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SERCOMM

TWSE:5388

Sercomm Corporation Annual Report 2024

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Letter to Shareholders

Dear Shareholders,

Looking back at 2024, it can be said that it was a year full of opportunities and challenges for the networking industry. Even as we welcome the burgeoning opportunities presented by the new 5G telecommunication applications, we are simultaneously facing multiple challenges, including geopolitical uncertainties, supply chain restructuring in the post-pandemic era, and customer inventory adjustments. With our strong research and development capabilities, Sercomm have continued to actively develop new products, progress our globalization efforts, and expand our market presence. Despite the uncertainties in the external environment, we remain committed to the research and development of new technological innovations, successfully increasing our market share in the telecommunications sector and maintaining our position as an industry leader.



In terms of operating performance, Sercomm achieved a total consolidated revenue of NT\$56.79 billion in year 2024. Thanks to the optimization of our product portfolio, the gross margin rate reached 17.7%. The operating profit reached NT\$2.93 billion, representing a year-on-year decrease of 5.8%. The net profit attributable to the parent company after tax was NT\$2.27 billion. Based on the weighted average shares, which was approximately 294 million shares, consolidated post-tax earnings per share amounted to NT\$7.74.

Sercomm has continued its globalization efforts in response to geopolitical and market changes. To this end, we have enhanced our operational resilience through global supply chain management, flexibly integrating resources from our five major production bases in Taiwan, Philippines, India, Mexico, and China, ensuring capacity flexibility and stable component supply to meet customer demand. With the upgrade of global networking infrastructure driving the demand for broadband equipment, Sercomm have leveraged our technological advantages to focus on product innovation and market positioning. In addition to our existing key markets in North America, Europe, and the Asia-Pacific region, we are actively expanding into emerging markets such as Southeast Asia, Latin America, and the Middle East. At the same time, we are enhancing our direct sales business in telecommunications and deepening partnerships with customers to further strengthen our

market leadership.

In addition to focusing on our core business, with the increasing global emphasis on ESG issues, Sercomm actively promotes sustainable operations. The Company is concentrating on three major aspects: environment, society, and governance, and is committed to low-carbon transformation while fulfilling our corporate responsibilities. In the fields of environmental protection, workplace conditions, business ethics, and sustainable procurement, we have shown continuous improvement, even being recognized with the EcoVadis Gold Medal. Additionally, due to our outstanding workplace environment, we have obtained “Great Place To Work” certification. At the same time, the Company’s efforts in governance have been reflected in our ranking in the Corporate Governance Evaluation, placing us in the top 6%-to-20% bracket. For each of the seven years since 2017, Sercomm has published an annual sustainability report and successfully passed third-party certification, demonstrating our commitment to and achievements in sustainable development.

Looking ahead to 2025, the global networking communication industry is poised to enter a new era of vigorous development. As such, Sercomm will leverage our innovative R&D capabilities to reinforce our collaboration with global telecommunications customers and provide comprehensive communication technology solutions. New products include: 10G PON high-speed optical fiber access equipment, DOCSIS Cable 4.0 products, WiFi 7 devices, 5G FWA fixed wireless access equipments, video-streaming devices, enterprise networking equipment, and smart Internet-of-Things products. These new offerings are expected to contribute to revenue growth and, we anticipate, overall operational growth. Seizing market opportunities and adhering to sustainable management principles, Sercomm strives to create sustainable corporate value, continuously boosting the long-term interests of our stakeholders, including shareholders, customers, and employees alike.



James Wang

Chairman
Sercomm Corporation

I. Company Highlight

2.1 Review of 2024 Business Results

Unit: Thousand NTD

Items	2023	2024	Year on Year Change (%)
Broadband CPE	40,158,735	38,959,503	-2.99
Enterprise Products	14,776,198	10,164,532	-31.21
Infrastructure & IoT Products	5,890,090	6,164,302	4.66
Others	1,759,470	1,500,425	-14.72
Total Revenue	62,584,493	56,788,762	-9.26

2.1.1 Performance and Profitability Analysis

Items		2023	2024
Financial Structure	Debt over Equity (%)	72.33	61.14
	Long-term Funds to Fixed Assets Ratio (%)	361.92	338.69
Liquidity Analysis	Current Ratio (%)	142.07	150.99
	Quick Ratio (%)	78.12	95.39
Profitability	Return on Assets (%)	5.65	5.51
	Return on Equity (%)	20.76	15.40
	To Paid-in Capital (%)	Operating Income	97.78
		Pretax Income	94.09
		Profit Margin (%)	4.00
		Earnings per Share (NTD)	7.74

2.1.2 Research and Development Status

Leveraging years of accumulated R&D strengths, Sercomm has successfully mastered the key technologies and market trends of the telecommunications broadband industry. Our comprehensive product range covers various market sectors including residential, commercial, telecommunications, security monitoring, and cloud applications, offering customers a one-stop broadband product integration and design service. This includes providing telecom operators with one-stop solutions, focusing on access solutions from the fiber optic terminal to the household within a distance of 300 to 500 meters. Our mainstream products include Integrated Access Devices (IAD), Enterprise Products, FTTx Products, Cable DOCSIS Products, Small Cell, and Smart IoT Solutions, all of which are leaders in their respective genres. Our customers include first-tier telecom operators in Europe, the US, and emerging markets.

Sercomm not only enhances the added value of hardware products with excellent software integration technology, but also invests R&D resources and works with customers in the early stage of design for many new technologies and products based on our commitment and responsibility toward our customers. At the same time, we strive to optimize efficiency and quality in manufacturing, quality control, and customer service, thereby comprehensively improving customer satisfaction. In response to the new era of digital convergence, Sercomm will continue to engage in innovation and R&D, actively expand our global footprint, and integrate new broadband technologies into a wide variety of applications. We are committed to creating value differentiation and improving Sercomm's competitiveness through the blue ocean strategy, thus creating a brand new corporate value.

2.2 Summary of 2025 Business Plan

1. Business Direction

- (1) Implement effective management mechanisms to drive sustained business growth and maintain stable profitability.
- (2) Proactively develop telecom broadband solutions to strengthen technological leadership and talent cultivation.
- (3) Enhance service quality and continuously optimize operational processes to improve overall efficiency.
- (4) Consolidate existing market presence while actively expanding into emerging markets to establish a global sales network.
- (5) Enforce cost and quality control measures and expand production capacity to meet growing market demand.

2. Projected Sales and Basis

In 2024, the global networking and communications industry entered an accelerated phase of post-pandemic digital transformation. Broadband networks have become a fundamental infrastructure for the digital economy, prompting governments and telecom operators worldwide to expedite network upgrades and infrastructure development, driving sustained growth in broadband equipment demand. Additionally, Sercomm's long-term global expansion efforts have begun to yield results, with significant progress in penetrating emerging markets such as Southeast Asia, India, Latin America, and the Middle East. By deepening collaborations with global telecom customers and expanding market reach, the company has successfully increased its market penetration. To navigate dynamic international market conditions, Sercomm has adopted a flexible production strategy, ensuring manufacturing agility and a stable supply chain, thereby strengthening its competitive edge and swiftly meeting customer demands.

Looking ahead to 2025, Sercomm remains highly confident in its business growth, leveraging next-generation communication technologies and innovative applications. With extensive experience in the telecommunications broadband sector and exceptional software-hardware integration capabilities, the company continues to invest in cutting-edge research and development. Sercomm's latest product lineup includes 10GPON high-speed fiber access solutions, DOCSIS 4.0 Cable devices, WiFi 7 wireless equipment, 5G FWA fixed wireless access devices, streaming media solutions, enterprise networking products, and smart IoT solutions. These innovations are expected to be key drivers of revenue growth, reinforcing Sercomm's market leadership and ensuring continued expansion in the global networking and communications sector.

3. Major Production and Marketing Policies

- (1) Strengthen production and goal management to improve process efficiency and quality.
- (2) Ensure quality and delivery of key components; monitor supply, demand, and price trends.
- (3) Focus on product R&D and line expansion to respond quickly to market needs.
- (4) Expand global marketing network and enhance strategic partnerships with telecom and brand customers.
- (5) Stabilize market segments and tap into emerging markets.
- (6) Enhance channel control and market intelligence gathering.
- (7) Increase brand visibility and service reputation.
- (8) Implement cost reduction initiatives to boost price competitiveness.
- (9) Diversify customer base and regional distribution to mitigate concentration risks.

2.3 Future Development Strategy

1. Expand the Company's market value to benefit shareholders and employees.
2. Pay attention to intellectual property and cultivate outstanding personnel.
3. Strengthen technology research and development.
4. Improve market position and become the market leader.
5. Increase operational income and maximize profitability.

2.4 The Effects of External Competition, Regulation and the Overall Business Environment

The global networking and communications industry is accelerating its development. With the ongoing digital transformation, 5G technology has achieved a global penetration rate of over 50%, with North America, East Asia, and parts of Europe reaching even higher levels. The rapid expansion of generative AI applications is not only transforming enterprise data processing and automated decision-making but also driving technological advancements in network intelligence and traffic optimization. Additionally, the rise of low Earth orbit (LEO) satellites and emerging communication technologies is reshaping market dynamics, offering more flexible connectivity solutions for remote areas and industrial applications.

