

Stock Code : 3558

SENAO NETWORKS INC.

2025 Annual Shareholders' Meeting

Handbook

(Translation)

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.)

Meeting Time: 9:00 a.m., May 27, 2025

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

How to convene: physical shareholders' meeting

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Meeting Procedure

SENAO NETWORKS INC.

2025 Annual Shareholders' Meeting Procedure

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Proposal Items
5. Discussion Items
6. Directors Election
7. Other Discussion Items
8. Provisional Motions
9. Meeting Adjourned

Meeting Agenda

SENAO NETWORKS INC.

2025 Annual Shareholders' Meeting Agenda

How to convene: Physical Shareholders' Meeting

Time: 9:00 a.m., May 27 (Tuesday), 2025

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

1. Chairman's Address
2. Report Items
 - (1) 2024 Business Report
 - (2) 2024 Audit Committee's report
 - (3) Report on 2024 Employees' Compensation and Directors' Compensation
3. Proposal Items
 - (1) Adoption of the 2024 Business Report and Financial Statements
 - (2) Adoption of the Proposal for Distribution of 2024 Earnings
4. Discussion Items
 - (1) Discussion of the Amendments to Articles of Incorporation
 - (2) Discussion of the Amendments to Procedures for Acquisition or Disposal of Assets
5. Directors Election

Election of the 8th Board of Directors
6. Other Discussion Items

Discussion of lift the non-compete restriction for newly appointed Directors
7. Provisional Motions
8. Meeting Adjourned

Report Items

1. 2024 Business Report

Explanation: Please refer to page 7 to 10 for details.

2. 2024 Audit Committee's report

Explanation: Please refer to page 11 for details.

3. Report on 2024 Employees' Compensation and Directors' Compensation

Explanation: The Board of Directors approved 2024 employees' compensation is NT\$ 25,916,000 and Directors' compensation is NT\$ 4,859,700. All distributed in cash. The compensation amount is equal to the recognized expenses.

Proposal Items

1. Adoption of the 2024 Business Report and Financial Statements

(Proposed by the Board of Directors)

Explanation:

- (1) The Company's 2024 Consolidated (and Parent Company Only) Financial Statements have been audited by independent auditors, Ms. Huang, Pei-Chuan and Mr. Lin, Yung-Chih of PricewaterhouseCoopers, who issued the unqualified auditing report, along with the business report certified by the Board of Directors and Audit Committee. It is submitted for approval.
- (2) Please refer to pages 7-10 and 12-38 of this handbook for 2024 Business Report, Independent Auditors' Report, and Consolidated Financial Statements (including Parent Company Only Financial Statements).

Resolution:

2. Adoption of the Proposal for Distribution of 2024 Earnings

(Proposed by the Board of Directors)

Explanation:

- (1) The proposed earnings distribution is allocated from earnings in 2024 available for distribution. Each common shareholder will be entitled to receive a cash dividend of NT\$ 3 per share. The earnings distribution proposal is as follows.

- (2) The cash dividends will be distributed shall be rounded off proportionately to the nearest Taiwan dollar. The sum of all cash dividends less than NT\$ 1 shall be adjusted in line with a progressive decrease in decimal numbers and a progressive increase in shareholder numbers so that the total of dividend distribution is fully accounted for.
- (3) The record date for dividend distribution and related matters will be determined by the Chairman after approval by the 2025 Annual Shareholders' Meeting.
- (4) If there are changes in the company's capital in the future that affect the distribution amount per share, it is proposed to authorize the Chairman to handle such changes fully.

SENAO NETWORKS INC. Earnings Distribution Proposal
December 31, 2024

Unit : NT\$	
Items	Amount
Beginning Retained Earnings	2,495,873,316
Add : Actuarial gains on defined benefit plan of 2024	6,699,182
Add : Net Income of 2024	240,273,969
Less : Legal capital reserve (10%)	(24,697,315)
Add : Special Reserve	64,020,941
Retained Earnings Available for Distribution	2,782,170,093
Distribution Item	
Cash Dividends to Common Share Holders (NT\$ 3 per share)	(177,182,643)
Unappropriated Retained Earnings at year's end of 2024	2,604,987,450
Notes: The principle of company earnings distribution is distributed 2024 available earnings first.	

Resolution:

Discussion Items

1. Discussion of the Amendments to Articles of Incorporation

(Proposed by the Board of Directors)

Explanation:

- (1) To make corresponding the amendments to company's Article of Incorporation according to the Securities and Exchange Act.
- (2) Please refer to the comparison table of the revised provisions for the Articles of Incorporation on page 39-40 of this manual.

Resolution:

2. Discussion of the Amendments to Procedures for Acquisition or Disposal of Assets

(Proposed by the Board of Directors)

Explanation:

- (1) To revise the Procedures for Acquisition or Disposal of Assets in line with the actual needs and situation.
- (2) Please refer to the comparison table of the revised provisions for the Procedures for Acquisition or Disposal of Assets on page 41-48 of this manual.

Resolution:

Directors Election

Election of the 8th Board of Directors

(Proposed by the Board of Directors)

Explanation:

- (1) The term of the Company's directors and supervisors expired. According to the Board's resolution, the company proposes to duly elect new Board members at this year's Annual Meeting of Shareholders.
- (2) In accordance with the Articles of Incorporation and the Board's resolution, the shareholders' meeting shall elect seven Directors (including three independent directors). The term of newly elected directors shall be three years. The newly elected directors (including independent directors) will assume office immediately after this shareholders' meeting, with their term starting from May 27, 2025, and ending on May 26, 2028. The term of original directors (including independent director) shall be end of this

Annual Meeting of Shareholders.

- (3) The Company's directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the R.O.C. Company Act. After the Board of Directors' examination, the Board has approved the Director Candidates, whose education and professional qualifications, experience and relevant information, as well as the rationale for nomination of independent directors who have served for three or more consecutive terms, please refer to pages 49-50 of this manual.

Voting Results:

Other Discussion Items

Discussion of the Release from Non-Competition Restriction on Directors
(Proposed by the Board of Directors)

Explanation:

- (1) In accordance with Article 209, paragraph 1 of the the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) To draw on the expertise and relevant experience of the Company's Directors, it is proposed to release the Directors after having assumed office from non-competition restrictions for approval.
- (3) Please refer to the following for the concurrent positions of directors elected by the shareholders' meeting. If there is any change in their concurrent positions after the nomination, please refer to the detailed list disclosed on the spot during this annual shareholders' meeting.

Name of Director	Concurrently hold positions in other companies
Wen-Ho Tsai	Chairman of Emplus Technologies, Inc.

Resolution:

Provisional Motions

Meeting Adjourned

SENAO NETWORKS INC.

Business Report

In the post-pandemic era, industry inventory levels have remained high due to double-ordering in the supply chain, coupled with a decline in market demand, leading to slow inventory turnover and presenting significant challenges for the Company. Although we have addressed this concern early in 2023 and actively developed new products, explored new markets, and improved production efficiency, resulting in a gross margin increase of more than 1 percent in 2024 compared to 2023, the overall challenging environment was far beyond expectations. Consequently, our revenue in 2024 still declined by nearly 30% compared to 2023. In terms of profitability, the low overall capacity utilization made it difficult to spread out the costs, and despite strict control of operating expenses, the net profit attributable to shareholders of the parent company declined by 70% compared to 2023. Herewith, we report on the operation results of 2024 and the outlook for 2025.

1. Overview of Business 2024

(1) Business plan implementation result

The consolidated revenue in 2024 was NT\$11,984,802 thousand with an after-tax net profit attributable to the parent company of NT\$240,274 thousand, and a basic EPS of NT\$4.71.

(2) Budget implementation

No financial forecast released in 2024, there is no budget attainment.

(3) Analysis of financial receipts, expenditures, and profitability (consolidated financial statements)

Title		2024	2023
Financial Structure (%)	Liabilities to assets	50.56	59.63
	Long-term fund to property, plant and equipment	195.96	149.23
Solvency (%)	Current ratio	151.02	115.81
	Quick ratio	111.93	72.17
	Interest coverage fold	27.39	59.28
Profitability (%)	ROA	2.07	6.51
	ROE	4.51	18.91
	Income before tax to paid-in capital	93.52	215.21
	Net profit margin	2.00	4.99
	EPS (NT\$)	4.71	16.88

(4) Research & Development

The following is the products and technologies successfully developed by the Company in 2024.

1. Developed AI search functionality for cloud-based monitoring of Large Multimodal Models (LMM) using a hybrid architecture that integrates

edge and cloud AI technologies. This next-generation monitoring solution enables fast identification and sharing of critical timeline image.

2. Developed expandable telecom-grade point-to-point wireless base stations with WiFi 6/6E, providing a transmission distance up to 20KM, intelligently applied for connectivity between smart cities and suburban areas.
3. Developed AFC (Auto Frequency Coordination) technology, enabling the outdoor deployment of 6GHz high-power wireless base stations.
4. Developed OpenRoaming functionality and obtained official certification from the Wireless Broadband Alliance (WBA), making it suitable for government and public wireless hotspot services.
5. Developed cloud-managed power distribution system, offering innovative energy-saving and power control solutions for rack power management in data centers and digital signage.
6. Developed Client VPN software supporting SD-WAN cloud gateways, featuring OpenVPN connectivity and compatibility with multiple platforms such as Android, iOS, Windows.
7. Developed a Layer 7 intelligent model integrated with CHT Security's malicious URL database, effectively blocking malicious websites.
8. Developed cloud-based AI customer service technology that intelligently responds to user inquiries, enhancing support service efficiency and reducing operational costs.
9. Developed kilowatt-level, titanium-grade digital power supplies for AI servers, reducing carbon emissions and operational costs for data centers and enterprise clients, while delivering high-efficiency and reliable solutions.
10. Developed AI-accelerated edge computing servers that enhance network computing performance and application flexibility.
11. Developed a 200G PCIe card-based server with Ethernet support, enabling cost-effective and rapid deployment for high-speed networking and edge computing scenarios.
12. Developed an open architecture security module for edge systems, enhancing cybersecurity and data protection for edge computing systems.

