit loss (gain) (note 6(5))	(16,929)	-	15,698	-
Total operating expenses	761,904	12	893,045	9
Net operating loss	(424,122)	(7)	(621,063)	(6)
Non-operating income and expenses:				
Interest income (note 6(23))	17,607	-	12,491	-
Other income (note 6(24))	13,086	-	12,990	-
Other gains and losses, net (note 6(22))	(25,781)	-	(41,386)	-
Finance costs (note 6(25))	(49,547)	(1)	(42,290)	-
Share of profit of equity-accounted investees (note 6(6))	486,861	8	1,127,805	11
Total non-operating income and expenses	442,226	7	1,069,610	11
Profit before tax	18,104	-	448,547	5
Income tax expenses (note 6(17))	13,225	-	(33,646)	-
Profit	4,879	-	482,193	5
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	-	-	681	-
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	19,337	-	12,480	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	(136)	-
Total components of other comprehensive income that will not be reclassified to profit or loss	19,337	-	13,025	-
Components of other comprehensive income (loss) that are or may be reclassified to profit or loss				
Exchange differences on translation of foreign financial statements	13,160	-	242,123	2
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income that are or may be reclassified to profit or loss	13,160	-	242,123	2
Other comprehensive income	32,497	-	255,148	2
Total comprehensive income	\$ 37,376	-	\$ 737,341	7
Earnings per share (New Taiwan dollars) (note 6(27))				
Basic earnings per share	\$ 0.02		\$ 1.50	
Diluted earnings per share	\$ 0.02		\$ 1.49	

See accompanying notes to parent company only financial statements.

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

Hitron Technologies Inc.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

	Ordinary shares	Retained earnings				Total retained earnings	Exchange differences on translation of foreign financial statements	Other equity interest			
		Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total other equity interest	Total equity
Balance at January 1, 2022	\$ 3,289,862	1,236,008	276,066	129,057	71,582	476,705	(148,998)	3,487	(145,511)	(160,442)	4,696,622
Profit	-	-	-	-	482,193	482,193	-	-	-	-	482,193
Other comprehensive income	-	-	-	-	545	545	242,123	12,480	254,603	-	255,148
Total comprehensive income	-	-	-	-	482,738	482,738	242,123	12,480	254,603	-	737,341
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	7,158	-	(7,158)	-	-	-	-	-	-
Special reserve	-	-	-	16,455	(16,455)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(47,970)	(47,970)	-	-	-	-	(47,970)
Cash distributed from capital surplus	-	(112,690)	-	-	-	(54,939)	-	-	-	160,442	(112,690)
Treasury share retirement	(76,690)	(28,813)	-	-	(54,939)	(54,939)	-	-	-	-	(13,496)
Changes in ownership interests in subsidiaries	-	(13,496)	-	-	-	-	-	-	-	-	(13,496)
Changes in the investee's capital surplus	-	33,985	-	-	-	-	-	-	-	-	33,985
Balance at December 31, 2022	\$ 3,213,172	1,114,994	283,224	145,512	427,798	856,534	93,125	15,967	109,092	-	5,293,792
Profit	-	-	-	-	4,879	4,879	-	-	-	-	4,879
Other comprehensive income	-	-	-	-	-	-	13,160	19,337	32,497	-	32,497
Total comprehensive income	-	-	-	-	4,879	4,879	13,160	19,337	32,497	-	37,376
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	57,277	-	(57,277)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(145,512)	145,512	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(481,976)	(481,976)	-	-	-	-	(481,976)
Subsidiary issued convertible bonds	-	26,396	-	-	-	-	-	-	-	-	26,396
Changes in conversion of convertible bonds in subsidiaries	-	43,914	-	-	-	-	-	-	-	-	43,914
Balance at December 31, 2023	\$ 3,213,172	1,185,304	340,501	-	38,936	379,437	106,285	35,304	141,589	-	4,919,502

See accompanying notes to parent company only financial statements.

