

Compal Broadband Networks, Inc.

2022 Regular Shareholders' Meeting Agenda Handbook

Date: June 27, 2022
Venue: 2F, No. 3, Taiyuan 1st Street, Chubei City, Hsinchu
County
Multi-functional Conference Room, Tai Yuen Hi-Tech
Industrial Park Phase III
Meeting type: A physical shareholders' meeting will be held

This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

Contents

I.	Meeting Procedures-----	1
II.	Meeting Agenda-----	2
	I. Report Items-----	3
	II. Ratification Items-----	17
	III. Discussion Items-----	28
	IV. Extraordinary Motions-----	39
III.	Appendices	
	I. Rules of Procedure for Shareholders Meetings-----	40
	II. Articles of Incorporation (Before amendment)-----	46
	III. Procedures for Acquisition or Disposal of Assets (Before Amendment)-----	51
	IV. Shareholdings of Directors of the Company-----	66
	V. Other Matters for Explanation-----	67

Meeting Procedures

Compal Broadband Networks, Inc. 2022 Regular Shareholders' Meeting Procedures

- I. Call Meeting to Order
- II. Chairman's Address
- III. Report Items
- IV. Ratification Items
- V. Discussion Items
- VI. Extraordinary Motions
- VII. Adjournment

Agenda

Compal Broadband Networks, Inc. 2022 Regular Shareholders' Meeting

Time: 9:00 am., June 27 (Monday), 2022

Venue: 2F, No. 3, Taiyuan 1st Street, Chubei City, Hsinchu County

Multi-functional Conference Room, 3rd Phase, Taiyuan Technology Park

I. Chairman's Address

II. Report Items

1. Report on the business status of 2021
2. Audit Committee's review report of 2021
3. Report on the distribution of remuneration to employees and directors of 2021
4. Report on the earnings distribution of cash dividends of 2021

III. Ratification Items

1. To ratify the business report and financial statements of 2021
2. To ratify the earnings distribution of 2021

IV. Discussion Items

1. To approve the amendment to the "Articles of Incorporation."
2. To approve the amendment to the "Procedures for Acquisition or Disposal of Assets."
3. To approve the release of non-competition restrictions for directors of the Company

V. Extraordinary Motions

VI. Adjournment

Report Items

Item 1

Proposed by the Board of Director

Subject: Report on the business status of 2021

Explanatory Note:

The Business Report of 2021 is attached (please refer to page 4 to page 6).

Compal Broadband Networks, Inc.

Business Report

I. 2021 Business Report

(I) Results of the business plans implemented.

The consolidated net operating revenue of 2021 was NT\$2,906,921 thousand, increased by 7.5% year on year. The major impacts were the supply chain interruption and unstable transportation chain due to COVID-19 pandemic, and the pandemic hit the U.S. and European countries, resulted in conservative demand forecasts by operators, with multiple downward revisions, and thus the Company fell behind the expected revenue recovery progress. The net operating profit and net profit after tax were NT\$83,833 thousand and NT\$32,744 thousand, respectively, with the EPS after tax of NT\$0.49.

(II) Financial position, profitability, and budget execution

The Company's principle of financial operation is robust, to cope with the Company's needs of operation growth, the utilization of long- and short-term funds are planned well; in 2021, the current ratio was 189% and the debt ratio was 50%; the financial structure was sound.

The Company did not disclose the financial forecast for 2021, so there is no execution of budget.

(III) R&D status

In recent years, the demands of smart home, video/audio streaming, games, and the development of the concept and applications of IoT and Metaverse have resulted in the increasing demands of bandwidth from both enterprises and consumers. With the impact of the pandemic, the subsidies for telecommunication provided by governments to stimulate the economy, and the consumers' needs for home and remote working and education, have accelerated the network communication industry much more, with early launches of new technologies.

1. DOCSIS 3.1 coupled with Wi-Fi 6 gateway developed by the Company assisted the customer to pass the tests of CableLabs certification, and has been produced massively and shipped. Wi-Fi Alliance noted that current Wi-Fi growth trend emphasized on the continuous development of Wi-Fi 6/6E in applications of home, automotive, IoT applications, and recently, it has entered the consumer ends from commercial and industrial control, such as routers. 2022 will be the year when Wi-Fi 6 officially becomes the mainstream and major product for sales.
2. The boom of smart home and home networks demanding ultra-high speed broadband networks, as well as the continuous global pandemic has resulted in longer time at home, the Wi-Fi Mesh application caught more eyes from the market. By combining changing generation and new functions demands to Wi-Fi, the Company has successfully massively produced and shipped the home Wi-Fi 6 gateway integrating with Mesh function, to provide faster connecting speed, lower transmission latency, and eliminate the troubles to switch frequency bands at different areas at home, or changing account and password for devices.
3. The market trend showed that the upgrade of wireless chip technology will be shortened from three years to two years. As Wi-Fi 6E is generally deemed a transitional product, Wi-Fi 7 product supporting synchronizing three frequency transmission will bring upgrading feeling to users. The Company has monitored industrial trends and invested in R&D resources, while closely working with chipmaker partners for the new product R&D project.
4. As the telecom providers invest considerable in building the 5G network services, the adoption of Fixed Wireless Access (FWA) at last mile of home broadband service is

getting clear, and becomes a promising profit-earning mode. Major telecom providers around the world have viewed FWA as the key product in 2022. The Company has conducted the customer test of 5G FWA products since 2020, and the strategic collaboration project with brand customers are in progress actively. The future growth is promising.

II. Summary of the 2022 business plan

(I) Operating guidelines

In this year, the Company will insist the policies of sustainable operation with continuous growth. The major operating guidelines are as below:

1. Continual launches of Smart Cable Gateway (DOCSIS 3.1+ Wi-Fi 6/7), to maintain the leadership in the Smart Cable Gateway industry. Cope with the customers' demands, to enhance the network security and the Mesh function of other home routers.
2. Actively develop new product lines, including XGS-PON, LTE/5G FWA, and Wi-Fi 6/ 6E AP/Router, to catch the opportunities of technology upgrade in the network communication industry.
3. Monitor the new technology standards in the industry, and engage in the early stage test of DOCSIS 4.0 and planning of product blueprint.
4. Based on the current advantageous products, the new markets are expanded to improve the business scale.
5. Focused on the added values of products, enhance the management capability, and develop with customers, strategic partners, and key suppliers together, for better competitive edges.
6. Build the production bases and supply chain system out of China, to effectively diverse the operational risk of over-concentration in China.
7. Comply with the laws and regulations of environmental protection and corporate social responsibility, fulfill the responsibilities as a corporate citizen, and feedback the operating results to the society.

(II) Expected sales volume and the basis thereof

As the global demands for broadband network has been increasing, Cable Home Wi-Fi Gateway market will grow stably; in addition, the LTE/5G FWA demands grow with the demands for remote working, IoT, V2X, and Metaverse, as well as the expansion of new products and new market, it is expected in 2022, the shipment will maintain the growth momentum.

(III) Key production and sales policies

1. Build the production bases and supply chain system out of China, to reduce the regional risks resulted from natural disasters or changes in international conditions or national policies, and provide the competitive production and sales support.
2. Conduct the raw material supply and QC strategy adjustment and control more effectively, to shorten the production cycle, increase the production momentum, for reducing the operating risks while enhancing the utilization of the working funds.
3. With the demand-oriented product design, the simplification of process and better production effectiveness are achieved, while lowering the inventory costs with the common parts and components.
4. Full-ranged quality management and the customer-oriented market strategy, and enhance the communication and coordination between the up- and downstream, to achieve the goal of profit sharing.

III. Future development strategies and external competition, and the effects of regulatory and macro operating environments

(I) Future development strategies of the Company

Expand the new market and the develop the new product mixes with full forces, to catch the great opportunities of technology upgrade in the network communication

industry; be committed to the technological innovations, and provide the customized products and services with high added-values, to deepen the values and position in customers' eco-system, while raising the entrance barriers to competitors; the global logistic system is built actively to serve customers while diversifying risks, for seeking the sustainable operation and continuous growth.

(II) Effects of regulatory and macro operating environments

Technology upgrade in the network communication industry brings great opportunities, as well as the challenge of competition. The opportunities never wait, so the Company has invested with full forces and speed, to effectively catch the opportunities.

COVID-19 pandemic hit the supply chains hard, and spread to the global economy. The tight supply of raw materials and rising price have affected the corporate operations; with the fast-changing demands to products and technologies in the market, it is expected the future operation will have more severe competition, cooperation, and challenges in all aspects. The Company will continuously enhance the technology capabilities of products, the supply chain management, and contingency, improve the cost competitiveness, and actively develop, cultivate, and maintain the co-trustworthy and co-benefitting partnership with operators with operators, to grow the market share.

IV. Conclusion

Finally, we'd like to express our most sincere appreciations to each shareholder for your support. All employees of Compal Broadband Networks will insist the foundation of existing technological core capabilities and competitive edges, to continuously enhance the R&D capacity and market development, while effectively integrate and exploit resources, to strive for the Company's growth and strength, as well as the maximum benefits of the Company and shareholders. And we look forward to the encourage and advices the management from each shareholders. Thank you very much, and wish you

Your truly,

Chairman of the Board Wong, Chung-Pin

Chief Executive Officer Wang, Yu-Ho

Chief Accounting Office Lin, Chin-Pei

Item 2

Proposed by the Board of Director

Subject: Audit Committee's review report of 2021

Explanatory Notes:

1. The financial statements of 2021 have been audited by the Independent Auditors and the Independent Auditors' Report was issued. In addition, the financial statements, the business report and the proposal for the earnings distribution of 2021 have been reviewed and examined by the Audit Committee, and the review report was issued.
2. The Independent Auditors' Report is attached (please refer to page 8 to page 13).
3. The Audit Committee's review report is attached (please refer to page 14).