2. Outline of Business Plan 2025

Looking ahead to 2025, as inventory levels for the distribution channels decrease and customer inventory levels stabilize, orders will begin to pick up. With clear technological and industry trends, the overall business environment is positively developing. Facing this opportunity, the Company will continue to undergo internal transformation to strengthen our capabilities and enhance operational efficiency, while dedicating efforts to the following aspects.

(I) Flexible Market Strategy

The Company has been deeply involved in building its own brand for many years, possessing proprietary technology and brand recognition in the market. To effectively leverage this resource and expand brand influence, we plan to adopt a collaborative approach between hardware and software, utilizing customer brands and distribution channels for sales. This joint market business model is expected to be implemented in Japan, India, and the United States.

(II) Deepening Industry Integration Strategy

The Company has established a complete network system solution. In addition to actively entering the supply chains of different brands, we will penetrate the TIP (Telecom Infra Project) ecosystem, providing a comprehensive product lineup to enter the ISP and Telco supply chains, and develop cloud technology for U.S. MSP customers. Furthermore, to increase market share for mature products, we will develop AI cameras and IoT products based on large language models (LLM), introduce access point products with cybersecurity technologies, and develop mid-to-high-end enterprise switches with L2/L3 and stacking capabilities.

(III) Expanding Diverse Revenue Streams

In addition to leveraging the developed software to enhance product competitiveness and average selling price (ASP), the Company's self-developed Cloud eco-system currently has 200,000 endpoints on the cloud platform, with more than 20% of users being subscription-paying customers. We will continue to focus on development in the Japanese and U.S. markets to increase cloud technology licensing revenue. Additionally, we will enter Japanese brand channels and the Indian telecom market through software solutions to develop potential customers.

In response to the increase in demand for network broadband and transmission speed, the Company will continue to expand the application in the network communications industry to ensure the production and marketing strategies are implemented, and it is expected that the sale volume will continue to grow throughout the year.

3. Future Development Strategy

As the trend of AI rises, accompanied by the rapid development of large language models (LLM), there is a global surge in the development of generative AI. Companies are gradually recognizing the importance of AI investment and are beginning to focus on how to enhance internal operation efficiency and AI application in specific operational or production scenarios. The application of AI will not be confined to data centers and public clouds; it is gradually spreading towards edge computing and the Internet of Things (IoT). Many research institutions have pointed out that with the implementation of generative AI applications and the rapid growth in demand for inference, it is expected to accelerate corporate investments in edge devices. The Company will combine enterprise edge, data center server products, and our diverse access network products to provide a comprehensive AI end-to-end solution.

4. Effect of External Competition, Legal Environment, and Overall Business Environment

In January 2025, the International Monetary Fund (IMF) released a report reflecting that the growth momentum in the United States is stronger than expected, slightly revising the global economic growth rate for 2025 to 3.3% (up from the original forecast of 3.2%). The report also indicated that the overall risks to the global economy remain skewed to the downside. If protectionist policies escalated, leading to a new wave of tariffs, it could exacerbate trade tensions and disrupt supply chains once again. The overall environment presents both positive opportunities and challenges for company operations. The Company will actively implement the proposed development strategies and carefully respond to changes in the environment by adjusting operation directions as needed.

Chairman: Wen-Ho Tsai

President: Po-Chang Lin

Controller: Feng-Hsiao Yu

SENAO NETWORKS INC.
Audit Committee's Report

The Board reports the financial statements, business report, and earnings distribution proposal of 2024, and financial statements have been audited by PricewaterhouseCoopers Taiwan. The financial statements, business report and earnings distribution proposal have been audited by the Audit Committee members of the Company. We deem no inappropriateness on these documents. Pursuant to the Securities and Exchange Act and the Company Law, we hereby present the audited report. Please review.

Submitted to:

2025 Annual Shareholders' Meeting of the Company

SENAO NETWORKS INC.

Chairman of the Audit Committee : Kuang-Hsun Shih

On the Date of April 8, 2025

INDEPENDENT AUDITORS' REPORT
(25) PWCR 24003816

To the Board of Directors and Stockholders of Senao Networks Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Senao Networks Inc. and its subsidiaries (collectively, the “Group”) for the years ended December 31, 2024 and 2023 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the Group’s consolidated financial position as of December 31, 2024 and 2023 and for the years then ended, and its consolidated financial performance and consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards is further described in the paragraph “Auditor's responsibilities for the audit of the consolidated financial statements”. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results, we believe that we have acquired enough and

appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the Group's consolidated financial statements for the year ended December 31, 2024 based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2024, are stated as follows:

Inventory valuation

Description

See Note 4(11) to the consolidated financial statements for the accounting policy on inventory valuation; see Note 5 to the consolidated financial statements for the significant accounting estimates and assumptions adopted for inventory valuation; see Note 6(5) to the consolidated financial statements for the details of inventories.

The Group mainly engages in the R&D, design, manufacturing, and sales of wireless communication products. Due to the rapid changes in technology, the short life cycle of electronic products, and outdated products, the risk of inventory backlog is relatively high. The Group's inventories are measured at the lower of cost or the net realizable value. As for excess and individually recognized as obsolete inventories, the net realizable value is determined based on the historical data of the inventory clearance individually identified by the management. As the Group's inventory amounts are material, inventory items are voluminous, and the accounting estimates are subject to the management's judgment, we listed this as one of the key audit matters.

How our audit addressed the matter

The procedure for auditing the above key audit matter is as follows:

- Obtained the Group's policy for providing an allowance for inventory valuation losses, checked if the policy was adopted consistently during the period of the consolidated financial statements, and checked if the assumptions on the categories of inventories and destocking adopted by the management team to determine the net realizable values were reasonable.
- Tested the adequacy of the Statement of Net Realizable Values of Inventories.
- Learned about, evaluated, and randomly tested the calculation methods in the Stock Age Statement and spot checked if the data in the reports is consistent with the policy.
- Checked the relevant information obtained during the stocktaking process and the discarded reports or obsolete inventory reports prepared by the management team; asked the management team and personnel related to the inventories to confirm that there were no major obsolete, surplus, long-term, or aged inventory, or outdated or damaged items failed to be stated in the inventory statements.
- Assessed the reasonability and obtained supporting documents for the inventory age and the inventory valuation losses after the net realizable value was individually assessed by the management team based on the destocking status.

Sales revenue recognition

Description

Please refer to Note 4(24) to the consolidated financial statements for the accounting policy on revenue recognition; please refer to Note 6(20) to the consolidated financial statements for the details of revenue.

The Group mainly engages in the wireless communications and other related businesses, and most of its customers are international brands with whom it has long-term and stable collaboration. As the revenue from the top ten customers accounts for nearly 90% of the Group operating revenue, and the recognition of operating revenue has a significant impact on the financial statements, we believe that the new top ten and former top ten customers in terms of their percentages of its revenue this year have a significant impact on the financial statements. Therefore, we have listed the recognition of the sales revenue from these customers as one of the key audit matters.

How our audit addressed the matter

The procedure for auditing the above key audit matter is as follows:

- Learned about and evaluated the Group's internal control procedures for recognition of sales of goods and tested the effectiveness of internal control related to sales of goods.
- Inspected relevant background information on the top ten sales clients.
- Obtained and randomly checked relevant receipts or invoices of the top 10 new sales clients and the top 10 sales clients with a greater increase in the proportion to the Company's revenue this year and confirmed the appropriateness of revenue recognition.
- Checked the statements of sales returns and discounts (after the balance sheet date) of the top 10 new sales clients and the top 10 sales clients with a greater increase in the proportion to the Company's revenue in this year and confirmed that there were no significant sales returns and discounts.

Other matters: Parent company only financial statements

The Company has prepared parent company only financial reports for the years ended on December 31, 2024 and 2023, with an audit report, along with an unqualified opinion expressed, issued by us for reference.

Responsibilities of the management and the governing bodies for the consolidated financial statements

The management's responsibilities are to prepare the financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC of the Republic of China and to maintain necessary internal control associated with the preparation in order to ensure that the consolidated financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and maintained professional skepticism when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.

6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2024. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Pei-Chuan Huang

Yung-Chih Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2024		December 31, 2023	
			Notes	AMOUNT	%	AMOUNT
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,073,866	32	\$ 2,957,907	25
1150	Notes receivable, net	6(3)	24	-	-	-
1170	Accounts receivable, net	6(3)	2,139,506	17	1,812,098	15
1200	Other receivables	6(4)	159,184	1	244,136	2
1210	Other receivables - related parties	7	871	-	930	-
1220	Current income tax assets		5,463	-	3,516	-
130X	Inventory	6(5)	2,190,173	17	2,995,089	25
1410	Prepayments		37,243	-	39,914	1
11XX	Total current assets		8,606,330	67	8,053,590	68
Non-current assets						
1600	Property, plant and equipment	6(6) and 8	3,479,738	27	3,258,455	27
1755	Right-of-use assets	6(7) and 7	542,092	4	522,686	4
1780	Intangible assets	6(8)	68,409	1	45,594	-
1840	Deferred income tax assets	6(27)	108,710	1	143,952	1
1900	Other non-current assets	6(9)(12)	32,927	-	28,506	-
15XX	Total non-current assets		4,231,876	33	3,999,193	32
1XXX	Total assets		\$ 12,838,206	100	\$ 12,052,783	100

(Continued)

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 17,048	-	\$ 1,598,581	13
2120	Financial liabilities at fair value through profit or loss - current	6(2)	3,235	-	-	-
2130	Current contract liabilities	6(20)	262,434	2	199,376	2
2150	Notes payable		2,708	-	2,681	-
2170	Accounts payable		3,661,704	29	3,082,714	26
2200	Other payables	6(11)(29)	1,150,660	9	1,484,052	12
2220	Other payables - related parties	7	235	-	126	-
2230	Current income tax liabilities		66,198	1	126,446	1
2250	Current provisions	6(14)	43,717	-	28,151	-
2280	Current lease liabilities	7	141,795	1	100,663	1
2300	Other current liabilities	6(15)	349,182	3	331,121	3
21XX	Total current liabilities		5,698,916	45	6,953,911	58
Non-current liabilities						
2527	Non-current contract liabilities	6(20)	16,417	-	17,081	-
2540	Long-term borrowings	6(16)	581,708	5	-	-
2570	Deferred income tax liabilities	6(27)	6,019	-	-	-
2580	Non-current lease liabilities	7	187,727	1	211,743	2
2600	Other non-current liabilities	6(12)	90	-	4,753	-
25XX	Total non-current liabilities		791,961	6	233,577	2
2XXX	Total liabilities		6,490,877	51	7,187,488	60
Equity						
Equity attributable to owners of the parent						
	Share capital	6(17)				
3110	Share capital - common stock		590,609	4	490,609	4
	Capital surplus	6(18)				
3200	Capital surplus		1,886,279	15	703,127	6
	Retained earnings	6(19)				
3310	Legal reserve		743,274	6	660,541	5
3320	Special reserve		88,694	1	5,152	-
3350	Unappropriated retained earnings		2,742,849	21	2,858,395	24
	Other equity interest					
3400	Other equity interest		(24,673)	-	(88,694)	(1)
31XX	Equity attributable to owners of the parent		6,027,032	47	4,629,130	38
36XX	Non-controlling interest	4(3)	320,297	2	236,165	2
3XXX	Total equity		6,347,329	49	4,865,295	40
3X2X	Total liabilities and equity		\$ 12,838,206	100	\$ 12,052,783	100

The accompanying notes are an integral part of these consolidated financial statements.

