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**SERCOMM**

TWSE:5388

# Sercomm Corporation

## 2024 Annual Shareholders' Meeting

Meeting Agenda  
(Translation)

## **Disclaimer**

This is a translation of the agenda for the annual shareholder meeting (“the agenda”) of Sercomm Corporation (“the Company”). The translation is intended for reference only and no other purpose. The company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the agenda shall govern any and all matters related to the interpretation of the subject matter stated herein.

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# Sercomm Corporation

## Agenda for the 2024 Annual Shareholders' Meeting

Time : 9:00 a.m., Friday, May 31, 2024

Venue : No.81, Youyi Rd., Zhunan Township, Miaoli County, Taiwan

Format : In-person shareholders' meeting

Agenda :

I. Announcement of the Meeting (Report on the attendance of shares)

II. Chairman's Speech

III. Meeting Agenda

1. Report Items

(I) Business Report for the Year of 2023

(II) Audit Committee's Review Report

(III) Report on the Distribution of Remuneration to Employees and Directors for 2023

(IV) Report on the Distribution Status of Cash Dividends from 2023 Earnings

(V) Report on the Unexecuted Matters of Privately Placed Common Stocks or Privately Placed Domestic/Overseas Convertible Bonds Approved by the Shareholders' Meeting in 2023

(VI) Report on the Issuance and Conversion Status of Convertible Bonds

(VII) Report on the Execution of the Company's Share Buyback

2. Recognition Items

(I) Acceptance of the 2023 Business Report and Financial Statements

(II) Acceptance of the Proposal for the Distribution of 2023 Earnings

3. Discussion Items

(I) Approval of the Private Placement of Common Stocks or Domestic/Overseas Convertible Bonds

(II) Approval of the Amendment to the "Operational Procedures for Acquisition and Disposal of Assets"

4. Extempore Motions

5. Adjournment



## 1. Report Items

### (I) Business Report for the Year of 2023

#### Sercomm Corporation Business Report

In 2023, the global economy entered a new post-pandemic era, with broadband internet becoming a crucial infrastructure for the digital economy. Telecommunication broadband technologies ushered in a new era of competition, driving demand for upgrades in network equipment. Sercomm Corporation continues to deepen its deployment of telecommunications broadband products and technologies, actively responding to changes in the international landscape and supply chain. Leveraging its global layout advantage, Sercomm promptly meets customer demands, continuously expanding its direct telecommunications sales business, and achieving outstanding operational performances.

In terms of annual operations, Sercomm achieved a total consolidated revenue of NT\$62.58 billion in 2023. Regarding its profitability, the company achieved an operating profit of NT\$3.11 billion for the full year, with a year-on-year growth rate of 28.8%. The net profit attributable to the parent company after tax amounted to NT\$2.39 billion, compared to NT\$1.92 billion in 2022, marking a growth rate of 24.3%. This demonstrates an impressive performance. Based on approximately 260 million weighted average number of shares, the consolidated earnings per share (EPS) for 2023 amounted to NT\$9.17 after tax, signifying a promising achievement in profitability.

Sercomm is committed to global expansion and has become the preferred technical partner for leading telecommunications operators worldwide. In May 2023, Sercomm's Southeast Asia regional manufacturing center was grandly inaugurated in the Philippines. Additionally, the manufacturing center in Mexico, serving the Americas region, officially commenced mass production and shipping in July. These facilities cater to telecommunications clients in Southeast Asia and North America, as well as Latin America, providing efficient localized services. Sercomm is actively expanding its global operational presence by leveraging the flexible production capacity of its five major manufacturing bases in the Philippines, China, India, Taiwan, and Mexico. This allows the company to deliver high-value-added products and diverse applications. Working alongside its customers, Sercomm embraces market demands to collectively create new value in the industry.

In addition to focusing on its technological expertise, Sercomm also fulfills its corporate social responsibilities by adhering to international sustainability standards that align with the United Nations Sustainable Development Goals (SDGs). The company pays attention to the three major sustainability dimensions: environmental, social, and governance (ESG). Its overall ESG performance has been recognized with the "Silver Medal" in the EcoVadis Corporate Sustainability Assessment. Additionally, the company is committed to improving the workplace environment and has been awarded the "Great Place To Work" certification for its outstanding workplace practices. Sercomm has also been proactive in issuing Corporate Sustainability Reports (renamed as Sustainability Reports in 2022) since 2017, ahead of regulatory requirements. For six consecutive years, the company has obtained assurance statements from third-party certification bodies based on international standards, demonstrating its commitment and achievements in actively pursuing sustainable growth through concrete

actions.

Looking ahead, Sercomm will continue to further develop its expertise in the broadband technology sector and strengthen collaboration with partners within the telecommunications industry. It is anticipated that the benefits of next-generation broadband products such as high-speed fiber access equipment, DOCSIS Cable 4.0 products, WiFi 7 wireless devices, 5G FWA fixed wireless access equipment, streaming media devices, commercial networking equipment, and smart IoT devices will gradually become evident, leading to a promising overall growth in revenue. The company seizes market opportunities, adheres to sustainable business practices, and enhances long-term benefits for shareholders, customers, and employees, aiming to create sustainable corporate value.

To Sercomm's 2024 Annual Shareholders' Meeting

Chairman	James Wang
President	Ben Lin
Accounting Officer	Max Cheng

## (II) Audit Committee's Review Report

### Sercomm Corporation The Audit Committee's Review Report

The Board of Directors prepared the individual and consolidated financial statements of the Company for the year 2023. These statements were audited by PricewaterhouseCoopers Taiwan ("PwC") through the accountants Ya-Fang Wen and Yu-Fang Yen. They also audited the Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows. The Business Report and Proposal for the Distribution of 2023 Earnings had been audited by the Audit Committee and no discrepancies were found. A report has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report to the shareholders' meeting of Sercomm Corporation.

Audit Committee of Sercomm Corporation  
Chair: Chin-Tay Shih  
March 5, 2024

## (III) Report on the Distribution of Remuneration to Employees and Directors for 2023

### Description:

1. According to Article 29 of the Company's Articles of Incorporation, if the Company is profitable in a year, it shall allocate 12% to 18% of its profit for employee compensation. That includes employees of holding Company and its subordinate Company that meet certain conditions. The allocation for Directors is to be capped at 2.5%.
2. The profit situation of the Company for the year 2023 (i.e., pre-tax net profit before the deduction of employee and director remuneration) was NT\$3,483,930,993. In accordance with the Company Law and the company's articles of association, it is proposed to allocate NT\$545,400,000 for employee remuneration, which represents approximately 15.65% of the profits, to be distributed exclusively to full-time employees of the company and its subsidiaries who are in service at the time of distribution, in cash; and to allocate NT\$39,600,000 for director remuneration, which represents approximately 1.14% of the profits, to be distributed in cash.

## (IV) Report on the Distribution Status of Cash Dividends from 2023 Earnings

### Description:

1. In accordance with Article 29 of the Company's Articles of Incorporation, the Company may distribute all or part of the distributable dividends and bonuses in the form of cash and report it to the shareholders' meeting, after such matter has been approved by at least half of the Directors in attendance in a board meeting attended by no less than two-thirds of all board members.

2. On March 5, 2024, the board of directors resolved to distribute cash dividends to shareholders for the fiscal year 2023, amounting to NT\$1,472,126,400. Due to the conversion of convertible bonds, the adjusted cash dividend per share is NT\$4.99991064. The distribution of cash dividends is calculated based on the proportion of shares held by each shareholder, rounded down to the nearest dollar, with any amounts less than one dollar disregarded. The total of such fractional amounts will be recorded as other income for the company.
3. The ex-dividend date for the distribution of cash dividends is April 6, 2024, and the cash dividend payment date is May 3, 2024.

**(V) Report on the Unexecuted Matters of Privately Placed Common Stocks or Privately Placed Domestic/Overseas Convertible Bonds Approved by the Shareholders' Meeting in 2023**

Description:

1. According to Article 43-6, Paragraph 7 of the Securities and Exchange Act, private placements of securities must be executed within one year following the resolution approved by the shareholders' meeting.
2. At the annual shareholders' meeting on June 13, 2023, the company approved a resolution authorizing the board of directors to execute Private Placements of Common Stocks or Domestic/Overseas Convertible Bonds, with the provision not to exceed issuing 20 million ordinary shares. This authorization is set to expire on June 12, 2024, one year subsequent to the resolution. As no subscribers have been finalized to date, the board of directors resolved on March 5, 2024, not to proceed with the aforementioned private placement of securities.

**(VI) Report on the Issuance and Conversion Status of Convertible Bonds**

Description:

The status of the issuance and conversion of unsecured convertible bonds is as follows:

Issue Session	6th Domestic Convertible Bond	7th Domestic Convertible Bond
Purpose of Issue	Repayment of bank loans	To supplement working capital and repay the principal of the 1st unsecured ordinary corporate bonds due in 2019
Issue Date	May 17, 2022	December 6, 2023
Maturity Date	May 17, 2027	December 6, 2028
Denomination and Number of Bonds Issued	NT\$100,000 per bond, 30,000 bonds issued	NT\$100,000 per bond, 30,000 bonds issued
Total Issuance Amount and Issue Price	Total issuance amount of NT\$3,000,000,000, issued at 101% of face value	Total issuance amount of NT\$3,000,000,000, issued at 103% of face value
Interest Rate	0% per annum	0% per annum
Conversion Details	The company announced the early exercise of redemption rights on January 23, 2024. As of March 12, 2024, all bonds have been fully converted into 31,578,775 ordinary shares.	As of March 12, 2024, no conversions have taken place.
Unredeemed Amount	None	NT\$3,000,000,000

## (VII) Report on the Execution of the Company's Share Buyback

Description:

The status of the buyback and transfer of company shares is as follows:

Buyback Session	11th Session
Purpose of Buyback	To transfer shares to employees
Buyback Period	October 3, 2022, to December 2, 2022
Buyback Price Range	NT\$55.16 to NT\$90.00
Anticipated Type and Number of Shares for Buyback	Ordinary shares, 5,000,000 shares
Actual Type and Number of Shares Bought Back	Ordinary shares, 5,000,000 shares
Amount Spent on Shares Bought Back	NT\$398,396,775
Percentage of Planned Shares Bought Back	100%
Number of Shares Cancelled and Transferred	3,500,000 shares
Total Number of Shares Held by the Company	1,500,000 shares
Percentage of Issued Shares Held by the Company	0.51%

## 2. Recognition Items

### (I) Acceptance of the 2023 Business Report and Financial Statements (proposed by the Board of Directors)

Description:

1. The consolidated and individual financial statements of the company for the year of 2023, including the balance sheet, comprehensive income statement, statement of changes in equity, and cash flow statement, have been audited by PwC, with accountants Wen-Ya Fang and Yu-Fang Yen.
2. The aforementioned financial statements and the business report for the year of 2023 have been approved by the Board of Directors and audited by the Audit Committee.
3. Please refer to Attachment 1 and page 4 for the financial statements and business report.

Resolution:

### (II) Acceptance of the Proposal for the Distribution of 2023 Earnings (proposed by the Board of Directors)

Description:

1. The company's earning distribution table for the year of 2023, please refer to Attachment 2.

Resolution:

## 3. Discussion Items

### (I) Approval of the Private Placement of Common Stocks or Domestic/Overseas Convertible Bonds (proposed by the Board of Directors)

Description:

1. To ensure the future operation of Sercomm, the private placement of common shares or domestic and foreign convertible corporate bonds will be held under 20 million shares. When converting corporate bonds, the number of common shares that can be converted should be under 20 million shares, calculated based on the conversion price at the time of private placement. It is proposed to submit to the shareholders meeting to authorize the Board of Directors to choose one or a combination of methods in accordance with the Company's Articles of Incorporation and relevant laws and regulations at an appropriate time, depending on market conditions and Company operation. Please refer to Attachment 3 for more information on the private placement.
2. The marketable securities for this private placement include total number of shares, duration, price, amount, coupon rate, terms and conditions, conversion price, buyer selection, record date, future plan, use of funds and expected return, as well as all other associated matters in regard to the issuance plan. It is proposed to the shareholders' meeting to authorize the Board of Directors to decide on these matters

and make adjustments in accordance with the conditions of the market. It is also proposed to the shareholders' meeting to authorize the Board of Directors to have sole discretion if the issuance plan is required to be amended in accordance with relevant laws and regulations or instructions or modifications requested by competent authorities, or in response to operational assessments or other business environment factors.

3. It is proposed to authorize the Chairman or his designate to represent the Company in handling all matters related to the private placement of common stocks or domestic or overseas convertible bonds, and to sign related contracts and documents.

Resolution:

## **(II) Approval of the Amendment to the "Operational Procedures for Acquisition and Disposal of Assets" (proposed by the Board of Directors)**

Description:

1. To accommodate the actual operational needs of the company, it is proposed to amend certain provisions of the "Operational Procedures for Acquisition and Disposal of Assets".
2. For a detailed comparison of the "Operational Procedures for Acquisition and Disposal of Assets" before and after the proposed amendments, please see Attachment 4.

Resolution:

## **4. Extempore Motions:**

## **5. Adjournment**

## 2023 Financial Statements

## INDEPENDENT AUDITORS' REPORT

PWCR23000466

To the Board of Directors and Shareholders of Sercomm Corporation

***Opinion***

We have audited the accompanying consolidated balance sheets of Sercomm Corporation and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

***Basis for opinion***

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



### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

#### **Timing of revenue recognition from hub sales**

##### **Description**

For the accounting policies of revenue recognition, please refer to Note 4(34); and for the details of revenue, please refer to Note 6(22).

The Group is mainly engaged in sales of global network communication software and equipment activities, and its sales types are mainly divided into shipped directly from factories and goods picked up from hubs. For pick-ups from hub, the Group recognises sales revenue when their customers pick up the goods (satisfies the performance obligation) from hubs. The Group recognises sales revenue based on movements of inventories contained in the statements or other information provided by the hub custodians. As the hubs are located around the world with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between physical inventory quantities in the hubs and quantities as reflected in the accounting records. As the transaction amounts from hubs prior to and after the balance sheet date are significant to the financial statements, we consider the timing of revenue recognition from hub sales as a key audit matter.