The global Fixed Wireless Access (FWA) market continues to grow. According to Ericsson's November 2024 Mobility Report, FWA connections are expected to reach 350 million by 2030, accounting for 19% of the global fixed broadband market. Among these, 5G FWA will constitute 80%, reflecting the strong demand for high-performance broadband solutions. However, competition is intensifying, with low-cost equipment manufacturers from China, India, and local vendors in Europe and North America entering the market. Major telecom operators such as T-Mobile, AT&T, and Verizon are also aggressively expanding their FWA services, making the market increasingly competitive.

From a technology perspective, WiFi 7 and 10G PON have become key industry focuses. The accelerated adoption of WiFi 7 is meeting the increasing demand for high bandwidth and low latency in both enterprise and consumer markets, driving strong demand for network equipment. Meanwhile, 10G PON (Passive Optical Network) technology is entering its expansion phase, particularly in North America and Europe, where major telecom providers are rapidly deploying all-fiber networks to support higher bandwidth and ultra-low latency applications. In the Asia-Pacific region, government infrastructure subsidies are facilitating the gradual adoption of 10G PON in residential and enterprise applications.

On the regulatory front, the U.S. Broadband Equity, Access, and Deployment (BEAD) Program continues to drive nationwide broadband infrastructure development. By 2025, funding has been allocated across states, with network deployments underway. The National Telecommunications and Information Administration (NTIA) oversees the distribution and execution of funds, with state governments collaborating with major telecom operators to expand fiber and FWA networks. Recent federal adjustments to BEAD subsidy criteria have increased support for small and mid-sized telecom companies, accelerating broadband expansion in rural and underserved areas. While this presents opportunities for FWA and fiber-optic equipment providers, it also demands compliance with stricter technical standards and regulatory oversight. In the European Union, the Digital Markets Act (DMA) and Digital Services Act (DSA) officially took effect in 2024, imposing stricter cybersecurity and data privacy requirements on network equipment providers, further raising compliance standards. Additionally, global trade policy uncertainties continue to impact supply chains, with geopolitical tensions, shifting tariffs, and supply chain restructuring exacerbating market instability. The U.S.-China trade conflict has resulted in tariff adjustments, affecting global production costs and pricing competitiveness. Meanwhile, Environmental, Social, and Governance (ESG) regulations are tightening. The EU now requires corporations to report Scope 3 carbon emissions, while the U.S. Clean Energy Standard Act is driving demand for low-carbon products and green supply chains.

To address these challenges and opportunities, Sercomm continues to advance its global operations strategy, flexibly integrating its five major manufacturing bases in Taiwan, the Philippines, India, Mexico, and China. This approach enhances supply chain resilience and production flexibility, ensuring stable supply and rapid adaptation to geopolitical and market fluctuations. In addition to strengthening its presence in North America, Europe, and Asia-Pacific, Sercomm is actively expanding into Southeast Asia, Latin America, and the Middle East while enhancing its direct sales business to telecom operators to deepen customer partnerships and reinforce market competitiveness. Looking ahead, Sercomm will continue leveraging its technological leadership by introducing 10G PON high-speed fiber access solutions, DOCSIS 4.0 Cable products, WiFi 7 wireless devices, and 5G FWA fixed wireless access equipment. At the same time, the company remains committed to its sustainability strategy, driving long-term corporate growth and delivering lasting value to stakeholders.

II. Corporate Governance

3.1 Board Members

3.1.1 Information Regarding Board Members

As of March 31, 2025

Position	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Education & Experience	Current Position
						Shares	%	Shares	%	Shares	%		
Chairman	Zhuo Jian Investment Co., Ltd.	-	2022.6.8	3	2013.6.20	4,197,094	1.66	4,197,094	1.40	-	-	-	-
	Representative: James Wang	Male 61-70	-	3	2001.5.28	-	-	2,841,006	0.95	0	0	Harvard Business School, MBA Carnegie-Melon University, ME CEO of Sercomm Corp.	Note 1 & Note 9
Director	Pacific Venture Partners Co. Ltd.	-	2022.6.8	3	2004.6.11	3,671,926	1.45	3,671,926	1.22	-	-	-	-
	Representative: Paul Wang	Male 81-90	-	3	1992.7.29	-	-	0	0	4,809,322	1.60	Carnegie Mellon University, PhD in Physics Chairman of Sercomm Corp.	Note 2
Director	Zhen Bang Investment Co., Ltd.	-	2022.6.8	3	2019.6.12	1,826,000	0.72	1,826,000	0.61	-	-	-	-
	Representative: Ben Lin	Male 61-70	-	-	2004.6.11	-	-	1,982,201	0.66	736,896	0.25	Tsing Hua University, MS in PME President of Sercomm Corp.	Note 3
Director	Yun Zhou Investment Co., Ltd.	-	2022.6.8	3	2019.6.12	3,090,000	1.22	3,090,000	1.03	-	-	-	-
	Representative: Charles Chu	Male 61-70	-	3	-	0	0	0	0.00	0	0.00	Master of Mechanical Engineering, University of Michigan Senior Vice President of Sercomm Corp.	Note 4
Independent Director	Chin-Tay Shih	Male 71-80	2022.6.8	3	2013.6.20	0	0	0	0.00	0	0.00	Princeton University, PhD in Electrical Engineering Stanford University, MS in Management Science and	Note 5

Position	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Education & Experience	Current Position
						Shares	%	Shares	%	Shares	%		
												Engineering Dean of the College of Technology Management of Tsing Hua University	
Independent Director	Steve K. Chen	Male 61-70	2022.6.8	3	2014.6.17	0	0	0	0.00	0	0.00	Harvard University, PhD in Law Attorney in New York State	Note 6
Independent Director	Rose Tsou	Female 51-60	2022.6.8	3	2017.6.22	0	0	0	0.00	0	0.00	Northwestern University, Kellogg School of Management, MBA Boston University MS in Mass Communication Head of International, Verizon Media	Note 7
Independent Director	Paul Yang	Male 51-60	2023.6.13	3	2023.6.13	0	0	0	0.00	0	0.00	Harvard Business School, MBA Massachusetts Institute of Technology, MS in ME	Note 8

Note 1 : Independent Director of Formosa International Hotels Corporation; Chairman of Sercomm Investment, Yun Zhou Investment, Yun Li, Chao Yue Investment; Company Representative of Sercomm Trading Co., Ltd., Zealous Investments Ltd., Servercom (India) Private Limited, Snet (India) Private Limited, Sercomm Technology Inc., Sercomm Japan Corp., Sercomm Turkey A.Ş.; Director, Sercomm Philippines Inc., MosoLabs Inc.

Note 2 : Company Representative of Sercomm USA Inc.; Director of Prosperity Dielectrics Co., Ltd., Taiwan Cement Co., Ltd

Note 3 : Company Representative of Smart Trade Inc.; Chairman of Zhao Jian Investment; Director of Sercomm Investment, Sercomm USA Inc., Sercomm Japan Corp., Sercomm Technology Inc.; Supervisor of Yun Zhou Investment

Note 4 : Company Representative of Sercomm France SARL, Sercomm Italia SRL, Sercomm Deutschland GmbH; Supervisor of Sercomm Japan Corp.

Note 5 : Independent Director of Vanguard International Semiconductor Corporation, FocalTech Systems Co., Ltd., Taiwan Union Technology Corporation; Director of Qualife System Technology Corp.; Supervisor of TEN Incubation Corporation

Note 6 : Business Partner of TriMax & Companies LLC, SHC LLC; Chairman of EZconn Corporation, eGtran Corporation, Oak Analytics Inc., Spatial Digital Systems Inc.; Independent Director of Taishin Life Insurance Co., Ltd.; Director of StemBios Technologies, Inc., Bloominous Inc., Surge Motion Inc.

Note 7 : Independent Director of Delta Electronics, Inc., Giant Manufacturing Co., Ltd.; Director of Easycard Corporation, FN Capital Co., Ltd., Hong Kong Television Entertainment Company Limited; Supervisor of Taiwan Women on Boards Association

Note 8 : Chairman of KGI Bank Co., Ltd.; Director, President and CEO of KGI Financial Holding Co., Ltd.; Director of KGI Life Insurance Co., Ltd.; Vice Chairman of CDIB Capital International (Hong Kong) Corporation Limited, CDIB Capital International Corporation; Director of KGI Hong Kong Limited, Asian Equity Limited, DHC One

Dalton (HK) Limited, Carlton Holdings (Cayman) Limited, Henwell Limited, Henning Limited, Harvard Club of Republic of China Scholarship Foundation

Note 9 : Considering the scale of operations and assets of our company, the chairman also serves as the CEO to respond to the overall operations of Sercomm group and the integration of global resources. Furthermore, to enhance the objectivity and independence of the board's decisions, our company added an independent director seat at the 2023 annual shareholders' meeting, with the proportion of directors serving as executives being only 25% of the total board seats.