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenues	6(20) and 7	\$	11,984,802	100	\$ 16,609,171	100
5000 Operating costs	6(5)(26)	(	9,898,817)	(82)	(13,906,732)	(84)
5900 Net operating margin			2,085,985	18	2,702,439	16
Operating expenses	6(26)					
6100 Selling expenses		(	509,124)	(4)	(537,761)	(3)
6200 General and administrative expenses		(	472,318)	(4)	(475,422)	(3)
6300 Research and development expenses		(	795,814)	(7)	(817,271)	(4)
6000 Total operating expenses		(	1,777,256)	(15)	(1,830,454)	(10)
6500 Net other income (expenses)	6(21)		161,415	1	72,381	-
6900 Operating profit			470,144	4	944,366	6
Non-operating income and expenses						
7100 Interest income	6(22)		37,989	-	76,270	-
7010 Other income	6(23)		26,342	-	19,574	-
7020 Other gains and losses	6(24)		39,323	-	34,987	-
7050 Finance costs	6(25) and 7	(	21,435)	-	(19,339)	-
7000 Total non-operating income and expenses			82,219	-	111,492	-
7900 Profit before income tax			552,363	4	1,055,858	6
7950 Income tax expense	6(27)	(	146,876)	(1)	(124,092)	(1)
8200 Profit for the period		\$	405,487	3	\$ 931,766	5
Other comprehensive income, net						
Items not reclassified to profit or loss						
8311 Remeasurement of defined benefit plans	6(12)	\$	8,374	-	(\$ 1,299)	-
8349 Income tax related to items not reclassified	6(27)	(	1,675)	-	260	-
8310 Total amount of items not reclassified to profit or loss			6,699	-	(1,039)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations			64,034	1	(83,542)	(1)
8300 Other comprehensive income, net		\$	70,733	1	(\$ 84,581)	(1)
8500 Total comprehensive income for the period		\$	476,220	4	\$ 847,185	4
Profit attributable to:						
8610 Owners of the parent		\$	240,274	2	\$ 828,373	4
8620 Non-controlling interest		\$	165,213	1	\$ 103,393	1
Comprehensive income attributable to:						
8710 Owners of the parent		\$	310,994	3	\$ 743,792	3
8720 Non-controlling interest	4(3)	\$	165,226	1	\$ 103,393	1
Earnings per share	6(28)					
9750 Basic earnings per share		\$	4.71		\$ 16.88	
Diluted earnings per share	6(28)					
9850 Diluted earnings per share		\$	4.70		\$ 16.75	

The accompanying notes are an integral part of these consolidated financial statements.

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
	Notes	Capital surplus			Retained earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
		Share capital - common stock	Additional paid-in capital	Others	Legal reserve	Special reserve	Unappropriated retained earnings				
2023											
Balance at January 1, 2023		\$ 490,609	\$ 702,817	\$ 310	\$ 553,614	\$ 24,848	\$ 2,363,596	(\$ 5,152)	\$ 4,130,642	\$ 313,674	\$ 4,444,316
Profit for the period		-	-	-	-	-	828,373	-	828,373	103,393	931,766
Other comprehensive income, net		-	-	-	-	-	(1,039)	(83,542)	(84,581)	-	(84,581)
Total comprehensive income for the period		-	-	-	-	-	827,334	(83,542)	743,792	103,393	847,185
Appropriations of 2022 earnings	6(19)										
Legal reserve		-	-	-	106,927	-	(106,927)	-	-	-	-
Special reserve reversed		-	-	-	-	(19,696)	19,696	-	-	-	-
Cash dividends		-	-	-	-	-	(245,304)	-	(245,304)	-	(245,304)
Change in non-controlling interest		-	-	-	-	-	-	-	-	(180,902)	(180,902)
Balance at December 31, 2023		<u>\$ 490,609</u>	<u>\$ 702,817</u>	<u>\$ 310</u>	<u>\$ 660,541</u>	<u>\$ 5,152</u>	<u>\$ 2,858,395</u>	<u>(\$ 88,694)</u>	<u>\$ 4,629,130</u>	<u>\$ 236,165</u>	<u>\$ 4,865,295</u>
2024											
Balance at January 1, 2024		\$ 490,609	\$ 702,817	\$ 310	\$ 660,541	\$ 5,152	\$ 2,858,395	(\$ 88,694)	\$ 4,629,130	\$ 236,165	\$ 4,865,295
Profit for the period		-	-	-	-	-	240,274	-	240,274	165,213	405,487
Other comprehensive income, net		-	-	-	-	-	6,699	64,021	70,720	13	70,733
Total comprehensive income for the period		-	-	-	-	-	246,973	64,021	310,994	165,226	476,220
Appropriations of 2023 earnings	6(19)										
Legal reserve		-	-	-	82,733	-	(82,733)	-	-	-	-
Special reserve		-	-	-	-	83,542	(83,542)	-	-	-	-
Cash dividends		-	-	-	-	-	(196,244)	-	(196,244)	-	(196,244)
Share capital increase	6(17)	100,000	1,150,000	-	-	-	-	-	1,250,000	-	1,250,000
Share-based payment	6(13)	-	33,152	-	-	-	-	-	33,152	-	33,152
Change in non-controlling interest		-	-	-	-	-	-	-	-	(81,094)	(81,094)
Balance at December 31, 2024		<u>\$ 590,609</u>	<u>\$ 1,885,969</u>	<u>\$ 310</u>	<u>\$ 743,274</u>	<u>\$ 88,694</u>	<u>\$ 2,742,849</u>	<u>(\$ 24,673)</u>	<u>\$ 6,027,032</u>	<u>\$ 320,297</u>	<u>\$ 6,347,329</u>

The accompanying notes are an integral part of these consolidated financial statements.

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 552,363	\$ 1,055,858
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	343,472	284,028
Amortization	6(26)	16,173	8,747
Expected credit impairment (gain) loss	12(2) (	136)	107
Net loss on financial assets at fair value through profit or loss		3,235	-
Interest income	6(22) (	37,989)	(76,270)
Interest expense	6(25)	20,931	18,116
Losses on disposal of property, plant and equipment	6(24)	4,573	167
Lease modification gain	6(24) (	908)	-
Share-based payment	6(13)	33,152	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable	(	24)	-
Accounts receivable	(	327,282)	1,146,597
Accounts receivable - related parties, net		-	1,150
Other receivables		85,473	(31,089)
Other receivables - related parties		59	389
Inventory		804,916	108,389
Prepayments		2,671	(24,399)
Changes in operating liabilities			
Contract liabilities		62,394	(169,871)
Notes payable		27	(208)
Accounts payable		578,990	(2,308,723)
Other payables	(	316,297)	57,740
Other payables - related parties		70	126
Current provisions		12,925	(36,926)
Other current liabilities		18,061	23,362
Other non-current liabilities	(	725)	(743)
Cash inflow generated from operations		1,856,124	56,547
Interest received		37,468	76,709
Interest paid	(	21,624)	(17,630)
Income tax paid	(	169,077)	(280,570)
Net cash flow generated from (used in) operating activities		1,702,891	(164,944)

(Continued)

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment (including capitalized interest)	6(29)	(\$ 449,292)	(\$ 806,151)
Proceeds from disposal of property, plant and equipment		300	414
Acquisition of right-of-use assets	6(29)	(11,010)	(227,712)
Acquisition of intangible assets	6(8)	(21,206)	(45,278)
Increase in guarantee deposits paid		(4,936)	(3,180)
Increase in other non-current assets		(63)	-
Net cash flows used in investing activities		(486,207)	(1,081,907)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(30)	(1,582,774)	398,291
Long-term borrowings	6(30)	581,708	-
Increase in other non-current liabilities	6(30)	-	94
Lease payments	6(7)(30)	(138,753)	(127,367)
Payment of cash dividends	6(19)	(196,244)	(245,304)
Cash capital increase	6(17)	1,250,000	-
Change in non-controlling interest	4(3)	(81,094)	(180,902)
Net cash flows used in financing activities		(167,157)	(155,188)
Effect on foreign exchange difference		66,432	(62,171)
Increase (decrease) in cash and cash equivalents		1,115,959	(1,464,210)
Cash and cash equivalents at beginning of period		2,957,907	4,422,117
Cash and cash equivalents at end of period		<u>\$ 4,073,866</u>	<u>\$ 2,957,907</u>

The accompanying notes are an integral part of these consolidated financial statements.

INDEPENDENT AUDITORS' REPORT
(25) PWCR 24003650

To the Board of Directors and Stockholders of Senao Networks Inc.