##### **How our audit addressed the matter**

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed and tested the appropriateness of internal controls over hub sales revenue, including understanding and testing the statements between the Group and hub custodians periodically.

2. Obtained the stock details of each hub at the balance sheet date and agreed to respective supporting documents provided by hub custodians.
3. Confirmed inventory quantities held at hubs and agreed to accounting records to validate the revenue recognition in proper period.

## **Valuation of inventory**

### **Description**

For the accounting policies of inventory, please refer to Note 4(14); and for the accounting estimates of valuation of inventory and assumption uncertainty, please refer to Note 5. For details on loss on inventory valuation, please refer to Note 6(7). As of December 31, 2023, the cost of inventory and loss on inventory valuation are \$18,323,952 thousand and \$790,655 thousand, respectively.

Due to rapid technological innovations and intense competition in the telecom market, there is a higher risk of inventory losses due to market value decline or obsolescence. The Group recognises inventories at the lower of cost and net realisable value, and the net realisable value is estimated based on historical experience, such as inventories aged over a certain period of time or individually identified as obsolete.

Since the industry which the Group is engaged in rapidly changes, and the estimate of net realizable value for obsolete inventory is subject to management's judgment, we consider valuation of inventory as a key audit matter.

### **How our audit addressed the matter**

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of accounting policies and procedures in relation to inventory valuation, including the classification of aged, damaged and obsolete inventory.
2. Reviewed the Group's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
3. Validated the inventory classification and the amount of net realisable value, recalculated the loss of inventory and further evaluated the rationality.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Sercomm Corporation as at and for the years ended December 31, 2023 and 2022.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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

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

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

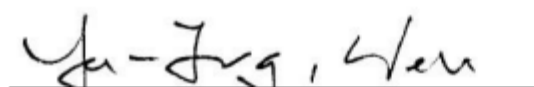
1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

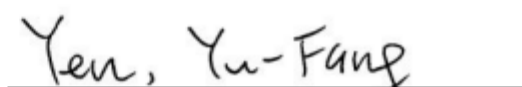


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

  
Wen, Ya-Fang

  
Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SERCOMM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 8,830,912	19	\$ 8,022,856	18
1110	Financial assets mandatorily measured at fair value through profit or loss - current	6(2)	1,190,590	2	-	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	-	-	140,227	-
1136	Financial assets at amortised cost - current	8	60,855	-	184,081	1
1139	Financial assets for hedging - current	6(4)	998	-	1,511	-
1150	Notes receivable, net	6(5)	78,138	-	38,801	-
1170	Accounts receivable, net	6(5)	11,502,602	24	10,678,935	24
1200	Other receivables	6(6)	445,590	1	739,670	2
1220	Current income tax assets		1,681	-	24,227	-
130X	Inventories	6(7)	17,533,297	37	16,843,763	38
1410	Prepayments		588,137	1	616,096	1
1470	Other current assets		26,986	-	87,836	-
11XX	Current assets		40,259,786	84	37,378,003	84
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	4,616	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	24,720	-	24,161	-
1535	Financial assets at amortised cost - non-current	8 and 9	117,822	-	97,969	-
1550	Investments accounted for using equity method	6(8)	7,305	-	7,732	-
1600	Property, plant and equipment	6(9) and 8	5,367,828	11	4,928,223	11
1755	Right-of-use assets	6(10)	377,769	1	469,264	1
1780	Intangible assets	6(11)	378,471	1	478,846	1
1840	Deferred income tax assets	6(28)	897,142	2	562,413	1
1915	Prepayments for business facilities	6(30)	149,093	-	140,152	1
1920	Guarantee deposits paid	8 and 9	163,010	1	164,593	1
1990	Other non-current assets, others		16,967	-	24,261	-
15XX	Non-current assets		7,504,743	16	6,897,614	16
1XXX	Total assets		\$ 47,764,529	100	\$ 44,275,617	100

(Continued)

**SERCOMM CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
2100	Current liabilities					
2120	Short-term borrowings	6(12)	\$ 429,925	1	\$ 1,639,995	4
2126	Financial liabilities at fair value through profit or loss - current	6(2)	1,097	-	-	-
2130	Financial liabilities for hedging - current	6(4)	32,490	-	132,274	-
2150	Contract liabilities - current	6(22)	751,271	2	681,606	2
2170	Notes payable		636,314	1	847,397	2
2200	Accounts payable		16,372,388	34	17,929,493	40
2230	Other payables		4,843,532	10	4,055,230	9
2250	Current income tax liabilities		748,161	2	346,564	1
2280	Provisions for liabilities - current	6(17)	684,969	1	503,294	1
2320	Current lease liabilities		65,121	-	77,273	-
2365	Long-term liabilities, current portion	6(13)	2,300,000	5	-	-
2399	Current refund liabilities	6(22)	369,661	1	325,960	1
21XX	Other current liabilities, others	9	1,102,439	2	132,179	-
	Current liabilities		28,337,368	59	26,671,265	60
2500	Non-current liabilities					
2511	Financial liabilities at fair value through profit or loss - non-current	6(2)	17,400	-	23,400	-
2530	Financial liabilities for hedging- non-current	6(4)	3,757	-	-	-
2540	Bonds payable	6(13)	5,669,790	12	6,524,008	15
2570	Long-term borrowings	6(14)	-	-	687,120	2
2580	Deferred income tax liabilities	6(28)	305,179	1	302,338	1
2640	Non-current lease liabilities		142,533	-	185,065	-
2645	Net defined benefit liability- non-current	6(15)	43,452	-	46,879	-
25XX	Guarantee deposits received		28,896	-	34,100	-
2XXX	Non-current liabilities		6,211,007	13	7,802,910	18
	Total liabilities		34,548,375	72	34,474,175	78
3110	Equity					
3140	Equity attributable to owners of parent					
3200	Share capital					
3310	Common stock	6(18)	2,685,781	6	2,587,958	6
3320	Advance receipts for share capital	6(13)	105,989	-	-	-
3350	Capital surplus	6(19)				
3400	Capital surplus		4,608,355	9	2,706,600	5
3500	Retained earnings	6(20)				
36XX	Legal reserve		1,572,874	3	1,386,585	3
37XX	Special reserve		653,337	2	669,519	1
38XX	Undistributed retained earnings		4,410,572	9	3,325,056	8
39XX	Other equity interest	6(21)				
40XX	Other equity interest		( 689,879) ( 1) (		653,337) ( 1) (	
41XX	Treasury stocks					
42XX	Treasury stocks	6(18)	( 119,517) - (		207,165) - (	
43XX	Equity attributable to owners of the parent		13,227,512	28	9,815,216	22
44XX	Non-controlling interest		( 11,358) - (		13,774) - (	
45XX	Total equity		13,216,154	28	9,801,442	22
46XX	Significant contingent liabilities and unrecognised contract commitments	9				
47XX	Significant subsequent events	11				
48XX	Total liabilities and equity		\$ 47,764,529	100	\$ 44,275,617	100

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

**SERCOMM CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(22)	\$ 62,584,493	100	\$ 64,573,720	100
5000	Operating costs	6(7) and 7	( 52,322,193)	( 84)	( 55,954,909)	( 87)
5900	Gross profit		10,262,300	16	8,618,811	13
	Operating expenses					
6100	Selling expenses	7	( 2,636,545)	( 4)	( 2,228,297)	( 3)
6200	General and administrative expenses	7	( 1,346,086)	( 2)	( 1,151,231)	( 2)
6300	Research and development expenses	7	( 3,127,890)	( 5)	( 2,815,066)	( 4)
6450	Impairment loss	12(2)	( 38,265)	-	( 6,601)	-
6000	Total operating expenses		( 7,148,786)	( 11)	( 6,201,195)	( 9)
6900	Operating profit		3,113,514	5	2,417,616	4
	Non-operating income and expenses					
7100	Interest income		124,791	-	53,061	-
7010	Other income	6(23)	18,794	-	41,702	-
7020	Other gains and losses	6(24)	( 6,338)	-	( 32,619)	-
7050	Finance costs	6(25)	( 262,002)	-	( 173,590)	-
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method	6(8)	( 726)	-	( 3,174)	-
7000	Total non-operating income and expenses		( 125,481)	-	( 108,272)	-
7900	Profit before income tax		2,988,033	5	2,309,344	4
7950	Income tax expense	6(28)	( 599,242)	( 1)	( 400,823)	( 1)
8200	Profit for the period		\$ 2,388,791	4	\$ 1,908,521	3

(Continued)



SERCOMM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2023		2022	
Items		Notes	AMOUNT	%	AMOUNT	%
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Losses on remeasurements of defined benefit plans	6(16)	(\$ 1,903)	-	(\$ 3,347)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(21)	14,358	-	23,146	-
8317	Gains (losses) on hedging instrument	6(21)	( 3,262)	-	68,494	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	1,033	-	25,230	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		10,226	-	16,771	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Other comprehensive (loss) income, before tax, exchange differences on translation		( 98,349)	-	101,737	-
8368	Gains (losses) on hedging instruments	6(21)	3,767	-	51,561	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(21)	( 753)	-	10,312	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		( 95,335)	-	60,488	-
8300	Other comprehensive (loss) income (net)		(\$ 85,109)	-	\$ 77,259	-
8500	Total comprehensive income for the period		\$ 2,303,682	4	\$ 1,985,780	3
Profit (loss), attributable to						
8610	Owners of the parent		\$ 2,386,305	4	\$ 1,919,423	3
8620	Non-controlling interest		2,486	-	( 10,902)	-
	Total		\$ 2,388,791	4	\$ 1,908,521	3
Comprehensive income (loss) attributable to						
8710	Owners of the parent		\$ 2,301,266	4	\$ 1,997,234	3
8720	Non-controlling interest		2,416	-	( 11,454)	-
	Total		\$ 2,303,682	4	\$ 1,985,780	3
Earnings per share						
9750	Basic earnings per share	6(29)	\$ 9.17		\$ 7.57	
9850	Diluted earnings per share		\$ 8.80		\$ 7.22	

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

**SERCOMM CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Share capital		Equity attributable to owners of the parent				Other equity interest				Non-controlling interest	Total equity	
	Common stock	Advance receipts for share capital	Capital surplus, additional paid-in capital	Retained Earnings:		Unrealized gains (losses) on financial assets at fair value through other comprehensive income		Treasury stocks	Total				
				Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations			Gains (losses) on hedging instruments			
Year 2022													
		\$	\$ 2,269,564	\$ 1,300,526	\$ 696,948	\$ 2,126,526	\$ 633,478	\$ 36,041	\$	\$	\$ 8,247,943	\$ 8,243,537	
		-	-	-	-	1,919,423	-	-	-	-	1,919,423	1,908,521	
6(21)		-	-	-	-	(2,678)	(2,678)	(35,346)	13,546	-	77,811	552	
		-	-	-	-	-	1,916,745	(35,346)	13,546	-	1,997,234	1,985,780	
Appropriation and distribution of retained earnings:													
		-	-	86,059	-	(86,059)	-	-	-	-	-	-	
6(20)		-	-	-	(27,429)	27,429	-	-	-	-	-	-	
6(20)		-	-	-	-	(605,735)	-	-	-	-	(605,735)	-	
6(20)		-	-	-	-	-	-	-	-	-	-	-	
6(18)(19)		64,060	-	124,053	-	-	-	-	-	(398,397)	188,113	188,113	
6(18)		-	-	-	-	-	-	-	-	-	-	-	
6(18)		-	-	-	-	-	-	-	-	191,232	191,232	191,232	
6(4)		-	-	-	-	-	-	(125,086)	-	-	(125,086)	-	
6(4)		-	-	-	-	-	-	6,929	-	-	6,929	-	
6(3)		-	(8,628)	-	-	-	-	-	-	-	(8,628)	2,086	
		-	-	-	-	-	-	-	-	-	-	(6,542)	
Disposal of equity instruments at fair value through other comprehensive profit or loss:													
		-	-	209,400	-	(53,850)	-	53,850	-	-	-	-	
6(13)		-	-	-	-	-	-	-	-	-	-	-	
		\$ 2,587,938	\$ 2,706,600	\$ 1,386,585	\$ 669,519	\$ 3,325,056	\$ 531,189	\$ 17,537	\$ 104,611	\$ 207,165	\$ 9,815,216	\$ 9,801,442	
Year 2023													
		\$ 2,587,938	\$ 2,706,600	\$ 1,386,585	\$ 669,519	\$ 3,325,056	\$ 531,189	\$ 17,537	\$ 104,611	\$ 207,165	\$ 9,815,216	\$ 9,801,442	
6(21)		-	-	-	-	-	2,386,305	(98,279)	14,358	404	(85,039)	2,486	
		-	-	-	-	-	(1,522)	-	-	-	709	-	
		-	-	-	-	-	2,384,783	(98,279)	14,358	404	(85,039)	2,416	
Appropriation and distribution of retained earnings:													
		-	-	-	-	-	-	-	-	-	-	-	
6(20)		-	-	186,289	-	(186,289)	-	-	-	-	-	-	
6(20)		-	-	-	(16,182)	16,182	-	-	-	-	-	-	
6(20)		-	-	-	-	(1,158,191)	-	-	-	-	(1,158,191)	-	
6(16)		-	-	69,220	-	-	-	-	-	-	69,220	69,220	
6(18)(19)		29,600	-	49,248	-	-	-	-	-	-	78,848	78,848	
6(16)		-	-	140,184	-	-	-	-	-	-	140,184	140,184	
6(16)(19)		25,960	-	129,800	-	-	-	-	-	-	155,760	155,760	
6(19)		-	(2,167)	-	-	-	-	-	-	87,648	85,481	85,481	
6(4)		-	-	-	-	-	-	-	65,223	-	65,223	-	
6(4)		-	-	-	-	-	-	-	10,783	-	10,783	-	
6(3)		-	-	-	-	-	-	(29,031)	-	-	-	-	
		-	-	-	-	29,031	-	-	-	-	322,500	322,500	
6(13)		-	-	322,500	-	-	-	-	-	-	322,500	322,500	
6(13)(19)		42,263	105,989	1,192,970	-	-	-	-	-	-	1,341,222	1,341,222	
		\$ 2,685,781	\$ 105,989	\$ 4,608,355	\$ 1,572,874	\$ 653,337	\$ 629,468	\$ 32,210	\$ 28,201	\$ 119,517	\$ 13,227,512	\$ 13,216,154	