3.1.2 Major Institutional Shareholders

As of March 31, 2025

Name of Institutional Shareholder	Primary Shareholder of Institutional Shareholder	Shareholding
Zhuo Jian Investment Co., Ltd.	Jiou Bang Investment Co., Ltd.	69.07%
	Zhen Bang Investment Co., Ltd.	24.01%
Pacific Venture Partners Co. Ltd.	Su Yi	62.50%
	Da Yuan Management Consulting Co. Ltd.	35.00%
Yun Zhou Investment Co., Ltd.	Yun Li Co., Ltd.	46.30%
	Zhen Bang Investment Co., Ltd.	43.29%
	James Wang	5.22%
Zhen Bang Investment Co., Ltd.	Ben Lin	83.23%
	Yu-Mei Chang	0.003%

3.1.3 Major Shareholders of the Major Shareholders that Are Juridical Persons

As of March 31, 2025

Name of Juridical Persons	Major Shareholders of the Juridical Persons	Shareholding
Jiou Bang Investment Co., Ltd.	Ben Lin	70.30%
	Yu-Mei Chang	7.21%
Da Yuan Management Consulting Co. Ltd	Honesty Ventures Limited	75.00%
	5388 Sunrise Inc.	25.00%
Yun Li Co., Ltd.	James Wang	56.16%
	Yun Chuan Investment Co., Ltd.	15.64%
	E.SUN Bank Dedicated Trust Property Account	10.49%

3.1.4 Directors' Professional Qualifications and Independent Directors' Independence Status

Name/Title	Criteria	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	Professional Qualification and Experience		
Chairman Zhuo Jian Investment Co., Ltd. Representative: James Wang	James Wang holds the MBA Degree of Harvard University and the Master's Degree of Carnegie-Melon University. With approximately 30 years of experience in the technology industry and the field of network communications, he has accumulated comprehensive industrial, academic and management experience, and has served as President in Sercomm since 2000. Under James' leadership, the Company was managed to grow exponentially in the past decades. Sercomm was presented the award for the "Best Managed Company" by Asiamoney and FinanceAsia respectively. In addition, James also received "2014 Entrepreneur of The Year Award" and "Strategy Excellence Paradigm Entrepreneur of The Year" by Ernst & Young. He is not involved in any circumstances specified under Article 30 of the Company Act.	He or his spouse, minor child or anyone else acting on his behalf does not hold more than 1% of the Company's outstanding shares, and none of them is a natural person shareholder ranked TOP 10 in shareholding in the Company. He has no conjugal or kinship within the second degree with any other directors. He is not involved in any circumstances specified under Subclauses 3 and 4, Clause 3, Article 26 of the Securities Exchange Act.	1
Honorary Chairman/ Director Pacific Venture Partners Co. Ltd. Representative: Paul Wang	Paul Wang holds the PhD and Master's Degree in Physics from Carnegie Mellon University and the Bachelor's Degree in Physics from National Taiwan University. Before his establishment of Sercomm, he had been employed in IBM for 20 years and acted as a senior supervisor in several departments. With more than 40 years of experience in the technology industry and venture capital, he has profound understanding about development of the high-tech industry. In 1990, he founded Pacific Venture Partners Co. Ltd. He was an outstanding and talented person who was engaged in venture capital and private fund in Asia-Pacific. In 1992, he co-founded Sercomm Corporation with several high-tech experts. So far, he has served as Chairman of Sercomm. In 2013, Paul received the "Pan Wen Yuan Prize", the highest honor in technology industry. From 1997 to 2005, he also served as Chairman of the Taiwan Venture Capital Association (TVCA). He is not involved in any circumstances specified under Article 30 of the Company Act.	He or his minor child or anyone else acting on his behalf does not hold more than 1% of the Company's outstanding shares, and none of them is a natural person shareholder ranked TOP 10 in shareholding in the Company. He has no conjugal or kinship within the second degree with any other directors. He is not involved in any circumstances specified under Subclauses 3 and 4, Clause 3, Article 26 of the Securities Exchange Act.	0

Name/Title	Criteria	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	Professional Qualification and Experience		
Director Zhen Bang Investment Co., Ltd. Representative: Ben Lin	Ben Lin holds a Master's degree in Power Machinery from National Tsing Hua University. With over a decade of experience at the Industrial Technology Research Institute and International Integrated Systems Inc., he has accumulated extensive expertise in technological innovation and product development. In 1992, he joined Sercomm as one of the founding team members and currently serves as President and Chief Technology Officer. He leads Sercomm's R&D team in the development of integrated hardware and software solutions for network communications, including core technologies such as Internet Protocols, which have laid a solid foundation for the Company's leadership position in the broadband telecommunications equipment industry.	He or his spouse, minor child or anyone else acting on his behalf does not hold more than 1% of the Company's outstanding shares, and none of them is a natural person shareholder ranked TOP 10 in shareholding in the Company. He has no conjugal or kinship within the second degree with any other directors. He is not involved in any circumstances specified under Subclauses 3 and 4, Clause 3, Article 26 of the Securities Exchange Act.	0
Director Yun Zhou Investment Co., Ltd. Representative: Charles Chu	Charles Chu graduated from the University of Michigan with a master's degree in mechanical engineering. He joined the company in 2000 and retired in 2018. During this period, he served as the chief operating officer of the company, established Zhunan factory and Suzhou factory, introduced automated manufacturing processes, and introduced Oracle ERP system, etc., accompany the company's growth all the way, and have a deep understanding of the company's business and operations. He is not involved in any circumstances specified under Article 30 of the Company Act.	He or his spouse, minor child or anyone else acting on his behalf does not hold more than 1% of the Company's outstanding shares, and none of them is a natural person shareholder ranked TOP 10 in shareholding in the Company. He has no conjugal or kinship within the second degree with any other directors. He is not involved in any circumstances specified under Subclauses 3 and 4, Clause 3, Article 26 of the Securities Exchange Act.	0
Independent Directors, Audit Committee and Compensation Committee Members Chin-Tay Shih	As a pioneer who has promoted development of Taiwan semiconductor industry, Chin-Tay Shih received further education in Princeton University following his graduation from the Department of Electrical Engineering, National Taiwan University. He obtained the PhD Degree in electrical engineering in 1975 and the master's degree of Stanford University in Management Science in 1985. When he was 30 years old, he returned to Taiwan upon completion of his education and joined the Industrial Technology Research Institute. He	He is not an employee, director or supervisor of the Company or its affiliates. He or his spouse, minor child or anyone else acting on his behalf does not hold more than 1% of the Company's outstanding shares, and none of them is a natural person shareholder ranked TOP 10 in shareholding in the Company. He has no conjugal or	3

Name/Title	Criteria		Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	Professional Qualification and Experience	Independent Directors' Independence Status	
	<p>ever got involved in introducing the first semiconductor technologies. He assisted with establishment of companies such as UMC, TSMC and VIS. He ever acted as President and director of the Industrial Technology Research Institute. He was solicited by National Tsing Hua University to serve as Dean of the College of Science & Technology Management. With prominent contributions to Taiwan industries and cultivation of management talents, he has been granted Honorary Doctoral Degree in Engineering of National Tsing Hua University and Honorary Doctoral Degree of National Chiao Tung University.</p> <p>He is not involved in any circumstances specified under Article 30 of the Company Act.</p>	<p>kinship within the second degree with any other directors. He is not involved in any circumstances specified under Subclauses 3 and 4, Clause 3, Article 26 of the Securities Exchange Act. He has not been elected as government, legal person or by proxy as stipulated under Article 27 of the Company Act.</p>	
Independent Directors, Audit Committee and Compensation Committee Members	<p>Steve K. Chen is an American born Chinese, a juris doctor of Harvard University and a New York lawyer. He works as investment and asset management consultant in the United States. From 2007, he acted as Chairman of Ezconn. From 2013 to 2015, he led Ezconn's public offering and listing. In 2020, he procured Ezconn to cooperate with Chang Gung University to commercialize technologies and deepen industry-university cooperation.</p> <p>He is not involved in any circumstances specified under Article 30 of the Company Act.</p>	<p>He is not an employee, director or supervisor of the Company or its affiliates. He or his spouse, minor child or anyone else acting on his behalf does not hold more than 1% of the Company's outstanding shares, and none of them is a natural person shareholder ranked TOP 10 in shareholding in the Company.</p> <p>He has no conjugal or kinship within the second degree with any other directors. He is not involved in any circumstances specified under Subclauses 3 and 4, Clause 3, Article 26 of the Securities Exchange Act. He has not been elected as government, legal person or by proxy as stipulated under Article 27 of the Company Act.</p>	1
Independent Directors, Audit Committee and Compensation Committee	<p>After graduating from the Library Department of National Taiwan University, Rose Tsou ever studied for the MBA Degree in Northwestern University and the master's degree in mass communication of Boston University. She had served as Yahoo's Head</p>	<p>She is not an employee, director or supervisor of the Company or its affiliates. She or his spouse, minor child or anyone else acting on his behalf does not hold</p>	2