Opinion

We have audited the parent company only balance sheets of Senao Networks Inc. (the "Company") for the years ended December 31, 2024 and 2023 and the relevant parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the Company's parent company only financial position as of December 31, 2024 and 2023 and for the years then ended, and its parent company only financial performance and parent company only cash flows for the years then ended in conformity 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 the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards is further described in the paragraph "Auditor's responsibilities for the audit of the parent company only financial statements". We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results, we believe that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the Company's parent company only financial statements for the year ended December 31, 2024 based on our professional judgment. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

The key audit matters of the Company's parent company only financial statements for the year ended December 31, 2024, are stated as follows:

Inventory valuation

Description

See Note 4(10) to the parent company only financial statements for the accounting policy on inventory valuation; see Note 5 to the parent company only financial statements for the significant accounting estimates and assumptions adopted for inventory valuation; see Note 6(3) to the parent company only financial statements for the details of inventories.

The Company mainly engages in the R&D, design, manufacturing, and sales of wireless communication products. Due to the rapid changes in technology, the short life cycle of electronic products, and outdated products, the risk of inventory backlog is relatively high. The Company's inventories are measured at the lower of cost or the net realizable value. As for excess and individually recognized as obsolete inventories, the net realizable value is determined based on the historical data of the inventory clearance individually identified by the management. As the Company's inventory amounts are material, inventory items are voluminous, and the accounting estimates are subject to the management's judgment, we listed this as one of the key audit matters.

How our audit addressed the matter

The procedure for auditing the above key audit matter is as follows:

- Obtained the Company's policy for providing an allowance for inventory valuation losses, checked if the policy was adopted consistently during the period of the financial statements, and checked if the assumptions on the categories of inventories and destocking adopted by the management team to determine the net realizable values were reasonable.
- Tested the adequacy of the Statement of Net Realizable Values of Inventories.
- Learned about, evaluated, and randomly tested the calculation methods in the Stock Age Statement and spot checked if the data in the reports is consistent with the policy.
- Checked the relevant information obtained during the stocktaking process and the discarded reports or obsolete inventory reports prepared by the management team; asked the management team and personnel related to the inventories to confirm that there were no major obsolete, surplus, long-term, or aged inventory, or outdated or damaged items failed to be stated in the inventory statements.
- Assessed the reasonability and obtained supporting documents for the inventory age and the inventory valuation losses after the net realizable value was individually assessed by the management team based on the destocking status.

Sales revenue recognition

Description

Please refer to Note 4(24) to the parent company only financial statements for the accounting policy on revenue recognition; please refer to Note 6(19) to the parent company only financial statements for the details of revenue.

The Company mainly engages in the wireless communications and other related businesses, and most of its customers are international brands with whom it has long-term and stable collaboration. As the revenue from the top ten customers reached 90% of its operating revenue, and the recognition of operating revenue has a significant impact on the financial statements, we believe that the new top ten and former top ten customers in terms of their percentages of its revenue this year have a significant impact on the financial

statements. Therefore, we have listed the recognition of the sales revenue from these customers as one of the key audit matters.

How our audit addressed the matter

The procedure for auditing the above key audit matter is as follows:

- Learned about and evaluated the Company's internal control procedures for recognition of sales of goods and tested the effectiveness of internal control related to sales of goods.
- Inspected relevant background information on the top ten sales clients.
- Obtained and randomly checked relevant receipts or invoices of the top 10 new sales clients and the top 10 sales clients with a greater increase in the proportion to the Company's revenue this year and confirmed the appropriateness of revenue recognition.
- Checked the statements of sales returns and discounts (after the balance sheet date) of the top 10 new sales clients and the top 10 sales clients with a greater increase in the proportion to the Company's revenue in this year and confirmed that there were no significant sales returns and discounts.

Responsibilities of the management and the governing bodies for the parent company only financial statements

The management's responsibilities are to prepare the parent company only financial statements with fair presentation and maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

We have utilized our professional judgment and maintained professional skepticism when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the parent company only financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.

4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the parent company only financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Company.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company's parent company only financial statements for the year ended December 31, 2024. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Pei-Chuan Huang

Yung-Chih Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2025

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SENAO NETWORKS INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2024		December 31, 2023			
			Notes	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$	2,476,250	23	\$	1,491,653	14
1150	Notes receivable, net	6(2)		24	-		-	-
1170	Accounts receivable, net	6(2)		1,593,931	15		1,542,305	14
1180	Accounts receivable - related parties, net	7		113,869	1		67,463	1
1200	Other receivables			132,590	1		222,616	2
1210	Other receivables - related parties	7		4,242	-		3,565	-
130X	Inventory	6(3)		1,769,140	16		2,723,004	25
1410	Prepayments			17,717	-		22,889	-
11XX	Total current assets			6,107,763	56		6,073,495	56
Non-current assets								
1550	Investment using the equity method	6(4)		1,375,832	13		1,298,270	12
1600	Property, plant and equipment	6(5) and 8		3,073,044	28		3,075,727	28
1755	Right-of-use assets	6(6) and 7		154,692	1		145,846	2
1780	Intangible assets	6(7)		66,366	1		43,833	-
1840	Deferred income tax assets	6(26)		70,429	1		104,417	1
1900	Other non-current assets	6(8)(11)		13,486	-		14,256	1
15XX	Total non-current assets			4,753,849	44		4,682,349	44
1XXX	Total assets		\$	10,861,612	100	\$	10,755,844	100

(Continued)

SENAO NETWORKS INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2024		December 31, 2023	
			Notes	AMOUNT	%	AMOUNT
Current liabilities						
2100	Short-term borrowings	6(9)	\$ -	-	\$ 1,582,000	15
2130	Current contract liabilities	6(19)	144,556	1	72,497	1
2150	Notes payable		1,844	-	2,084	-
2170	Accounts payable		2,728,387	25	2,693,942	25
2180	Accounts payable - related parties	7	101,995	1	38,199	-
2200	Other payables	6(10)(28)	823,944	8	1,203,845	11
2220	Other payables - related parties	7	26,775	-	496	-
2230	Current income tax liabilities		19,837	-	88,630	1
2250	Current provisions	6(13)	27,618	-	7,596	-
2280	Current lease liabilities	7	86,313	1	49,536	-
2300	Other current liabilities	6(14)	290,226	3	278,667	3
21XX	Total current liabilities		4,251,495	39	6,017,492	56
Non-current liabilities						
2527	Non-current contract liabilities	6(19)	8,488	-	6,738	-
2540	Long-term borrowings	6(15)	500,000	6	-	-
2580	Non-current lease liabilities	7	73,999	1	97,316	1
2600	Other non-current liabilities	6(11)	598	-	5,168	-
25XX	Total non-current liabilities		583,085	7	109,222	1
2XXX	Total liabilities		4,834,580	46	6,126,714	57
Equity						
	Share capital	6(16)				
3110	Share capital - common stock		590,609	4	490,609	5
	Capital surplus	6(17)				
3200	Capital surplus		1,886,279	17	703,127	7
	Retained earnings	6(18)				
3310	Legal reserve		743,274	7	660,541	6
3320	Special reserve		88,694	1	5,152	-
3350	Unappropriated retained earnings		2,742,849	25	2,858,395	26
	Other equity interest					
3400	Other equity interest		(24,673)	-	(88,694)	(1)
3XXX	Total equity		6,027,032	54	4,629,130	43
3X2X	Total liabilities and equity		\$ 10,861,612	100	\$ 10,755,844	100

The accompanying notes are an integral part of the parent company only financial statements.

SENAO NETWORKS INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items		Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Operating revenues	6(19) and 7	\$ 8,896,823	100	\$ 14,393,754	100
5000	Operating costs	6(3)(25) and 7	(7,766,881)	(87)	(12,482,153)	(87)
5900	Net operating margin		1,129,942	13	1,911,601	13
5910	Unrealized gain from sales	6(4)	(30,370)	(1)	(58,610)	-
5920	Realized gain from sales	6(4)	58,610	1	63,299	-
5950	Net operating margin		1,158,182	13	1,916,290	13
	Operating expenses	6(25)				
6100	Selling expenses		(213,052)	(2)	(260,277)	(2)
6200	General and administrative expenses		(274,944)	(3)	(322,907)	(2)
6300	Research and development expenses		(607,753)	(7)	(667,330)	(5)
6000	Total operating expenses		(1,095,749)	(12)	(1,250,514)	(9)
6500	Net other income (expenses)	6(20)	137,774	1	63,355	1
6900	Operating profit		200,207	2	729,131	5
	Non-operating income and expenses					
7100	Interest income	6(21)	21,742	-	56,236	1
7010	Other income	6(22) and 7	43,912	1	32,993	-
7020	Other gains and losses	6(23)	28,278	-	29,753	-
7050	Finance costs	6(24) and 7	(15,716)	-	(14,259)	-
7070	Share of profit or loss on subsidiaries, affiliates, and joint ventures accounted for using equity method	6(4)				
			14,211	-	92,507	1
7000	Total non-operating income and expenses		92,427	1	197,230	2
7900	Profit before income tax		292,634	3	926,361	7
7950	Income tax expense	6(26)	(52,360)	-	(97,988)	(1)
8200	Profit for the period		<u>\$ 240,274</u>	<u>3</u>	<u>\$ 828,373</u>	<u>6</u>
	Other comprehensive income					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6(11)	\$ 8,374	-	(\$ 1,299)	-
8349	Income tax related to items not reclassified	6(26)	(1,675)	-	260	-
8310	Total amount of items not reclassified to profit or loss		6,699	-	(1,039)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		64,021	1	(83,542)	(1)
8300	Other comprehensive income, net		<u>\$ 70,720</u>	<u>1</u>	<u>(\$ 84,581)</u>	<u>(1)</u>
8500	Total comprehensive income for the period		<u>\$ 310,994</u>	<u>4</u>	<u>\$ 743,792</u>	<u>5</u>
	Basic earnings per share	6(27)				
9750	Basic earnings per share		<u>\$ 4.71</u>		<u>\$ 16.88</u>	
	Diluted earnings per share	6(27)				
9850	Diluted earnings per share		<u>\$ 4.70</u>		<u>\$ 16.75</u>	

The accompanying notes are an integral part of the parent company only financial statements.