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

Hitron Technologies Inc.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 18,104	448,547
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	47,086	50,191
Amortization expense	30,430	24,959
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(4,475)	11,898
Finance costs	49,547	42,290
Expected credit (gain) loss	(16,929)	15,698
Interest income	(17,607)	(12,491)
Dividend income	(2,005)	(4,219)
Share of profit of equity-accounted investees	(486,861)	(1,127,805)
Unrealized profit (loss) from sales	(66,674)	192,081
Provisions for inventory obsolescence and devaluation loss	(4,046)	6,872
Total adjustments to reconcile profit	<u>(471,534)</u>	<u>(800,526)</u>
Changes in operating assets and liabilities:		
Accounts receivables	646,613	(427,368)
Accounts receivables from related parties	971,862	(1,090,063)
Other receivables	133,753	(456,993)
Other receivables from related parties	431,036	708,371
Inventories	(64,318)	(69,426)
Other operating assets	(2,302)	(35,337)
Contract liabilities	(6,792)	1,725
Accounts payables	(5,723)	168,226
Accounts payables to related parties	(1,397,834)	2,436,313
Other payables	(102,990)	92,986
Other payables to related parties	4,168	(30,437)
Provisions	(18,975)	28,595
Other current liabilities	(2,369)	151
Net defined benefit liability	-	545
Total changes in operating assets and liabilities	<u>586,129</u>	<u>1,327,288</u>
Total adjustments	<u>114,595</u>	<u>526,762</u>

(Continued)

See accompanying notes to parent company only financial statements.

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

Hitron Technologies Inc.

Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

	For the years ended December 31,	
	2023	2022
Cash flows generated from operations	132,699	975,309
Interest received	17,428	12,753
Dividends received	2,005	4,219
Interest paid	(47,348)	(43,553)
Income taxes paid	(1,053)	(2,511)
Net cash flows from operating activities	103,731	946,217
Cash flows from investing activities:		
Repayments of financial assets at amortized cost	-	369,960
Proceeds from disposal of financial assets at fair value through profit or loss	32,259	-
Cash dividends from investments accounted for using equity method	85,721	106,331
Proceeds from capital reduction of investments accounted for using equity method	470,518	-
Acquisition of property, plant and equipment	(24,570)	(33,715)
Proceeds from disposal of property, plant and equipment	-	1,566
Refundable deposits	-	(64)
Acquisition of intangible assets	(21,077)	(82,650)
Other non-current assets	-	(569)
Decrease in prepayments for business facilities	-	23,902
Net cash flows from investing activities	542,851	384,761
Cash flows from financing activities:		
Repayments of short-term borrowings	(985,500)	(1,307,360)
Increase in long-term borrowings	700,000	-
Increase in guarantee deposits received	-	30
Payments of lease liabilities	(2,643)	(2,746)
Cash dividends paid distributed to shareholders	(481,976)	(160,659)
Net cash flows used in financing activities	(770,119)	(1,470,735)
Net decrease in cash and cash equivalents	(123,537)	(139,757)
Cash and cash equivalents at beginning of period	947,255	1,087,012
Cash and cash equivalents at end of period	\$ 823,718	947,255

See accompanying notes to parent company only financial statements.

Independent Auditors' Report

To the Board of Directors of Hitron Technologies Inc.:

Opinion

We have audited the consolidated financial statements of Hitron Technologies Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, December 31, 2023 and 2022, and notes to the consolidated financial statements including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(14) and note 6(22) for accounting policy and detailed disclosure of revenue, respectively.

In explanation of key audit matter:

The Group is mainly engaged in the research, development, manufacturing and sale of network communication equipment, and its main products are cable modems and cable routers. When network communication products, such as modems and cable routers, depart from the shipping points, the customer has the right to use and price the goods. In addition to the primary responsibility for resale, the customer shall assume the risk of obsolescence of the goods. The Group's recognizes revenue and accounts receivable upon departure of the goods. Additionally, the Group's major subsidiaries are providers of system integration services in the fields of telecommunications, broadband networking, wireless transmission, digital media, cloud information, and geographic information. Revenue recognition often requires management's assessment on an individual basis, so as to determine an appropriate timing for each recognition. Therefore, we considered the appropriateness of the timing of revenue recognition to be one of the key audit matters.

How the matter was addressed in our audit:

- understanding the Group's accounting policies on revenue recognition and comparing them with both the terms of sales and the criteria for revenue recognition, so as to assess the appropriateness of the policies adopted;
- field observation of the design of the internal control system for sales revenue, as well as test of the effectiveness of execution on a sample basis
- sampling individual revenue transaction and comparing them with sales contracts, customer orders, as well as vouchers for delivery, payment, installation and acceptance; and
- sampling sales transactions during a period before and after the reporting date to review the sales terms, delivery documents and customer confirmation documents, so as to assess sales transactions at year end or to identify whether the transfer of control of goods or services for the fulfillment of performance obligations was recognized in the appropriate period.