Criteria			Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	Professional Qualification and Experience	Independent Directors' Independence Status	
Name/Title			
Members	of Asia-Pacific for 10 years. In Asia-Pacific regions such as Japan, HK, Taiwan, Southeast Asia, India, New Zealand and Australia, she took charge of media, digital advertisements and electronic commerce. From 2018 to 2020, she served as Head of International in Verizon Media. In that period, she was primarily in charge of business operations in all global markets other than American and Canadian markets. She led teams of Asia-Pacific, Europe and Latin America to enhance exchanges on operational experience and talents across regions. She focused on developing and promoting mobile products. She also created new opportunities for expanding market cooperation and assisted with Verizon Media's faster growth in the international markets. She is not involved in any circumstances specified under Article 30 of the Company Act.	more than 1% of the Company's outstanding shares, and none of them is a natural person shareholder ranked TOP 10 in shareholding in the Company. She has no conjugal or kinship within the second degree with any other directors. He is not involved in any circumstances specified under Subclauses 3 and 4, Clause 3, Article 26 of the Securities Exchange Act. She has not been elected as government, legal person or by proxy as stipulated under Article 27 of the Company Act.	
Rose Tsou			
Independent Directors, Audit Committee Member	Paul Yang serves as a director at China Development Financial Holding Corporation and holds the position of director at China Development Capital. He was previously a partner and the CEO for Greater China at KKR Asia Limited. He has also held the positions of President at China Development Financial Holding Corporation, President at China Development Industrial Bank, and Chairman at China Development Capital. Before joining the China Development Financial Holding Group, he served as Managing Director at DBS Bank, responsible for the bank's Asian private equity business. Additionally, he managed direct investment business at Goldman Sachs, stationed in New York and Hong Kong, and later served as Managing Director at ICG Asia Ltd. He has also worked at General Atlantic Partners and Boston Consulting Group, making significant contributions as a leading expert in international financial institutions over the years. He is not involved in any circumstances specified under Article 30 of the Company Act.	He is not an employee, director or supervisor of the Company or its affiliates. He or his spouse, minor child, or anyone else acting on his behalf does not hold more than 1% of the Company's outstanding shares, and none of them is a natural person shareholder ranked TOP 10 in shareholding in the Company. He has no conjugal or kinship within the second degree with any other directors. He is not involved in any circumstances specified under Subclauses 3 and 4, Clause 3, Article 26 of the Securities Exchange Act. He has not been elected as government, legal person or by proxy as stipulated under Article 27 of the Company Act.	0
Paul Yang			

Board Diversity and Independence

Board Diversity

To improve corporate governance and ensure the sound development of the Board of Directors, the Company follows Article 20 of the Corporate Governance Best Practice Principles in considering Board composition and diversity, and plan suitable policies based on its operations, business model, and developmental requirements. The considered aspects include but are not limited to the following two:

1. Basic criteria and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members should have the knowledge, skills, and qualities required to fulfill their responsibilities. To achieve the desired objectives of corporate governance, the Board of Directors should possess the following capabilities:

1. Capabilities of operational judgment
2. Capabilities of accounting and financial analysis
3. Capabilities of operations management
4. Capabilities of crisis handling
5. Industrial knowledge
6. International market outlooks
7. Leadership skills
8. Decision-making capabilities

The Company's Board diversity policy aims to incorporate diverse perspectives and understandings of the members, in order to mitigate groupthink and improve the quality, effectiveness, and performance of Board decision-making in its dynamic operations. Summary of factors at the center of the Company's specific management objectives regarding the Board diversity policy, and their implementation status:

1. For comprehensive information on experiences and professional capabilities across various industries:

Title	Name	Industry Experience	Media	Legal	Technology	Accounting	Investment	Operation
Chairman	James Wang Representative of Zhuo Jian Investment Co., Ltd.	✓			✓	✓		✓
Director	Paul Wang Representative of Pacific Venture Partners Co. Ltd.	✓					✓	✓
	Ben Lin Representative of Zhen Bang Investment Co., Ltd.	✓			✓		✓	✓
	Charles Chu Representative of Yun Zhou Investment Co., Ltd.	✓			✓			✓
	Chin-Tay Shih	✓			✓	✓		✓
Independent Director	Steve K. Shen	✓		✓			✓	✓
	Rose Tsou	✓	✓			✓		✓
	Paul Yang	✓				✓	✓	✓

2. Gender: The selection of the Company's board members is based on a comprehensive evaluation of professional competence, industry experience, and the principle of diversity. However, considering the continuity and professional requirements of the current board members, the proportion of female directors currently stands at 12.5%. To further enhance gender diversity on the board, the Company plans to add one additional female director in 2025, bringing the total number of female directors to two and increasing their proportion to 25%. Additionally, during future board elections, the Company will continue to assess and appropriately increase the number of female directors to gradually achieve the goal of ensuring that the proportion of either gender is not less than one-third. Furthermore, the Company will actively identify and develop female talent with professional capabilities through talent development programs, incorporating them into board candidate considerations to ensure board diversity and governance effectiveness.
3. Age: Two seats are occupied by individuals aged 51-60 (25%), four by those aged 61-70 (50%), and two by those aged 71 and above (25%).
4. Nationality: One seat is held by a foreign national (12.5%), and seven seats are held by domestic nationals (87.5%).
5. Education: Three seats are occupied by individuals with a doctoral degree (37.5%), and five seats are occupied by those with a master's degree (62.5%).
6. Balanced Board structure:
 - (1) Independent Directors: 4 seat (50%). An additional Independent Director was elected in 2023. Furthermore, in line with the principle of maintaining independence, some Independent Directors have longer tenures, with the hope that their substantial understanding of the Company's medium to long-term operations, along with their rich experience and capabilities, will enhance the quality of board decision-making.
 - (2) General Directors: 2 seats (25%).
 - (3) Directors who concurrently serve as managers: 2 seats (25%). Considering the company's operations and asset scale, the Chairman also assumes the role of CEO to oversee the overall operations of the Group and facilitate the integration of global resources. To enhance the objectivity and independence of the Board's decision-making, an additional Independent Director was elected during the shareholders' meeting on June 13, 2023. The proportion of directors who are also managers is 25%, meeting the requirement of not exceeding one-third of the total number of directors.

Title	Name	Gender	Age	Nationality	Education	Executives	Tenure of Independent Director
Chairman	James Wang Representative of Zhuo Jian Investment Co., Ltd.	Male	61-70	Taiwan	Master	✓	
Director	Paul Wang Representative of Pacific Venture Partners Co. Ltd.	Male	81-90	Taiwan	PhD		
	Ben Lin Representative of Zhen Bang Investment Co., Ltd.	Male	61-70	Taiwan	Master	✓	
	Charles Chu Representative of	Male	61-70	Taiwan	Master		

Title	Name	Gender	Age	Nationality	Education	Executives	Tenure of Independent Director
	Yun Zhou Investment Co., Ltd.						
	Chin-Tay Shih	Male	71-80	Taiwan	PhD		2013-2025
Independent Director	Steve K. Shen	Male	61-70	USA	PhD		2014-2025
	Rose Tsou	Female	51-60	Taiwan	Master		2017-2025
	Paul Yang	Male	51-60	Taiwan	Master		2023-2025

Board Independence

At present, the Company has 8 Board of Directors members, including 4 independent directors, accounting for 50% of all the directors. After checking the second-degree kinship form provided by the directors, it is confirmed that no conjugal relationship or kinship within the second degree exists among the directors of the Company.

The Board of Directors is committed to continuously evaluating independence of directors, where it considers all relevant factors. In addition to compliance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, whether relevant directors can continue raising constructive questions for the management and other directors or express views independent of the management or other directors, and if their conducts are appropriate inside and outside the Board of Directors are also taken into account. In terms of their conducts, all of our directors who are not our employees can meet expectations and exhibit the foregoing traits if appropriate.

Criteria	Independence Criteria (Note)											
	1	2	3	4	5	6	7	8	9	10	11	12
James Wang Representative of Zhuo Jian Investment Co., Ltd.			✓	✓		✓		✓	✓	✓	✓	
Paul Wang Representative of Pacific Venture Partners Co. Ltd.	✓					✓	✓	✓	✓	✓	✓	
Ben Lin Representative of Zhen Bang Investment Co., Ltd.			✓	✓	✓	✓		✓	✓	✓	✓	
Charles u Representative of Yun Zhou Investment Co., Ltd.	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
Shih, Chin-Tay	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Steve K. Chen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rose Tsou	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Paul Yang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: Directors, during the two years before being elected and during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

1. Not an employee of the Company or any of its affiliates;
2. Not a director or supervisor of the Company or any of its affiliates;
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders;
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3;
5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Law;
6. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company;
7. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent);
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company;
9. Other than serving as a compensation committee member of the Company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000";
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company;
11. Not been a person of any conditions defined in Article 30 of the Company Law; and
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law

3.1.5 Remuneration to Directors

Unit: Thousand NTD

Title	Name	Base Compensation (A)		Bonus to Directors (C)		Allowances (D)		Total Amount and Ratio of total remuneration to Net Income (%) A+C+D		Salary, Bonuses & Allowances (E)		Severance Pay (F)		Profit Sharing-Employee Bonus (G)				Total Amount and Ratio of Compensation to Net Income (%) A+C+D+E+F+G	
		Sercomm		Consolidated Subsidiaries		Sercomm		Consolidated Subsidiaries		Sercomm		Consolidated Subsidiaries		Sercomm		Consolidated Subsidiaries		Sercomm	
		Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses
Chairman	James Wang Representative of Zhuo Jian Investment Co., Ltd.	0	0	16,000	16,000	0	0	16,000	16,000	0	0	0	0	0	0	0	0	16,000	16,000
								0.70%	0.70%									0.70%	0.70%
Director	Paul Wang Representative of Pacific Venture Partners Co. Ltd.	0	0	6,400	6,400	0	0	6,400	6,400	0	0	0	0	0	0	0	0	6,400	6,400
								0.28%	0.28%									0.28%	0.28%
Director	Ben Lin Representative of Zhen Bang Investment Co., Ltd.	0	0	6,400	6,400	0	0	6,400	6,400	0	0	0	0	0	0	0	0	6,400	6,400
								0.28%	0.28%									0.28%	0.28%
Director	Charles Chu Representative of Yun Zhou Investment Co., Ltd.	0	0	6,400	6,400	0	0	6,400	6,400	0	0	0	0	0	0	0	0	6,400	6,400
								0.28%	0.28%									0.28%	0.28%
Independent Director	Chin-Tay Shih	3,000	3,000	0	0	18	18	3,018	3,018	0	0	0	0	0	0	0	0	3,018	3,018
								0.13%	0.13%									0.13%	0.13%
Independent Director	Steve K. Chen	3,000	3,000	0	0	18	18	3,018	3,018	0	0	0	0	0	0	0	0	3,018	3,018
								0.13%	0.13%									0.13%	0.13%
Independent Director	Rose Tsou	3,000	3,000	0	0	24	24	3,024	3,024	0	0	0	0	0	0	0	0	3,024	3,024
								0.13%	0.13%									0.13%	0.13%
Independent Director	Paul Yang	2,520	2,520	0	0	24	24	2,544	2,544	0	0	0	0	0	0	0	0	2,544	2,544
								0.11%	0.11%									0.11%	0.11%

