

Senao Networks Inc.

Meeting Notice for Annual Shareholders' Meeting

(Summary Translation)

Time : 9:00 a.m., Friday, May 31, 2023

Place : 8F, No.500, Fusing 3rd Road, Kuei-Shan District, Taoyuan City, Taiwan
(Senao's convention center)

1. The agenda for the Meeting is as follows:

I. Report Items

- (1) 2022 Business Report
- (2) 2022 Audit Committee's report
- (3) Report on 2022 Employees' Compensation and Directors' Compensation

II. Proposal Items

- (1) Adoption of the 2022 Business Report and Financial Statements
- (2) Adoption of the Proposal for Distribution of 2022 Earnings

III. Discussion Items

- To approve the issuance of common stock via a private placement
(Detail as next page)

IV. Provisional Motions

2. The significant items of the proposal for the distribution of 2022 earnings adopted at the Board of Directors meeting are as follows:

- (1) Cash dividends to common shareholders: Totaling NT\$ 245,304,405. Each common shareholder will receive a cash dividend of NT\$ 5 per share (based on the total outstanding shares as of Dec. 31, 2022).
- (2) The record date will be decided by the Chairman as authorized by the Shareholders' Meeting.
- (3) It is proposed that the Chairman be authorized to set a record date for distribution and make relevant adjustments, if any, based on the total number of shares outstanding on the record date.

The Detail of the issuance of common stock via a private placement

(1) In order to introduce strategic investors and enrich working capital so as to facilitate the Company's long-term operation and business development, it is proposed to conduct a private placement to increase capital in cash by issuance of new shares. It is expected that the total amount of private placement of common shares will not exceed 5,000,000 shares at par value of NT\$10 per share.

(2) According to the provisions of Article 43-6 of the Securities and Exchange Act, the explanations are as follows.

I. The basis and reasonableness of the private placement pricing

i. As to the pricing of the private placement of common shares, the price of per share shall not be lower than 80% of the higher price of the following two calculations before the price determination date.

A. The simple average closing price of the common shares of the TPEX listed company for either the 1, 3, or 5 consecutive business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

B. The simple average closing price of the common shares of the TPEX listed company for the 30 consecutive business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

ii. The actual issued price of private placement shall not be less than the range decided by the shareholders' meeting. The Board of Directors will be authorized to determine the price based on the aforesaid price, future specific persons' situation and market conditions, but the price cannot be less than the par value.

iii. The pricing method of this private placement price is based on the "Directions for Public Companies Conducting Private Placements of Securities" and considers that the Company's future prospects and the timing, object, and quantity of private placement of securities transfer are strictly limited. Moreover, it is also not possible to be listed on the TPEX within three years and the liquidity is poor. Therefore, the pricing of the private placement of this fiscal year shall be reasonable and would cause no significant impact on shareholders' equity.

II. The method and objectives for selecting the specific persons, the necessity for that selection, and the anticipated benefits

i. The object of the private placement of common shares complies with Article 43-6 of the Securities Exchange Act, and is limited to strategic investors only.

ii. The method and objectives for selecting the specific persons, the necessity for that selection, and the anticipated benefits.

A. The method and objectives for selecting the specific persons.

It will give priority to those who may directly or indirectly contribute to the future operation of the Company, and can help the Company expand its business and product market, strengthen customer relations, or enhance product development integration benefits, or can improve technology, and can identify with the Company's business philosophy of strategic investors.

B. The necessity.

The purpose of selecting offerees is to introduce strategic investors and strengthen long-term cooperation with strategic partners. Through strategic investors, the long-term competitiveness and operational effectiveness of the Company can be enhanced, which is necessary.

C. The anticipated benefits.

It is expected that through strategic investors' experience, capacity, product technology, brand reputation, and market access, it can reduce operating costs and enrich working capital, which will help the Company cope with the needs of business growth and expand the market, so as to improve the Company's future operating performance.

iii. There are at present no places.

III. The reasons for the necessity for conducting the private placement.

i. The reasons for not using a public offering.

Considering factors such as capital market conditions, issuance costs, timeliness and feasibility of fundraising for private placement, and restrictions on private placement of shares that cannot be freely transferred within three years, etc. In this way, it can ensure and strengthen strategic partnerships in a closer long-term cooperation relationship. Therefore, a public offering is not adopted this time, and a private placement to increase capital in cash by issuance of new share is conducted instead.

ii. The limit on the private placement.

The total quota of this private placement of common shares shall not exceed 5,000,000 shares, and will be submitted to the shareholders' meeting to authorize the Board of Directors to process once within one year from the date of the resolution of the shareholders' meeting.

iii. The use of the funds raised by the private placement, and the anticipated benefits.

The purpose of this private placement fund is to introduce strategic partners and enrich working capital, which is expected to reduce the Company's operating costs, enrich working capital to strengthen the financial structure, and improve the Company's future operating performance.

- (3) Regarding the private placement of common shares for this fiscal year, the rights and obligations are the same as the common shares issued by the Company, but according to the provisions of the Securities and Exchange Act, the private placement of common shares can be freely transferred within three years from the date of delivery except the provisions of Article 43-8 of the Securities and Exchange Act. After the entire three years from the delivery date, the Company plans to obtain a consent letter from the TPEX acknowledging that the private placement of common shares meets the standards for TPEX listing, and it may file with the FSC for retroactive handling of public issuance procedure, then submitting an application for transaction on the TPEX.
- (4) The issuance conditions, planned projects, and other unfinished matters of the private placement are subject to the regulations of the competent authority or the impact of the objective environment needs to be revised in the future, it is proposed to submit to the shareholders' meeting to authorize the Board of Directors to handle the matter in accordance with relevant regulations.