Independent Auditor's

To the Board of Director, Compal Broadband Networks, Inc.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Compal Broadband Networks, Inc. and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Compal Broadband Networks, Inc. and its subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

I. Inventory valuation

Please refer to Note 4(8) and Note 5 for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainly of the valuation of inventory, respectively. Information regarding the inventory is shown in Note 6(5) of the consolidated financial statements.

Description of key audit matters:

Inventory is measured at the lower of cost and net realizable value. Compal Broadband Networks, Inc. and its subsidiaries is primarily engaged in the research, development and sale of wireless networking products, set top box and residential gateway. The significant change in supply and competitive market of demand may cause fluctuation in product price. Consequently, the book value of inventory may exceed its net realizable value. Therefore, the valuation of inventory is one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: assessing the rationality of Compal Broadband Networks, Inc. and its subsidiaries's accounting policies, such as the policy of provision for inventory loss due to price decline, obsolete, and slow moving inventories; inspecting Compal Broadband Networks, Inc. and its subsidiaries's inventory aging reports' accuracy and analyzing the changes of inventory aging which are in accordance with Compal Broadband Networks, Inc. and its subsidiaries's accounting policies; sampling and inspecting Compal Broadband Networks, Inc. and its subsidiaries's sales price, as well as verifying the calculation of the lower of cost or net realizable value; and assessing the disclosure of provision for inventory valuation and obsolescence was appropriate.

Other Matter

Compal Broadband Networks, Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing Compal Broadband Networks, Inc and its subsidiaries's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

opinion on the effectiveness of Compal Broadband Networks, Inc and its subsidiaries's internal control.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo, Kuan Ying and Chien, Szu Chuan

KPMG Taipei, Taiwan (Republic of China)

March 9, 2022

Notes to Readers

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

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

Independent Auditor’s

To the Board of Director, Compal Broadband Networks, Inc.

Opinion

We have audited the financial statements of Compal Broadband Networks, Inc (“the Company”), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

I. Inventory valuation

Please refer to Note 4(7) and Note 5 for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainly of the valuation of inventory, respectively. Information regarding the inventory is shown in Note 6(5) of the financial statements.

Description of key audit matters:

Inventory is measured at the lower of cost and net realizable value. The Company is primarily engaged in the research, development and sale of wireless networking products, set top box and residential gateway.. The significant change in supply and competitive market of demand may cause fluctuation in product price. Consequently, the book value of inventory may exceed its net realizable value. Therefore, the valuation of inventory is one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included : assessing the rationality of the Company’s accounting policies, such as the policy of provision for inventory loss due to price decline, obsolete, and slow moving inventories; inspecting the Company’s inventory aging reports’ accuracy and analyzing the changes of inventory aging which are in accordance with the Company’s accounting

policies; sampling and inspecting the Company's sales price, as well as verifying the calculation of the lower of cost or net realizable value; and assessing the disclosure of provision for inventory valuation and obsolescence was appropriate.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo, Kuan Ying and Chien, Szu Chuan

KPMG Taipei, Taiwan (Republic of China)

March 9, 2022

Notes to Readers

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

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

Audit Report of the Audit Committee

The 2021 financial statements of Compal Broadband Networks, Inc. (hereafter “the Company”) have been approved by the Audit Committee and resolved by the board of directors, as well as audited by Kuo, Kuang-Ying, CPA and Chien, Si-Chuan, CAP from KPMG Taiwan with the auditor’s report issued. Additionally, the board of directors also prepared and submit the 2021 Business Report and Proposal of Earning Distribution; after audit by the Audit Committee, it found no inconsistency to the related regulations including the Company Act. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is reported as above, for your review.

To

2022 Regular Shareholders’ Meeting

Compal Broadband Networks, Inc.

Convener of the Audit Committee: WONG, JIAN-REN

May 4, 2022

Item 3

Proposed by the Board of Director

Subject: Report on the distribution of remuneration to employees and directors of 2021

Explanatory Notes:

1. Pursuant to Article 24 of the Articles of Incorporation.
2. The 2021 employees' and directors' remunerations have been approved upon the resolutions of the Remuneration Committee and the board of directors, and the employees' and directors' remunerations, for NT\$4,115,495 and NT\$ 411,549, respectively, will be paid in cash.

Item 4

Proposed by the Board of Director

Subject: Report on the earnings distribution of cash dividends of 2021

Explanatory Notes:

1. Pursuant to the Articles of Incorporation, the board of directors is authorized to resolve the earning distribution as the 2021 shareholders' dividends, for total NT\$68,419,391, or NT\$1 per share, paid in cash only. The cash dividends are paid to each shareholder until NT\$ (rounded off). The sum of fractional amount will be included in the Company's other incomes.
2. The board of directors determined the base date of cash dividend is April 5, 2022, and the payment date is April 27, 2022.

Ratification Items

Item1

Proposed by the Board of Director

Proposal: To ratify the business report and financial statements of 2021

Explanation notes:

1. The 2021 financial statements have been audited by Kuo, Kuan-Ying, CPA and Chien, Szu-Chuan, CPA from KPMG Taiwan with the auditor's report issued. The business report has also been audited by the Audit Committee with the audit report issued.
2. The business report (please refer to page 4 to page 6) and the financial statements (please refer to page 18 to page 25) are attached for ratification.

Resolution:

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Compal Broadband Networks, Inc. and subsidiaries**

Consolidated balance sheet

December 31, 2021 and 2020

(Expressed in thousands dollars of TWD)

Asset	December 31, 2021		December 31, 2020			Liabilities and equity	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liabilities:				
1100 Cash and cash equivalents	\$ 1,046,514	32	1,524,536	55	2120	Current financial liabilities at fair value through profit or loss	\$ -	-	9,701	-
1110 Current financial assets at fair value through profit or loss	8,476	-	-	-	2130	Contractual liabilities - current	1,099	-	21,662	1
1170 Accounts receivable, net	895,538	28	521,308	19	2170	Accounts payable	669,572	21	430,792	16
1200 Other receivables, net	275,703	8	127,336	5	2180	Accounts payable - related parties	540,601	17	294,053	11
1310 Inventory	612,848	19	308,640	11	2200	Other payables	133,784	4	109,757	4
1410 Prepayments	55,789	2	55,766	2	2230	Current tax liabilities	3,524	-	-	-
1470 Other current assets	25,808	1	28,302	1	2250	Current provisions	179,577	6	200,850	8
	<u>2,920,676</u>	<u>90</u>	<u>2,565,888</u>	<u>93</u>	2280	Current lease liabilities	15,253	-	12,001	-
					2300	Other current liabilities	1,524	-	4,199	-
Non-current assets							<u>1,544,934</u>	<u>48</u>	<u>1,083,015</u>	<u>40</u>
1550 Investments accounted for using equity method	9,706	-	-	-		Non-current liabilities:				
1600 Property, plant and equipment	138,261	4	76,254	3	2570	Deferred tax liabilities	1,695	-	22	-
1755 Right-of-use assets	83,203	3	15,800	1	2580	Non-current lease liabilities	68,158	2	3,966	-
1780 Intangible assets	6,810	-	9,054	-			<u>69,853</u>	<u>2</u>	<u>3,988</u>	<u>-</u>
1840 Deferred tax assets	76,656	3	74,997	3		Total liabilities	<u>1,614,787</u>	<u>50</u>	<u>1,087,003</u>	<u>40</u>
1900 Other non-current assets	4,192	-	4,166	-		Equity:				
	<u>318,828</u>	<u>10</u>	<u>180,271</u>	<u>7</u>	3110	Ordinary share	684,704	21	669,324	24
					3140	Share capital in advance	-	-	350	-
					3200	Capital surplus	389,633	12	378,674	14
					3300	Retained earnings	596,583	18	610,718	22
					3410	Exchange differences on translation of foreign financial statements	(984)	-	90	-
					3491	Unearned employee benefit	(45,219)	(1)	-	-
Total assets	<u>\$ 3,239,504</u>	<u>100</u>	<u>2,746,159</u>	<u>100</u>		Total equity	<u>1,624,717</u>	<u>50</u>	<u>1,659,156</u>	<u>60</u>
						Total liabilities and equity	<u>\$ 3,239,504</u>	<u>100</u>	<u>2,746,159</u>	<u>100</u>

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

Compal Broadband Networks, Inc. and subsidiaries

Consolidated comprehensive income statement

December 31, 2021 and 2020

(Expressed in thousands dollars of TWD, except for earnings per share)