3.2 Management Team

3.2.1 Information Regarding Management Team

As of March 31, 2025

Name / Position	Nationality	Gender	Elected Date	Current Shareholding		Spouse & Minor & in the Name of Others Shareholding		Education & Experience	Current Position
				Shares	%	Shares	%		
James Wang CEO	Taiwan	Male	2000.1.24	2,841,006	0.95	0	0.00	Harvard Business School, MBA Carnegie-Melon University, ME Chairman, Sercomm Corp.	Note 1 & Note 3
Ben Lin President	Taiwan	Male	1992.7.29	1,982,201	0.66	736,896	0.25	Tsing Hua University, MS in PME President, Sercomm Corp.	Note 2
Dean Wang Senior VP	Taiwan	Male	2018.7.16	975,000	0.32	0	0.00	State University of New York, Dual M.S. Field of Study Mechanical Engineering & Management and Policy President, Foxconn (Shenzhen) Technology Group	Director of Sercomm Philippines Inc., Scnet (India) Private Limited
Michael Lee Senior VP	Taiwan	Male	2022.3.9	707,890	0.24	1,100,000	0.37	National Taiwan University MS in ME Director, Hitron Technologies Inc.	Director of Sercomm Japan Corp.
Colette Chen VP	Taiwan	Female	2013.2.1	154,999	0.05	0	0.00	Tamkang University, MS in European Studies Sales Manager, Veccom Co., Ltd.	-
Alex Liou VP	Taiwan	Male	2022.11.10	325,000	0.11	0	0.00	New York University, MBA Senior AVP, Qisda Corporation	Company Representative of Sercomm Britain Limited; Director of First Hi-tec Enterprise Co. Ltd.

Name / Position	Nationality	Gender	Elected Date	Current Shareholding		Spouse & Minor & in the Name of Others Shareholding		Education & Experience	Current Position
				Shares	%	Shares	%		
Nicole Lee VP	Taiwan	Female	2023.02.01	60,000	0.02	0	0.00	National Taiwan University, MS in Management Chief officer of HR, HTC Corporation	-
David Huang VP	Taiwan	Male	2023.03.01	30,000	0.01	0	0.00	Cornell University LL.M. Partner at KPMG	-
Arthur Hsu VP	Taiwan	Male	2023.05.02	335,000	0.11	0	0.00	New York University, MBA Procurement VP, HP	Supervisor, Sernet (Suzhou) Technologies Corporation Supervisor, DWNet Technology (Suzhou) Co., Ltd.
Winnie Hsieh Director Audit Office	Taiwan	Female	2007.06.15	100,406	0.03	0	0.00	Tamkang University, BS in Finance and Banking Special Assistant, WeiTai Corp.	-
Max Cheng Accounting Officer	Taiwan	Male	2020.11.13	9,000	0.00	0	0.00	Chengchi University, EMBA Assistant Finance Manager, NEC Taiwan	Company Representative of Refinement Property Holding Inc.; Supervisor of Sercomm Investments Corp.
Raymond Ho Corporate Governance Officer	Taiwan	Male	2023.07.28	0	0.00	0	0.00	Chung Cheng University, MBA Finance & Information VP, United Biopharma Inc.	-

Note 1 : Independent Director of Formosa International Hotels Corporation; Chairman of Sercomm Investment, Yun Zhou Investment, Yun Li, Chao Yue Investment; Company Representative of Sercomm Trading Co., Ltd., Zealous Investments Ltd., Servercom (India) Private Limited, Sernet (India) Private Limited, Sercomm Technology Inc., Sercomm Japan Corp., Sercomm Turkey A.Ş.; Director of Sercomm Philippines Inc., MosoLabs Inc.

Note 2 : Company Representative of Smart Trade Inc.; Chairman of Zhao Jian Investment; Director of Sercomm Investment, Sercomm USA Inc., Sercomm Japan Corp., Sercomm Technology Inc.; Supervisor of Yun Zhou Investment

Note 3 : Considering the company's operations and asset scale, the Chairman also assumes the role of CEO to oversee the overall operations of the Group and facilitate the integration of global resources. To enhance the objectivity and independence of the Board's decision-making, an additional Independent Director was elected during the shareholders' meeting on June 13, 2023. The proportion of directors who are also managers is 25%, meeting the requirement of not exceeding one-third of the total number of directors.

3.2.2 Compensation of President and Vice President

Unit: Thousand NTD

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Total Amount and Ratio of total compensation (A+B+C+D) to net income (%)	
		Sercomm	Consolidated Subsidiaries	Sercomm	Consolidated Subsidiaries	Sercomm	Consolidated Subsidiaries	Sercomm		Consolidated Subsidiaries			
								Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Sercomm	Consolidated Subsidiaries
CEO	James Wang												
President	Ben Lin												
Senior VP	Dean Wang												
	Michael Lee												
Vice President	Colette Chen	29,034	39,534	1,111	1,111	14,187	22,703	Note1	0	Note1	0	44,332 1.95%	63,348 2.79%
	Alex Liou												
	Nicole Lee												
	David Huang												
	Arthur Hsu												

Note 1: As of the date of this annual report, the amount of employee remuneration for the year 2024 has not yet been determined and is therefore not available for disclosure. The proposed cash amount of NT\$72,220 thousand is a provisional estimate based on the actual distribution ratio from the previous year.

Compensation Range	Name of President and Vice President	
	Sercomm	Consolidated Subsidiaries
NT\$0 ~ NT\$999,999		
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999	Michael Lee, Alex Liou	Alex Liou
NT\$3,500,000 ~ NT\$4,999,999	Nicole Lee, David Huang, Arthur Hsu	Michael Lee, Nicole Lee, David Huang
NT\$5,000,000 ~ NT\$9,999,999	James Wang, Ben Lin, Dean Wang, Colette Chen	Ben Lin, Dean Wang, Colette Chen, Arthur Hsu
NT\$10,000,000 ~ NT\$14,999,999		James Wang
NT\$15,000,000 ~ NT\$29,999,999		
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
Over NT\$100,000,000		
Total	9	9

3.2.3 Employee Profit Sharing Granted to Management Team

Unit: Thousand NTD

Title	Name	Stock Bonus	Cash Bonus	Total Employee Profit Sharing	Total Employee Profit Sharing Paid to Management Team as a % of 2024 Net Income
CEO	James Wang				
President	Ben Lin				
Senior VP	Dean Wang				
	Michael Lee				
	Colette Chen	0	64,540 (Note 1)	64,540	2.84%
	Alex Liou				
Vice President	Nicole Lee				
	David Huang				
	Arthur Hsu				

Note 1 : As of the date of this annual report, the list of employees eligible for remuneration for the year 2024 has not yet been determined. The proposed distribution amount is a provisional estimate based on the actual distribution ratio from the previous year.

3.2.4 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit: Thousand NTD

	Sercomm		Consolidated Subsidiaries	
	2023	2024	2023	2024
Directors	49,860	46,804	49,860	46,804
Directors' remuneration as a % of net income	2.09%	2.06%	2.09%	2.06%
President and VPs	106,207	108,872	125,074	127,888
President and VPs' remuneration as a % of net income	4.45%	4.79%	5.24%	5.63%

Note 1 : As of the date of this annual report, the list of employees eligible for remuneration for the year 2024 has not yet been determined. The proposed distribution amount is provisionally estimated based on the actual distribution ratio from the previous year.

Note 2 : The proportion of the total amount to after-tax net income for the current year does not differ significantly from that of the previous year.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

Remuneration policy, standard and combination:

- a) According to Article 19 of the Articles of Incorporation, the remuneration of directors shall be assessed based on their participation in the operations of the Company and the value of their contribution to the Company. In addition, according to Article 29 of the Articles of Incorporation, no higher than 2.5% of profit of the current year is distributable as remuneration to directors. Independent directors do not participate in the aforementioned distribution of directors' remuneration. The Company may regularly evaluate remuneration of the directors in accordance with the "Performance Evaluation of Board of Directors". The performance results on remuneration appropriateness shall be reviewed by the Compensation Committee and the Board of Directors.
- b) For our managers' remuneration of the Company, work allowance and bonus shall be determined according to the Company's remuneration measures, to understand and reward the employees for their work efforts. Relevant bonus shall be paid according to the Company's annual operating performance, financial status, operating status and personal job performance. According to Article 29 of the Articles of Incorporation, 12%-18% of profit of the current year is distributable as employees' compensation. The performance results of the Company obtained in accordance with the "Performance Management Measures" serve as the reference basis for bonus payment to managers. The performance for managers is conducted in respect of two aspects as follows:

First, financial indicators: According to the Company's management and income statements, the business units distribute the Company's profits based on degree of contribution, considering managers' goal completion rate.