2. Inventory valuation

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

In explanation of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

The consolidated financial statements of Hitron Technologies, Inc. and its subsidiaries as of and for year ended December 31, 2022 were audited by another auditor who issued an audit report with an unqualified opinion and other matters paragraphs on February 23, 2023.

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

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

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

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Assets				
Current assets:				
Cash and cash equivalents (note 6(1))	\$ 1,980,637	19	2,385,676	19
Current financial assets at fair value through profit or loss (note 6(2))	6,129	-	61,084	-
Current financial assets at amortised cost, net (note 6(4))	20,000	1	-	-
Accounts receivable and notes receivable, net (note 6(5))	1,857,299	18	2,524,928	21
Accounts receivable from related parties, net (notes 6(5) and 7)	3,540	-	765	-
Other receivables, net	328,066	3	460,618	4
Other receivables from related parties, net (note 7)	31,551	-	-	-
Current tax assets (note 6(19))	87,879	1	93,235	1
Inventories (note 6(6))	3,291,171	31	3,848,848	31
Other current assets (notes 6(11) and 8)	109,631	1	187,511	2
	<u>7,715,903</u>	<u>74</u>	<u>9,562,665</u>	<u>78</u>
Non-current assets:				
Non-current financial assets at amortised cost (note 6(4))	21,000	-	-	-
Non-current financial assets at fair value through other comprehensive income (note 6(3))	51,152	-	31,815	-
Property, plant and equipment (notes 6(8) and 7)	1,855,821	18	2,059,077	17
Right-of use assets (note 6(9))	267,113	3	186,866	2
Intangible assets (notes 6(10) and 7)	101,119	1	97,425	1
Deferred tax assets (note 6(19))	366,052	3	165,084	1
Other non-current assets (notes 6(11) and 8)	130,534	1	135,163	1
	<u>2,792,791</u>	<u>26</u>	<u>2,675,430</u>	<u>22</u>
Total assets	<u>\$ 10,508,694</u>	<u>100</u>	<u>12,238,095</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
Short-term borrowings (note 6(12))	\$ 396,227	4	1,940,870	16
Current financial liabilities at fair value through profit or loss (note 6(2))	-	-	7,421	-
Current contract liabilities (note 6(22))	562,840	5	531,475	5
Accounts payable	1,544,021	15	2,558,762	21
Accounts payable to related parties (note 7)	31,647	-	112,984	1
Other payables (note 6(13))	404,262	4	591,259	5
Other payables to related parties (note 7)	934	-	5,165	-
Current tax liabilities (note 6(19))	82,885	1	155,901	1
Current provisions (note 6(17))	104,626	1	136,953	1
Current lease liabilities (note 6(16))	18,673	-	11,522	-
Other current liabilities	5,528	-	5,751	-
	<u>3,151,643</u>	<u>30</u>	<u>6,058,063</u>	<u>50</u>
Non-Current liabilities:				
Long-term borrowings (note 6(14))	700,000	7	-	-
Bonds payable (note 6(15))	264,612	3	-	-
Non-current provisions (note 6(17))	34,641	-	66,069	1
Deferred tax liabilities (note 6(19))	218,696	2	19,464	-
Non-current lease liabilities (note 6(16))	116,516	1	34,213	-
Other non-current liabilities	409	-	409	-
	<u>1,334,874</u>	<u>13</u>	<u>120,155</u>	<u>1</u>
	<u>4,486,517</u>	<u>43</u>	<u>6,178,218</u>	<u>51</u>
Total liabilities				
Equity (note 6(20)):				
Equity attributable to owners of parent company:				
Ordinary share capital	3,213,172	31	3,213,172	26
capital surplus	1,185,304	11	1,114,994	9
Retained earnings:				
Legal reserve	340,501	3	283,224	2
Special reserve	-	-	145,512	1
Unappropriated retained earnings	38,936	-	427,798	4
	<u>379,437</u>	<u>3</u>	<u>856,534</u>	<u>7</u>
Other equity interest	141,589	2	109,092	1
Total equity attributable to owners of parent company:	<u>4,919,502</u>	<u>47</u>	<u>5,293,792</u>	<u>43</u>
Non-controlling interests	1,102,675	10	766,085	6
	<u>6,022,177</u>	<u>57</u>	<u>6,059,877</u>	<u>49</u>
Total liabilities and equity	<u>\$ 10,508,694</u>	<u>100</u>	<u>12,238,095</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar, except for Earnings per share)