	2021		2020		
	Amount	%	Amount	%	
4000	Operating revenue				
5000	Operating costs				
	Gross profit from operating				
	Operating expenses				
6100	Selling expenses	166,987	6	91,323	3
6200	Administrative expenses	105,464	4	97,267	4
6300	Research and development expenses	216,351	7	171,603	6
	Total operating expenses	<u>488,802</u>	<u>17</u>	<u>360,193</u>	<u>13</u>
	Net operational profit	<u>83,833</u>	<u>3</u>	<u>23,065</u>	<u>1</u>
	Non-operating income and expense				
7010	Other income	3,139	-	13,266	1
7020	Other profit and loss	(52,482)	(2)	2,720	-
7100	Interest income	2,727	-	6,269	-
7110	Rent income	115	-	-	-
7510	Interest expense	(410)	-	(299)	-
7770	Share of loss in affiliates and joint venture recognized by using equity method	(294)	-	-	-
		<u>(47,205)</u>	<u>(2)</u>	<u>21,956</u>	<u>1</u>
7900	Net profit before tax	<u>36,628</u>	<u>1</u>	<u>45,021</u>	<u>2</u>
7950	Less: income tax expense (income)	<u>3,884</u>	<u>-</u>	<u>(1,702)</u>	<u>-</u>
	Net profit of the period	<u>32,744</u>	<u>1</u>	<u>46,723</u>	<u>2</u>
8300	Other comprehensive loss and profit:				
8360	Items may be reclassified to profit and loss later				
8361	Exchange difference from conversion the financial statements of foreign operating organization	(1,342)	-	498	-
8399	Less: income tax related to the possibly reclassified item	(268)	-	99	-
	Total items may be reclassified to profit and loss later	<u>(1,074)</u>	<u>-</u>	<u>399</u>	<u>-</u>
8300	Other comprehensive loss and profit of the period	<u>(1,074)</u>	<u>-</u>	<u>399</u>	<u>-</u>
	Total comprehensive loss and profit of the period	<u>\$ 31,670</u>	<u>1</u>	<u>47,122</u>	<u>2</u>
	Earnings per share				
9750	Basic earnings per share	<u>\$ 0.49</u>		<u>0.70</u>	
9850	Diluted earnings per share	<u>\$ 0.49</u>		<u>0.70</u>	

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

Compal Broadband Networks, Inc. and subsidiaries

Consolidated change in equity statement

December 31, 2021 and 2020

(Expressed in thousands dollars of TWD)

	Retained earnings						Other equity item				Total equity
	Common share capital	Share capital in advance	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange difference from conversion the financial statements of foreign operating organization	Unearned remuneration by employees	Total	
Balance at January 1, 2020	\$ 668,871	-	465,695	138,011	-	432,673	570,684	(309)	-	(309)	1,704,941
Net profit of the period	-	-	-	-	-	46,723	46,723	-	-	-	46,723
Other comprehensive loss and profit of the period	-	-	-	-	-	-	-	399	-	399	399
Total comprehensive loss and profit of the period	-	-	-	-	-	46,723	46,723	399	-	399	47,122
Earning appropriation and distribution											
Legal reserve appropriated	-	-	-	1,052	-	(1,052)	-	-	-	-	-
Special reserve reversed	-	-	-	-	309	(309)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(6,689)	(6,689)	-	-	-	(6,689)
Cash dividends from capital surplus	-	-	(86,953)	-	-	-	-	-	-	-	(86,953)
New share issuance for exercised warrants by employees	453	350	-	-	-	-	-	-	-	-	803
Share-based payment transactions	-	-	(68)	-	-	-	-	-	-	-	(68)
Balance at December 31, 2020	669,324	350	378,674	139,063	309	471,346	610,718	90	-	90	1,659,156
Net profit of the period	-	-	-	-	-	32,744	32,744	-	-	-	32,744
Other comprehensive loss and profit of the period	-	-	-	-	-	-	-	(1,074)	-	(1,074)	(1,074)
Total comprehensive loss and profit of the period	-	-	-	-	-	32,744	32,744	(1,074)	-	(1,074)	31,670
Earning appropriation and distribution											
Legal reserve appropriated	-	-	-	4,672	-	(4,672)	-	-	-	-	-
Special reserve reversed	-	-	-	-	(309)	309	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(46,879)	(46,879)	-	-	-	(46,879)
Cash dividends from capital surplus	-	-	(20,091)	-	-	-	-	-	-	-	(20,091)
New share issuance for exercised warrants by employees	380	(350)	-	-	-	-	-	-	-	-	30
Issuance of restricted stock for employees	15,000	-	31,050	-	-	-	-	-	(46,050)	(46,050)	-
Share-based payment transactions	-	-	-	-	-	-	-	-	831	831	831
Balance at December 31, 2021	\$ 684,704	-	389,633	143,735	-	452,848	596,583	(984)	(45,219)	(46,203)	1,624,717

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

Compal Broadband Networks, Inc. and subsidiaries

Consolidated cash flow statement

December 31, 2021 and 2020

(Expressed in thousands dollars of TWD)

	2021	2020
Cash flow from operating activities:		
Net profit before tax of the period	\$ 36,628	45,021
Adjustment items		
Income and expense item		
Depreciation and amortization item	52,390	54,044
Expected credit impairment loss (reversal of income)	987	(330)
Interest expense	410	299
Interest incomes	(2,727)	(6,269)
Remuneration costs of share-based payment	831	(68)
Share of loss in affiliates and joint venture recognized by using equity method	294	-
Other	-	(1,397)
Total income and expense item	52,185	46,279
Changes in assets/liabilities related to operating activities:		
Changes in financial assets or liabilities mandatorily measured at fair value through profit or loss	(8,476)	-
Increase of accounts receivable	(374,593)	(46,669)
Decrease (increase) in other receivables	(149,145)	4,106
Decrease (increase) in inventory	(304,208)	415,260
Increase in advances	(23)	(11,437)
Decrease in other current assets	2,531	2,172
Decrease (increase) in financial assets held for transaction	(9,701)	9,261
Decrease (increase) in lease liabilities	(20,563)	10,052
Increase in accounts payable	485,328	209,210
Decrease (increase) in other payables	24,027	(13,764)
Decrease in liability reserve	(21,273)	(23,230)
Decrease (increase) in other current liabilities	(2,675)	2,089
Total net changes in assets/liabilities related to operating activities:	(378,771)	557,050
Total adjustment items	(326,586)	603,329
Cash (outflow) inflow generated from operation	(289,958)	648,350
Interests collected	2,881	6,660
Interests paid	(410)	(299)
Income tax paid	(115)	(6,644)
Net cash (outflow) inflow generated from operation	(287,602)	648,067
Cash flow from investing activities		
Acquired investments accounted for using equity method	(10,000)	-
Acquired property, plant and equipment	(90,275)	(22,282)
Consideration from disposal of property, plant and equipment	3	3,038
(Increase) decrease in refundable deposits	(26)	28
Acquired intangible assets	(5,741)	(6,239)
Net cash outflow from investing activities	(106,039)	(25,455)
Cash flow from financing activities		
Repayment of lease principal	(16,099)	(16,317)
Cash dividend payment	(66,970)	(93,642)
Exercised warrants by employees	30	803
Net cash outflow from financing activities	(83,039)	(109,156)
Effects on cash and cash equivalents from exchange rate changes	(1,342)	498
(Decrease) increase in cash and cash equivalents of the period	(478,022)	513,954
Beginning cash and cash equivalents of the period	1,524,536	1,010,582
Ending cash and cash equivalents of the period	\$ 1,046,514	1,524,536

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Compal Broadband Networks, Inc.

Balance sheet

December 31, 2021 and 2020

(Expressed in thousands dollars of TWD)

Asset	December 31, 2021		December 31, 2020			Liabilities and equity	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liabilities:				
1100 Cash and cash equivalents	\$ 1,035,101	32	1,511,374	55	2120	Current financial liabilities at fair value through profit or loss	\$ -	-	9,701	-
1110 Current financial assets at fair value through profit or loss	8,476	-	-	-	2130	Contractual liabilities - current	1,099	-	21,662	1
1170 Accounts receivable, net	895,538	28	521,308	19	2170	Accounts payable	669,572	21	430,792	16
1200 Other receivables, net	275,684	8	127,329	5	2180	Accounts payable - related parties	540,601	17	294,053	11
1310 Inventory	612,848	19	308,640	11	2200	Other payables	133,784	4	109,757	4
1410 Prepayments	55,789	2	55,766	2	2230	Income tax liabilities of the period	3,524	-	-	-
1470 Other current assets	25,808	1	28,302	1	2250	Liability reserves - current	179,577	6	200,850	8
	<u>2,909,244</u>	<u>90</u>	<u>2,552,719</u>	<u>93</u>	2280	Current lease liabilities	15,253	-	12,001	-
					2300	Other current liabilities	1,524	-	4,199	-
Non-current assets							<u>1,544,934</u>	<u>48</u>	<u>1,083,015</u>	<u>40</u>
1550 Investments accounted for using equity method	21,138	1	13,169	-		Non-current liabilities:				
1600 Property, plant and equipment	138,261	4	76,254	3	2570	Deferred income tax liabilities	1,695	-	22	-
1755 Right-of-use assets	83,203	3	15,800	1	2580	Non-current lease liabilities	68,158	2	3,966	-
1780 Intangible assets	6,810	-	9,054	-			<u>69,853</u>	<u>2</u>	<u>3,988</u>	<u>-</u>
1840 Deferred income tax assets	76,656	2	74,997	3		Total liabilities	<u>1,614,787</u>	<u>50</u>	<u>1,087,003</u>	<u>40</u>
1900 Other non-current assets	4,192	-	4,166	-		Equity:				
	<u>330,260</u>	<u>10</u>	<u>193,440</u>	<u>7</u>	3100	Ordinary shares	684,704	21	669,324	24
					3140	Share capital in advance	-	-	350	-
					3200	Capital surplus	389,633	12	378,674	14
					3300	Retained earnings	596,583	18	610,718	22
					3410	Exchange differences on translation of foreign financial statements	(984)	-	90	-
					3491	Unearned employee benefit	(45,219)	(1)	-	-
						Total equity	<u>1,624,717</u>	<u>50</u>	<u>1,659,156</u>	<u>60</u>
Total assets	<u>\$ 3,239,504</u>	<u>100</u>	<u>2,746,159</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,239,504</u>	<u>100</u>	<u>2,746,159</u>	<u>100</u>

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

Compal Broadband Networks, Inc.