Second, non-financial indicators: the Company's practicing of core values, operations management capabilities, and the assessment of ESG (Environmental, Social, and Governance) sustainability performance.

The managers' remuneration from their business performances is determined on the basis of above indicators. The remuneration system is timely reviewed from time to time when appropriate according to actual operating conditions, relevant laws and regulations.

- c) Regular assessment of directors and managers' remuneration shall be based on the results of evaluation conducted according to the Company's Performance Measures for the Board of Directors, Performance Management Measures for managers and employees. The remuneration shall be also determined in combination with the Company's business performance indicators, and the results shall be presented to the Board of Directors for review. To fully present fulfillment of business performance indicators, the Chairman's performances shall be measured based on the Company's results in annual business indicators related to operations, governance and financial results, including financial performance indicators - revenue and profit, attainment of budget target, risk bearing, compliance with rules/regulations, and level of personal credit risk. Executives' performance shall be conducted based on financial performance indicators - revenue and profit, attainment of budget target, growth, new market development, forward-looking strategies, new product development, new market development, talent training, acquisition and cultivation of elite talents, risk bearing, compliance with rules/regulations, level of personal credit risk and all other related performance objectives. Sustainable performance (based on tasks organized into marketing and communication, responsible products, responsible operations and supply chain management, employee care and public charity, corporate governance, etc.)
- d) The remuneration combination paid by the Company shall be determined by the organizational rules of the Compensation Committee, including cash remuneration, stock options, dividends, retirement benefits or resignation payment, various allowances and other substantial rewards. Its scope shall be consistent with related directors' and managers' remuneration specified in the annual report of the public listed company.

Process for remuneration determination:

- a) In 2024, the self-assessment results for the Board of Directors, board members, and all functional committees were rated as excellent, demonstrating the company's outstanding governance capabilities and decision-making effectiveness. Despite uncertainties in the external environment, the company remains committed to technological innovation and R&D, successfully increasing its market share in the telecommunications sector and maintaining its industry leadership, fully showcasing the team's expertise and performance. At the same time, the company actively promotes ESG sustainability, strengthens its low-carbon transition and responsible supply chain management, and has been awarded the EcoVadis Gold Medal and Great Place To Work certification. Additionally, in the Corporate Governance Evaluation for listed companies, the company ranked in the top 6%-20%, continuously demonstrating excellence in corporate governance and sustainability commitments.
- b) The Company's performance and remuneration appropriateness for its directors and managers are regularly evaluated and reviewed by the Compensation Committee and the Board of Directors every year. In addition to individuals' performance achievement and degree of contribution to the Company, overall business performance of the Company, future risks and development trends of industries are also taken into account. Besides, the remuneration system is reviewed from time to time according to the actual business conditions, pertinent laws and regulations. After comprehensive consideration of current corporate governance, appropriate remuneration is paid, in order to strike a balance between the Company's efforts for going concern and risk control. The amount of remuneration paid to directors and managers in 2024 was presented to the Board of Directors for review and approval upon deliberation by the Compensation Committee.

Associations with business performances and future risks:

- a) The Company's remuneration policies, related payment standards and rules are reviewed mainly based on its overall business conditions. The payment standards are reviewed and determined based on the performance achievement and degree of contribution, in order to improve overall organizational and team effectiveness of the Board of Directors and management departments. In addition, remuneration standards of the industry are used for reference, to ensure that our remuneration paid to the management is competitive in the industry, so as to retain excellent management talents.
- b) All of our managers' performance goals are set in combination with risk control to ensure that potential risks are managed and prevented within duties. The managers' remuneration is determined based on their actual performances, in combination with relevant human resources and remuneration policies. All of our important management decisions are made by coordinating and considering various risk factors. The performances in related decision-making are reflected by the Company's profit, so remuneration and risks of the management are associated with the control performance.
- c) The remuneration paid by the Company and its subsidiaries to their general managers and deputy general managers include long-term rewards, which are paid in the form of stocks and not fully paid in the current year with profit. The actual value of stocks is correlated to future stock price. In other words, the general managers and deputy general managers will share future operational risks with the Company.

3.3 Corporate Governance Practice

3.3.1 Board of Directors

The Board of Directors held 4 meetings in 2024. The directors' attendance status is as follows.:

Title	Name	Attendance in Person	By Proxy	Attendance In Person Rate (%)	Remarks
Chairman	James Wang Representative of Zhuo Jian Investment Co., Ltd.	4	0	100%	
Director	Paul Wang Representative of Pacific Venture Partners Co. Ltd.	4	0	100%	
	Ben Lin Representative of Zhen Bang Investment Co., Ltd.	4	0	100%	
	Charles Chu Representative of Yun Zhou Investment Co., Ltd.	4	0	100%	
Independent Director	Chin-Tay Shih	3	1	75%	
	Steve K. Chen	3	1	75%	
	Rose Tsou	4	0	100%	
	Paul Yang	4	0	100%	

Annotations:

- (1) Securities and Exchange Act §14-3 resolutions

Date of Board Meeting	Resolution	Individual Directors' Opinions	Company's Response
2024.03.05	<ol style="list-style-type: none"> Approval of the distribution of 2023 employee and director remuneration. Approval of the termination of the private placement of securities approved at the 2023 Annual Shareholders' Meeting. Approval of the proposal to conduct a private placement of common stock or domestic/overseas convertible bonds. Approval of the amendment of the "The Operational Procedures for Acquisition and Disposal of Assets", "Audit Committee Charter" and "Board of Directors Meeting Regulations." Approval of the evaluation of the suitability and independence of the 2024 auditors. Approval of endorsements and guarantees for the company's subsidiaries. 	None	To execute as per the resolution

Date of Board Meeting	Resolution	Individual Directors' Opinions	Company's Response
2024.05.07	1. Approval of the issuance of restricted stock awards to employees.	None	To execute as per the resolution
2024.07.30	1. Approval of the establishment of the "The Operational Procedures for Acquisition and Disposal of Assets," "The Operational Procedures for Loaning of Company Funds," and "The Operational Procedures for Endorsements and Guarantees" for the Indian subsidiary.	None	To execute as per the resolution
2024.11.01	1. Approval of the establishment of the "Management Measures for Sustainability Information" and the "Internal Audit Implementation Rules." 2. Approval of an endorsement and guarantee for the Mexican subsidiary, SCTek Manufacturing S.A. de C.V. 3. Approval of a capital increase for the Indian subsidiary, SCNet (India) Private Limited.	None	To execute as per the resolution

(2) There were no other written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion in 2024.

2. Recusals of Directors due to conflicts of interests in 2024: None.

3. Performance evaluation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content
Annual Internal Evaluation	2024.01.01-2024.12.31	Evaluation of the performance of the Board of Directors, individual board members, and functional committees.	Internal self-assessment by the Board of Directors and self-assessment by board members.	Please see Note 1 for details.
Triennial External Evaluation	2022.01.01-2022.12.31	Evaluation of the performance of the Board of Directors, individual board members, and functional committees.	Appointment of an external professional institution: Chainye Management Consulting Co. Ltd.	Please see Note 2 for details.

4. Measures taken to strengthen the functionality of the Board:

In 2023, the company established governance-related guidelines through the Board of Directors and set up a Sustainable Development Committee and a dedicated Corporate Governance Officer, thereby strengthening the functions of the Board of Directors.

Note 1 :

2024 Performance Evaluation of Board of Directors

Performance evaluation of Sercomm's Board of Directors in 2024 includes self-evaluation of the entire Board of Directors, individual directors, and functional committees. The evaluation report is shown as follows:

- Evaluation period: January 1, 2024 to December 31, 2024.
- Measurement items for the performance evaluation of the Board of Directors include the following five areas:
 1. Participation in the operation of the Company.
 2. Improvement in the quality of the Board's decision-making.
 3. Composition and structure of the Board.
 4. Election and continuing education of directors.
 5. Internal control.

- Measurement items for the performance evaluation of individual directors include the following five areas:
 1. Understanding of the goals and missions of the Company.
 2. Awareness of the duties of directors.
 3. Participation in the operation of the Company.
 4. Management of internal relationship and communication.
 5. Professionalism and continuing education of directors.
 6. Internal control.
- Measurement items for the performance evaluation of functional committees include the following five areas:
 1. Participation in the operation of the Company.
 2. Awareness of the duties of functional committees.
 3. Improvement in the quality of decision-making by functional committees
 4. Composition of functional committees, and election and appointment of committee members.
 5. Internal control.
- The Board of Directors and functional committees underwent performance evaluation separately, where evaluation results are divided into four grades: 90 points and above: excellent; 80 to 89 points: good; 70 to 79 points: standard; and 69 and below: improvement required.
- The results of the performance evaluation of the Board of Directors in 2024 are shown as follows:
 1. The overall average score obtained during the self-evaluation of the Board of Directors' performance was excellent.
 2. The overall average score obtained during the self-evaluation of individual directors' performance was excellent.
 3. The overall average score obtained during the self-evaluation of functional committees' (Audit, Remuneration and Sustainable Development Committees) performance was excellent.
- In 2024, the self-assessment results of the company's Board of Directors, individual board members, and functional committees were all rated as excellent, with no significant areas for improvement. The evaluation results were reported to the Board of Directors on February 27, 2025.