**SERCOMM CORPORATION AND SUBSIDIARIES AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 2,988,033	\$ 2,309,344
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(26)	722,250	716,949
Amortization expense	6(26)	199,997	177,274
Expected credit impairment loss	12(2)	38,265	6,601
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(24)	11,216	( 30,294 )
Interest income		( 124,791 )	( 53,061 )
Interest expense	6(25)	262,002	173,590
Dividend income	6(23)	( 5,427 )	( 14,901 )
Compensation cost of employee stock options	6(16)	209,404	112,211
Share of loss (profit) of associates accounted for using equity method	6(8)	726	( 3,174 )
Gains on disposals of investments	6(24)	-	( 10,356 )
Impairment loss on goodwill	6(24)	-	47,356
Loss (gain) on disposal of property, plant and equipment	6(24)	( 359 )	22,938
Loss on disposals of intangible assets	6(24)	-	267
Loss from lease modification	6(24)	121	336
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss-current		( 82,641 )	34,073
Notes receivable		( 39,337 )	10,686
Accounts receivable		( 861,571 )	( 4,435,602 )
Other receivables		304,841	408,284
Inventories		( 689,534 )	( 2,629,176 )
Prepayments		27,959	( 133,850 )
Other current assets		54,915	( 28,729 )
Changes in operating liabilities			
Contract liabilities		69,665	462,454
Notes payable		( 211,083 )	640,163
Accounts payable		( 1,557,105 )	5,095,803
Other payables		700,554	735,173
Payments of lease liabilities		182,431	221,440
Current refund liabilities		43,701	67,522
Other current liabilities		( 27,829 )	( 9,364 )
Net defined benefit liabilities - non-current		( 5,330 )	( 4,942 )
Cash inflow generated from operations		2,211,073	3,889,015
Interest received		112,505	48,063
Interest paid		( 220,995 )	( 148,801 )
Payments of income tax		( 522,764 )	( 361,161 )
Net cash flows from operating activities		1,579,819	3,427,116

(Continued)

**SERCOMM CORPORATION AND SUBSIDIARIES AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	6(30)	( \$ 1,010,473 )	( \$ 758,063 )
Proceeds from disposal of property, plant and equipment		46,623	6,479
Acquisition of intangible assets	6(30)	( 109,963 )	( 76,036 )
Acquisition of financial assets at fair value through profit or loss		( 1,750,000 )	-
Proceeds from disposal of financial assets at fair value through profit or loss		600,000	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	154,026	48,639
Decrease (increase) in guarantee deposit paid		1,583	( 81,756 )
Decrease (increase) in current financial assets at amortised cost		104,437	( 157,035 )
Dividends received	6(23)	5,427	14,901
Increase in other non-current assets		-	( 24,261 )
Net cash flows used in investing activities		( 1,958,340 )	( 1,027,132 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short-term debts	6(31)	8,629,871	9,540,703
Payments of short-term debts	6(31)	( 9,833,296 )	( 10,591,553 )
Proceeds from long-term debts	6(31)	1,278,376	1,564,310
Payments of long-term debts	6(31)	( 1,965,496 )	( 2,205,110 )
Increase in short-term notes and bills payable	6(31)	-	599,532
Decrease in short-term notes and bills payable	6(31)	-	( 1,159,285 )
Proceeds from issuing bonds	6(31)	3,090,000	3,030,000
Payments to acquire treasury shares		-	( 398,397 )
Proceeds from transfer of treasury shares	6(18)	85,481	191,232
Exercise of employee share options	6(18)	234,608	188,113
Increase in guarantee deposits received	6(31)	1,049,028	6,515
Decrease in guarantee deposits received	6(31)	( 55,627 )	( 16,152 )
Decrease in lease liabilities	6(31)	( 90,592 )	( 77,539 )
Cash dividends paid	6(20)	( 1,158,191 )	( 605,735 )
Net cash flows from financing activities		1,264,162	66,634
Effect of exchange rate changes		( 77,585 )	82,873
Net increase in cash and cash equivalents		808,056	2,549,491
Cash and cash equivalents at beginning of year		8,022,856	5,473,365
Cash and cash equivalents at end of year		\$ 8,830,912	\$ 8,022,856

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

## INDEPENDENT AUDITORS' REPORT

PWCR23000462

To the Board of Directors and Shareholders of Sercomm Corporation

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Sercomm Corporation (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

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



### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

### **Timing of revenue recognition from hub sales**

#### **Description**

For the accounting policies of revenue recognition, please refer to Note 4(33); and for the details of revenue, please refer to Note 6(22).

The Company is mainly engaged in sales of global network communication software and equipment activities, and its sales types are mainly divided into shipped directly from factories and goods picked up from hubs. For pick-ups from hub, the Company recognises sales revenue when their customers pick up the goods (satisfies the performance obligation) from hubs. The Company recognises sales revenue based on movements of inventories contained in the statements or other information provided by the hub custodians. As the hubs are located around the world with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between physical inventory quantities in the hubs and quantities as reflected in the accounting records. As the transaction amounts from hubs prior to and after the balance sheet date are significant to the financial statements, we consider the timing of revenue recognition from hub sales as a key audit matter.

#### **How our audit addressed the matter**

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed and tested the appropriateness of internal controls over hub sales revenue, including understanding and testing the statements between the Company and hub custodians periodically.

2. Obtained the stock details of each hub at the balance sheet date and agreed to respective supporting documents provided by hub custodians.
3. Confirmed inventory quantities held at hubs and agreed to accounting records to validate the revenue recognition in proper period.

## **Valuation of inventory**

### **Description**

For the accounting policies of inventory, please refer to Note 4(13); and for the accounting estimates of valuation of inventory and assumption uncertainty, please refer to Note 5. For details on loss on inventory valuation, please refer to Note 6(7). As of December 31, 2023, the cost of inventory and loss on inventory valuation are \$10,545,493 thousand and \$238,636 thousand, respectively.

Due to rapid technological innovations and intense competition in the telecom market, there is a higher risk of inventory losses due to market value decline or obsolescence. The Company recognises inventories at the lower of cost and net realisable value, and the net realisable value is estimated based on historical experience, such as inventories aged over a certain period of time or individually identified as obsolete.

Since the industry which the Company is engaged in rapidly changes, the estimate of net realizable value for obsolete inventory is subject to management's judgment, and the aforementioned matters also exist in the Company's subsidiaries (shown as investments accounted for using the equity method), we consider valuation of inventory as a key audit matter.

### **How our audit addressed the matter**

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of accounting policies and procedures in relation to inventory valuation, including the classification of aged, damaged and obsolete inventory.
2. Reviewed the Company's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
3. Validated the inventory classification and the amount of net realisable value, recalculated the loss of inventory and further evaluated the rationality.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

***Auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

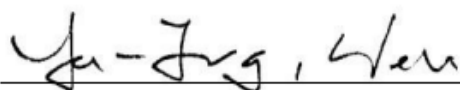


1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The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

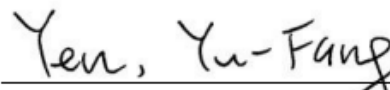
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



Wen, Ya-Fang



Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SERCOMM CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	<b>Current assets</b>					
1100	Cash and cash equivalents	6(1)	\$ 6,151,094	14	\$ 3,467,357	10
1110	Financial assets mandatorily measured at fair value through profit or loss - current	6(2)	1,189,969	3	-	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	-	-	140,227	-
1139	Financial assets for hedging -current	6(4)	998	-	1,511	-
1170	Accounts receivable, net	6(5)	8,649,455	20	9,005,995	25
1180	Accounts receivable due from related parties, net	7	5,236,857	12	2,368,860	7
1200	Other receivables	6(6)	232,370	1	524,577	1
1210	Other receivables due from related parties	7	37,018	-	1,234	-
130X	Inventories	6(7)	10,306,857	23	8,701,099	24
1410	Prepayments	7	441,418	1	481,441	1
1470	Other current assets		11,352	-	30,571	-
11XX	<b>Current assets</b>		<u>32,257,388</u>	<u>74</u>	<u>24,722,872</u>	<u>68</u>
	<b>Non-current assets</b>					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	4,616	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	-	-	-	-
1535	Financial assets at amortised cost - non-current	8 and 9	109,154	-	97,969	-
1550	Investments accounted for using equity method	6(8)	6,986,115	16	6,771,630	19
1600	Property, plant and equipment	6(9) and 8	2,789,324	6	2,751,168	8
1755	Right-of-use assets	6(10)	172,341	-	195,416	1
1780	Intangible assets	6(11)	368,291	1	470,849	1
1840	Deferred income tax assets	6(28)	743,252	2	404,140	1
1915	Prepayments for business facilities	6(30)	87,575	-	80,545	-
1920	Guarantee deposits paid	9	111,903	-	110,896	-
1960	Non-current prepayments for investments		240,000	1	514,400	2
15XX	<b>Non-current assets</b>		<u>11,612,571</u>	<u>26</u>	<u>11,397,013</u>	<u>32</u>
1XXX	<b>Total assets</b>		<u>\$ 43,869,959</u>	<u>100</u>	<u>\$ 36,119,885</u>	<u>100</u>

(Continued)

**SERCOMM CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6(12)	\$ 169,900	-	\$ 1,639,995	5
2120	Financial liabilities at fair value through profit or loss - current	6(2)	1,097	-	-	-
2126	Financial liabilities for hedging - current	6(4)	32,490	-	132,274	-
2130	Contract liabilities - current	6(22)	723,761	2	666,893	2
2170	Accounts payable		6,472,361	15	3,904,338	11
2180	Accounts payable to related parties	7	7,106,715	16	8,111,152	23
2200	Other payables		3,651,408	8	2,781,003	8
2220	Other payables to related parties	7	1,202,205	3	91,282	-
2230	Current income tax liabilities		724,228	2	316,757	1
2250	Provisions for liabilities - current	6(17)	650,112	1	481,306	1
2280	Current lease liabilities		40,681	-	35,565	-
2320	Long-term liabilities, current portion	6(13)	2,300,000	5	-	-
2365	Current refund liabilities	6(22)	369,661	1	325,960	1
2399	Other current liabilities, others	9	1,103,435	3	114,911	-
21XX	<b>Current liabilities</b>		<u>24,548,054</u>	<u>56</u>	<u>18,601,436</u>	<u>52</u>
	<b>Non-current liabilities</b>					
2500	Financial liabilities at fair value through profit or loss - non-current	6(2)	17,400	-	23,400	-
2511	Financial liabilities for hedging - non-current	6(4)	3,757	-	-	-
2530	Bonds payable	6(13)	5,669,790	13	6,524,008	18
2540	Long-term borrowings	6(14)	-	-	687,120	2
2570	Deferred income tax liabilities	6(28)	210,437	1	217,888	1
2580	Non-current lease liabilities		128,916	-	155,870	-
2640	Net defined benefit liability, non-current	6(15)	43,452	-	46,879	-
2645	Guarantee deposits received		234	-	234	-
2650	Credit balance of investments accounted for using equity method	6(8)	20,407	-	47,834	-
25XX	<b>Non-current liabilities</b>		<u>6,094,393</u>	<u>14</u>	<u>7,703,233</u>	<u>21</u>
2XXX	<b>Total liabilities</b>		<u>30,642,447</u>	<u>70</u>	<u>26,304,669</u>	<u>73</u>
	<b>Equity</b>					
	Share capital					
3110	Common stock	6(18)	2,685,781	6	2,587,958	7
3140	Advance receipts for share capital	6(13)	105,989	-	-	-
	Capital surplus	6(19)				
3200	Capital surplus		4,608,355	10	2,706,600	7
	Retained earnings	6(20)				
3310	Legal reserve		1,572,874	4	1,386,585	4
3320	Special reserve		653,337	1	669,519	2
3350	Undistributed retained earnings		4,410,572	10	3,325,056	9
	Other equity interest	6(21)				
3400	Other equity interest		( 689,879 )	( 1 )	( 653,337 )	( 1 )
3500	Treasury stocks	6(18)	( 119,517 )	-	( 207,165 )	( 1 )
3XXX	<b>Total equity</b>		<u>13,227,512</u>	<u>30</u>	<u>9,815,216</u>	<u>27</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant subsequent events	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 43,869,959</u>	<u>100</u>	<u>\$ 36,119,885</u>	<u>100</u>

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

**SERCOMM CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(22) and 7	\$ 56,357,193	100	\$ 60,264,939	100
5000	Operating costs	6(7) and 7	( 48,569,227)	( 86)	( 53,980,323)	( 90)
5900	Gross profit		7,787,966	14	6,284,616	10
5910	Unrealized loss (profit) from sales		14,196	-	( 41,949)	-
5920	Realized profit from sales		1,597	-	10,912	-
5950	Gross profit from operations		7,803,759	14	6,253,579	10
	Operating expenses					
6100	Selling expenses	7	( 2,348,466)	( 4)	( 1,928,653)	( 3)
6200	General and administrative expenses	7	( 884,271)	( 2)	( 801,321)	( 1)
6300	Research and development expenses	7	( 1,785,235)	( 3)	( 1,607,112)	( 3)
6450	Impairment loss	12(2)	( 31,072)	-	( 6,601)	-
6000	Total operating expenses		( 5,049,044)	( 9)	( 4,343,687)	( 7)
6900	Operating profit		2,754,715	5	1,909,892	3
	Non-operating income and expenses					
7100	Interest income		43,826	-	7,854	-
7010	Other income	6(23)	7,483	-	24,271	-
7020	Other gains and losses	6(24)	15,315	-	27,717	-
7050	Finance costs	6(25)	( 283,252)	( 1)	( 163,520)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(8)	360,844	1	378,430	1
7000	Total non-operating income and expenses		144,216	-	274,752	1
7900	Profit before income tax		2,898,931	5	2,184,644	4
7950	Income tax expense	6(28)	( 512,626)	( 1)	( 265,221)	( 1)
8200	Profit for the year		\$ 2,386,305	4	\$ 1,919,423	3

(Continued)