Comprehensive income statement

December 31, 2021 and 2020

(Expressed in thousands dollars of TWD, except net income per share amounts)

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue	\$ 2,906,921	100	2,704,393	100
5000	Operating costs	2,334,286	80	2,321,156	86
	Gross profit from operating	572,635	20	383,237	14
	Operating expenses				
6100	Selling expenses	166,987	6	91,323	3
6200	Administrative expenses	105,069	4	96,855	4
6300	Research and development expenses	216,351	7	171,603	6
	Total operating expenses	488,407	17	359,781	13
	Net operational profit	84,228	3	23,456	1
	Non-operating income and expense				
7010	Other income	3,139	-	13,266	1
7020	Other profit and loss	(52,482)	(2)	2,720	-
7100	Interest incomes	2,727	-	6,269	-
7110	Rent incomes	115	-	-	-
7510	Interest expense	(410)	-	(299)	-
7775	Share of loss in subsidiaries, affiliates and joint venture recognized by using equity method	(689)	-	(391)	-
		(47,600)	(2)	21,565	1
7900	Net profit before tax	36,628	1	45,021	2
7950	Less: income tax expense (income)	3,884	-	(1,702)	-
	Net profit of the period	32,744	1	46,723	2
8300	Other comprehensive loss and profit:				
8360	Items may be reclassified to profit and loss later				
8361	Exchange difference from conversion the financial statements of foreign operating organization	(1,342)	-	498	-
8399	Less: income tax related to the possibly reclassified item	(268)	-	99	-
	Total items may be reclassified to profit and loss later	(1,074)	-	399	-
8300	Other comprehensive loss and profit of the period	(1,074)	-	399	-
	Total comprehensive loss and profit of the period	\$ 31,670	1	47,122	2
	Earnings per share				
9750	Basic earnings per share	\$ 0.49		0.70	
9850	Diluted earnings per share	\$ 0.49		0.70	

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

Compal Broadband Networks, Inc.

Change in equity statement

December 31, 2021 and 2020

(Expressed in thousands dollars of TWD)

	Retained earnings						Other equity item		Total	Total equity	
	Common share capital	Share capital in advance	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange difference from conversion the financial statements of foreign operating organization	Unearned remuneration by employees			
Balance at January 1, 2020	\$ 668,871	-	465,695	138,011	-	432,673	570,684	(309)	-	(309)	1,704,941
Net profit of the period	-	-	-	-	-	46,723	46,723	-	-	-	46,723
Other comprehensive loss and profit of the period	-	-	-	-	-	-	-	399	-	399	399
Total comprehensive loss and profit of the period	-	-	-	-	-	46,723	46,723	399	-	399	47,122
Earning appropriation and distribution											
Legal reserve appropriated	-	-	-	1,052	-	(1,052)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	309	(309)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(6,689)	(6,689)	-	-	-	(6,689)
Cash dividends from capital surplus	-	-	(86,953)	-	-	-	-	-	-	-	(86,953)
New share issuance for exercised warrants by employees	453	350	-	-	-	-	-	-	-	-	803
Share-based payment transactions	-	-	(68)	-	-	-	-	-	-	-	(68)
Balance at December 31, 2020	669,324	350	378,674	139,063	309	471,346	610,718	90	-	90	1,659,156
Net profit of the period	-	-	-	-	-	32,744	32,744	-	-	-	32,744
Other comprehensive loss and profit of the period	-	-	-	-	-	-	-	(1,074)	-	(1,074)	(1,074)
Total comprehensive loss and profit of the period	-	-	-	-	-	32,744	32,744	(1,074)	-	(1,074)	31,670
Earning appropriation and distribution											
Legal reserve appropriated	-	-	-	4,672	-	(4,672)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	(309)	309	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(46,879)	(46,879)	-	-	-	(46,879)
Cash dividends from capital surplus	-	-	(20,091)	-	-	-	-	-	-	-	(20,091)
New share issuance for exercised warrants by employees	380	(350)	-	-	-	-	-	-	-	-	30
Issuance of restricted stock for employees	15,000	-	31,050	-	-	-	-	-	(46,050)	(46,050)	-
Share-based payment transactions	-	-	-	-	-	-	-	-	831	831	831
Balance at December 31, 2021	\$ 684,704	-	389,633	143,735	-	452,848	596,583	(984)	(45,219)	(46,203)	1,624,717

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

Compal Broadband Networks, Inc.

Cash flow statement

December 31, 2021 and 2020

(Expressed in thousands dollars of TWD)

	2021	2020
Cash flow from operating activities:		
Net profit before tax of the period	\$ 36,628	45,021
Adjustment items		
Income and expense item		
Depreciation and amortization item	52,390	54,044
Expected credit impairment loss (reversal of income)	987	(330)
Interest expense	410	299
Interest incomes	(2,727)	(6,269)
Remuneration costs of share-based payment	831	(68)
Share of loss in subsidiaries, affiliates and joint venture recognized by using equity method	689	391
Other	-	(1,398)
Total income and expense item	52,580	46,669
Changes in assets/liabilities related to operating activities:		
Net loss (gain) on financial assets or liabilities mandatorily measured at fair value through profit or loss	(8,476)	-
Increase of accounts receivable	(374,593)	(46,669)
Decrease (increase) in other receivables	(149,133)	4,106
Decrease (increase) in inventory	(304,208)	415,260
Increase in advances	(23)	(11,437)
Decrease in other current assets	2,531	2,171
Decrease (increase) in financial assets held for transaction	(9,701)	9,261
Decrease (increase) in lease liabilities	(20,563)	10,052
Increase in accounts payable	485,328	209,210
Decrease (increase) in other payables	24,027	(13,764)
Decrease in liability reserve	(21,273)	(23,230)
Decrease (increase) in other current liabilities	(2,675)	2,089
Total net changes in assets/liabilities related to operating activities:	(378,759)	557,049
Total adjustment items	(326,179)	603,718
Cash (outflow) inflow generated from operation	(289,551)	648,739
Interests collected	2,881	6,660
Interests paid	(410)	(299)
Income tax paid	(115)	(6,644)
Net cash (outflow) inflow generated from operation	(287,195)	648,456
Cash flow from investing activities		
Acquired investments accounted for using equity method	(10,000)	-
Acquired property, plant and equipment	(90,275)	(22,282)
Consideration from disposal of property, plant and equipment	3	3,038
(Increase) decrease in refundable deposits	(26)	28
Acquired intangible assets	(5,741)	(6,239)
Net cash outflow from investing activities	(106,039)	(25,455)
Cash flow from financing activities		
Repayment of lease principal	(16,099)	(16,317)
Cash dividend payment	(66,970)	(93,642)
Exercised warrants by employees	30	803
Net cash outflow from financing activities	(83,039)	(109,156)
(Decrease) increase in cash and cash equivalents of the period	(476,273)	513,845
Beginning cash and cash equivalents of the period	1,511,374	997,529
Ending cash and cash equivalents of the period	<u>\$ 1,035,101</u>	<u>1,511,374</u>

Item 2

Proposed by the Board of Directors

Proposal: To ratify the earnings distribution of 2021

Explanatory Notes:

1. The 2021 earning distribution is approved by the Audit Committee and the resolved by the board of directors
2. Attached please find the 2021 Earning Distribution Table (please refer to page 27), and please ratify

Resolution:

Compal Broadband Networks, Inc.
2021 Earnings Distribution Proposal

Unit: NT\$	
Item	Amount
Unappropriated retained earnings in the beginning of the period	420,104,040
Plus: nNet income of 2021	32,743,936
Distributable earnings	452,847,976
Distribution items:	
Less: Legal reserve	(3,274,394)
Less: Special reserve resulting from other equity interest	(984,222)
Less: Dividends to shareholders (cash dividend of NT\$1 per share)	(68,419,391)
Ending accumulated undistributed earning	380,169,969

Discussion Items

Item 1

Proposed by the Board of Director

Proposal: To approve the amendment to the “Articles of Incorporation.”

Explanatory Notes:

1. In order to conform to the amendment of applicable laws and regulations, the company hereby proposes to amend the " Articles of Incorporation”
2. The Comparison Table Before and After Amendment to the Articles of Incorporation is attached (please refer to page 29).