	For the years ended December 31,			
	2023		2022	
	Amount	%	Amount	%
Operating revenue (notes 6(22) and 7)	\$ 9,403,662	100	12,318,229	100
Operating costs (notes 6(6), (18), (23) and 7)	7,375,511	78	9,607,062	78
Gross profit from operations	<u>2,028,151</u>	<u>22</u>	<u>2,711,167</u>	<u>22</u>
Operating expenses (notes 6(17), (22) and 7):				
Selling expenses	768,746	8	706,690	6
Administrative expenses	514,344	5	650,184	5
Research and development expenses	510,404	5	534,967	4
Expected credit loss (gain) (note 6(5))	(23,265)	-	22,129	-
Total operating expenses	<u>1,770,229</u>	<u>18</u>	<u>1,913,970</u>	<u>15</u>
Net operating income	<u>257,922</u>	<u>4</u>	<u>797,197</u>	<u>7</u>
Non-operating income and expenses:				
Interest income (note 6(24))	28,623	-	18,697	-
Other income (note 6(25))	23,419	-	30,658	-
Other gains and losses, net (note 6(26))	(24,698)	-	(46,684)	-
Finance costs (note 6(27))	(96,552)	(1)	(68,213)	(1)
Total non-operating income and expenses	<u>(69,208)</u>	<u>(1)</u>	<u>(65,542)</u>	<u>(1)</u>
Profit before tax	188,714	3	731,655	6
Income tax expenses (note 6(19))	24,900	-	123,719	1
Profit	<u>163,814</u>	<u>3</u>	<u>607,936</u>	<u>5</u>
Other comprehensive income (loss):				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	-	-	681	-
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	19,337	-	12,480	-
Other components of other comprehensive income that will not be reclassified to profit or loss	-	-	(136)	-
Total components of other comprehensive income that will not be reclassified to profit or loss	<u>19,337</u>	<u>-</u>	<u>13,025</u>	<u>-</u>
Components of other comprehensive income (loss) that are or may be reclassified to profit or loss				
Exchange differences on translation of foreign financial statements	13,160	-	242,273	2
Total components of other comprehensive income that are or may be reclassified to profit or loss	<u>13,160</u>	<u>-</u>	<u>242,273</u>	<u>2</u>
Other comprehensive income	32,497	-	255,298	2
Total comprehensive income	<u>\$ 196,311</u>	<u>3</u>	<u>863,234</u>	<u>7</u>
Profit attributable to:				
Owners of parent company	\$ 4,879	1	482,193	4
Non-controlling interests	158,935	2	125,743	1
	<u>\$ 163,814</u>	<u>3</u>	<u>607,936</u>	<u>5</u>
Comprehensive income attributable to:				
Owners of parent company	\$ 37,376	1	737,340	6
Non-controlling interests	158,935	2	125,894	1
	<u>\$ 196,311</u>	<u>3</u>	<u>863,234</u>	<u>7</u>
Earnings per share (New Taiwan dollars) (note 6(27))				
Basic earnings per share	<u>\$ 0.02</u>		<u>1.50</u>	
Diluted earnings per share	<u>\$ 0.02</u>		<u>1.49</u>	