Note 2 :

- External evaluation Results

Upon summarizing and evaluating the directors' self-evaluation and the on-site evaluation for the Board of Directors and Audit Committee, the external evaluation institution believes that Sercomm's Board of Directors has formulated relevant policies and procedures for the Board operation in accordance with relevant laws and regulations and corporate governance indicators in Taiwan. The Board of Directors is composed of directors with relevant professional abilities, and the work is assigned based on the professions and experiences. The functions of the Board of Directors and various functional committees operates effectively, and the evaluation results are excellent.
- Overall evaluation
 1. The 4 general directors of the Board of Directors are all current or retired senior managers of Sercomm, and the 3 independent directors are professionals in the telecommunications industry, finance and accounting, and law. The independent directors are knowledgeable about the Sercomm's operations and future development goals and can provide relevant professional advice in a timely manner with adequate supervision and guidance.

2. Sercomm can provide complete information before the Board meetings and functional committees meeting and directors actively participate in the discussions, express opinions, and establish a good meeting culture.
 3. The Chairman respects the professionalism of each director, and the culture of the Board of Directors is open and harmonious where each director can speak freely, contribute his professionalism, and express his opinions. Sercomm also values to the succession planning where the current directors play an important role in cultivating the professional managerial personnel who is expected to provide their skills and become the cornerstone of Sercomm in the future.
- Suggestion on optimization
1. At present, two of the three independent directors have served for more than three terms. To strengthen the independence of independent directors and functional committees and make the election mechanism of directors and independent directors more professional and independent, it is suggested that Sercomm may consider increasing the independent directors and establishing a nomination committee before the next re-election.
 2. Sercomm is a manufacturer of telecommunications broadband equipment with great focus on information security and risk management issues. To effectively manage the challenges and opportunities of future business development, we suggest that Sercomm to set up relevant functional committees in line with corporate governance goals, such as Sustainable Committees, Risk Management Committees, Information Security Committees. Sercomm can strengthen the management mechanism and demonstrate the corporate governance of a leading corporation.
 3. The self-evaluation questionnaire provided by Sercomm to the directors contains only options of "yes" and "no". It is suggested that the evaluation can be revised to a scoring method recommended by the securities regulatory authority where results are divided from 1 to 5; 1 being extremely poor (strongly disagree) and 5 being excellent (strongly agree), allowing directors to express with subtle differences in evaluation.

3.3.2 Audit Committee

The Audit Committee aims to assist the Board of Directors in monitoring the quality and integrity of Sercomm's accounting, auditing and financial reporting processes and financial control.

The tasks of the Audit Committee mainly include the following:

1. Formulation or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment, in accordance with Article 36-1 of the Securities and Exchange Act of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters bearing on the personal interest of directors.
5. Material assets or derivatives trading.
6. Material loaning of funds, and provision of endorsements/guarantees.
7. Offering, issuance or private placement of any equity securities.
8. Appointment, discharge, or compensation of attesting CPAs.
9. Appointment or discharge of a finance manager, accounting manager or head of internal audit.
10. Annual financial statements signed or stamped by the Chairman, managerial officers, and account manager, and second-quarter financial statements audited and attested by CPAs.
11. Other significant matters set forth by the Company or the competent authority.

The Audit Committee held 4 meetings in 2024. The attendance of Independent Directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance in Person Rate (%)	Remarks
Independent Director	Chin-Tay Shih	3	1	75	Chair
	Steve K. Chen	3	1	75	
	Rose Tsou	4	0	100	
	Paul Yang	4	0	100	

Annotations:

1. (1) Securities and Exchange Act §14-5 resolutions

Date	Resolution	Any Independent Director Had a Dissenting Opinion or Qualified Opinion
2024.03.05	<ol style="list-style-type: none"> 1. Approval of the 2023 Financial Statements, Business Report, and the 2024 Business Plan. 2. Approval of the proposal to conduct a private placement of common stock or domestic/overseas convertible bonds. 3. Approval of the amendment of the "The Operational Procedures for Acquisition and Disposal of Assets". 4. Approval of the 2023 Internal Control System Statement. 5. Approval of the evaluation of the suitability and independence of the 2024 auditors. 6. Approval of endorsements and guarantees for the company's subsidiaries 	Approved as proposed and submitted to the Board of Directors for approval.
2024.05.07	<ol style="list-style-type: none"> 1. Approval of the Q1 2024 Business Report and Financial Statements. 2. Approval of the issuance of restricted stock awards to employees. 	

Date	Resolution	Any Independent Director Had a Dissenting Opinion or Qualified Opinion
2024.07.30	1. Approval of the Q2 2024 Business Report and Financial Statements.	
2024.11.01	1. Approval of the Q3 2024 Business Report and Financial Statements. 2. Approval of the establishment of the "Management Measures for Sustainability Information" and the "Internal Audit Implementation Rules." 3. Approval of a capital increase for the Indian subsidiary, SCNET (INDIA) PRIVATE LIMITED	Approved as proposed and submitted to the Board of Directors for approval.

(2) There was no other resolution which was not approved by the Audit Committee but was approved by two thirds or more of all directors in 2024.

2. If there are Individual Directors' avoidance of motions in conflict of interest, the Individual Directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. Descriptions of the communications between the Independent Directors, the Internal Auditors, and the Independent Auditors (which should include the material items, channels, and results of the audits on the corporate finance and/or operations, etc.)

(1) The Independent auditor explains to the independent directors in the Audit Committee at least once a quarter on the topics of the content and scope of the audit of the company's financial statements, key audit matters, adjustment entries, annual audit communication plan, as well as corporate governance evaluation, and sustainable development action plans. The communication between independent directors and the auditor in 2024 is as follows in the table.

Meeting Dates	Communications between the Independent Directors and the Independent Auditors	Attendees	Recommendations of the Independent Directors
2024.03.05	1. CPA provided explanations regarding the content of the 2023 financial statements, the scope of the audit, key audit matters, and adjustment entries. 2. The 2024 Corporate Governance Evaluation Indicators. 3. Impact of Pillar 2 on multinational enterprises and response strategies. 4. The CPA's declaration of independence. 5. Audit Quality Indicator (AQI) information 6. The CPA responded to questions raised by the Audit Committee members.	Independent Directors: Chin-Tay Shih, Steve K. Chen, Rose Tsou, Paul Yang CPA: Ya Fang, Wen and Yu Fang, Yen Internal auditor: Winnie Hsieh	None
2024.05.07	1. The CPA provided explanations regarding the content, scope, and adjustment entries of the Q1 2024 financial statement review.	Independent Directors: Chin-Tay Shih, Steve K. Chen, Rose Tsou, Paul Yang	None

Meeting Dates	Communications between the Independent Directors and the Independent Auditors	Attendees	Recommendations of the Independent Directors
	<ol style="list-style-type: none"> CPA's declaration of independence. CPA responded to questions raised by the Audit Committee. 	CPA: Ya Fang, Wen and Yu Fang, Yen Internal auditor: Winnie Hsieh	
2024.07.30	<ol style="list-style-type: none"> CPA provided explanations regarding the content, scope, and adjustment entries for the Q2 2024 financial statement review. Recent developments in ESG. CPA's declaration of independence. CPA responded to questions raised by the Audit Committee. 	Independent Directors: Chin-Tay Shih, Rose Tsou, Paul Yang CPA: Ya Fang, Wen and Yu Fang, Yen Internal auditor: Winnie Hsieh	None
2024.11.01	<ol style="list-style-type: none"> CPA provided explanations regarding the content, scope, and adjustment entries for the Q3 2024 financial statement review. Annual audit communication plan. CPA's declaration of independence. CPA responded to questions raised by the Audit Committee. 	Independent Directors: Steve K. Chen, Rose Tsou, Paul Yang CPA: Ya Fang, Wen and Yu Fang, Yen Internal auditor: Winnie Hsieh	None

(2) The internal auditors have sent the audit reports to the members of the Audit Committee periodically and presented the findings of all audit reports in the quarterly meetings of the Audit Committee. The head of Internal Audit will immediately report to the members of the Audit Committee any material matters.