Resolution:

Compal Broadband Networks, Inc.
Comparison Table of the Amendments of the Articles of Incorporation

Article No.	Previous provision	Amended provision	Reason of amendment
Article 9-1		<u>A company may explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by MOEA.</u>	Amended to align with the laws and regulations.
Article 24-1	<p>If there is any surplus in the Company's earnings as concluded by the annual accounting book close, after paying tax and making up for accumulated losses, 10% shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital, and the remainder shall be set aside or reversed as special reserve in accordance with the law; if there is any remaining earnings, the balance plus the accumulated undistributed earnings may be proposed by the board of directors for distribution upon the resolution of the shareholders' meeting; provided, the distribution may be exempted if the EPS is less than NT\$1.</p> <p>The Company is in the stage of operation growth; the dividend distribution policy shall consider the operating environment, operating performance, and financial structures, among other things, for the distribution. No less than 10% of the distributable earnings shall be provided for shareholder's bonus; provided, the board of directors may adjust the percentage based on the overall operating conditions at that time, and submit the proposal for the resolution of shareholders' meeting. However, the cash dividends distributed to the shareholders must not less than 10% of the sum of the cash and share dividends.</p>	<p>If there is any surplus in the Company's earnings as concluded by the annual accounting book close, after paying tax and making up for accumulated losses, 10% shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital, and the remainder shall be set aside or reversed as special reserve in accordance with the law; if there is any remaining earnings, the balance plus the accumulated undistributed earnings may be proposed by the board of directors for distribution upon the resolution of the shareholders' meeting; provided, the distribution may be exempted if the EPS is less than NT\$1.</p> <p><u>The Company authorizes the board meeting attended by two-third or more directors, and the resolution by the majority of the attended directors, to distribute all or part of the shareholders' dividends and bonus, capital reserve, or surplus reserve in cash, and report to the shareholders' meeting.</u></p> <p>The Company is in the stage of operation growth; the dividend distribution policy shall consider the operating environment, operating performance, and financial structures, among other things, for the distribution. No less than 10% of the distributable earnings shall be provided for shareholder's bonus; provided, the board of directors may adjust the percentage based on the overall operating conditions at that time, and submit the proposal for the resolution of shareholders' meeting. However, the cash dividends distributed to the shareholders must not less than 10% of the sum of the cash and share dividends.</p>	To accommodate the practical needs
Article 26	The Articles of Incorporation were established on August 12, 2009 upon the agreement of all initiators. The 1st amendment was made on June 27, 2011. The 2nd amendment was made on June 22, 2016. The 3rd amendment was made on June 27, 2017. The 4th amendment was made on June 8, 2018. The 5th amendment was made on June 28, 2019. The 6th amendment was made on August 30, 2021.	The Articles of Incorporation were established on August 12, 2009 upon the agreement of all initiators. The 1st amendment was made on June 27, 2011. The 2nd amendment was made on June 22, 2016. The 3rd amendment was made on June 27, 2017. The 4th amendment was made on June 8, 2018. The 5th amendment was made on June 28, 2019. The 6th amendment was made on August 30, 2021. <u>The 7th amendment was made on June 27, 2022.</u>	Date of additions and amendment

Item 2

Proposed by the Board of Director

Proposal: To approve the amendment to the “Procedures for Acquisition or Disposal of Assets”.

Explanatory Notes:

1. In order to conform to the amendment of applicable laws and regulations, the company hereby proposes to amend the "Procedures for Acquisition or Disposal of Assets".
2. The Comparison Table Before and After Amendment to the Procedures for Acquisition or Disposal of Assets is attached (please refer to page 31 to page 36).

Resolution:

Compal Broadband Networks, Inc.

Comparison Table of the Amendments of the Procedures for Acquisition or Disposal of Assets

Article No.	Previous provision	Amended provision	Reason of amendment
Article 2	<p>Definition and scope: (Omitted)</p> <p>I. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>(I) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>(II) May not be a related party or de facto related party of any party to the transaction.</p> <p>(III) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, such personnel shall comply with</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations. 	<p>Definition and scope: (Omitted)</p> <p>I. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>(I) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>(II) May not be a related party or de facto related party of any party to the transaction.</p> <p>(III) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of the industry associations to which they belong and</u> with the following provisions</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When examining <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and 	<p>Amended to align with the laws and regulations</p>

Compal Broadband Networks, Inc.

Comparison Table of the Amendments of the Procedures for Acquisition or Disposal of Assets

Article No.	Previous provision	Amended provision	Reason of amendment
		found that the information used is <u>appropriate and</u> reasonable and accurate , and that they have complied with applicable laws and regulations.	
Article 5	Operational procedures for the acquisitions and disposals of securities (Omitted) III. Obtaining expert's opinion The Company, when acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	Operational procedures for the acquisitions and disposals of securities (Omitted) III. Obtaining expert's opinion The Company, when acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	Amended to align with the laws and regulations
Article 6	Operational procedures for acquiring and disposing of property, equipment or the right-of-use assets thereof, membership, and patents, copyrights, trademarks, franchise rights, and other intangible assets: (Omitted) III. Appraisal or evaluation opinion report (I) Appraisal for real property or equipment: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.	Operational procedures for acquiring and disposing of property, equipment or the right-of-use assets thereof, membership, and patents, copyrights, trademarks, franchise rights, and other intangible assets: (Omitted) III. Appraisal or evaluation opinion report (I) Appraisal for real property or equipment: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent	Amended to align with the laws and regulations

Compal Broadband Networks, Inc.

Comparison Table of the Amendments of the Procedures for Acquisition or Disposal of Assets

Article No.	Previous provision	Amended provision	Reason of amendment
Article 6	<p>2. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>3. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(II) Expert's evaluation report on intangible assets or membership Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, other than transactions with the domestic institutions, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>change to the terms and conditions of the transaction.</p> <p>2. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>3. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(II) Expert's evaluation report on intangible assets or membership Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, other than transactions with the domestic institutions, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	
Article 7	<p>Transaction with related party: (Omitted)</p> <p>II. 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</p>	<p>Transaction with related party: (Omitted)</p> <p>II. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or</p>	Amended to align with the laws and regulations

Compal Broadband Networks, Inc.

Comparison Table of the Amendments of the Procedures for Acquisition or Disposal of Assets

Article No.	Previous provision	Amended provision	Reason of amendment
Article 7	<p>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 percent or more of paid-in capital, 10 percent 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 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 submitted to approved by the Audit Committee and the board of directors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) 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 paragraph 3 and 4 of the Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) 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.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of all the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 1 of Article 10 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 or board of directors and approved by the Audit Committee and the board of directors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may</p>	<p>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 percent or more of paid-in capital, 10 percent 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 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 submitted to approved by the Audit Committee and the board of directors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) 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 paragraph 3 and 4 of the Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) 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.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of all the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 1 of Article 10 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 or board of directors and approved by the board of directors <u>and the shareholders' meeting</u> need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or</p>	

Compal Broadband Networks, Inc.
Comparison Table of the Amendments of the Procedures for Acquisition or Disposal of Assets

Article No.	Previous provision	Amended provision	Reason of amendment
Article 7	<p>delegate the board chairman to decide such matters when the transaction is within NT\$100 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p>When a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may delegate the board chairman to decide such matters when the transaction is within NT\$100 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p>When a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>If a public company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 2 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.</u></p>	
Article 10	<p>Procedure of information disclosure:</p> <p>I. Items to be public announced and reported, and the criteria thereof (Omitted)</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds 2. Where done by professional investors— securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 	<p>Procedure of information disclosure:</p> <p>I. Items to be public announced and reported, and the criteria thereof (Omitted)</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> 2. Where done by professional investors— securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds</u>, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded notes</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging 	Amended to align with the laws and regulations

Compal Broadband Networks, Inc.

Comparison Table of the Amendments of the Procedures for Acquisition or Disposal of Assets

Article No.	Previous provision	Amended provision	Reason of amendment
Article 10	3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (Omitted)	stock company, in accordance with the rules of the Taipei Exchange. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (Omitted)	
Article 10	Additional Provisions The Operational Procedures were established on May 21, 2010, resolved by the board of directors, and implemented on June 25, 2010 upon the resolution of the shareholders' meeting. The 1st to 3rd amendments are omitted. The 4th amendment was made on March 8, 2019, resolved by the board of directors, and implemented on June 28, 2019 upon the resolution of the shareholders' meeting.	Additional Provisions The Operational Procedures were established on May 21, 2010, resolved by the board of directors, and implemented on June 25, 2010 upon the resolution of the shareholders' meeting. The 1st to 3rd amendments are omitted. The 4th amendment was made on March 8, 2019, resolved by the board of directors, and implemented on June 28, 2019 upon the resolution of the shareholders' meeting. <u>The 5th amendment was made on March 9, 2022, resolved by the board of directors, and implemented on June 27, 2022 upon the resolution of the shareholders' meeting.</u>	Date of additions and amendment

Item 3

Proposed by the Board of Director

Proposal: To approve the release of non-competition restrictions for directors of the Company.

Explanatory Notes:

1. As Company's directors may invest in or operate a business which is identical of similar to the business scope of the Company, without prejudice to any interest of the Company, it is proposed to approve the release of non-competition restrictions for these directors in accordance with Article 209 of the Company Act.
2. Information of the directors who currently serve in a position of other companies is shown in the table (please refer to page 38).