**SERCOMM CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

				Year ended December 31				
				2023		2022		
Items		Notes	AMOUNT		%	AMOUNT		%
Other comprehensive income								
Components of other comprehensive income that will not be reclassified to profit or loss								
8311	Losses on remeasurements of defined benefit plans	6(15)	(\$	1,903)	-	(\$	3,347)	
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(21)		13,799	-		27,050)	-
8317	Gains (losses) on hedging instrument	6(21)	(	3,262)	-		68,494	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(21)		559	-		3,904	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)		1,033	-		25,230)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss			10,226	-		16,771	-
Components of other comprehensive income that will be reclassified to profit or loss								
8361	Other comprehensive income, before tax, exchange differences on translation	6(21)	(	98,279)	-		102,289	-
8368	Gains (losses) on hedging instrument	6(21)		3,767	-	(	51,561)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	(	753)	-		10,312	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(	95,265)	-		61,040	-
8300	Other comprehensive income (net)		(\$	85,039)	-	\$	77,811	-
8500	Total comprehensive income for the year		\$	2,301,266	4	\$	1,997,234	3
9750	Basic earnings per share	6(29)	\$		9.17	\$		7.57
9850	Diluted earnings per share	6(29)	\$		8.80	\$		7.22

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

**SERCOMM CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Notes	Share capital		Retained Earnings				Other equity interest		Treasury stocks	Total equity
	Share capital - common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements transition differences of foreign operations	Unrealised gains (losses) on financial assets at fair value through other comprehensive income		
Year 2022										
	\$ 2,523,898	\$ -	\$ 2,269,564	\$ 1,300,526	\$ 696,948	\$ 2,126,526	(\$ 633,478 )	(\$ 36,041 )	\$ -	\$ 8,247,943
Balance at January 1, 2022						1,919,423	-	-	-	1,919,423
Profit for the year	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year	-	-	-	-	-	( 2,678 )	102,289	( 35,346 )	13,546	77,811
Total comprehensive income	-	-	-	-	-	1,916,745	102,289	( 35,346 )	13,546	1,997,234
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	86,059	-	( 86,059 )	-	-	-	-
Reversal of special reserve	-	-	-	-	( 27,429 )	27,429	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	( 605,735 )	-	-	-	( 605,735 )
Compensation cost of employees stock options	-	-	112,211	-	-	-	-	-	-	112,211
Exercise of employee share options	64,060	-	124,053	-	-	-	-	-	-	188,113
Repurchase of treasury share	-	-	-	-	-	-	-	-	-	-
Transfer of treasury share	-	-	-	-	-	-	-	-	-	-
Removal of hedging reserve	-	-	-	-	-	-	-	-	( 398,397 )	( 398,397 )
Reclassification of ineffective hedging reserve	-	-	-	-	-	-	-	-	191,232	191,232
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive profit or loss	-	-	( 8,628 )	-	-	-	-	-	( 125,086 )	( 125,086 )
Issuance of convertible corporate bonds	-	-	-	-	-	-	-	-	6,929	6,929
Balance at December 31, 2022	\$ 2,587,958	\$ -	\$ 2,706,600	\$ 1,386,585	\$ 669,519	\$ 3,325,056	(\$ 531,189 )	(\$ 17,537 )	(\$ 104,611 )	\$ 9,815,216
Year 2023										
Balance at January 1, 2023	\$ 2,587,958	\$ -	\$ 2,706,600	\$ 1,386,585	\$ 669,519	\$ 3,325,056	(\$ 531,189 )	(\$ 17,537 )	(\$ 104,611 )	\$ 9,815,216
Profit for the year	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	( 1,522 )	( 98,279 )	14,358	404	( 85,039 )
Total comprehensive income	-	-	-	-	-	2,384,783	( 98,279 )	14,358	404	2,301,266
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	186,289	-	( 186,289 )	-	-	-	-
Reversal of special reserve	-	-	-	-	( 16,182 )	16,182	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	( 1,158,191 )	-	-	-	( 1,158,191 )
Compensation cost of employees stock options	-	-	69,220	-	-	-	-	-	-	69,220
Exercise of employee share options	29,600	-	49,248	-	-	-	-	-	-	78,848
Compensation costs of employee restricted stocks	-	-	140,184	-	-	-	-	-	-	140,184
Restricted stocks vested	-	-	129,800	-	-	-	-	-	-	129,800
Transfer of treasury shares	25,960	-	( 2,167 )	-	-	-	-	-	-	23,793
Removal of hedging reserve	-	-	-	-	-	-	-	-	-	-
Reclassification of ineffective hedging reserve	-	-	-	-	-	-	-	-	65,223	65,223
Disposal of equity instruments at fair value through other comprehensive profit or loss	-	-	-	-	-	-	-	-	10,783	10,783
Issuance of convertible corporate bonds	-	-	322,500	-	-	29,031	-	( 29,031 )	-	322,500
Conversion of convertible bonds	42,263	105,989	1,192,970	-	-	-	-	-	-	1,341,222
Balance at December 31, 2023	\$ 2,685,781	\$ 105,989	\$ 4,608,355	\$ 1,572,874	\$ 653,337	\$ 4,410,572	(\$ 629,468 )	(\$ 32,210 )	(\$ 119,517 )	\$ 13,227,512

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

SERCOMM CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 2,898,931	\$ 2,184,644
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(26)	329,565	304,460
Amortization expense	6(26)	196,296	178,879
Expected credit impairment loss	12(2)	31,072	6,601
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(24)	12,345 (	30,294 )
Interest expense	6(25)	283,252	163,520
Interest income		( 43,826 ) (	7,854 )
Dividend income	6(23)	( 4,800 ) (	13,898 )
Compensation cost of employee stock options	6(16)	209,404	112,211
Share of loss (profit) of associates accounted for using equity method	6(8)	( 360,844 ) (	378,430 )
Loss on disposal of property, plant and equipment	6(24)	206	47
Loss on disposals of intangible assets	6(24)	-	267
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using the equity method		( 15,794 )	31,037
Loss from lease modification	6(24)	540	336
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		( 83,133 )	36,773
Accounts receivable		325,468 (	3,613,973 )
Accounts receivable due from related parties, net		( 2,867,997 ) (	187,969 )
Other receivables		260,910	438,021
Other receivables due from related parties		1,234	6,447
Inventories		( 1,605,758 ) (	3,286,552 )
Prepayments		40,023 (	200,951 )
Other current assets		19,219 (	26,543 )
Changes in operating liabilities			
Contract liabilities - current		56,868	469,615
Accounts payable		2,568,023	1,322,292
Accounts payable to related parties		( 1,004,437 )	2,589,797
Other payables		898,837	888,158
Other payables to related parties		1,110,923 (	14,546 )
Provisions for liabilities - current		168,806	204,493
Current refund liabilities		43,701	67,522
Other current liabilities		( 9,566 )	2,139
Net defined benefit liabilities - non-current		( 5,330 ) (	4,942 )
Cash inflow generated from operations		3,454,138	1,241,307
Interest received		38,105	7,850
Interest paid		( 283,282 ) (	162,730 )
Payments of income tax		( 470,441 ) (	138,582 )
Net cash flows from operating activities		2,738,520	947,845

(Continued)



**SERCOMM CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of property, plant and equipment	6(30)	(\$ 318,054 )	(\$ 271,630 )
Proceeds from disposal of property, plant and equipment		5,826	1,936
Acquisition of intangible assets	6(30)	( 103,881 )	( 74,480 )
Acquisition of financial assets at fair value through profit or loss		( 1,750,000 )	-
Proceeds from disposal of financial assets at fair value through profit or loss		600,000	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	154,026	48,639
Acquisition of investments accounted for using equity method		( 602,993 )	( 45,211 )
Proceeds from capital reduction of investments accounted for using equity method		914,400	-
Increase in non-current prepayments for investments		-	( 240,000 )
Increase in guarantee deposit paid		( 1,007 )	( 105,535 )
Increase in current financial assets at amortised cost		( 11,185 )	( 5,658 )
Dividends received	6(23)	4,800	13,898
Net cash flows used in investing activities		( 1,108,068 )	( 678,041 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term debts	6(31)	7,583,239	8,590,500
Payments of short-term debts	6(31)	( 9,053,334 )	( 9,191,335 )
Proceeds from long-term debts	6(31)	1,278,376	1,564,310
Payments of long-term debts	6(31)	( 1,965,496 )	( 2,205,110 )
Increase in short-term notes and bills payable	6(31)	-	599,532
Decrease in short-term notes and bills payable	6(31)	-	( 1,159,285 )
Proceeds from issuing bonds	6(31)	3,090,000	3,030,000
Payments to acquire treasury shares		-	( 398,397 )
Proceeds from transfer of treasury shares	6(18)	85,481	191,232
Exercise of employee share options	6(18)	234,608	188,113
Increase in guarantee deposits received	6(31)	998,089	-
Decrease in lease liabilities	6(31)	( 39,487 )	( 28,767 )
Cash dividends paid	6(20)	( 1,158,191 )	( 605,735 )
Net cash flows from financing activities		1,053,285	575,058
Net increase in cash and cash equivalents		2,683,737	844,862
Cash and cash equivalents at beginning of year		3,467,357	2,622,495
Cash and cash equivalents at end of year		\$ 6,151,094	\$ 3,467,357

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

**Sercomm Corporation**  
**2023 Earning Distribution Table**

Unit: NT\$

Items	Amount	
	Subtotal	Total
Unappropriated retained earnings of previous year		1,996,758,251
Other comprehensive income—defined benefit plan calculated by actuarial gain and losses	(1,523,433)	
Disposal of investments in equity instruments at fair value through other comprehensive income	29,030,630	
Net income attributable to owners of parent this year	2,386,304,763	
The net income attributable to owners of parent and other profit items other than the current net profit are included in this year's undistributed earnings		2,413,811,960
Setting aside 10% legal reserves		(241,381,196)
Setting aside special reserves		(36,538,250)
Distributable net profit		4,132,650,765
Allocation:		
Shareholder's dividends		
Cash dividend (NT\$4.99991064 per share)	(1,472,126,400)	
Unappropriated retained earnings		2,660,524,365

Note: The amount distributed for this earnings distribution prioritizes the profits from the fiscal year 2023.

Chairman: James Wang

President: Ben Lin

Accounting Officer: Max Cheng

## Sercomm Corporation

### The Methods and Content of Conducting a Private Placement of Securities

#### I. Private Placement of Common Shares

##### A. The basis and reasonableness of the private placement pricing

- (1) The issue price of the private placement common shares may not be lower than 85 percent of the price calculated in the following two items, whichever of the two is higher.
  - a. The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
  - b. The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
- (2) The Company proposes to the shareholders' meeting to authorize the Board of Directors to determine the actual private placement price based on the above-mentioned pricing principles, specific persons, and market conditions within the range not lower than the resolution of the shareholders' meeting.
- (3) In addition to considering the three-year transfer restriction of private placement securities imposed by the Securities and Exchange Act, the pricing of this private placement is determined by referring to relevant laws and regulations and the closing price of common shares. It should be reasonable and shall not have a major impact on shareholders' equity.

##### B. The method for selecting the specific persons:

The selection is performed in accordance with the relevant provisions of Article 43-6 of the Securities and Exchange Act, and it is limited to strategic investors. Individuals or legal persons who will help the Company expand its business and product, strengthen customer relationships, enhance product development integration, or improve technology, will be selected, leveraging their advantages in experience, product technology, knowledge, brand reputation and distribution channel. Through strategic collaboration, joint product development, market integration or cooperative business development, it is expected the Company can reduce the production costs, improve product technology, increase market shares for an improvement in the Company's future operating performance.

##### C. The reasons for the necessity for conducting the private placement:

The Company proposes to raise capitals through private placement with the considerations in factors such as capital market conditions, issuance costs, timeliness of financing, and equity stability. When introducing strategic investors in the private placement, consideration should be given to the transfer restriction of private placement securities to ensure a long-term relationship between the Company and strategic investors, and in view of the fact that the use of private placement capital is to meet the needs of the Company's operation and development, the private placement is beneficial to the stability of the Company's operation and shareholders' equity.

##### D. Except for the transfer restrictions stipulated in Article 43-8 of the Securities and Exchange Act, the rights and obligations in this private placement are the same as those of common shares issued by the Company.

#### II. Private Placement of Domestic or Overseas Convertible Bonds

##### A. Period: Less than 5 years from the date of issuance.

##### B. Coupon rate: The Board of Directors is authorized to determine it according to market conditions.

- C. The basis and reasonableness of the private placement pricing
- (1) The issue price of the private placement convertible corporate bonds may not be lower than 85 percent of the theoretical price and the conversion price may not be lower than 85 percent of the price calculated in the following two items, whichever of the two is higher.
    - a. The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
    - b. The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
  - (2) The Company proposes to the shareholders' meeting to authorize the Board of Directors to determine the actual private placement price based on the above-mentioned pricing principles, specific persons, and market conditions within the range not lower than the resolution of the shareholders' meeting.
  - (3) In addition to considering the three-year transfer restriction of private placement securities imposed by the Securities and Exchange Act, the pricing of this private placement is determined by referring to relevant laws and regulations and the closing price of common shares. It should be reasonable and shall not have a major impact on shareholders' equity.

D. The method for selecting the specific persons:

The selection is performed in accordance with the relevant provisions of Article 43-6 of the Securities and Exchange Act, and it is limited to strategic investors. Individuals or legal persons who will help the Company expand its business and product, strengthen customer relationships, enhance product development integration, or improve technology, will be selected, leveraging their advantages in experience, product technology, knowledge, brand reputation and distribution channel. Through strategic collaboration, joint product development, market integration or cooperative business development, it is expected the Company can reduce the production costs, improve product technology, increase market shares for an improvement in the Company's future operating performance.

E. The reasons for the necessity for conducting the private placement:

The Company proposes to raise capitals through private placement with the considerations in factors such as capital market conditions, issuance costs, timeliness of financing, and equity stability. When introducing strategic investors in the private placement, consideration should be given to the transfer restriction of private placement securities to ensure a long-term relationship between the Company and strategic investors, and in view of the fact that the use of private placement capital is to meet the needs of the Company's operation and development, the private placement is beneficial to the stability of the Company's operation and shareholders' equity.