SENAO NETWORKS INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus			Retained earnings			Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total
		Share capital - common stock	Additional paid-in capital	Others	Legal reserve	Special reserve				
<u>2023</u>										
Balance at January 1, 2023		\$ 490,609	\$ 702,817	\$ 310	\$ 553,614	\$ 24,848	\$ 2,363,596	\$ 5,152)	\$ 4,130,642	
Profit for the period		-	-	-	-	-	828,373	-	828,373	
Other comprehensive income for the period		-	-	-	-	-	(1,039)	(83,542)	(84,581)	
Total comprehensive income for the period		-	-	-	-	-	827,334	(83,542)	743,792	
Appropriations of 2022 earnings	6(18)	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	106,927	-	(106,927)	-	-	
Special reserve reversed		-	-	-	-	(19,696)	19,696	-	-	
Cash dividends		-	-	-	-	-	(245,304)	-	(245,304)	
Balance at December 31, 2023		<u>\$ 490,609</u>	<u>\$ 702,817</u>	<u>\$ 310</u>	<u>\$ 660,541</u>	<u>\$ 5,152</u>	<u>\$ 2,858,395</u>	<u>\$ 88,694)</u>	<u>\$ 4,629,130</u>	
<u>2024</u>										
Balance at January 1, 2024		\$ 490,609	\$ 702,817	\$ 310	\$ 660,541	\$ 5,152	\$ 2,858,395	\$ 88,694)	\$ 4,629,130	
Profit for the period		-	-	-	-	-	240,274	-	240,274	
Other comprehensive income for the period		-	-	-	-	-	6,699	64,021	70,720	
Total comprehensive income for the period		-	-	-	-	-	246,973	64,021	310,994	
Appropriations of 2023 earnings	6(18)	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	82,733	-	(82,733)	-	-	
Special reserve		-	-	-	-	83,542	(83,542)	-	-	
Cash dividends		-	-	-	-	-	(196,244)	-	(196,244)	
Cash capital increase	6(16)	100,000	1,150,000	-	-	-	-	-	1,250,000	
Share-based payment	6(12)	-	33,152	-	-	-	-	-	33,152	
Balance at December 31, 2024		<u>\$ 590,609</u>	<u>\$ 1,885,969</u>	<u>\$ 310</u>	<u>\$ 743,274</u>	<u>\$ 88,694</u>	<u>\$ 2,742,849</u>	<u>\$ 24,673)</u>	<u>\$ 6,027,032</u>	

The accompanying notes are an integral part of the parent company only financial statements.

SENAO NETWORKS INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 292,634	\$ 926,361
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	236,621	201,456
Amortization	6(25)	14,712	6,942
Interest income	6(21)	(21,742)	(56,236)
Interest expense	6(24)	15,716	14,259
Share of profit or loss on investments accounted for using equity method	6(4)	(14,211)	(92,507)
Net unrealized gain on affiliates	6(4)	(28,240)	(4,689)
Losses on disposal of property, plant and equipment	6(23)	220	167
Share-based payment	6(12)	33,152	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(24)	-
Accounts receivable		(51,626)	990,382
Accounts receivable - related parties, net		(46,406)	93,744
Other receivables		88,154	(44,784)
Other receivables - related parties		(677)	1,045
Inventory		953,864	(72,198)
Prepayments		5,172	(14,867)
Changes in operating liabilities			
Contract liabilities		73,809	(28,120)
Notes payable		(240)	50
Accounts payable		34,445	(1,991,996)
Accounts payable - related parties		63,796	(8,690)
Other payables		(364,172)	39,544
Other payables - related parties		25,728	272
Current provisions		20,022	(29,812)
Other current liabilities		11,559	18,157
Other non-current liabilities		(725)	(743)
Cash inflow (outflow) generated from operations		1,341,541	(52,263)
Interest received		21,293	56,885
Interest paid		(16,409)	(14,745)
Income tax paid		(88,840)	(200,931)
Dividend received	6(4)	84,380	188,233
Net cash flow generated from (used in) operating activities		1,341,965	(22,821)

(Continued)

SENAO NETWORKS INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investments using the equity method	6(4)	(\$ 53,149)	(\$ 852,672)
Acquisition of property, plant and equipment (including capitalized interest)	6(28)	(182,200)	(739,836)
Proceeds from disposal of property, plant and equipment		4,818	414
Acquisition of intangible assets		(19,529)	(44,133)
Proceeds from disposal of intangible assets		57	-
Decrease in guarantee deposits paid		1,144	42
Net cash flows used in investing activities		(248,859)	(1,636,185)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(29)	(1,582,000)	400,000
Lease payments	6(6)(29)	(80,265)	(81,238)
Long-term borrowings	6(29)	500,000	-
Cash capital increase	6(16)	1,250,000	-
Payment of cash dividends	6(18)	(196,244)	(245,304)
Net cash generated (used in) from financing activities		(108,509)	73,458
Increase (decrease) in cash and cash equivalents		984,597	(1,585,548)
Cash and cash equivalents at beginning of period		1,491,653	3,077,201
Cash and cash equivalents at end of period		<u>\$ 2,476,250</u>	<u>\$ 1,491,653</u>

The accompanying notes are an integral part of the parent company only financial statements.

Comparison Table for the “Articles of Incorporation”

Before the Version	After the Version	Explanation
Article 6 Total capitalization of the Company is One Billion and Two Hundred Million New Taiwan Dollars (NT\$1,200,000,000) divided into One Hundred Twenty Million (120,000,000) shares, at Ten New Taiwan Dollars (NT\$10) per share. The board of directors is authorized to issue said capital in installments. Within the total capital mentioned above, 18 million shares are reserved for the issuance of employee stock options, and the Board of Directors is authorized to resolve the issuance by installments.	Article 6 Total capitalization of the Company is One Billion and Two Hundred Million New Taiwan Dollars (NT\$1,200,000,000) divided into One Hundred Twenty Million (120,000,000) shares, at Ten New Taiwan Dollars (NT\$10) per share. The board of directors is authorized to issue said capital in installments. Within the total capital mentioned above, 18 million shares are reserved for the issuance of employee stock options, and the Board of Directors is authorized to resolve the issuance by installments. <u>The recipients of the employee stock options, new restricted employee shares, and the shares reserved for employee purchase under cash capital increases shall include employees of parents or subsidiaries of the Company meeting certain specific requirements.</u>	in line with the Company Act amendment and actual needs
Article 28 Where the Company has made a profit in a fiscal year, it shall appropriate the employees' compensation at least 3%, directors' compensation, shall be excluded Independent Directors at most 3% of the profit. But, in the case that the Company still has retained losses, it should appropriate sufficient amount for making up the losses of previous year. Recipients of employees' compensation referred to above may include employees of subsidiary companies who meet certain conditions, which conditions shall be determined by the board of directors.	Article 28 Where the Company has made a profit in a fiscal year, it shall appropriate the employees' compensation at least 3%, <u>and no less than 10% of the employee compensation should be distributed to junior employees.</u> Additionally, director compensation should not exceed 3%, and independent directors are excluded in the distribution of director compensation. But, in the case that the Company still has retained losses, it should appropriate sufficient amount for making up the losses of previous year. Recipients of employees' compensation referred to above may include employees of subsidiary companies who meet certain conditions, which conditions shall be determined by the board of directors.	in line with the Securities and Exchange Act amendment
Article 29	Article 29	in line with the

Before the Version	After the Version	Explanation
Where the Company has made a profit in the annual final accounts, it shall first pay all taxes and make up past losses according to law, and set aside ten percent (10%) as the statutory revenue reserve, except where the statutory revenue reserve already matches the Company's total capital. After setting aside or conversion to the statutory revenue reserve according to law, any remaining surplus shall be aggregated with retained earnings at the beginning of the period to be accumulated distributable earnings for shareholders, and the board of directors shall prepare a proposal for distribution of profits for resolution by the shareholders meeting. As the Company is still growing, the Company shall distribute share dividends or cash dividends to shareholders based on budgeted future capital outlays capital requirements of the Company, taking into account capital outlays, operation expansion needs, and better financial planning so as to enable perpetual development. The total amount of distribution is not less than 10% of the distributable surplus for the year. The percentage of cash dividends shall be no less than five percent (5%) of the total amount of shareholder dividends paid.	Where the Company has made a profit in the annual final accounts, it shall first pay all taxes and make up past losses according to law, and set aside ten percent (10%) as the statutory revenue reserve, except where the statutory revenue reserve already matches the Company's total <u>paid-in</u> capital. After setting aside or conversion to the statutory revenue reserve according to law, any remaining surplus shall be aggregated with retained earnings at the beginning of the period to be accumulated distributable earnings for shareholders, and the board of directors shall prepare a proposal for distribution of profits for resolution by the shareholders meeting. As the Company is still growing, the Company shall distribute share dividends or cash dividends to shareholders based on budgeted future capital outlays capital requirements of the Company, taking into account capital outlays, operation expansion needs, and better financial planning so as to enable perpetual development. The total amount of distribution is not less than 10% of the distributable surplus for the year. The percentage of cash dividends shall be no less than five percent (5%) of the total amount of shareholder dividends paid.	Company Act amendment and actual needs
Article 32 (Omitted)	Article 32 Add "twelfth amendment on May 27, 2025" to the existing Article.	In line with the revision, add revising day

Comparison Table for the “Procedures for Acquisition or Disposal of Assets”

Before the Version	After the Version	Explanation
Article 6 Authorization Level 1. The purchase and sales of other marketable securities investment of the Company must comply with the level of authority of deputy managers in the internal control system of the Company (investment operation); the purchase and sales of long-term share investment must be approved by the chairman. For those over NT\$ 60 million, it must be reported to and approved by the board of directors before taking action. 2. The acquisition or disposition of the real property and equipment, right-of-use assets, membership cards, intangible assets and other essential assets is handled as per the level of authority at the Company. For those over 20% of company paid-in capital or over NT\$ 300 million, it must be reported to and approved by the board of directors before taking action.	Article 6 Authorization Level 1. <u>The Company, along with its parent company and subsidiaries, or subsidiaries directly or indirectly hold 100% of the issued shares or total capital of the Company, may acquire or dispose of assets for business use, including equipment or usage rights, as well as property usage rights. If the transaction amount does not exceed 20% of the Company's paid-in capital, the Chairman may proceed with the decision and then propose for resolution at the next board meeting.</u> 2. <u>If the Company acquires or disposes of property or usage rights assets from related parties or acquires or disposes of assets as stipulated in Article 3 of this Handbook (excluding derivative products) that exceed 20% of the Company's paid-in capital, it must be approved by the Board of Directors before proceeding. If the transaction does not exceed 20% of the Company's paid-in capital, it shall be handled according to the approval authority regulations.</u>	in line with the actual needs
Article 16 When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$ 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or	Article 16 When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$ 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or	in line with the actual needs

Before the Version	After the Version	Explanation
redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and board of directors: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as transaction counterparty. 3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with relevant rules. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. <u>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the</u>	redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and board of directors: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as transaction counterparty. 3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with relevant rules. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction.	