Resolution:

Compal Broadband Networks, Inc.
List of Positions Held by Directors in Other Companies

Title	Name	Positions currently held in other companies	
Chairman	Wong, Chung-Pin (Representative of the corporate shareholder, Compal Electronics, Inc.)	Chairman	Compal USA (Indiana), Inc.; Poindus Systems Corp.
		Director	Kinpo & Compal Group Assets Development Corporation; HengHao Trading Co., Ltd.
Director	Chen Jui-Tsung (Representative of the corporate shareholder, Compal Electronics, Inc.)	Chairman	Kinpo & Compal Group Assets Development Corporation; Raypal Biomedical Co., Ltd.
		Director	Raypal Biomedical Co., Ltd.; Bizcom Electronics, Inc.、 Compal USA (Indiana), Inc.

Extraordinary Motions

Extraordinary Motions

Appendices

Appendix I

Compal Broadband Networks, Inc.

Rules of Procedure for Shareholders Meetings

- Article 1 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 2 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall also prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- Article 4 Election or dismissal of directors, amendments to the articles of incorporation, dissolution, merger, split, or any matter under Article 185, paragraph 1 of the Company Act, shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
Any matter under Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
- Article 5 A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article.

At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 6

The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences.

Shareholders or proxies appointed by the shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 8

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director or a director serves as chair, as referred to in the preceding paragraph, the director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote.

Article 11

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When being public listed, the Company specifies the electronic means is one approach for the shareholders to exercise the voting rights. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total

number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.

Article 14 The proposal is deemed approved if no dissent is expressed when all attending shareholders are consulted by the chair; in case of any dissent, the poll shall be taken as specified in the preceding paragraph. Other than the proposals in the agenda, any other proposal, or amendment or alternative to an original proposal proposed by any shareholder, shall be seconded by other shareholders.

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

Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote. The resolution approach in the Article, is to consult the shareholders by the chair; if there is no dissent, it shall be recorded as "approved without dissent from any attending shareholder consulted by the chair;" provided, if any shareholder expresses dissent, it shall specify the poll is taken and the proportion of voting rights in favor to the total voting right.

Article 16 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

- Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 19 The Company beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 20 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. Production and distribution of meeting minutes may be conducted electronically.
The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of the Company.
- Article 21 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting.
If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.
- Article 22 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.
The Operational Procedures were established on May 7, 2013, resolved by the board of directors, and implemented on June 21, 2013 upon the resolution of the shareholders' meeting.
The 1st amendment was made on March 24, 2017, resolved by the board of directors, and implemented on June 27, 2017 upon the resolution of the shareholders' meeting.
The 2nd amendment was made on March 13, 2018, resolved by the board of directors, and implemented on June 8, 2018 upon the resolution of the shareholders' meeting.

Appendix II

Compal Broadband Networks, Inc.

Articles of Incorporation

Chapter I General Principles

- Article 1 The Company is incorporated pursuant to the Company Act, and named as 鉉寶科技股份
有限公司, or Compal Broadband Networks, Inc. in English.
- Article 2 The Company engages in the following business:
- I. CC01060 Wired Communication Mechanical Equipment Manufacturing
 - II. CC01070 Wireless Communication Mechanical Equipment Manufacturing
 - III. CC01080 Electronics Components Manufacturing
 - IV. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials
Manufacturing
 - V. CC01110 Computer and Peripheral Equipment Manufacturing
 - VI. E701030 Controlled Telecommunications Radio-Frequency Devices Installation
Engineering
 - VII. F113070 Wholesale of Telecommunication Apparatus
 - VIII. F213060 Retail Sale of Telecommunication Apparatus
 - IX. F401010 International Trade
 - X. I501010 Product Designing
 - XI. ZZ99999 All business items that are not prohibited or restricted by law, except those
that are subject to special approval.
- Article 3 The Company may make guarantee externally if the business requires.
- Article 4 The Company locates the headquarter in Hsinchu County, and may establish branches,
plants, or office domestically or internationally upon the board of directors' resolution
when required.
- Article 5 The Company may reinvest more than 40% of the paid-in capital in aggregation, and may
reinvest in other companies as a shareholder with limited liability.

Chapter II Shares

- Article 6 The total capital of the Company is One Billion New Taiwan Dollars, divided into One
Hundred Million shares with par value NT\$10 per share; shares may be issued in batches.
One Hundred Million New Taiwan Dollars in the registered total capital, or Ten Million
shares are reserved for employees to exercise their warrants, or conversion of convertible
corporate bonds with share subscription rights. The unissued shares may be issued in
batches upon the board of directors' resolution.
- Article 7 Article 6-1 For the treasury shares bought by the Company pursuant to the Company Act,
share subscription warrants, restricted stock for employees, and employee's subscription in
a new share issuance, the employees of parents or subsidiaries of the company meeting
certain specific requirements are entitled to receive such as well.
- Article 8 The Company's shares are registered, and signed/sealed by three or more directors,
numbered, and certified by the competent authority or the institution authorized by the
competent authority for issuance and registration before issuance.
The Company may be exempted from printing the certificate(s) of shares for issuance, but
shall register the issued shares with a centralized securities depository enterprise and
follow the regulations of that enterprise.
Unless otherwise specified, for the shareholders' service, or the exercise of any right by a
shareholder, the Regulations Governing the Administration of Shareholder Services of
Public Companies shall be complied with.

Article 9 The entries in its shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, within 30 days prior to the convening date of a special shareholders' meeting, or five days prior to the base date of dividends, bonus, or other interest distribution.

Chapter III Shareholders' meeting

Article 10 Shareholders' meeting shall be two kinds, regular and special. The regular one is held at least once every year, within six months from the end of each fiscal year. The special one is convened pursuant to laws when necessary.

A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. A meeting notice shall be given to each shareholders no later than 15 days prior to the scheduled meeting date.

The reasons for convening a shareholders meeting shall be specified in the meeting notice. With the consent of the addressee, the meeting notice may be given in electronic form.

Article 11 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders meeting is convened by a party other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. designation, the directors shall select from among themselves one person to serve as chair.

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company, sealed or signed, and stating the scope of the proxy's authorization, pursuant to Article 177 of the Company Act.

Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies shall be complied with if proxy forms are used by the attending shareholders.

Article 12 Other than under restrictions or in the circumstances specified in Article 179 of the Company Act, each share is entitled for one voting right. When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When being public listed, the Company specifies the electronic means is one approach for the shareholders to exercise the voting rights.

Article 13 Other than the Company Act stipulates otherwise, the resolutions of the shareholders' meetings shall be adopted by the majority of the attending voting rights in a shareholders' meeting attended by the majority of the issued shares.

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. Production and distribution of meeting minutes may be conducted electronically. Production and distribution of meeting minutes may be conducted in the way of public announcement.

Chapter IV The Board of Directors and Functional Committees

Article 14 The Company establishes five to eleven directors; they shall be elected from among the shareholders with disposing capacity.

The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship. The Company may establish the independent directors within the aforesaid directors. The independent directors shall be two and one-fifth of all directors at minimum. The candidate nomination system is adopted for the shareholders to elect from the independent director candidate list. The professional qualifications, shareholding, concurrent position restriction, nomination and election

methods, and other matters to be complied with, the related laws and regulations shall be observed.

The election of directors shall comply with the related laws and regulations and the Company's Procedures for Election of Directors. When being public listed, the candidate nomination system shall be adopted, for the shareholders to elect from the director candidate list.

The Company may establish the Audit Committee pursuant to the securities and exchange laws and regulations; the committee consists of all independent directors, and one of them is the convener, with at least one member shall have the expertise in accounting or finance. The Audit Committee established by the Company pursuant to laws, is responsible to exercise the supervisors' power granted by the Company Act, the Securities and Exchange Act, other laws and regulations, and the Company's Articles of Incorporation and other regulations.

When required by the business, the board of directors may establish the Remuneration Committee or other functional committee pursuant to laws and regulations.

Article 15 The term of director's office is three years, and the re-election is permitted.

When the vacancies of the board reaches one third of all directors, the special meeting of shareholders for electing succeeding directors shall be convened by the board of directors within 60 days.

After establishing the independent directors, and the dismissal of independent director results in the number of independent director is short from the requirement of the Articles of Incorporation, such vacancies shall be filled in the soonest shareholders' meeting; if all independent directors are dismissed, the special meeting of shareholders for electing directors shall be convened directors within 60 days from the date of occurrence.

The term of office for the directors and independent directors by-elected, shall only be the remaining term of the precedent directors.

Article 16 The board of directors are formed by directors, and the chairman is elected from directors with the majority of the attending directors in the meeting attended by two-third or more directors, to execute all affairs pursuant to the laws and regulations, the Articles of Incorporation, and resolutions of shareholders' meetings and boards meetings. The chairman of the board of directors shall internally preside the shareholders' meeting, and the meeting of the board of directors; and shall externally represent the company.

Article 17 The Company's operating guidelines and other key matters are conducted upon the resolution of the board of directors. Other than the first meeting of each term of the board, which is convened by the director won the most voting rights, the board meetings are convened by the chairman.

The powers of the board of directors are the follows:

I. Appointment and discharge of managerial officers.

II. Review of budget and settlement.

III. Formulation and proposal of earning distributions or deficit offset.

IV. Approved key regulations and contracts

V. Review of real property transactions and investments in other business.

VI. Other power granted pursuant to the Company Act and resolutions of the shareholders' meeting.

Article 18 The convention of a board meeting shall be noticed to each director seven days prior to the meeting, and the causes shall be specified. However, the board meeting may be convened whenever in emergency. With the consent of the addressee, the board meeting notice may be given in electronic form, such as correspondence, fax, or e-mail.