F. The transfer restrictions of the private placement convertible corporate bonds are handled in accordance with Article 43-8 of the Securities and Exchange Act.

- III. It is proposed to authorize the Chairman or his designate to represent the Company in handling all matters related to the private placement of common stocks or domestic or overseas convertible bonds, and to sign related contracts and documents.

## Comparison Table of the “Operational Procedures for Acquisition and Disposal of Assets” Before and After Amendment

Article	Before Amendment	After Amendment	Explanation																								
Article 4	<p>Processing Procedure:</p> <p>(I)Authorization levels and limits</p> <p>1. Securities: The <u>President</u> is authorized to conduct the trading in accordance with the Operational Procedures within a certain amount. When exceeding the amount requiring public announcement and regulatory filing, shall report such matter to the Chairman for reference <u>the following day</u> and submit it to the next board meeting for ratification. (Further details omitted)</p> <p>2. Derivatives trading</p> <p>(A). Hedge trades: Depending on the Company's revenue and changes in the risk positions, the Chairman designates specific personnel to carry out the trades based on the single or accumulated transaction amount according to the following authorization table.</p> <table><tr><td>Authorization Table</td><td>Single Transaction Amount</td><td>Transaction Limit Per Day</td></tr><tr><td>Chairman</td><td>USD 6 million or more</td><td>USD 12 million or more</td></tr><tr><td>President</td><td>USD 3 to 6 million</td><td>USD 6 to 12 million</td></tr><tr><td>Supervisor of Financial Management Division</td><td>USD 3 million or less</td><td>USD 6 million or less</td></tr></table> <p>(B). Non-hedge trades: Specific personnel is authorized to undertake non-hedge trades with approval from the President or the Chairman. <u>This is particularly pertinent for the operation of derivative financial instruments, where</u> the total contract value of transactions shall not exceed an equivalent of 20 million USD as a principle. (Further details omitted)</p> <p>(II)Execution unit and transaction process</p> <p>The execution unit for Company's long- and short-term securities investments and derivatives trading are personnel designated by the <u>Finance and Accounting Department</u> and the Chairman. (Further details omitted)</p>	Authorization Table	Single Transaction Amount	Transaction Limit Per Day	Chairman	USD 6 million or more	USD 12 million or more	President	USD 3 to 6 million	USD 6 to 12 million	Supervisor of Financial Management Division	USD 3 million or less	USD 6 million or less	<p>Processing Procedure:</p> <p>(I)Authorization levels and limits</p> <p>1. Securities: The <u>Chief Financial Officer</u> is authorized to conduct the trading in accordance with the Operational Procedures within a certain amount. When exceeding the amount requiring public announcement and regulatory filing, shall report such matter to the Chairman for reference <u>within one week</u> and submit it to the next board meeting for ratification. (Further details omitted)</p> <p>2. Derivatives trading</p> <p>(A). Hedge trades: Depending on the Company's revenue and changes in the risk positions, the Chairman designates specific personnel to carry out the trades based on the single or accumulated transaction amount according to the following authorization table.</p> <table><tr><td>Authorization Table</td><td>Single Transaction Amount</td><td>Transaction Limit Per Day</td></tr><tr><td>Chairman</td><td>USD 10 million or more</td><td>USD 20 million or more</td></tr><tr><td>President</td><td>USD 6 to 10 million</td><td>USD 15 to 20 million</td></tr><tr><td>Chief Financial Officer</td><td>USD 6 million or less</td><td>USD 15 million or less</td></tr></table> <p>(B). Non-hedge trades: Specific personnel is authorized to undertake non-hedge trades with approval from the President or the Chairman. The total contract value of transactions shall not exceed an equivalent of 20 million USD as a principle. (Further details omitted)</p> <p>(II)Execution unit and transaction process</p> <p>The execution unit for Company's long- and short-term securities investments and derivatives trading are personnel designated by the <u>Financial Risk and Capital Management Department</u> and the Chairman. (Further details omitted)</p>	Authorization Table	Single Transaction Amount	Transaction Limit Per Day	Chairman	USD 10 million or more	USD 20 million or more	President	USD 6 to 10 million	USD 15 to 20 million	Chief Financial Officer	USD 6 million or less	USD 15 million or less	<p>To align with the company's revenue growth, adjust the appropriate authorization limits and levels.</p> <p>To align with organizational restructuring, revise the executing units.</p>
Authorization Table	Single Transaction Amount	Transaction Limit Per Day																									
Chairman	USD 6 million or more	USD 12 million or more																									
President	USD 3 to 6 million	USD 6 to 12 million																									
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Authorization Table	Single Transaction Amount	Transaction Limit Per Day																									
Chairman	USD 10 million or more	USD 20 million or more																									
President	USD 6 to 10 million	USD 15 to 20 million																									
Chief Financial Officer	USD 6 million or less	USD 15 million or less																									
Article 11	<p>Derivatives trading procedure</p> <p>(I)Trading principles and guidelines</p> <p>(Further details omitted)</p> <p>3.Segregation of authority and responsibilities</p> <p>(A). Transaction personnel: Is responsible for the derivatives trading of the Company and is designated by the Chairman. The personnel is responsible for the planning of transaction strategy, execution of transaction orders, and disclosure of</p>	<p>Derivatives trading procedure</p> <p>(I)Trading principles and guidelines</p> <p>(Further details omitted)</p> <p>3.Segregation of authority and responsibilities</p> <p>(A). Transaction personnel: Is responsible for the derivatives trading of the Company and is designated by the Chairman. The personnel is responsible for the planning of transaction strategy, execution of transaction orders, and disclosure of future</p>																									

Article	Before Amendment	After Amendment	Explanation
	<p>future transaction risks within the authorized scope, and shall provide timely information for corresponding departments and units as reference.</p> <p>(B). <u>Accounting</u> personnel: Is responsible for the verification of transactions, <u>bookkeeping in accordance with the relating regulations, and safekeeping of transaction records.</u></p> <p>(C). <u>Financial</u> personnel: Is responsible for the settlement of derivatives trading.</p> <p>4.Principles for performance evaluation</p> <p>The performance is evaluated based on the market price appraisal table and the gains and losses incurred from the contract rate of the derivatives trading.</p> <p>In order to fully understand and express the evaluation risks of the transactions, <u>accounting</u> personnel shall conduct performance evaluation once a month and present the evaluation of products, and market trend analysis to the senior-level managerial officers as reference for decision making. (Further details omitted)</p>	<p>transaction risks within the authorized scope, and shall provide timely information for corresponding departments and units as reference.</p> <p>(B). <u>Confirmation</u> personnel: Is responsible for the verification of transactions.</p> <p>(C). <u>Settlement</u> personnel: Is responsible for the settlement of derivatives trading. <u>Transactions are recorded and filed in accordance with relevant regulations.</u></p> <p>4.Principles for performance evaluation</p> <p>The performance is evaluated based on the market price appraisal table and the gains and losses incurred from the contract rate of the derivatives trading.</p> <p>In order to fully understand and express the evaluation risks of the transactions, <u>transaction</u> personnel shall conduct performance evaluation once a month and present the evaluation of products, and market trend analysis to the senior-level managerial officers as reference for decision making. (Further details omitted)</p>	To clarify the division of responsibilities
Article 18	<p>(Details omitted)</p> <p>The 6th amendment was made on June 8, 2022.</p>	<p>(Details omitted)</p> <p>The 6th amendment was made on June 8, 2022.</p> <p><u>The 7th amendment was made on May 31, 2024.</u></p>	To add the amendment date



## Sercomm Corporation Rules for Shareholders Meetings Procedure

- Article 1. The rules of procedures for Sercomm's (the Company's) shareholders meetings shall be carried out in accordance with these Rules unless otherwise prescribed in laws and regulations.
- Article 2. The attendance of a shareholder meeting is recorded according to the sign-in card on the date of a shareholder meeting. The Company shall furnish attending shareholders with the meeting agenda handbook, 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.
- Article 3. The voting at the shareholders' meeting shall be based on the number of owned shares.
- Article 4. A shareholders' meeting shall be convened in a location where Sercomm is located or a location appropriate for the shareholders' meeting. A shareholders' meeting shall be duly convened not earlier than 9:00 a.m. nor later than 3:00 p.m.
- Article 5. A shareholders' meeting shall be chaired by the Chairman of the Board if convened by the Board of Directors. During the absence or unavailability of the Chairman of the Board, he/she shall, in advance, appoint the Vice Chairman to act on behalf of him/her. If there is no Vice Chairman or if the Vice Chairman is unavailable as well, the Chairman of the Board shall appoint the executive Director to act on behalf of him/her. In the event that the Chairman of the Board does not appoint a substitute, who shall be elected from either the executive Director or among those Directors who are present.  
If a shareholders' meeting is convened by a person beyond the Board of Directors, he/she shall preside as a Chairman of a shareholders' meeting.
- Article 6. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholder meeting in a non-voting capacity. The personnel in charge of the shareholders' meeting affairs shall wear the required identity certificates or arm-bands.
- Article 7. The entire process of a shareholders' meeting shall be videotaped or audiotaped and shall be archived for a minimum of one year.
- Article 8. The Chairman shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders who represent less than a majority of the total outstanding shares at the time scheduled for the meeting, the Chairman may announce postponement of the meeting. The total number of postponements shall not exceed the maximum of twice and the total time accumulated for the postponement shall not exceed an hour. If the quorum is not met after two postponements, 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 Chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- Article 9. Where a shareholders' meeting is convened by the Board of Directors, the agenda shall be fixed by the Board of Directors. The meeting shall be handled based on the scheduled agenda which shall not be changed unless resolved by the shareholders' meeting.  
The provision set forth in the preceding paragraph is applicable mutatis mutandis to a shareholders' meeting which is convened by a person beyond the Board of Directors.  
The Chairman shall not announce adjournment of the meeting until the contents set forth in the agenda mentioned in two preceding paragraphs and the occasional (extemporaneous) motions are concluded in the meeting. After the announcement of adjournment of the meeting, the shareholders shall not appoint another Chairman and continue the meeting either at the current or a different venue.
- Article 10. In a shareholders' meeting, a shareholder who intends to present a speech shall fill out a slip, specifying the major points of his/her speech, account number of shareholder (or the serial number of his/her attendance card) in advance. The Chairman shall determine his/her order of giving a speech. A shareholder who has submitted the slip but does not speak up is deemed as not having the given right to give a speech. In the case of a discrepancy found between the slip of presentation and content of actual speech, the content of actual speech shall prevail. In the

case that a shareholder gives his/her speech, other shareholders shall not interrupt unless agreed by the Chairman and the speaking shareholder. Otherwise, the Chairman shall stop such violating behaviors.

- Article 11. Each shareholder shall not have two attempts on the same issue unless permitted by the Chairman. Each speech shall not exceed five minutes. Where a shareholder speaks against the rules or beyond the scope of the subject issue, the Chairman may stop his/her speech.
- Article 12. In the case that the corporate shareholders are appointed to attend a shareholders' meeting, only one person may represent and attend the meeting. In the case that the corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one representative may have the right to speak for the same issue.
- Article 13. After a shareholder has given his/her speech, the Chairman may reply in person or by appointing a relevant person to reply.
- Article 14. When the Chairman considers the discussion of a certain issue has reached the extent for making a resolution, he/she may announce discontinuance of the discussion and submit the motion for resolution.
- Article 15. The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the Chairman; however, the person supervising the casting of votes shall be a shareholder.  
The Chairman shall publicly announce the results of the resolution in the meeting and the results shall be recorded in the minutes.
- Article 16. During a shareholders' meeting, the Chairman may consider the schedule and adequately announce a break. In case that force majeure occurs, the Chairman may decide to suspend the progress and for announce the time for resumption of the meeting depending on the circumstances.  
In the event that the site of the shareholders' meeting cannot be continually used before the issues set forth in the agenda (including extempore motions) are concluded, the shareholders may arrange a new venue to continue the meeting.
- Article 17. Unless otherwise provided in laws or the Articles of Incorporation of the Company, matters in the shareholders' meeting shall be resolved by a majority vote at a meeting attended by the shareholders.  
During voting, if the committee chair solicits and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote.
- Article 18. In the case that there is an amendment or alternative for a motion, the Chairman shall combine them along with the original motion and determine their orders for resolution. Once one of them is resolved, the remaining shall be deemed as rejected and no further resolution shall be required.
- Article 19. The Chairman may direct the guards (or security personnel) to help maintain the order of the shareholders' meeting. If a shareholder breaches the rules of the meeting and defies the rectification from the Chairman against the progress of the meeting, the Chairman may request the guards (or security personnel) to assist the person to leave the meeting.
- Article 20. These rules and amendment hereof come into force after being ratified in the shareholders' meeting.

# Sercomm Corporation

## Articles of Incorporation

### Chapter 1 General Provisions

- Article 1. The Company shall be incorporated, as a Company limited by shares, under the Company Act of the Republic of China, and its name shall be 中磊電子股份有限公司 in Chinese. The Company's name shall be Sercomm Corporation in English.
- Article 2. The scope of business of the Company shall be as follows:
1. CC01050 Data Storage and Processing Equipment Manufacturing
  2. CC01080 Electronic Parts and Components Manufacturing
  3. F119010 Wholesale of Electronic Materials
  4. F401010 International Trade
  5. I301010 Software Design Services
  6. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
  7. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
  8. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3. The Company shall have its head office in Taipei City, the Republic of China, and may, pursuant to a resolution adopted by the Board of Directors and upon approval of the competent authorities, set up branch or representative offices within or outside the territory of the Republic of China whenever the Company deems it necessary.
- Article 4. Public announcements of the Company shall be made according to Article 28 of the Company Act.