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

	Other equity interest										Total equity		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares		Total equity attributable to the owners of parent company	Non-controlling interests
Balance at January 1, 2022	\$ 3,289,862	1,236,008	276,066	129,057	129,057	476,705	(148,998)	3,487	(145,511)	(160,442)	4,696,622	710,583	5,407,205
Profit	-	-	-	-	482,193	482,193	-	-	-	-	482,193	125,743	607,936
Other comprehensive income	-	-	-	-	545	545	242,123	12,480	254,603	-	255,148	151	255,299
Total comprehensive income	-	-	-	-	482,738	482,738	242,123	12,480	254,603	-	737,341	125,894	863,235
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	7,158	-	(7,158)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	16,455	(16,455)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(47,970)	(47,970)	-	-	-	-	(47,970)	-	(47,970)
Cash dividends from capital surplus	-	(112,690)	-	-	-	-	-	-	-	-	(112,690)	-	(112,690)
Treasury share retirement	(76,690)	(28,813)	-	-	(54,939)	(54,939)	-	-	-	160,442	-	-	-
Changes in ownership interests in subsidiaries	-	(13,496)	-	-	-	-	-	-	-	-	(13,496)	-	(13,496)
Changes in the investee's capital surplus	-	33,985	-	-	-	-	-	-	-	-	33,985	60,208	94,193
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(130,600)	(130,600)
Balance at December 31, 2022	\$ 3,213,172	1,114,994	283,224	145,512	427,798	856,534	93,125	15,967	109,092	-	5,293,792	766,085	6,059,877
Profit	-	-	-	-	4,879	4,879	-	-	-	-	4,879	158,935	163,814
Other comprehensive income	-	-	-	-	-	-	13,160	19,337	32,497	-	32,497	-	32,497
Total comprehensive income	-	-	-	-	4,879	4,879	13,160	19,337	32,497	-	32,497	-	32,497
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	57,277	-	(57,277)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(145,512)	145,512	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(481,976)	(481,976)	-	-	-	-	(481,976)	-	(481,976)
Distribution cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(127,622)	(127,622)
Subsidiary issued convertible bonds	-	26,396	-	-	-	-	-	-	-	-	26,396	37,225	63,621
Changes in conversion of convertible bonds in subsidiaries	-	43,914	-	-	-	-	-	-	-	-	43,914	268,052	311,966
Balance at December 31, 2023	\$ 3,213,172	1,185,304	340,501	-	38,956	379,437	106,285	35,304	141,589	-	4,919,502	1,102,675	6,022,177

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollar)

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 188,714	731,655
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	255,695	243,483
Amortization expense	37,940	31,397
Expected credit (gain) loss	(23,265)	22,129
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(6,324)	8,552
Finance costs	96,552	68,213
Interest income	(28,623)	(18,697)
Dividend income	(2,005)	(6,391)
(Gain) loss on disposal of property, plant and equipment	(2,114)	26
Loss on disposal of investment properties	-	152
Provisions for inventory obsolescence and devaluation loss	<u>13,483</u>	<u>67,691</u>
Total adjustments to reconcile profit	<u>341,339</u>	<u>416,555</u>
Changes in operating assets and liabilities:		
Accounts receivables and notes receivable	693,049	(749,935)
Accounts receivables from related parties	(2,775)	(744)
Other receivables	133,717	(456,984)
Other receivables from related parties	(31,551)	-
Inventories	570,658	(462,634)
Other operating assets	75,713	(59,458)
Contract liabilities	31,365	(90,852)
Accounts payables	(1,014,741)	1,520,945
Accounts payables to related parties	(81,337)	55,502
Other payables	(181,544)	82,913
Other payables to related parties	(4,231)	(876)
Provisions	(64,044)	33,267
Other current liabilities	(223)	(89)
Net defined benefit liability	<u>-</u>	<u>545</u>
Total changes in operating assets and liabilities	<u>124,056</u>	<u>(128,400)</u>
Total adjustments	<u>465,395</u>	<u>288,155</u>

(Continued)

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollar)

	For the years ended December 31,	
	2023	2022
Cash flows generated from operations	654,109	1,019,810
Interest received	27,458	23,183
Dividends received	2,005	6,391
Interest paid	(84,941)	(60,404)
Income taxes paid	(97,206)	(156,020)
Net cash flows from operating activities	501,425	832,960
Cash flows from investing activities:		
Repayments of financial assets at amortized cost	-	371,960
Acquisition of financial assets at amortised cost	(41,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	56,025	1,748
Acquisition of property, plant and equipment	(70,852)	(397,464)
Proceeds from disposal of property, plant and equipment	51,097	48
Refundable deposits	(11,508)	(2,706)
Acquisition of intangible assets	(24,021)	(94,083)
Other non-current assets	(19,051)	52,388
Net cash flows used in investing activities	(59,310)	(68,109)
Cash flows from financing activities:		
Repayments of short-term borrowings	(1,548,502)	(613,842)
Increase in long-term borrowings	700,000	-
Proceeds from bonds payable	631,884	-
Repayments of bonds payable	-	(372,300)
Increase in guarantee deposits received	-	169
Payments of lease liabilities	(15,707)	(17,384)
Cash dividends paid distributed to shareholders	(481,976)	(160,659)
Change in non-controlling interests	(127,622)	(145,578)
Net cash flows used in financing activities	(841,923)	(1,309,594)
Effect of exchange rate changes on cash and cash equivalents	(5,231)	127,071
Net decrease in cash and cash equivalents	(405,039)	(417,672)
Cash and cash equivalents at beginning of period	2,385,676	2,803,348
Cash and cash equivalents at end of period	\$ 1,980,637	2,385,676

See accompanying notes to consolidated financial statements.