Article 19 The resolutions of the board shall be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least two-third of the entire directors, unless the Company Act specifies otherwise. In case a director appoints another director to attend a meeting of the board of directors in his/her behalf when he/she is unable to attend

in person, he/sher shall issue a written proxy and state therein the scope of authority, and one proxy for each director only.

Article 20 When the chairman is on leave or unable to exercise the power, Article 208 of the Company Act shall be complied with for his/her deputy.

Article 21 (Deleted)

Article 22 Article 21 The directors shall be paid with salaries for conducting business for the Company regardless the profit or loss. The remunerations of all directors shall be proposed by the Remuneration Committee to the board of directors for resolutions by referring their participations to the operation and value of the contributions, as well as the peer's level.

Chapter V Managerial Officer

Article 23 Article 22 The Company may establish managerial officers; Article 29 of the Company Act shall be complied with for their appointments, discharges, and remunerations. After the Company establishes the Remuneration Committee pursuant to the securities and exchange laws and regulations, the Remuneration Committee proposes the managerial officers' remunerations to the board of directors for resolutions.

Chapter VI Accounting

Article 24 Article 23 The Company's fiscal years are from January 1 to December 31. At the end of each fiscal year, the Company shall have the board of directors to prepare the following books and statement, and submit such to the shareholders' meetings for ratifications pursuant to the statutory procedures.

I. Business plans

II. Financial statements

III. Proposal of earning distributions or deficit offsets.

For the proposal of earning distributions in the preceding paragraph, the board of directors is authorized to resolve the cash distribution for the shareholders' dividends and bonuses pursuant to the Articles of Incorporation, and needs not to be ratified by the shareholders' meeting.

Article 25 Article 24 The Company shall distribute no lower than 5% of the profit of the year as the employees' remunerations, and no more than 2% of the same as the directors' remunerations; however, the accumulated losses shall be offset first.

The "profit of the year" in the preceding paragraph refers to the income after the pre-tax income of the year deducting the distribution of the employees' and directors' remunerations.

The distribution of the employees' and directors' remunerations shall be resolved by the majority of the attending directors in a board meeting attended by two-third or more of the all directors, and reported to the shareholders' meeting.

The employee's remuneration may be paid in shares or cash, and the employees entitled to receive the remuneration include the employees of parents or subsidiaries of the company meeting certain specific requirements.

Article 24-1 If there is any surplus in the Company's earnings as concluded by the annual accounting book close, after paying tax and making up for accumulated losses, 10% shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital, and the remainder shall be set aside or reversed as special reserve in accordance with the law; if there is any remaining earnings, the balance plus the accumulated undistributed earnings may be proposed by the board of directors for distribution upon the resolution of the shareholders' meeting; provided, the distribution may be exempted if the EPS is less than NT\$1.

The Company is in the stage of operation growth; the dividend distribution policy shall consider the operating environment, operating performance, and financial structures, among other things, for the distribution. No less than 10% of the distributable earnings

shall be provided for shareholder's bonus; provided, the board of directors may adjust the percentage based on the overall operating conditions at that time, and submit the proposal for the resolution of shareholders' meeting. However, the cash dividends distributed to the shareholders must not less than 10% of the sum of the cash and share dividends.

Chapter VII. Supplementary Principles

Article 26 Article 25 For anything no mentioned in the Articles of Incorporation, the Company Act and related laws and regulations.

Article 27 Article 26 The Articles of Incorporation were established on August 12, 2009 upon the agreement of all initiators.

The 1st amendment was made on June 27, 2011.

The 2nd amendment was made on June 22, 2016.

The 3rd amendment was made on June 27, 2017.

The 4th amendment was made on June 8, 2018.

The 5th amendment was made on June 28, 2019.

The 6th amendment was made on August 30, 2021.

Appendix III.

Compal Broadband Networks, Inc.

Procedures for Acquisition or Disposal of Assets

Article 1

Purpose and legal basis:

To enhance the asset management of the Company, protect the investments, and implement the information disclosure, the Operational Procedures are established pursuant to the “ Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and related regulations.

Article 2

Definition and scope:

- I. The term "assets" as used in these Procedures includes the following:
 - (I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 - (II) Real property (including land, houses and buildings, and investment property) and equipment.
 - (III) Right-of-use assets.
 - (IV) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 - (V) Derivatives.
 - (VI) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 - (VII) Other major assets.
- II. The term “derivatives” in the Procedures refers to the 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.
- III. The term “assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law” refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- IV. The term “related party” is as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
- V. The term “subsidiary” is as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- VI. The term “professional appraiser” refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- VII. The term “date of occurrence” refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount

of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

- VIII. The term "Mainland China area investment" refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- IX. The requirement regarding 10 percent of the total assets specified in the Procedures shall be calculated based on the total assets in the latest parent-only or individual financial reports prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- X. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- XI. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- XII. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
- XIII. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
- (I) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
 - (II) May not be a related party or de facto related party of any party to the transaction.
 - (III) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, such personnel shall comply with

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the

conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 3

Limits for total acquisitions and individual acquisitions

The Company and subsidiaries acquire, dispose, or retain each assets pursuant to the Procedures; provided, the limits for acquisitions of real properties not for business use or securities, aggregated or individual, are as following:

- I. The maximum total amount for acquisitions of real properties not for business use is 1.5 times of the Company's net worth.
- II. The maximum total amount for acquisitions of securities that are expected to be held for one year or more, is one time of the Company's net worth. The maximum amount of an individual security is 50% of the Company's net worth.
- III. The maximum total amount for acquisitions of securities that are expected to be held for less than one year, is 50% of the Company's net worth. The maximum amount of an individual security is 20% of the Company's net worth.

The said "net worth" shall be based on such amount in the financial statements of the Company for the most recent period, certified or reviewed by a certified public accountant.

Article 4

Determination of transaction terms and authority of approval:

- I. For the acquisitions of securities that are expected to be held for less than one year, where the amount is NT\$300 million (inclusive) or above in a single transaction, the approval resolved by the board of director is required before conducting; for the amount between NT\$300 million and NT\$100 million (inclusive), the chairman is authorized to determine; for the amount under NT\$100 million, the president is authorized to determine.
- II. For the acquisitions of securities that are expected to be held for more than one year, real properties, equipment, membership, and patents, copyrights, trademarks, franchise rights, and other intangible assets, with amount is NT\$100 million (inclusive) or above in a single transaction, the approval resolved by the board of director is required before conducting; for the amount under NT\$100 million, the chairman is authorized to determine.
- III. For the acquisition and disposal of asset requiring special resolution of material matters pursuant to Article 185 of the Company Act, the approval resolved by the board of director is required before submitted to the shareholders' meeting for approval before conducting.

When a matter is submitted for discussion by the board of directors pursuant to the article, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 5

Operational procedures for the acquisitions and disposals of securities

- I. Evaluation and operational procedures

When acquiring or disposing of securities, the Company shall have the execute unit to establish the investment evaluation task force, to complete a fund raising, sources and utilization analysis reports; unless there are publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC), prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and the specific investment and execution program shall be formulated based on feasibility analysis regarding investment purpose, financial position, and expected benefits, and submit such to the unit or personnel with authority to approve specified in Article 4 for approval. Each operational procedure shall comply with the related transaction cycles under the Company's internal control system.

II. Execute unit

Acquisitions and disposals of securities shall be conducted by the Finance Department.

III. Obtaining expert's opinion

The Company, when acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 6

Operational procedures for acquiring and disposing of property, equipment or the right-of-use assets thereof, membership, and patents, copyrights, trademarks, franchise rights, and other intangible assets:

I. Evaluation and operational procedures: When acquiring or disposing of real property, equipment and the right-of-use thereof, membership, and patents, copyrights, trademarks, franchise rights, and other intangible assets, the execute unit shall propose the budget plan as required, to conduct the feasibility analysis in terms of condition before investment in the concerned asset, purpose of investment, investment costs, expected years to collect, and analysis of benefits, formulate the concrete execution programs, and submit such to the unit or personnel with authority to approve specified in Article 4 for approval. Each operational procedure shall comply with the related transaction cycles under the Company's internal control system.

II. Execute unit

Operational procedures for acquiring and disposing of property, equipment or the right-of-use assets thereof, membership, and patents, copyrights, trademarks, franchise rights, and other intangible assets:

III. Appraisal or evaluation opinion report

(III) Appraisal for real property or equipment:

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless

transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
3. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

- (IV) Expert's evaluation report on intangible assets or membership
Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, other than transactions with the domestic institutions, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 6-1 The calculation of all the transaction amounts referred to in the preceding two paragraphs shall be made in accordance with Paragraph 1 of Article 10 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 or board of directors and approved by the board of directors and the shareholders' meeting need not be counted toward the transaction amount.

Article 7 Transaction with related party:

- I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted, and the reasonableness of the transaction terms is appraised pursuant to this and the preceding articles, if the transaction amount reaches 10 percent or more of

the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Article 6. The calculation of the transaction amount in the preceding paragraph shall comply with Article 6-1.