### Chapter 2 Capital Stock

- Article 5. The total capital of the Company is 5,000,000,000 New Taiwan Dollars, divided into 500,000,000 common shares, at ten New Taiwan Dollars each. The Board of Directors is authorized to issue the unissued shares in installments and at a premium.  
Board of Directors is authorized to buy back shares of the Company if permitted by laws and regulations  
The Company may reserve and issue employee stock options in the amount of 368,000,000 New Taiwan Dollars from the total capital mentioned in the Paragraph 1, divided into 36,800,000 shares, at ten New Taiwan Dollars each. The Board of Directors is authorized to issue these options in installments.
- Article 6. The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Act.
- Article 7. The Company may issue shares without printing share certificates. If the Company decides to print name-bearing share certificates for shares issued, the share certificates shall be affixed with numbers together with signatures and seals by at least three Board Members and subsequently be certified by the competent authority or its approved issuance registration entity before the shares are issued.
- Article 8. In the event of transfer of shares, the transferor and transferee shall both fill in the application form affixed with their names and seals and subsequently make application for transfer to the Company. Before the completion of the transfer procedures, the ownership remains with the transferor.
- Article 9. Loss of or damage to share certificates shall be governed by the Company Act and the "Guidelines for Stock Operations for Public Companies".
- Article 10. Transfer of shares and change to shareholders roster shall be suspended within 60 days immediately before the date of a regular meeting of shareholders, and within 30 days immediately before the date of a special meeting of shareholders, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

### Chapter 3 Shareholders' Meeting

- Article 11. Shareholders meetings of the Company are of two types:
1. Regular meeting shall be convened by the Board of Directors within six months after the close of each fiscal year;
  2. Special meeting shall be convened as the Board of Directors deems necessary.

The shareholders' meetings of the Company may be held via videoconference or other methods announced by the Ministry of Economic Affairs.

- Article 12. The shareholders' meeting shall be presided over by the Chairman of the Board of Directors of the Company. In the event that the Chairman is absent or cannot exercise his/her duties and power for any reason, a Director shall be designated by the Chairman to act on his/her behalf. If no Director is designated by the Chairman, the Directors shall elect from among themselves an acting Chairman.
- Article 13. The notices of meeting date, place and purposes for convening regular meetings of shareholders shall be sent to all shareholders at least 30 days in advance, and at least 15 days in advance in the case of special meetings.
- Article 14. In the event that a shareholder is unable to attend a meeting of shareholders, the shareholder may appoint a proxy to attend the meeting by submitting the proxy form issued by the Company which clearly specifies the scope of proxy.
- Article 15. A shareholder shall have one voting power in respect of each share in his/her/its possession. Notwithstanding, the aforementioned voting power may not apply if the share is restricted share or the share has no voting power as per paragraph two of Article 179 of the Company Act.
- Article 16. Except as otherwise stipulated in the Company Act, a resolution shall be adopted by the majority of shareholders present in the meeting who represent half or more of the total number of the Company's outstanding shares.
- Article 17. The Company is permitted to issue employee stock option certificates at a price lower than the closing price of the Company's share on the issue date and transfer shares to employees at a price lower than the average share buyback price with the consent of two-thirds or more of shareholders present in the meeting who represent half or more of the total number of the Company's outstanding shares.
- Article 17-1 The shares bought back by the Company may be transferred to employees of the controlling Company or its subsidiary who meet certain criteria. The criteria and distribution of the said shares shall be determined by the Board of Directors.  
The employee stock option certificates may be issued to employees of the controlling Company or its subsidiary who meet certain criteria. The criteria and distribution of the said certificates shall be determined by the Board of Directors.  
The new shares may be subscribed by employees of the controlling Company or its subsidiary who meet certain criteria. The criteria and distribution of the said new shares shall be determined by the Board of Directors.  
The restricted stock awards may be issued to employees of the controlling Company or its subsidiary who meet certain criteria. The criteria and distribution of the said awards shall be determined by the Board of Directors.

#### **Chapter 4 Board Members and Audit Committee**

- Article 18. The Company shall have seven to nine Board Members with the term of office of three years. Board Members are elected and appointed from candidates by the shareholders' meeting in accordance with the candidate nomination system specified in Article 192-1 of the Company Law. Pursuant to Article 14-2 of the Securities and Exchange Act, the Company's Board of Directors shall include at least two Independent Directors.
- Article 18-1 The Company may establish an Audit Committee in accordance with Articles 14-4 of the Securities and Exchange Act, which shall consist of all Independent Directors, one of whom shall be the convener and at least one of whom shall have accounting or financial expertise.
- Article 19. The Board of Directors shall be composed of Directors with the following duties and power:
1. Prepare the business plan;
  2. Propose distribution of earnings or covering of losses;
  3. Propose increase or decrease of Company capital;
  4. Formulate important articles and Company organizational structures;
  5. Commission and decommission of the Company's President/Chief Executive Officer, Vice Presidents and Directors;
  6. Setup and dissolution of branch offices;
  7. Propose annual budget plan;
  8. Schedule foreign investments;
  9. Undertake external endorsements and guarantees;
  10. Other duties and power pursuant to the Company Act or resolution adopted by the Shareholders' meeting.
- Article 19-1 The Board of Directors may establish Compensation Committee or other functional committees

- wherever and whenever the Company deems it necessary to carry out any or all of its activities
- Article 19-2 Independent Directors shall be compensated for their exercise of duties and power regardless whether the Company reports net earnings or not. The Board of Directors is authorized to determine the compensation to Independent Directors by taking into account the extent and value of the services provided for the management of the Company and the standards in the industry.
- Article 20. The Board Members shall elect from among themselves a Chairman of the Board of Directors, and may elect a Vice Chairman of the Board of Directors by a majority in a meeting attended by over two-thirds of the Board Members. The Chairman of the Board of Directors shall have the authority to represent the Company. The Company is authorized to purchase liability insurance for Board Members.
- Article 21. Unless otherwise stipulated in the Company Act, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors. Resolutions of the Board of Directors shall be adopted by a majority of the Board Members present in the meeting attended by half or more of the total number of Board Members.
- Article 21-1 Meetings of the Board of Directors shall be convened once per quarter. The convening notice shall specify the purposes of the meeting and be delivered to each Board Member no later than seven days prior to the scheduled meeting date. Notwithstanding, in the case of emergency, the meeting may be convened at any time.  
The aforementioned convening notice shall specify the purposes of the meeting and be delivered by mail, email or facsimile.
- Article 22. 1. The meeting of Board of Directors shall be presided over by the Chairman of the Board of Directors of the Company. In the event that the Chairman is absent or cannot exercise his/her duties and power for any reason, a Director shall be designated to act on his/her behalf. If no Director is so designated, the Directors shall elect from among themselves an acting Chairman. The Board Members should attend the board meeting in person. If a Director is unable to attend the board meeting, he/she may appoint another Director as proxy to attend the meeting by submitting the proxy form which clearly specifies the scope of proxy.  
2. No Director may act as proxy for more than one other Director.  
3. Any Director participating in the meeting via video conference shall be deemed to attend the meeting in person.
- Article 23. Duties and power and matters related to the Audit Committee shall be governed in accordance with the related laws and regulations. The Charter of Audit Committee will be prescribed by the Board of Directors.

## **Chapter 5 Manager**

- Article 24. The Company may appoint one President/Chief Executive Officer, several Vice Presidents and Directors. Commission and decommission of President/Chief Executive Officer shall be decided by a general resolution adopted by the Board of Directors. Commission and decommission of Vice President and Director shall be proposed by President/Chief Executive Officer and subsequently decided by a general resolution adopted by the Board of Directors.
- Article 25. President/Chief Executive Officer shall supervise the operation of the Company in accordance with resolutions of the Board of Directors.

## **Chapter 6 Financial Reports**

- Article 26. The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the Company shall comply with annual closing procedures.
- Article 27. After the close of each fiscal year, the following reports shall be prepared by the Board of Directors in accordance with Article 228 of Company Act and submitted to the regular shareholders' meeting for acceptance:
1. Business report;
  2. Financial statements;
  3. Proposal Concerning the Distribution of Earnings or Covering of Losses.
- Article 28. The distribution of dividends and bonuses shall be made in proportion to the number of shares held by each shareholder. The Company shall not pay dividends or bonuses if there is no earnings.
- Article 29. If the Company reports net earnings in a fiscal year, 12%-18% of the earnings of the period shall be set aside as employees' compensation. The said earnings may be distributed to employees of the controlling Company or its subsidiary who meet certain criteria. The criteria and distribution

of the said earnings shall be determined by the Board of Directors. The compensation to the Directors of the Board may not exceed 2.5% of the earnings of the period. In the event that the Company has accumulated losses, it shall reserve a sufficient amount to offset its accumulated losses. Independent Directors may not participate in the aforementioned distribution of earnings as compensation to the Directors of the Board.

If the Company reports net earnings for the period, the Company shall first estimate and reserve the taxes to be paid, offset its accumulated losses, set aside a legal capital reserve at 10% of the remaining earnings provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Company. The accumulated undistributed earnings at the beginning of the period, the adjusted retained earnings in the fiscal year and a special capital reserve which is set aside or reversed in accordance with the law are set aside as undistributed surplus earnings. If all or part of the dividends and bonuses are distributed by means of issuing new shares, such distribution shall be resolved by the shareholder's meeting; if the distribution is made by means of paying cash, such distribution shall be resolved by the Board of Directors, which shall then report to the shareholder's meeting.

Where the Company incurs no loss, it may distribute the portion of legal capital reserve which exceeds 25% of the Company's paid-in capital and the capital reserve prescribed in the Company Act, in whole or in part, in proportion to the number of shares originally held by each shareholder by cash. Such distribution shall be resolved by the Board of Directors, which shall then report to the shareholder's meeting. The Company's dividend payout shall be determined by its net earnings in the fiscal year and, in principle, be paid on consistent basis. In order to maintain the Company's steady growth, the amount of dividend payout shall reflect factors, such as current and future investment environment, fund requirements, domestic and international competition, capital budgets, benefits of shareholders, equalization of dividends and the long-term financial planning etc. The dividends may be distributed by way of stock dividend or cash dividend. Notwithstanding, the ratio for cash dividend shall not be lower than 10% of the total distribution.

Article 30. The distribution is limited to shareholders listed in the shareholders roster within 5 days prior to the target date for the distribution of dividends or bonus.

## **Chapter 7 Supplementary Provisions**

Article 31. The Company shall act as a guarantor as required in its operation.

Article 32. If the Company elects to delist its shares from the exchange, it shall be decided in a resolution adopted by the shareholders' meeting.

Article 33. The Chart of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.

Article 34. Any matter which is not provided for in these Articles of Incorporation shall be governed by the Company Act of the Republic of China and other relevant laws and regulations.

Article 35. These Articles of Incorporation are agreed to and signed on June 22, 1992 by all the promoters of the Company.

The 1<sup>st</sup> Amendment was approved by the shareholders' meeting on November 3, 1992.

The 2<sup>nd</sup> Amendment was approved by the shareholders' meeting on October 20, 1993.

The 3<sup>rd</sup> Amendment was approved by the shareholders' meeting on February 27, 1995.

The 4<sup>th</sup> Amendment was approved by the shareholders' meeting on July 29, 1995.

The 5<sup>th</sup> Amendment was approved by the shareholders' meeting on June 1, 1996.

The 6<sup>th</sup> Amendment was approved by the shareholders' meeting on May 3, 1997.

The 7<sup>th</sup> Amendment was approved by the shareholders' meeting on March 27, 1998.

The 8<sup>th</sup> Amendment was approved by the shareholders' meeting on May 30, 2000.

The 9<sup>th</sup> Amendment was approved by the shareholders' meeting on May 28, 2001.

The 10<sup>th</sup> Amendment was approved by the shareholders' meeting on December 13, 2001.

The 11<sup>th</sup> Amendment was approved by the shareholders' meeting on May 28, 2002.

The 12<sup>th</sup> Amendment was approved by the shareholders' meeting on April 22, 2003.

The 13<sup>th</sup> Amendment was approved by the shareholders' meeting on June 11, 2004.

The 14<sup>th</sup> Amendment was approved by the shareholders' meeting on June 14, 2005.

The 15<sup>th</sup> Amendment was approved by the shareholders' meeting on June 21, 2006.

The 16<sup>th</sup> Amendment was approved by the shareholders' meeting on June 15, 2007.

The 17<sup>th</sup> Amendment was approved by the shareholders' meeting on June 13, 2008.

The 18<sup>th</sup> Amendment was approved by the shareholders' meeting on June 16, 2009.

The 19<sup>th</sup> Amendment was approved by the shareholders' meeting on June 23, 2010.

The 20<sup>th</sup> Amendment was approved by the shareholders' meeting on June 27, 2012.



The 21<sup>st</sup> Amendment was approved by the shareholders' meeting on June 20, 2013.  
The 22<sup>nd</sup> Amendment was approved by the shareholders' meeting on June 17, 2014.  
The 23<sup>rd</sup> Amendment was approved by the shareholders' meeting on May 28, 2015.  
The 24<sup>th</sup> Amendment was approved by the shareholders' meeting on June 15, 2016.  
The 25<sup>th</sup> Amendment was approved by the shareholders' meeting on June 22, 2017.  
The 26<sup>th</sup> Amendment was approved by the shareholders' meeting on June 12, 2019.  
The 27<sup>th</sup> Amendment was approved by the shareholders' meeting on July 1, 2021.  
The 28<sup>th</sup> Amendment was approved by the shareholders' meeting on June 13, 2023.