Before the Version	After the Version	Explanation
<u>company's board of directors may pursuant to delegate the board chairman to decide such matters when the transaction is within NT\$ 50 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</u> <u>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u> <u>2. Acquisition or disposal of real property right-of-use assets held for business use.</u> If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10% or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries. The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 8, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting, Audit Committee and board of directors need not be counted toward the transaction amount.	If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10% or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries. The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 8, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting, Audit Committee and board of directors need not be counted toward the transaction amount.	
Article 18 The procedures for the acquisition or disposal of derivatives trading. 1. Trading principles and strategies A. The types of derivatives that may be traded:	Article 18 The procedures for the acquisition or disposal of derivatives trading. 1. Trading principles and strategies A. The types of derivatives that may be traded:	in line with the actual needs

Before the Version	After the Version	Explanation
Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. B. Operating or hedging strategies The Company's engagement of derivatives trading is divided into transactions for hedging purpose (not for trading purpose) and non-hedging purpose (for trading purpose). Derivatives trading for the hedging purpose shall mainly aim to avoid operating risk, and derivative products shall be chosen mostly for hedging foreign exchange risk arising from the Company's operational income, expenses, assets or liabilities. If due to changes in the objective environment, choosing an appropriate time to engage in "non-hedging purpose trading" of derivative, it is expected to increase non-operating income or reduce non-operating losses for the Company. C. Segregation of Duties a. Confirm Personnel: Execute transaction confirmation. b. Settlement Personnel: Responsible for delivery matters.	Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. B. Operating or hedging strategies The Company's engagement of derivatives trading is divided into transactions for hedging purpose (not for trading purpose) and non-hedging purpose (for trading purpose). Derivatives trading for the hedging purpose shall mainly aim to avoid operating risk, and derivative products shall be chosen mostly for hedging foreign exchange risk arising from the Company's operational income, expenses, assets or liabilities. If due to changes in the objective environment, choosing an appropriate time to engage in "non-hedging purpose trading" of derivative, it is expected to increase non-operating income or reduce non-operating losses for the Company. C. Segregation of Duties a. Confirm Personnel: Execute transaction confirmation. b. Settlement Personnel: Responsible for delivery matters.	

Before the Version	After the Version	Explanation
c. Trading personnel: Per approval authority to execute the transaction. D. Total amount of contracts and the maximum loss limit on total trading and for individual contracts a. Transactions for hedging purpose (1) For hedges of foreign exchange risk arising from regular operation, the existing position for foreign exchange hedge contracts shall not exceed the sum of assets and liabilities denominated in both domestic and foreign currencies that are currently held and expected to be held in the following six months. (2) For hedges of interest rate risk arising from regular operation, the existing position for foreign exchange hedge contracts shall not exceed the total borrowing amount from any financial institutions on the time of transactions. (3) For hedges of foreign exchange risk and interest rate risk arising from special projects, the total contract amount shall not exceed the total budget amount of such special projects. (4) Loss limit is 20% of the contract amount for any individual contract or for all contracts on an aggregated basis. b. Transactions for trading purpose (1) This transaction is not aimed at the actual operation needs of the Company, but only based on the forecast of price fluctuations, that is, it is not for the purpose of	c. Trading personnel: Per approval authority to execute the transaction. D. Total amount of contracts and the maximum loss limit on total trading and for individual contracts a. Transactions for hedging purpose (1) For hedges of foreign exchange risk arising from regular operation, the existing position for foreign exchange hedge contracts shall not exceed the sum of assets and liabilities denominated in both domestic and foreign currencies that are currently held and expected to be held in the following six months. (2) For hedges of interest rate risk arising from regular operation, the existing position for foreign exchange hedge contracts shall not exceed the total borrowing amount from any financial institutions on the time of transactions. (3) For hedges of foreign exchange risk and interest rate risk arising from special projects, the total contract amount shall not exceed the total budget amount of such special projects. (4) Loss limit is 20% of the contract amount for any individual contract or for all contracts on an aggregated basis. b. Transactions for trading purpose (1) This transaction is not aimed at the actual operation needs of the Company, but only based on the forecast of price fluctuations, that is, it is not for the purpose of	

Before the Version	After the Version	Explanation
obtaining the subject matter of the transaction, but purely for the purpose of creating benefits; Transactions for trading purpose of derivative contract amount must be submitted to the board of directors for approval. (2) Loss limit is 10% of the contract amount for any individual contract or for all contracts on an aggregated basis. E. Degree of authority delegated and levels : According to the company's approval authority regulations. F. Essentials of performance evaluation a. Transactions for hedging purpose Performance evaluation based on the overall profit and loss of hedged projects and hedged transactions. b. Transactions for trading purpose Performance evaluation in terms of contract gains and losses on non-hedging transactions. 2. Risk management measures A. Risk Management Scope a. Credit risk: Credit risk is controlled by restricting the counterparties that the Company may deal with to those who either have banking relationships with the Company or are internationally renowned and are able to provide sufficient information. b. Market risk: Focus on financial products that are commonly traded internationally, and reduce the use of specially designed products.	obtaining the subject matter of the transaction, but purely for the purpose of creating benefits; Transactions for trading purpose of derivative contract amount must be submitted to the board of directors for approval. (2) Loss limit is 10% of the contract amount for any individual contract or for all contracts on an aggregated basis. E. Degree of authority delegated and levels : <u>A single transaction amount exceeding US\$1 million must be approved by the Chairman. Other amounts shall be handled</u> according to the company's approval authority regulations. F. Essentials of performance evaluation a. Transactions for hedging purpose Performance evaluation based on the overall profit and loss of hedged projects and hedged transactions. b. Transactions for trading purpose Performance evaluation in terms of contract gains and losses on non-hedging transactions. 2. Risk management measures A. Risk Management Scope a. Credit risk: Credit risk is controlled by restricting the counterparties that the Company may deal with to those who either have banking relationships with the Company or are internationally renowned and are able to provide sufficient information. b. Market risk: Focus on financial products that are commonly traded internationally, and reduce the use of specially designed products.	

Before the Version	After the Version	Explanation
c. Liquidity risk: In order to maintain liquidity, the Company shall closely monitor the scale, depth, and liquidity and transaction capability of financial institutions. d. Operational risk: Delegation systems and operating procedures set forth herein are employed to control operating risks. e. Legal risk: The documents signed with the counterparty shall be based on the general contract in the market, and any unique contracts must be reviewed by legal counsel or lawyers. f. Cash flow risk: When engaging in a transaction, any factors that may affect the Company's cash flows shall be taken into account. B. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. C. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making. D. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors. F. The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives	c. Liquidity risk: In order to maintain liquidity, the Company shall closely monitor the scale, depth, and liquidity and transaction capability of financial institutions. d. Operational risk: Delegation systems and operating procedures set forth herein are employed to control operating risks. e. Legal risk: The documents signed with the counterparty shall be based on the general contract in the market, and any unique contracts must be reviewed by legal counsel or lawyers. f. Cash flow risk: When engaging in a transaction, any factors that may affect the Company's cash flows shall be taken into account. B. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. C. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making. D. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors. F. The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives	

Before the Version	After the Version	Explanation
trading engaged in, board of director's approval dates, and the matters required to be carefully evaluated under the regulation shall be recorded in detail in the log book. 3. Regular evaluation methods and the handling of irregular circumstances A. Senior management personnel authorized by the board of directors shall Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and these Regulations and procedures for engaging in derivatives trading formulated by the company. B. Senior management personnel authorized by the board of directors shall supervise trading and profit-loss circumstances, when irregular circumstances are found, appropriate measures shall be adopted and a report immediately made to the board of directors, and the independent director shall be present at the meeting and express an opinion. 4. Internal audit system The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.	trading engaged in, board of director's approval dates, and the matters required to be carefully evaluated under the regulation shall be recorded in detail in the log book. 3. Regular evaluation methods and the handling of irregular circumstances A. Senior management personnel authorized by the board of directors shall Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and these Regulations and procedures for engaging in derivatives trading formulated by the company. B. Senior management personnel authorized by the board of directors shall supervise trading and profit-loss circumstances, when irregular circumstances are found, appropriate measures shall be adopted and a report immediately made to the board of directors, and the independent director shall be present at the meeting and express an opinion. 4. Internal audit system The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.	