- II. 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 percent or more of paid-in capital, 10 percent 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 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 submitted to approved by the Audit Committee and the board of directors:
- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (II) The reason for choosing the related party as a transaction counterparty.
 - (III) 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 paragraph 3 and 4 of the Article.
 - (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
 - (V) 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.
 - (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
 - (VII) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of all the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 1 of Article 10 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 or board of directors and approved by the Audit Committee and the board of directors need not be counted toward the transaction amount.

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 percent of the issued shares or authorized capital, the board of directors may delegate the board chairman to decide such matters when the transaction is within NT\$100 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration

each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

- III. When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means (Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below):
 - (I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - (II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- IV. The Company, when acquiring real property or right-of-use assets thereof from a related party, other than appraising the cost of the real property or right-of-use assets thereof in accordance with the preceding paragraph, shall also engage a CPA to check the appraisal and render a specific opinion.
- V. When acquiring real property or right-of-use assets thereof from a related party, and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 2, and the preceding two paragraphs do not apply:
 - (I) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 - (II) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
 - (III) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
 - (IV) The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- VI. When the results of the Company's appraisal conducted in accordance with paragraph 3 of the Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 7. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
 - (I) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 3. Completed leases by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- (II) Where the Company acquires real property, or obtains real property right-of-use assets through leasing from a related party, provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
- (III) Completed transactions involving neighboring or closely valued parcels of land in (I) and (II), in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- VII. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the paragraph 3 and 6 of the Article are uniformly lower than the transaction price, or there is other evidence indicating that the acquisition was not an arms length transaction, the following steps shall be taken:
- (I) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. Where the Company has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other

evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

- (II) The Audit Committee shall comply with Article 218 of the Company Act.
- (III) Actions taken pursuant to (I) and (II) shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Article 8 Operational procedures for the acquisitions and disposals of derivatives:
The “Operational Procedures for Engaging in Derivatives Trading” shall be complied with.

Article 9 Operational procedures for merger, demerger, acquisition, or transfer of shares:

I. Evaluation and operational procedures

- (I) When the Company conducts a merger, demerger, acquisition, or transfer of shares, shall engage a CPA, attorney, or securities underwriter to study and formulate the expected statutory procedures schedule, and form and task force to execute based on the statutory procedures. Prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries’ issued shares or authorized capital.
- (II) The Company, when participating in a merger, demerger, acquisition, or transfer of shares, shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in (I) paragraph 1 of the Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

II. Other matters to be paid attentions to

- (I) Date of board meeting: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary

- circumstances and grants consent.
- (II) Prior confidentiality commitment: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (III) Principles for determining and altering the share exchange ratio or acquisition prices: companies participating in a merger, demerger, acquisition, or transfer of shares shall, prior to convening the board of directors to resolve on the matter, engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. As a principle, the share exchange ratio or acquisition price may not be arbitrarily altered unless the circumstances permitting alteration are stipulate in the contract: The circumstances permitting alteration of the share exchange ratio or acquisition price:
1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 2. An action, such as a disposal of major assets, that affects the company's financial operations.
 3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (IV) Contract shall record: The contract for participation by a company in a merger, demerger, acquisition, or of share transfer, shall specify the following matters other than required by Article 317 of the Company Act and Article 22 of Business Mergers And Acquisitions Act:
1. Handling of breach of contract.
 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 4. The manner of handling changes in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution, and anticipated completion date.
 6. Preliminary progress schedule for plan execution, and anticipated completion date.
- (V) When the number of companies participating in the merger, demerger,

acquisition, or share transfer changes: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

- (VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company, and comply with (I) Date of board meeting; (II) Prior confidentiality commitment ; and (V)When the number of companies participating in the merger, demerger, acquisition, or share transfer changes of paragraph 2 of the Article.
- (VII)When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
 - 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
 - 3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
- (VIII) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report the information set out in item 1 and 2, subparagraph 7, paragraph 2 of the Article to the FSC for recordation.
- (IX) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is not listed on an exchange or has its shares traded on an OTC market, shall be contracted with and comply with subparagraphs 7 and 8, paragraph 2 of the Article.

Article 10

Procedure of information disclosure:

- I. Items to be public announced and reported, and the criteria thereof
 - (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or

bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- (IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (V) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
- (VI) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- (VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: provided, this shall not apply to the following circumstances:
 - 1. Trading of domestic government bonds
 - 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (VIII) The amount of transactions in subparagraph 7 above shall be calculated as follows, and "Within the preceding year" refers to the year preceding the

date of occurrence of the current transaction. Items duly announced in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” need not be counted toward the transaction amount.

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

(IX) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

II. Deadline for public announcement and report

The Company, when acquiring or disposing of assets, shall publicly announce and report within 2 days counting inclusively from the date of occurrence of the event if such acquisition or disposal are the items to be publicly announced in paragraph 1 of the Article, and reaches the criteria of public announcement and report.

III. Procedures of public announcement and report

- (I) The Company shall publicly announce and report the relevant information on the FSC's designated website.
- (II) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
- (III) The Company, when acquiring or disposing of assets, shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
- (IV) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 3. Change to the originally publicly announced and reported information.

Article 11

Format and content of public announcements:

The public announcement of acquiring or disposing of assets shall adopt the FSC's designated appropriate format.

- Article 12 The subsidiaries the Company shall comply with the follows:
- I. When acquiring or disposing of assets, the subsidiaries shall establish their own operational procedures for the acquisition and disposal of assets, and comply with such.
 - II. The subsidiaries shall check by themselves whether the operational procedures for the acquisition and disposal of assets comply with the laws and regulations, or whether their acquisition and disposal of assets comply with such procedures.
 - III. The internal auditors of the Company shall check again the self-checking reports of the subsidiaries.
 - IV. Information required to be publicly announced and reported on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing.

Article 13 Penalties:
Where any employee of the Company violate the Procedures or other related laws and regulations, the proper disciplinary action will be taken pursuant the Company's HR regulations and depending on the materiality.

- Article 14 Other matters to be paid attentions to:
- I. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party to the counterparty of the transaction.
 - II. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
 - III. Anything not mentioned in the Procedures shall comply with the related laws and regulations and the Company's regulations. Where the FSC amends the operational procedures for the acquisition and disposal of assets and thus issue new regulations or orders, the Company shall comply with the new regulations or orders.

Article 15 Implementation and amendments:
The Procedures are implemented after being approved by the majority of all Audit Committee member, and approved by the board of directors and the shareholders' meeting; where any dissent is raised by any director with record or written statement, such dissent shall be submitted to the shareholders' meeting for discussion. The same applies to the amendments.

When the Procedures are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

An acquisition or disposal of assets requiring the approval of the Audit Committee shall be approved by one-half or more of all audit committee members, and submitted to the board of directors for a resolution.

When an acquisition or disposal of asset is submitted for discussion by the board of directors pursuant to the article, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" above shall be counted as the actual number of persons currently holding those positions.

Article 16

Additional Provisions

The Operational Procedures were established on May 21, 2010, resolved by the board of directors, and implemented on June 25, 2010 upon the resolution of the shareholders' meeting.

The 1st amendment was made on May 26, 2014, resolved by the board of directors, and implemented on June 30, 2014 upon the resolution of the shareholders' meeting before the implementation.

The 2nd amendment was made on March 24, 2017, resolved by the board of directors, and implemented on June 27, 2017 upon the resolution of the shareholders' meeting before the implementation.

The 3rd amendment was made on March 13, 2018, resolved by the board of directors, and implemented on June 8, 2018 upon the resolution of the shareholders' meeting before the implementation.

The 4th amendment was made on March 8, 2019, resolved by the board of directors, and implemented on June 28, 2019 upon the resolution of the shareholders' meeting.

Appendix IV.

Compal Broadband Networks, Inc.

Shareholdings of Directors of the Company

Book closure date: April 29, 2022

Title	Name	Number of shares (shares)	%
Chairman	Compal Electronics, Inc. Representative: Wong, Chung-Pin	29,060,176	42.47%
Director	Compal Electronics, Inc. Representative: Chen Jui-Tsung		
Director	Compal Electronics, Inc. Representative: Wang, Yu-Ho		
Director	Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin	3,575,000	5.23%
Independent Director	WONG, JIAN-REN	0	0.0%
Independent Director	Mao, Ying-Wen	0	0.0%
Independent Director	Chen, Miao-Ling	0	0.0%
Total		32,635,176	47.70%

Note 1: Pursuant to the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” where the paid-in capital of the company is more than NT\$300 million but NT\$1 billion or less, the total registered shares owned by all directors shall not be less than ten percent of the total issued shares; the total registered shares owned by all supervisors shall not be less than one percent of the total issued shares.

The statutory shareholding is calculated as following:

- No fewer than 5,473,551 shares for all directors.
- The Company has the Audit Committee in place, and thus the statutory shareholding for the supervisors is not applicable.

Appendix V.

Other Matters for Explanation

Acceptance of shareholders' proposals for this regular shareholders' meeting:

- I. Pursuant to Article 172-1 of the Company Act, a shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
- II. For the 2022 regular shareholders' meeting, the Company accepted shareholders' proposals from April 15, 2022 to April 25, 2022, and publicly announced on MOPS pursuant to laws.
- III. The Company received no proposal from any shareholders during the period above.