## Sercomm Corporation

### The Operational Procedures for Acquisition and Disposal of Assets

(Before Amendment)

- Article 1. Purpose and basis:  
The Operational Procedures for Acquisition and Disposal of Assets (hereinafter referred to as the "Operational Procedures") are formulated and amended in accordance with Articles 36-1 of the Securities and Exchange Act, and Tai-Cai-Zheng-1-Zi Letter Number 0910006105 dated December 10, 2002, issued by the Securities & Futures Commission of the Ministry of Finance (SFC) to strengthen asset management and implement information disclosure.
- Article 2. Scope of assets:
- (I) Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, beneficiary certificates, foreign mutual funds, depository receipts, call (put) warrants, beneficial interest securities, asset-backed securities, and other long- and short-term investments.
  - (II) Real property (including land, houses and buildings, and investment property) and equipment.
  - (III) Memberships
  - (IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
  - (V) Right-of-use assets.
  - (VI) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
  - (VII) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, or compound contracts combining the above products, whose values are derived from assets, interest rates, foreign exchange rates, indexes, or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
  - (VIII) Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, and other acts, or the shares transferred from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.
  - (IX) Other important assets.
- Article 3. Assessment Procedure:
- (I) When the Company acquires or disposes of any long- or short-term securities or engages in any derivatives transactions, the finance department shall perform an analysis of relevant benefits and evaluate possible risks. For the acquisition or disposal of real property or other assets, responsible divisions shall draft a capital expenditure plan and perform feasibility evaluations about the purpose, and anticipated benefit of the acquisition or disposal of assets. thereof prior to the execution of acquisition or disposal.
  - (II) In acquiring or disposing of securities, the Company shall, prior to the date of event, obtain the issuing company's latest financial reports, or other relevant documents which are certified or reviewed by a certified public accountant for reference in appraising the transaction price. If in any of the following circumstances and the transaction amount reaches 20% of the Company's paid-in-capital or NT\$300 million or more, the Company shall engage a certified public accountant to provide an opinion with respect to the reasonableness of the transaction price prior to the date of event. However, the requirement does not apply to securities with publicly quoted prices in an active market or where otherwise regulated by the Financial Supervisory Commission.
  - (III) In acquiring or disposing of real property or equipment where the transaction amount reaches 20% of the Company's paid-in-capital or NT\$ 3 billion or more, the Company shall obtain an appraisal report from an objective and fair professional appraiser prior to the date of event and shall handle relevant matters in compliance with the asset appraisal procedure of these Operational Procedures.  
The term "Professional appraiser" mentioned in the Operational Procedures refers to a real property appraiser or other people duly authorized by law to engage in the value appraisal

of real property and other fixed assets.

- (IV) For the Company's merger, demerger, acquisition, or transfer of shares, the Company shall, prior to convening a board meeting to pass a resolution, engage accountants, lawyers, or securities underwriters to provide their opinions regarding the reasonableness of the share exchange ratio, the acquisition price, or the amount of cash or other property distributed to the shareholders, and submit such opinions to the Board of Directors for deliberation.
- (V) The methods of price determination, and the basis of reference for the Company's acquisition or disposal of assets shall, in addition to considering the opinions provided by relevant experts including professional appraisers and accountants as required in the above provision, be in compliance with the following:
1. When acquiring or disposing of securities traded in the centralized securities exchange market or the over-the-counter trading center, the price shall be determined in consideration of the price of the stocks or bonds at the time of trading.
  2. When acquiring or disposing of securities not traded in the centralized securities exchange market or the over-the-counter trading center, the price shall be determined in consideration of factors including the net value per share, technical and profitability capability, future development potentials, market interest rate, coupon rates of bonds, and the debtors' creditworthiness, with reference to the most recent closing prices.
  3. When acquiring or disposing of memberships, the price shall be determined in consideration of the possible benefits, with reference to the most recent closing prices. When acquiring or disposing of patents, copyrights, trademarks, franchise rights, and other intangible assets, the price shall be determined in consideration of the international or market practice, useful life, and the effects on the Company's technology and business.
  4. When acquiring or disposing of real property and other fixed assets, the price shall be determined in consideration of the assessed present value, assessed value, actual closing price or book value of real property in the vicinity, and quote price of suppliers.
  5. When engaging in derivatives trading, the price shall be determined in consideration of the trading situation, foreign exchange rates, and interest rates in the futures market.
  6. When engaging in merger, demerger, acquisition, or transfer of shares, the price shall be determined in consideration of the nature of the business, net value per share, asset value, technical and profitability capability, productivity, and future development potentials.

Article 4. Processing Procedure:

(I) Authorization levels and limits

1. Securities: The President is authorized to conduct the trading in accordance with the Operational Procedures within a certain amount. When exceeding the amount requiring public announcement and regulatory filing, shall report such matter to the Chairman for reference the following day and submit it to the next board meeting for ratification. However, for acquisition and disposal of shares, corporate bonds, or private-placement securities not traded in the centralized securities exchange market or the over-the-counter trading center, with transaction amount exceeding the amount requiring public announcement and regulatory filing, such matter shall be resolved by the board meeting before execution. While mainland China area investment may be executed only after being approved by the shareholders' meetings, or obtaining authorization from the shareholders' meetings, and submitted to the Ministry of Economic Affairs Investment Commission for approval.

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.

2. Derivatives trading

- (A). Hedge trades: Depending on the Company's revenue and changes in the risk positions, the Chairman designates specific personnel to carry out the trades based on the single or accumulated transaction amount according to the following authorization table.

Authorization Table	Single Transaction Amount	Transaction Limit Per Day
Chairman	USD 6 million or more	USD 12 million or more
President	USD 3 to 6 million	USD 6 to 12 million
Supervisor of Financial Management Division	USD 3 million or less	USD 6 million or less

- (B). Non-hedge trades: Specific personnel is authorized to undertake non-hedge trades

with approval from the President or the Chairman. This is particularly pertinent for the operation of derivative financial instruments, where the total contract value of transactions shall not exceed an equivalent of 20 million USD as a principle.

(C). In order to facilitate the Bank's supervision of the authorization, the Bank shall be informed of the authorized personnel.

(D). The derivatives trading conducted by the aforementioned authorization shall be carried out in accordance with Article 11 of these Operational Procedures.

3. Related party transaction: Such transactions shall be carried out in accordance with Article 10 of these Operational Procedures.

The term "related party" is as defined in Statement of Financial Accounting Standards No. 6 published by the ROC Accounting Research and Development Foundation. When judging whether a trading counterparty is a related party, in addition to legal formalities the substance of the relationship shall also be considered.

4. Merger, demerger, acquisition, or transfer of shares: Such matters shall be carried out in accordance with Article 12 of these Operational Procedures.

5. Others: Other matters shall be handled in accordance with the internal control systems, and the operating procedures of authorization regulations. Transactions with amounts requiring information disclosure pursuant to Article 13, shall be resolved by the board meeting before execution, except that the acquisition and disposal of equipment for business use may be reported to the board meeting for ratification after execution. In case of any event as stipulated in Article 185 of the Company Act, prior approval by resolution of shareholders meeting shall be obtained.

(II) Execution unit and transaction process

The execution unit for Company's long- and short-term securities investments and derivatives trading are personnel designated by the finance and accounting department and the Chairman. The execution unit for the real property and other assets are the user departments and relevant responsible units. The merger, demerger, acquisition, or transfer of shares is executed by units designated by the Chairman. After the acquisition or disposal of an asset is evaluated and approved in accordance with relevant rules, the execution departments shall proceed with the transaction procedures, including the signing of the contract, making and collection of payments, delivery, and inspection and acceptance, and handle the transaction in accordance with relating internal control procedures depending on the nature of the asset.

Article 5. Investment scope and limit:

The Company and its subsidiaries may, in addition to the acquisition of assets for business, invest in the acquisition of real property and securities not for business. The amount limits and restrictions are as follows:

(I) The total amount of real property not for business shall not exceed 50% of the Company's net worth in the most recent financial statements.

(II) The total amount of investment in securities, or individual amount of securities shall not exceed 50% of the Company's net worth in the most recent financial statements. However, for investments held by persons involved in the establishment of the Company, or persons serving as directors or supervisors, and are planned to be held for long-term, such investments need not be counted toward the total amount.

Article 6. Unless in the situation that 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, in acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in-capital or NT\$300 million or more, the Company, unless transacting with domestic government bodies, 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 for business use, shall obtain an appraisal report prior to the date of event from a professional appraiser and shall further comply with the following provisions:

(I) If the transaction price is determined by referring to an attributive price, a specific price, or a special price for a good cause, the transaction should be submitted to the Board of Directors for resolution. The same shall apply to changes in future trading conditions.

(II) Where the transaction price reaches NT\$1 billion or more, appraisal reports from two or more professional appraisers shall be required.

(III) 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 price, or all the appraisal results for the assets to be disposed of

are lower than the transaction price, a CPA shall be engaged to perform and render a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:

1. The discrepancy between an appraisal report and the transaction price reaches 20% or more of the transaction price.
2. The discrepancy between the appraisal reports of two or more professional appraisers reaches 10% or more of the transaction price.

(IV) No more than three months may elapse between the issuance date of the appraisal report by a professional appraiser and the contract execution date. However, if it is subject to the announced present value of the same period and that is not more than six months away, an opinion can be issued by the original professional appraiser.

Article 7. Unless in the situation that 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, in acquiring or disposing of securities, the Company shall, prior to the date of event, obtain the issuing company's latest financial reports which are certified or reviewed by a certified public accountant for reference in appraising the transaction price. If in any of the following circumstances and the transaction amount reaches 20% of the Company's paid-in-capital or NT\$300 million or more, the Company shall engage a certified public accountant to provide an opinion with respect to the reasonableness of the transaction price prior to the date of event.

(I) Acquisition or disposal of securities not traded at the Taiwan Stock Exchange or securities firms.

(II) Acquisition or disposal of private-placement securities.

Article 8. Where the Company acquires or disposes of membership, intangible assets, or right-of-use assets thereof and the transaction amount reaches 20% of the Company's paid-in-capital or NT\$ 3 billion or more, unless the transaction is conducted with domestic government bodies, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the date of event.

Article 8-1. The calculation of the transaction amounts referred to in the preceding three Articles shall be done in accordance with Article 13, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained in accordance with the Operational Procedures need not be counted toward the transaction amount.

Article 9. Control procedures for the acquisition and disposal of assets by subsidiaries:

(I) The Company's subsidiaries shall formulate the "Operational Procedures for Acquisition and Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," and the Operational Procedure shall come into effect upon the approval by the Company's Board of Directors. The same shall apply to amendments.

(II) The subsidiaries' acquisition and disposal of assets shall be handled in accordance with their own "Internal Control" and "Operational Procedures for Acquisition and Disposal of Assets," and present the information on the assets acquired or disposed of in the preceding month and the situation of derivatives trading as of the end of the preceding month in a written report to the Company before the 5th day of the month. The Company's audit personnel include the subsidiaries' acquisition and disposal of assets in the monthly audit work and include the audit result thereof as a required item for reporting to the Audit Committee and the Board of Directors.

(III) If the Company's subsidiary is not a domestically listed company, and the transaction amount of its acquisition and disposal of assets exceeds the amount requiring public announcement and regulatory filing, such matter shall be reported to the Company on the date of event, and the Company shall carry out the public announcement and regulatory filing on the designated website.

(IV) The term "reaches 20% of the Company's paid-in-capital" in a subsidiary's announcement and reporting standards, shall be referred to the Company's paid-in capital.

(V) The term "subsidiaries" in this article is as defined in Statement of Financial Accounting Standards No. 5 and 7 published by the Accounting Research and Development Foundation.

Article 10. Related party transaction procedure

(I) When the Company engages in the acquisition or disposal of assets from or to a related party, in addition to complying with Articles 6 through 9 of the Operational Procedures, the Company shall also carry out the resolution procedure in accordance with the following

provisions and ensure the reasonableness of the transaction terms.

(II) Resolution Procedure:

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed with the execution of a transaction contract or making any payment before the following information has been submitted by the execution unit and has been agreed upon by the Audit Committee, and submitted for the approval of Board of Directors.

- (A). The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.
- (B). The reason for choosing the related party as a transaction counterparty.
- (C). 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 Subparagraph 1, and Subparagraph 4 of this Article.
- (D). 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.
- (E). Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, the evaluation of the necessity of the transaction, and the reasonableness of the funds' utilization.
- (F). If the transaction amount reaches 10% of this Company's total assets or more, the Company shall also obtain an appraisal report from a professional appraiser or an opinion by the CPA.

(G). Restrictive covenants and other important stipulations associated with the transaction. 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 Chairman of the board to decide such matter when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

(A). Acquisition or disposal of equipment for business use or right-of-use assets thereof.

(B). Acquisition or disposal of real property for business use or right-of-use assets thereof.

When the Company or its subsidiaries that are not public companies in Taiwan involve in a transaction mentioned in Paragraph 1 and the transaction amount reaches 10% of the total capital held by the Company or more, the Company shall report all information specified in Paragraph 1 to the shareholders meeting for approval, and may only proceed to the signing of contracts or payments only after approval. However, the above shall not be subject to transactions between the Company and its subsidiaries, or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be done in accordance with Article 13, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that are agreed to by the Audit Committee and approved by the Board of Directors and the shareholders' meeting in accordance with the Operational Procedures need not be counted toward the transaction amount.

(III) Evaluation of the reasonableness of the transaction terms

1. Unless in any of the four circumstances, (1). the related party acquired the real property or right-of-use assets thereof through inheritance or as a gift; (2). 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; (3). the real property is acquired through the 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; (4). 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% of the issued shares or authorized capital 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:

- (A). 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.
  - (B). 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% or more of the financial institution's appraised loan values 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.
2. 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 in the preceding subparagraph.
3. When the transaction cost evaluated based on the preceding provision is lower than the transaction price, such matter shall be handled in accordance with Paragraph 3 Subparagraph 4 of the Article unless objective evidence and an appraisal report are issued by the professional real property appraiser and an opinion on reasonableness issued by the CPAs can be obtained.
- (A). Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with the condition where the 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.  
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 practices.
  - (B). Where the Company acquiring real property or obtaining 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 similar sizes by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refer 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 refer to transactions completed by unrelated parties for parcels with a land area of no less than 50% 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.
4. Where the Company acquires real property or right-of-use assets thereof from a related party, the results of appraisals conducted in accordance with the preceding article show that the transaction costs are uniformly lower than the transaction prices, and there are no events as mentioned in Paragraph 3 Subparagraph 3, the following steps shall be taken:
- (A). Where the Company acquires real property or right-of-use assets thereof from a related party, the results of appraisals conducted in accordance with the preceding article show that the transaction costs are uniformly lower than the transaction prices, and there are no events as mentioned in Paragraph 3 Subparagraph 3, the following steps shall be taken.
  - (B). The Audit Committee shall comply with Article 218 of the Company Act.
  - (C). Actions taken pursuant to Items 1 and 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any

investment prospectus.

5. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Paragraph 3 Subparagraph 4 if there is other evidence indicating that the acquisition was not an arms-length transaction.