The list of SENAO NETWORKS INC. Director Candidates

Name	Education	Experience	Other Position	Share-holding	the name of the representative of a juristic person, and the number of shares held by the juristic person
Wen-Ho Tsai	NTU MBA	CEO of Delta networks CEO of LiteOn Networks Division	Chairman of SENAO NETWORKS INC. Chairman of Emplus Technologies, Inc. Chairman of EnRack Technology Inc. Chairman of EnGenius Technology Inc. Director & President of EnGenius Technologies, Inc. Director of EnGenius International (Samoa) Ltd. Director of EnGenius Networks Singapore PTE. Ltd. Director of EnGenius Networks Europe B.V. Director of EnGenius Technologies Canada Inc. Director of Senao Networks Vietnam Co., Ltd. Representative Chairman of AVAL Technologies Co., Ltd. Representative Chairman of WIIN Technologies Co., Ltd. Representative Director of Shenyang Insurance Agency Co., Ltd.	1,701,918	NA
Pao-Yun Lin	Don-Shih Junior high school	Chairman of Senao International Co., Ltd	Vice Chairman and GM of Senao International Co., Ltd. Chairman of Kung-Chue Co., Ltd. Chairman of Jheng-Fong Investment Co., Ltd.	0	NA
Chung-Yung Chia	NYCU PHD of Computer Science	VP of Network Technology Branch of CHT	Representative Director of SENAO NETWORKS INC. GM of Network Technology Branch of CHT Representative Director of Taiwan International Standard Electronics Ltd., Co., Ltd. Chairman of Chunghwa Telecom Europe GmbH	0	Senao International Co., Ltd Share-holding : 19,582,454
Tian-Tsai Su	NCKU Master in Electrical Engineering	GM of Personal Family Branch of CHT	Representative Director of SENAO NETWORKS INC. Dean of CHT's Telecom Laboratories	0	Senao International Co., Ltd Share-holding : 19,582,454

The list of SENAO NETWORKS INC. Independent Director Candidates

Name	Education	Experience	Other Position	Share-holding	Served as an independent director for three consecutive terms, the reasons of nomination
Kuang - Hsun Shih	USA NSU PHD of Finance	Professor of PCCU; Member of the Appeals Committee of the Executive Yuan	Independent Director of SENAO NETWORKS INC. Independent Director of PCL Technologies Inc. Independent Director of Samebest Co., LTD. Representative Director of CTBC Bank Co., Ltd. Professor of CTBC	0	Mr. Kuang - Hsun Shih is a university professor with specialization in financial and accounting knowledge. He can contribute his professional knowledge and ability to the company's financial and strategic plan and execution. His independence can also be responsible for supervision.
Jhih-Ling Hsieh	USA CUNY MBA	KBC Bank's AVP	VP of Metropolitan Bank & Trust Company Supervisor of Full Chain Materials International Co., LTD.	0	NA
Yen-Wei Cheng	NCKU Associate Degree in Electrical Engineering	Chairman of Hitron Technologies Inc. Chairman of Interactive Digital Technologies Inc.	Independent Director of TPK Holding Co., Ltd. Director of Transcend Information, Inc. Chairman of ARTMO Inc. Director of Sports Gear Co., Ltd. (Cayman)	0	NA

SENAO NETWORKS INC.

Rules of Procedure for Shareholders' Meetings

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.
2. Shareholders or proxy attending the Meeting shall submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.
3. The attendance and voting at the shareholders meeting shall be calculated based on the shares.
4. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
5. When the shareholders meeting was convened by the Board of Directors, the shareholders' meeting shall be presided by the Chairman of the Board of Directors. If the Chairman is absent or is unable to exercise the duties for certain reasons, the vice-Chairman shall act on his/her behalf. If the vice-Chairman is absent or is unable to exercise the duties for certain reasons, the Chairman may designate the managing director to act on his/her behalf; if there is no managing director, one of the directors may be designated to act on his/her behalf. Where the Chairman does not designate a proxy, the managing director or directors may elect a person among themselves to act on behalf of the Chairman. For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
6. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.
7. The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.
8. Upon the starting time of the meeting, the chairman shall order the meeting to begin. However, where the shareholders present represent half or less than half of the total outstanding shares, the chairman may postpone the meeting for a total of two times. The postponed time may not in total exceed one hour. Where after two postponements, the shareholders present still do not meet the quorum

but represent one-third or more of the total outstanding shares, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act. If the shares present represent more than half of the total outstanding shares before the end of the meeting, the chairman may propose the tentative resolution to the shareholders meeting for voting in accordance with Article 174 of the Company Act.

9. If the shareholders meeting is convened by the Board of Directors, its agenda shall be stipulated by the Board of Directors and the meeting shall be held in accordance with the agenda and may not be changed without the resolution of the shareholders meeting. When the shareholders meeting was convened by other persons who have the convening right, the above paragraph shall apply mutatis mutandis. Before the closing of the discussions (including provisional motions) stipulated in the agenda under the above two paragraphs, the chairman may not announce the adjournment of the meeting without resolution. After the adjournment of the meeting, the shareholders may not elect a chairman to continue the meeting at the original address or at another location. During the Meeting, in the event that the Chairman adjourns the Meeting in violating these Rules of Procedure, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.
10. Before a shareholder makes a statement, he/she must complete a statement slip stating the subject of the statement, the shareholder number (or attendance card number) and shareholder name, and the chairman shall determine the order of his/her statement. Where a shareholder presents only completed a statement slip but did not make a statement, he/she will be deemed to not have made a statement. Where the statement made is inconsistent with that stated on the statement slip, the statement made will prevail. When a shareholder present makes a statement, the other shareholders may not make a statement and interfere, unless consent is obtained from the chairman and the shareholder making the statement. The chairman shall restrain such interfering shareholder.
11. For each proposal, a shareholder may not make more than two statements, unless consent is obtained from the chairman. Each statement may not exceed five minutes. The chairman may restrain the shareholder from making the statement if he/she violates the above provisions or has exceeded the scope of the proposal.
12. Where an institution is delegated to attend the shareholders meeting, it may only appoint one representative to attend. Where the institution appoints two or more representatives to attend the shareholders meeting, only one person may make a statement for each proposal.
13. After a shareholder makes a statement, the chairman may respond him/herself

or designate a relevant person to respond.

14. Where the chairman believes that the proposal discussed may be resolved, he/she may announce the ending of the discussion and propose that votes be made.
15. The personnel supervising and calculating the votes for the proposals shall be designated by the chairman, but the supervising personnel shall be a shareholder. The result of the votes shall be announced on the spot and recorded.
16. During the meeting, the chairman may announce recesses at his/her own discretion.
17. Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present. When making a resolution, if shareholders present have no objections upon the inquiry of the chairman, it will be deemed as adopted and its effect shall be the same as resolution by voting.
18. When a proposal has an amendment or a replacement, the chairman may combine it with the original proposal and determine the order of resolution. If one of the proposals is resolved, the other proposals will be deemed as rejected and there is no need to make another resolution.
19. The chairman may instruct the security officer to assist in maintaining the order of the meeting. The security officer shall wear an arm-band with the word "Security" when assisting in the maintenance of the order of the meeting.
20. If there are not suitable and other matters which are conducive to convene the shareholders' meeting, it shall be supplemented under the laws and regulations
21. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision and abolishment.

Articles of Incorporation of SENAO NETWORKS INC.

(Before Revision)

Chapter 1 General

Article 1 : The Company is organized in accordance with the provisions of the Company Act, and is named 神準科技股份有限公司 in the Chinese language, and SENAO NETWORKS INC. In the English language.

Article 2 : The Company's scope of business is as follows:

- 1.CC01060 Wired Communication Equipment and Apparatus Manufacturing
- 2.CC01070 Telecommunication Equipment and Apparatus Manufacturing
- 3.CC01110 Computers and Computing Peripheral Equipments Manufacturing
- 4.E605010 Computing Equipments Installation Construction
- 5.F118010 Wholesale of Computer Software
- 6.F218010 Retail Sale of Computer Software
- 7.I301010 Software Design Services
- 8.I301020 Data Processing Services
- 9.I301030 Digital Information Supply Services
- 10.CB01020 Office Machines Manufacturing
- 11.F113050 Wholesale of Computing and Business Machinery Equipment
- 12.F213030 Retail sale of Computing and Business Machinery Equipment
- 13.CC01090 Batteries Manufacturing
- 14.F113110 Wholesale of Batteries
- 15.F213110 Retail Sale of Batteries
- 16.CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
- 17.F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- 18.F113070 Wholesale of Telecom Instruments
- 19.F213060 Retail Sale of Telecom Instruments
- 20.IE01010 Telecommunications Number Agencies
- 21.CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
- 22.F113020 Wholesale of Household Appliance
- 23.F213010 Retail Sale of Household Appliance
- 24.J303010 Magazine and Periodical Publication
- 25.F401010 International Trade

- 26.I103060 Management Consulting Services
- 27.JE01010 Rental and Leasing Business
- 28.IZ99990 Other Industry and Commerce Services Not Elsewhere Classified
- 29.ZZ99999 All business items that are not prohibited or restricted by Law, except those that are subject to special approval

- Article 3 : The Company is headquartered in New Taipei City of Taiwan, and may establish branch organizations at suitable locations in and outside Taiwan if necessary, subject to resolution of the board of directors and approval of the competent authority.
- Article 4 : The Company may issue external guarantees if so required by business, and authorizes the board of directors to so issue.
- Article 5 : Public announcements by the Company shall be issued in accordance with the relevant provisions of the law.

Chapter 2 Shares

- Article 6 : Total capitalization of the Company is One Billion and Two Hundred Million New Taiwan Dollars (NT\$1,200,000,000) divided into One Hundred Twenty Million (120,000,000) shares, at Ten New Taiwan Dollars (NT\$10) per share. The board of directors is authorized to issue said capital in installments.
- Article 7 : Total amount of re-investments by the Company shall be exempt from the restriction in Article 13 of the Company Act concerning re-investments not exceeding forty percent (40%) of paid-up capital of a company.
- Article 8 : Share certificates of the Company shall be registered, and shall be signed or sealed by the director representing the company being certified and issued by the bank which is competent to certify shares according to law.
- The Company may be exempt from the printing of share certificates for shares, provided that it shall have a registration or depository with the issued shares with a centralized securities depository institution and follow the regulations of that enterprise.
- Article 9 : Matters relating to share affairs, such as share transfers, registration and cancellation of pledges, report of loss certificates, inheritance, gift, loss or change of seals, or change of address by shareholders shall be in accordance with relevant laws and regulations, as well as rules of the competent authority.

Article 10 : There shall be no changes to the shareholder register sixty (60) days before an annual shareholders meeting, thirty (30) days before an extraordinary shareholders meeting, or five (5) days before the base date determined by the Company for distribution of dividends, bonuses or other interests.

Article 10.1 : In the event that the Company subsequently cancels its public issuing of shares, said cancellation shall be a matter proposed for resolution by the shareholders meeting. There shall be no amendment to this Article during the period that shares of the Company are listed on the GreTai Exchange, or the Stock Exchange.

Chapter 3 Shareholders' Meeting

Article 11 : Shareholders meetings of the Company may be annual meetings or extraordinary meetings. An annual shareholders meeting shall be convened at least once a year, within six (6) months after the end of each accounting year; an extraordinary shareholders meeting may be convened from time to time as necessary. The Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

A notice of a meeting referred to in the preceding paragraph shall specify the date, place and reasons for the meeting. Such a notice may be issued electronically if shareholders agree. A shareholders meeting shall be convened by the board of directors unless otherwise provided by the Company Act.