Attachment 3

Hitron Technologies Inc. 2023 Earnings Distribution Proposal

	Unit:NT\$
Net income of 2023	4,878,841
Less: Provisioned as Legal reserve	(487,884)
Retained earnings available for distribution in 2023	4,390,957
Add: Unappropriated retained earnings from previous years	33,512,524
Retained earnings available for distribution as of December 31, 2023	37,903,481
Distribution item:	
Cash Dividend (NT\$120 for every 1,000 common share)	(37,903,480)
Unappropriated retained earnings after earnings distribution	1

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 4

List of non-competition restrictions on current directors and their representatives

Director	Released restriction items
April Huang Representative of Alpha Networks Inc.	Chairman, Representative of Alpha Technical Services Inc. Chairman, Alpha Foundation
Peter Chen Representative of Alpha Network Inc.	Director, Representative of PhoenixIV Innovation Corporation.
David Chou Representative of Alpha Network Inc.	Director, Representative of Alpha Networks (Changshu) Co., Ltd. Director, Representative of Alpha Networks (Changshu Trading) Co., Ltd. Director, Representative of Alpha Networks Vietnam Company Limited
Patrick Chiu Representative of Alpha Network Inc.	Director, Representative of Interactive Digital Technologies 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. IZ13010 Internet Certificates Service.
- I. Research, development, production, manufacturing and sale of the following products
1. Wireless communication equipment
 2. Synchronous sequential system.
 3. Synchronous fiber communication equipment
 4. Digital modem equipment
 5. Fiber (automatic) monitoring system
 6. Splice box for central surveillance system
 7. Broadband gateway
 8. Set-top box

II. Export and import businesses of the aforementioned products.

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

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

Chapter 2 Shares

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

An amount of NTD 300,000,000 of the total capital described in Paragraph 1 shall be reserved for the issuance

of employee share subscription warrants and corporate bonds associated with share subscription warrants, for a total of 30,000,000 shares at a par value of NTD 10 per share, which may be issued in discrete times according to the resolution of the Board of Directors' meeting.

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

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

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

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

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

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

Chapter 3 Shareholders' Meeting

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

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 6. 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 Procedure for Shareholders' Meeting

Amended on May 25, 2023

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 shareholders' meeting should be held at the location 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. The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

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.

Article5-1: To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
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:
 - (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.
 - (2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - (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.

(4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

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.

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 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 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.

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: 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.

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: 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 votes and elections shall be announced immediately.

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, Articles of Incorporation, and other relevant laws.

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

Shareholding of Directors

1. The Company has issued capital of the Company is NT\$3,213,172,290 representing 321,317,229 common shares. According to Article 26 of the Securities and Exchange Act, the minimum number of shares that shall be held by all directors of the company is 12,852,689.
2. According to Article II of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratio at Public Companies", if a public company has elected two or more independent directors, the share ownership for all directors and supervisors other than the independent directors shall be decreased to 80%.
3. As of March 29, 2024, the number of shares held by all directors is 200,548,951 shares. The actual collective shareholding of directors was shown as below:

Position	Name	No. of Shareholding	Shareholding%
Chairman	Alpha Networks Inc. Representative April Huang	200,000,000	62.24
Director	Alpha Networks Inc. Representative Peter Chen	200,000,000	62.24
Director	Alpha Networks Inc. Representative David Chou	200,000,000	62.24
Director	Alpha Networks Inc. Representative Patrick Chiu	200,000,000	62.24
Director	Alpha Networks Inc. Representative Adams Lee (Note)	200,000,000	62.24
Director	Amy Liu	548,951	0.17
Independent Director	Lo-Min Chen	0	0
Independent Director	Mao-Cao Lin	0	0
Independent Director	David Lee	0	0
Total		200,548,951	62.41

None: The resignation of Adams Lee, representative director of Alpha Networks Inc representative, went into effect on October 1, 2023.