#### Article 11. Derivatives trading procedure

##### (I) Trading principles and guidelines:

1. Transaction type: The financial derivatives transaction of the Company refers to including forward contracts, options contracts, interest, and foreign exchange rate swaps, futures, and compound contracts combining the above products.
2. Operational or hedging strategies: Transactions in derivatives carried out by the Company consists of transactions for hedging purpose and non-hedging purpose (i.e., for transaction purpose). The strategy shall be of the main purpose of hedging business risks, and the selection of trading products shall be mainly for the hedging of the risks arising from the Company's businesses. In case of any changes in the objective environment, the Company selects appropriate timing to engage in the "non-hedging transactions" of derivatives, in order to increase its non-operating income or decrease its non-operating loss. Furthermore, to the maximum extent possible, the Company shall select financial institutions with which the Company has business dealing as the transaction counterparties in order to avoid credit risk. A derivatives transaction must be clearly defined as a hedging transaction or a non-hedging transaction for earnings on investments prior to the transaction in order to determine the basis of accounting.
3. Segregation of authority and responsibilities
  - (A). Transaction personnel: Is responsible for the derivatives trading of the Company and is designated by the Chairman. The personnel is responsible for the planning of transaction strategy, execution of transaction orders, and disclosure of future transaction risks within the authorized scope, and shall provide timely information for corresponding departments and units as reference.
  - (B). Accounting personnel: Is responsible for the verification of transactions, bookkeeping in accordance with the relating regulations, and safekeeping of transaction records.
  - (C). Financial personnel: Is responsible for the settlement of derivatives trading.
4. Principles for performance evaluation

The performance is evaluated based on the market price appraisal table and the gains and losses incurred from the contract rate of the derivatives trading.

In order to fully understand and express the evaluation risks of the transactions, accounting personnel shall conduct performance evaluation once a month and present the evaluation of products, and market trend analysis to the senior-level managerial officers as reference for decision making.
5. Contract limit
  - (A). Hedging transaction: The amount shall, in principle, not exceed the expected revenues in the following year. The part in excess shall be classified as a non-hedging transaction.
  - (B). Non-hedging transaction: The total contract amount shall not exceed NT\$20 million or equivalent.
6. Maximum loss limit on total trading and for individual contracts
  - (A). Hedging transaction: The contract loss shall not exceed 30% of the contract amount. This is applicable to total and individual trading contracts.
  - (B). Non-hedging transaction: The total contract loss shall not exceed US\$800 thousand or equivalent, while individual contract loss shall not exceed US\$100 thousand or equivalent.

##### (II) Risk management measures:

1. Credit risk management: The Company shall, in principle, select financial institutions and securities brokers with a good reputation and the ability to provide professional information as the trading counterparties.
2. Market risk management: The Company shall trade in markets with fully disclosed quote prices and ensure that the control of transaction limit is compliant with the Operational Procedures.
3. Liquidity risk management: In order to ensure the liquidity of transaction products, the transaction institutions must have sufficient equipment, information, and transaction capability, and focus on products with high liquidity and large transaction volume.
4. Cash flow risk management: In order to ensure the stability of the Company's operating

cash flow, the source of funding for derivatives transactions should primarily be the Company's own capital and the operating amount should take into consideration the funding needed in the cash income in the following 3 months.

5. Operational risk management:

- (A). The internal transaction personnel shall possess comprehensive and correct professional knowledge about the transacted derivatives in order to avoid losses incurred from misuses of derivatives.
- (B). The transaction personnel, confirmation personnel, and operating personnel may not concurrently serve in more than one of these positions.
- (C). Personnel involved in risk assessment, monitoring, and control shall belong to departments that are different from those mentioned above and shall report to the Board of Directors or to senior-level managerial officers who are not responsible for making decisions on transactions or derivatives positions.
- (D). The derivatives trading positions held shall be evaluated at least once a week, while hedging transactions for the purpose of business shall be evaluated at least twice a month, and the evaluation report shall be submitted to the senior-level managerial officers authorized by the Board of Directors.

6. Legal risk management: Any contract document to be signed with financial institutions shall be reviewed by the relating personnel and submitted to the senior-level managerial officers for approval before proceeding with the execution.

(III) Internal audit system:

- 1. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.
- 2. The Company's audit personnel shall include derivatives trading into the audit plan, report the audit execution results of the preceding year to the Financial Supervisory Commission by the end of February, and submit the improvement status of the abnormalities to the Financial Supervisory Commission for reference no later than the end of May.

(IV) Regular evaluation method and handling of abnormalities:

- 1. Derivatives transactions shall be evaluated on a monthly basis or when necessary and report the profit or loss as open positions of non-hedging transactions for the month to the senior-level managerial officers designated by the Board of Directors as reference for management performance evaluation and risk assessment.
- 2. The senior-level managerial officers designated by the Board of Directors shall pay attention to the monitoring and control of risk for transactions of derivatives at all times. The senior-level managerial officers shall also evaluate on a regular basis whether the performance of derivatives transactions is consistent with existing business strategies and whether the risks undertaken are within the Company's tolerance.
- 3. The senior-level managerial officers designated by the Board of Directors shall manage transactions of derivatives products based on the following principles:
  - (A). Evaluate on a regular basis whether the risk management measures currently in use are appropriately and accurately carried out in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" formulated by the Securities & Futures Institute and these Operational Procedures.
  - (B). Supervise the situation of profits and losses on the transactions, and in case of abnormalities take necessary measures and report to the board meetings immediately. If the Company has established independent directors, the independent directors shall attend the board meeting and express their opinions.
- 4. When the Company engages in derivatives trading, the Company shall handle such matter in accordance with the procedure formulated by itself, authorize relevant personnel to execute such matter, and report to it to the next board meeting.
- 5. The Company shall keep a record of the derivatives trading, detailing the type, amount, board meeting approval date, monthly or occasional evaluation report, and evaluation by the Board of Directors and the senior-level managerial officers authorized by the Board of Directors.

Article 12. Merger, demerger, acquisition, or transfer of shares procedure

(I) Evaluation and operating procedure

- 1. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to

convening a board meeting to pass a resolution, shall engage CPAs, lawyers, or securities underwriters to provide their opinions regarding the reasonableness of the share exchange ratio, the acquisition price, or distribution of cash or other property to shareholders, and submit such opinions to the Board of Directors for deliberation. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

2. The Company 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 Paragraph 1 Subparagraph 1 of this Article when sending the shareholders' meeting notification for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholder meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. If any participants of the merger, demerger, or acquisition fail to convene a shareholder meeting, produce a resolution, or the motion is rejected by shareholders due to lack of a quorum, insufficient votes, or other legal restrictions, the participants of the merger, demerger, or acquisition shall immediately announce to the public the causes, the subsequent actions, and the proposed date of the next shareholders' meeting.

(II) Other matters

1. The participant of the merger, demerger, or acquisition shall convene a board 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 Financial Supervisory Commission is notified in advance of extraordinary circumstances and grants consent. The participant of a transfer of shares shall call a board meeting on the day of the transaction unless another act provides otherwise or the Financial Supervisory Commission is notified in advance of extraordinary circumstances and grants consent.

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:

- (A). 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 the disclosure of the information.
  - (B). 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 meeting.
  - (C). 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 meetings.
2. 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.
  3. When the Company participates in a merger, demerger, acquisition, or transfer of shares, it may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
    - (A). Cash capital increase, issuance of convertible corporate bonds, or issuance of bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
    - (B). An action, such as the disposal of major assets, that affects the Company's financial operations.
    - (C). An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

- (D). An adjustment due to the treasury stock repurchased lawfully by any company participating in the merger, demerger, acquisition, or transfer of shares.
  - (E). An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - (F). Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
4. The contract shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- (A). The handling of breach of contract.
  - (B). 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.
  - (C). 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.
  - (D). The manner of handling changes in the number of participating entities or companies.
  - (E). Preliminary progress schedule for plan execution, and anticipated completion date.
  - (F). Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
5. 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.
6. 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 whereby the latter is required to abide by the provisions of Paragraph 2 Subparagraphs 1, 2, and 5 of this Article.

Article 13. Information disclosure procedure

- (I) For the acquisition and disposal by the Company and its subsidiaries in any of the following situations, relevant data shall be prepared in the prescribed format based on its nature and publicly announced and filed at the website designated by the Financial Supervisory Commission for future reference within two days counting inclusively from the date of the event:
  - 1. 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% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more. However, this shall not apply to the 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.
  - 2. Merger, demerger, acquisition, or transfer of shares.
  - 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in these Operational Procedures.
  - 4. 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:
    - (A). For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
    - (B). For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
  - 5. Where land is acquired under an arrangement of engaging others to build on 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.

6. Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:

- (A). Trading of domestic government bonds or foreign bonds with credit rating no less than the sovereign credit rating of Taiwan.
- (B). Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- (II) The number of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction number of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction number 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 number of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that are announced in accordance with the Operational Procedures need not be counted toward the transaction amount.

- (III) 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 Financial Supervisory Commission authority by the 10th day of each month.

- (IV) If there are any mistakes or omissions made at the time of the public announcement, the Company is required to correct and publicly announce and file all relevant items in their entirety within two days counting inclusively from the date of knowledge of such error or omission.

- (V) After the public announcement and regulatory filing at the designated website, if there are any of the following situations, relevant data shall be prepared in the prescribed format based on its nature and publicly announced and filed at the website designated by the Financial Supervisory Commission for future reference within two days counting inclusively from the date of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. Merger, demerger, acquisition, or transfer of shares not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

The term "Date of event" 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 dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investments 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.

- (VI) Information that requires public announcement and regulatory filing 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. A subsidiary that requires public announcement and regulatory filing, the paid-in capital or total assets of the Company shall be the standard applicable to the paid-in capital or total assets of the subsidiary.

#### Article 14. Other important matters

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, logbooks, 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.

#### Article 15. Professional appraisers and appraisal officers, CPAs, attorneys, and securities underwriters who provide the Company with appraisal reports or 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 the completion of service of the sentence, since the 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, the personnel referred to in the preceding paragraph shall comply with the self-discipline standards of the Company's associations and the following:

- (I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- (II) When executing 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.
- (III) They shall undertake an item-by-item evaluation of the appropriateness, 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.
- (IV) 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 appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 16. Penalty

If the Company's personnel who is responsible for the acquisition or disposal of assets violates the Operational Procedures, such action will be handled in accordance with the Company's Work Rules based on the severity of the situation. The penalty record will serve as a reference for an individual's annual performance evaluation.

Article 17. With respect to the formulation or amendments to these Operational Procedures, and the Company's acquisition or disposal of assets that are subject to the approval of the Board of Directors pursuant to the procedures or other laws, if the Company has established independent directors when such matter is submitted for discussion by the Board of Directors, 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 meeting. If the Company has established the Audit Committee, such matter shall be approved by one-half or more of all audit committee members and submitted to the Board of Directors for a resolution.

If approval of one-half or more of all audit committee members is not obtained, such matter may be approved 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 meeting.

The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Article 17-1. For the calculation of 10% of total assets under the Operational Procedures, the total assets stated in the Company's most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 18. Any matters that are not addressed in the Operational Procedures shall be governed by the relevant laws and regulations, approved by the Audit Committee, then the Board of Directors, and reported to the shareholders' meeting for approval. Subsequent amendments thereto shall be affected in the same manner.

The Operational Procedures were formulated on April 22, 2003, through the resolution of the shareholders' meeting.

The 1st amendment was made on June 15, 2007.

The 2nd amendment was made on June 27, 2012.

The 3rd amendment was made on June 17, 2014.

The 4th amendment was made on June 22, 2017.

The 5th amendment was made on June 12, 2019.

The 6th amendment was made on June 8, 2022.

## Sercomm Corporation Shareholding Status of Directors

Book closure start date: April 2, 2024

Title	Name	Date Elected	Shareholdings when Elected			Shareholdings by Book Closure			Notes
			Share Type	Shares	% of Outstanding Shares	Share Type	Shares	% of Outstanding Shares	
Chairman	Zhuo Jian Investment Co., Ltd. Representative: James Wang	2022.6.8	Common stocks	4,197,094	1.66	Common stocks	4,197,094	1.42	-
Director	Pacific Venture Partners Co. Ltd. Representative: Paul Wang	2022.6.8	Common stocks	3,671,926	1.45	Common stocks	3,671,926	1.24	-
Director	Zhen Bang Investment Co., Ltd. Representative: Ben Lin	2022.6.8	Common stocks	1,826,000	0.72	Common stocks	1,826,000	0.62	-
Director	Yun Zhou Investment Co., Ltd. Representative: Charles Chu	2022.6.8	Common stocks	3,090,000	1.22	Common stocks	3,090,000	1.04	-
Independent Director	Chin-Tay Shih	2022.6.8	Common stocks	0	0.00	Common stocks	0	0.00	-
Independent Director	Steve K. Chen	2022.6.8	Common stocks	0	0.00	Common stocks	0	0.00	-
Independent Director	Rose Tsou	2022.6.8	Common stocks	0	0.00	Common stocks	0	0.00	-
Independent Director	Paul Yang	2023.6.13	Common stocks	0	0.00	Common stocks	0	0.00	-
Total number of shares held by all the Directors of Sercomm				12,785,020	5.05		12,785,020	4.32	-

## Notes:

1. Total shares issued as of April 2, 2024: 295,930,542 shares
2. Under the relevant regulations of the R.O.C., Sercomm's Directors are required to hold, in aggregate, not less than 12,000,000 shares. As of April 2, 2024, the Company's Directors totally held 12,785,020 shares.
3. As the Company has established the Audit Committee, the minimum shareholding requirements for supervisors do not apply.
4. Pursuant to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", in cases where more than two independent directors are elected, the equity stake held by all directors and supervisors other than independent directors is calculated to be reduced to 80%.

## Other Matters

The handling of shareholder proposals for this annual shareholders' meeting:

1. According to Article 172-1 of the Company Act, a shareholder who holds more than 1 percent of the total number of issued shares may raise a proposal in writing to the meeting, provided that one shareholder is limited to one proposal and each proposal shall not be longer than 300 Chinese characters.
2. The Company accepts the shareholders' proposals for the annual shareholders' meeting starting from March 22th to April 1st in 2024, and also has sent the information to the Market Observation Post System in accordance with the relevant laws.
3. The Company did not receive any proposals from the shareholders within the aforementioned period.