Matters to be discussed and resolved by the shareholders meeting shall be recorded in minutes of the meeting, which shall be signed or sealed by the chairman, and distributed to each shareholder within twenty (20) days after the meeting. Preparation and distribution of the aforementioned minutes of the meeting may be implemented electronically.

Article 12 : The chairman of the board of directors shall act as the chairman of the shareholders meeting and of board of director's meetings, and shall externally represent the Company. Where the chairman is on leave or is unable to exercise his/her powers for any reason, he/she shall designate a director to act as his/her deputy. Where the chairman has not designated a deputy, the other directors shall nominate one from amongst themselves to act as deputy.

Article 13 : A shareholder who is unable to attend a shareholders' meeting for any reason may appoint a proxy to attend on his/her behalf, by issuing a proxy on the form printed and distributed by the Company, specifying

the scope of proxy authority, which form shall be signed or sealed. Unless otherwise provided by the Company Act, the appointment of shareholder proxies shall be governed by the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” issued by the competent authority.

Article 14 : Shareholders of the Company shall have one (1) vote for each share held, unless otherwise provided by law or regulation.

Article 15 : Resolutions of the shareholders meeting shall be made by a meeting attended by shareholders representing more than half of total issued shares, and approved by more than half of the attending voting rights.

Chapter 4 Directors and Audit Committee

Article 16 : The Company shall appoint five (5) to nine (9) directors, each with a term of three (3) years. They shall be elected by the shareholders meeting from persons with the capacity to act, and may be re-elected.

Elections of directors of the Company shall be by single cumulative voting. Where it is necessary to revise such voting method, provisions of the Company Act shall apply, and a comparison table of amendment to the method shall be set out in the grounds for convention of a meeting.

Article 16.1 : Among the number of directors in preceding article, there shall be no less than three (3) independent directors.

An election of directors shall be by nomination of candidates, in accordance with Article 192-1 of the Company Act. The elections of independent and non-independent directors shall be conducted at the same time, and the number of winning candidates shall be calculated separately.

Article 17 : The directors shall form the board of directors, and shall elect one from amongst themselves as the chairman, by a meeting attended by more than two-thirds ($\frac{2}{3}$) of directors and approved by more than half of the attending directors. They may also elect one from amongst themselves to act as the deputy chairman in the same manner, if so required by the business.

Article 18 : A meeting of the board of directors shall be convened by the chairman unless otherwise provided by the Company Act. The notice of convening of a meeting may be issued by electronic mail or by facsimile. A board meeting shall be chaired by the chairman of the Company; where the chairman is on leave or is unable to exercise his/her powers for any reason, the appointment of a deputy shall be in

accordance with the provisions of the Company Act.

Article 19 : Unless otherwise provided by law, a resolution by the board of directors shall be made by a meeting attended by more than half of the directors, and approved by more than half of the attending directors.

Article 20 : A director shall personally attend a board meeting. Where a director is unable to attend in person for any reason, he/she may appoint another director to act as his/her proxy in writing, provided that a proxy form shall be issued on each occasion, specifying the scope of authority, and a proxy may only act for one director.

Where a board of directors meeting is conducted by teleconference, a director who participates in the teleconference by visual images shall be deemed to have personally attended the meeting.

Article 21 : In compliance with Articles 14-4 of the Securities and Exchange Law, the Company shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, the Securities and Exchange Law and other relevant regulations.

Article 22 : The board of directors is authorized to determine the remuneration to be paid to all directors, based on general standard of payments made by other companies in the industry, taking into account the extent of involvement in the operations of the Company and the value of the contributions made by such directors. Travel expenses, which are paid irrespective of profit or loss of the Company, shall also be paid based on general standards applicable in the industry.

Article 23 : The Company may purchase liability insurance for its directors and important staff members.

Chapter 5 Manager

Article 24 : The Company may appoint several managers, and their appointment, dismissal and remuneration shall be in accordance with provisions of the Company Act.

Article 25 : The general manager shall conduct businesses of the Company in accordance with resolutions of the board of directors.

Chapter 6 Accounting

Article 26 : The accounting year of the Company shall be from January 1 to December 31 of each year, and shall carry out general final accounts at the end of each year.

- Article 27 : Pursuant to Article 228 of the Company Act, the board of directors of the Company shall prepare the following statements and reports at the end of each accounting year, which shall be submitted to the shareholders meeting for its adoption in accordance with legal procedures.
1. Operating report
 2. Financial Statements
 3. Proposal for distribution of profit or making up of losses
- Article 28 : Where the Company has made a profit in a fiscal year, it shall appropriate the employees' compensation at least 3%, directors' compensation, shall be excluded Independent Directors at most 3% of the profit. But, in the case that the Company still has retained losses, it should appropriate sufficient amount for making up the losses of previous year. Recipients of employees' compensation referred to above may include employees of subsidiary companies who meet certain conditions, which conditions shall be determined by the board of directors.
- Article 29 : Where the Company has made a profit in the annual final accounts, it shall first pay all taxes and make up past losses according to law, and set aside ten percent (10%) as the statutory revenue reserve, except where the statutory revenue reserve already matches the Company's total capital. After setting aside or conversion to the statutory revenue reserve according to law, any remaining surplus shall be aggregated with retained earnings at the beginning of the period to be accumulated distributable earnings for shareholders, and the board of directors shall prepare a proposal for distribution of profits for resolution by the shareholders meeting.
- As the Company is still growing, the Company shall distribute share dividends or cash dividends to shareholders based on budgeted future capital outlays capital requirements of the Company, taking into account capital outlays, operation expansion needs, and better financial planning so as to enable perpetual development. The total amount of distribution is not less than 10% of the distributable surplus for the year. The percentage of cash dividends shall be no less than five percent (5%) of the total amount of shareholder dividends paid.

Chapter 7 Miscellaneous

- Article 30 : Articles of association and enforcement rules of the Company shall be as separately issued.
- Article 31 : Outstanding matters of these Articles shall be in accordance with

provisions of the Company Act and other relevant laws and regulations.

Article 32 : These Articles were issued on June 14, 2006, and first amended on October 1, 2006; second amendment on October 24, 2006; third amendment on April 24, 2007; fourth amendment on June 6, 2008; fifth amendment on June 3, 2009; sixth amendment on May 5, 2010; seventh amendment on May 31, 2013, eighth amendment on June 14, 2016; ninth amendment on June 8, 2017; tenth amendment on June 12, 2019; eleventh Amendment on June 10, 2020 ; twelfth amendment on June 17, 2022.

SENAO NETWORKS INC.

Rules for Director Elections

- Article 1 : Unless otherwise stipulated by the Company Act and our Company's Articles of Incorporation, the election of our Company's directors shall be governed by the Rules.
- Article 2 : The election of our Company's directors shall be by nomination of candidates in accordance with Article 192-1 of the Company Act, and shall be implemented on the shareholders' Meeting.
- Article 3 : The election of our Company's directors shall adopt nominal cumulative voting scheme. Voter identification appearing on ballot may be substituted by attendance pass number.
- Article 4 : The election of our Company's directors, each share shall have the votes equal to the number of the directors to be elected in the election of our Company's directors, and the said votes may be voted all on one Candidate or separately on several candidates. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately.
- Article 5 : The quotas of our Company's director shall be determined in accordance with our Company's Articles of Incorporation. The winners of the election shall be determined according to and in the order of the number of suffrage received by the candidates. A tie among two or more candidates with the same number of suffrage shall be resolved by a draw and an absent candidate not available for the said draw in person shall be substituted by the chairperson for the said draw.
- Article 6 : The election ballots shall be printed and issued by our Company; each ballot shall be coded with attendance pass serial number and the respective suffrage.
- Article 7 : At the beginning of voting, the chairman shall appoint ballot examiner and poll clerks to execute the responsibilities of vote scrutiny and vote counting.
- Article 8 : The ballot box used for voting shall be prepared by this Company and checked in public by the person to check the ballots before voting.
- Article 9 : A voter shall specify the account name and account number of the candidate on ballot if the said candidate is a shareholder, or name and Citizen ID number of the said candidate is a non-shareholder. If a corporate shareholder is to be voted, such a candidate's government name or corporate name, or the government name or corporate name

and the name of the representative of the said government or corporate, shall be specified on the name field on the ballot. In case of several representatives, specify all names.

Article10 : A ballot shall be regarded as null and void if any of the followings applies:

1. The ballot does not conform to these Rules.
2. A bank ballot is deposited into the ballot box.
3. Writing on the ballot is beyond reasonable recognition or has been altered or modified.
4. The name and shareholder account number of a shareholder candidate being specified on the ballot are inconsistent to the shareholder list.
5. There are more than one candidate's names on a ballot.
6. Any writing other than candidate's name and shareholder account number or Citizen ID number is found on the ballot.
7. The candidate's name specified on the ballot is identical to other shareholder and no shareholder account number or Citizen ID number is specified for valid identification.
8. Ballot found null and void in accordance with the laws

Article11 : The directors' ballot should be put into the ballot box which set up by the Company, and will be checked by the ballot examiner and poll clerks after voting.

Article12 : Ballot box will be opened for counting immediately at the end of voting, and the voting Result will be announced by the chairperson on site.

Article13 : These Rules shall be implemented after being approved by the board of directors. Amendment shall also require approval from the board of directors.

SENAO NETWORKS INC.

Shareholdings of All Directors

- (1) Total Issued shares: 59,060,881 shares on March 29, 2025.
- (2) The minimum required combined shareholding of all directors by law: 4,724,870 shares.
- (3) The shareholding of all directors and supervisors on the book closure date is as follows:

Position	Name	Shareholding on March 29, 2025
Chairman	Wen-Ho Tsai	1,701,918
Director (Note 1)	Chung-Yung Chia	19,582,454
Director (Note 1)	Tian- Tsai Su	19,582,454
Director	Pao-Yun Lin	0
Independent Director	Kuang-Hsun Shih	0
Independent Director	Huei-You Chen	0
Independent Director	Yi-Min Chang	0
Sum of all directors		21,284,372

Note 1 : The representative of Senao International Co., Ltd.

Explanation : Pursuant to Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent.

Thanks for your attending.

Your opinions and requests are welcomed.

MEMO