Meeting Dates	Communications between the Independent Directors and the Independent Auditors	Recommendations of the Independent Directors
2024.03.05	<ol style="list-style-type: none"> The status of internal audit implementation for Q4 2023. The results of the self-assessment of the internal control system for the year 2023. The statement of the internal control system for the year 2023. 	None
2024.05.07	<ol style="list-style-type: none"> The status of internal audit implementation for Q1 2024. 	None
2024.07.30	<ol style="list-style-type: none"> The status of internal audit implementation for Q2 2024. 	None
2024.11.01	<ol style="list-style-type: none"> The status of internal audit implementation for Q3 2024. The audit plan for the year 2025. 	None

3.3.3 Taiwan Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
1. Does Company follow "Taiwan Corporate Governance Implementation" to establish and disclose its corporate governance practices?	✓	On May 11, 2023, the Company established the "Corporate Governance Best Practice Principles" by resolution of the Board of Directors and disclosed it on MOPS as well as the Company's website.	None
2. Shareholding Structure & Shareholders' Rights (1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓	The Company has an Investor Relations Department and a shareholder services unit that are dedicated to managing investor and shareholder suggestions, inquiries, and disputes. A contact window has also been set up on our website specifically for investor relations and the Company's stock affairs agency in order to cater to the needs of investors and shareholders.	None
(2) Does Company possesses a list of major shareholders and beneficial owners of these major shareholders?	✓	The Company adheres to regulations that require monitoring of the shareholding status of Directors, executives, and major shareholders. In addition, changes in shareholding by insiders are promptly and regularly reported.	None
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓	On November 9, 2023, the Company's Board of Directors approved the "Rules Governing Financial and Business Matters Between Related Parties", and necessary controls have been implemented in line with internal control systems.	None
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓	To protect shareholder rights and ensure fair treatment, the Company has implemented internal regulations, including the "Corporate Governance Best Practice Principles," "Internal Material Information Handling Procedures," and "Procedures for Ethical Management and Guidelines for Conduct", with the aim of preventing insider trading by directors, managers, and employees. At least once a year, directors, managers, and employees are also provided education and training on relevant operational procedures and legal requirements. New directors and managers will receive a briefing within three months of starting their positions, while new employees will be briefed by the HR department during	None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
		their orientation training. Furthermore, before the release of each quarterly financial statements, the Company sends internal notification letters to employees with the intention to reinforce compliance with insider trading regulations and stock trading control measures.	
		To improve corporate governance and ensure the sound development of the Board of Directors, the Company follows Article 20 of the Corporate Governance Best Practice Principles in considering Board composition and diversity, and plan suitable policies based on its operations, business model, and developmental requirements. The considered aspects include but are not limited to the following two: (1) Basic criteria and values: Gender, age, nationality, and culture. (2) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. Board members should have the knowledge, skills, and qualities required to fulfill their responsibilities. To achieve the desired objectives of corporate governance, the Board of Directors should possess the following capabilities: (1) Capabilities of operational judgment (2) Capabilities of accounting and financial analysis (3) Capabilities of operations management (4) Capabilities of crisis handling (5) Industrial knowledge (6) International market outlooks (7) Leadership skills (8) Decision-making capabilities The Company's Board diversity policy aims to incorporate diverse perspectives and understandings of the members, in order to mitigate groupthink and improve the quality, effectiveness, and performance of Board decision-making in its dynamic operations. Summary of factors at the center of the Company's specific management objectives regarding the Board diversity policy, and their implementation status: (1) For comprehensive information on experiences and professional	
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors established a diversity policy, set goals, and implemented them accordingly?	✓		None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
		capabilities across various industries, please refer to the "Board of Directors" section.	
		(2) Gender: The current proportion of female directors is 12.5%. A plan has been made to add one more female director in 2025, increasing the proportion to 25%.	
		(3) Age: Two seats are occupied by individuals aged 51-60 (25%), four by those aged 61-70 (50%), and two by those aged 71 and above (25%).	
		(4) Nationality: One seat is held by a foreign national (12.5%), and seven seats are held by domestic nationals (87.5%).	
		(5) Education: Three seats are occupied by individuals with a doctoral degree (37.5%), and five seats are occupied by those with a master's degree (62.5%).	
		(6) Balanced Board structure:	
		<ul style="list-style-type: none"> Independent Directors: 4 seat (50%). An additional Independent Director was elected in 2023. Furthermore, in line with the principle of maintaining independence, some Independent Directors have longer tenures, with the hope that their substantial understanding of the Company's medium to long-term operations, along with their rich experience and capabilities, will enhance the quality of board decision-making. General Directors: 2 seats (25%). Directors who concurrently serve as managers: 2 seats (25%). Considering the company's operations and asset scale, the Chairman also assumes the role of CEO to oversee the overall operations of the Group and facilitate the integration of global resources. To enhance the objectivity and independence of the Board's decision-making, an additional Independent Director was elected during the shareholders' meeting on June 13, 2023. The proportion of directors who are also managers is 25%, meeting the requirement of not exceeding 	

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
		one-third of the total number of directors.	
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓	On May 11, 2023, the Company established the Sustainable Development Committee by resolution of the Board of Directors, consisting of Directors and senior executives, and formulated the "Sustainable Development Best Practice Principles" as well as "Sustainable Development Committee Charter". The committee convenes regular and ad hoc meetings every quarter and provides annual reports on its accomplishments and future plans to the Board of Directors, with July 30 as the reporting date in 2024.	None
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	✓	<p>The Company's Board of Directors has implemented the "Rules for Self-Evaluation of the Board of Directors", which states that the Board's performance is to be evaluated at least once a year through internal self-evaluation and at least once every three years through external professional evaluation. The evaluation encompasses the entire Board of Directors, individual Directors, and all functional committees, and spanned the following period:</p> <p>(1) External evaluation: Chainye Management Consulting Co. Ltd. was appointed on December 29, 2022, to conduct the performance evaluation of the Board of Directors for 2022. The evaluation process included data analysis and on-site participation in the Company's Board and Audit Committee meetings. Results of the external evaluation and recommendations for improvement were presented to the Board of Directors on March 9, 2023 (see "Board of Directors" chapter in the annual report).</p> <p>(2) Internal self-evaluation: The Board's performance self-evaluation for 2024 was completed by the end of the year, and results were submitted to the Board on February 27, 2025.</p> <p>The aforementioned evaluation results are published on the Company's website and are used as a basis for determining the remuneration and reappointment of individual Directors.</p>	None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
(4) Does the Company regularly evaluate its external auditors' independence?	✓	The Company's Board of Directors conducts an annual evaluation of CPAs' independence. On March 5, 2024, the Board of Directors conducted an evaluation of the independence and suitability of the CPAs Wen Ya-Fang and Yen Yu-Fang, and their affiliated firm. The evaluation was based on the Audit Quality Indicators (AQIs), and as its results met the necessary requirements, the CPAs have been appointed. For details regarding the evaluation, please refer to Note 1.	None
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	✓	<p>To strengthen corporate governance, the Company has made the decision to establish a dedicated Corporate Governance Officer by Board resolution on July 28, 2023. Mr. Raymond Ho, a senior manager with more than 20 years of experience in stock affairs and corporate governance, has been appointed and is primary responsible for overseeing and executing the following tasks:</p> <ul style="list-style-type: none"> • Legally conducting and managing matters related to the Board of Directors and Shareholders' Meetings. • Preparing minutes for the Board of Directors and Shareholders' Meetings. • Assisting directors in their induction and ongoing professional development. • Providing directors with the necessary information for the execution of their duties. • Assisting directors in complying with legal requirements. • Legal compliance review of the qualifications of independent directors. • Handling matters related to changes in the directors. • Overseeing and reporting on the company's risk management operations. • Other matters as stipulated in the company's articles of association or contracts. <p>The Company's Corporate Governance Officer performed related operations in respect of the aforementioned duties and completed 15 hours of continuing education in 2024.</p>	None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓	The Company identifies stakeholders and provides dedicated units and contact information for investor relations, public relations, stock affairs, and corporate social responsibility to enhance communication and provide immediate responses. To address relevant concerns, the Company has created a dedicated section on its website for stakeholders. For details, please refer to the "Sustainable Development Promotion" chapter in the annual report and the "Stakeholder Communication" chapter in the sustainability report. The sustainability report also includes the identities of stakeholders, their concerns, communication channels, and response methods. The status of communication with stakeholders is then reported to the Board of Directors, with November 1 as the reporting date in 2024.	None
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓	The Company has appointed the Stock Affair Agency Department of Taishin Securities Co., Ltd. to manage all matters pertaining to the shareholders' meeting.	None
7. Information Disclosure			
(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	✓	The Company consistently discloses financial and corporate governance information through its official website (http://www.Sercomm.com).	None
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investor's conference etc.)?	✓	Various departments of the Company, including Investor Relations, Public Relations, and Stock Affairs, are responsible for collecting and disclosing relevant information in accordance with regulations. In addition, the Company also appoints a spokesperson and acting spokesperson(s). The Company has established an English website for investor relations in order to improve information transparency. Presentations and video links to corporate briefings organized by the Company is also available on its website.	None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	✓	The Company's 2024 financial statements were announced and the annual financial report was filed within two months after the end of the fiscal year. Additionally, the first, second, and third quarter financial reports, as well as the monthly operating results, were announced and filed ahead of the required deadlines.	None
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓	<ul style="list-style-type: none"> Employee rights and employee care: The Company firmly believes that "talent" is the key to maintaining our core competitiveness. Hence, The Company spares no effort to train and nurture employees, while strictly complying with various labor laws and regulations and the Electronic Industry Citizenship Coalition (EICC) Code of Conduct. In addition to actively recruiting talents in the area of science and technology, The Company also invests considerable resources and funds every year to provide the best working environment and endeavor to enhance employees' professional knowledge and skills, in hopes of creating a "growth-enabling and healthy" working environment, so that all our colleagues can receive physical and mental care and feel a sense of accomplishment, as well as maximize their potential and growth from work, thereby promoting the sustainable development of the Company. Investor relations and stakeholders' rights: The Company maintains smooth communication channels at all times and adheres to the principle of ethics by disclosing public information immediately so as to protect investors and stakeholders' rights. The sustainability report also includes the identities of stakeholders, their concerns, communication channels, and response methods. The status of communication with stakeholders is then reported to the Board of Directors, with November 1 as the reporting date in 2024. Supplier relations and implementation of customer policies: The Company has long been actively working with 	None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
		<p>customers and suppliers to build a sustainable supply chain and jointly develop eco-friendly green products through regular audit and counseling. Not only are suppliers in all countries required to fully comply with all local laws and regulations, but matters regarding the management of labor rights, environmental protection, safety and health risks in the supply chain are also emphasized.</p> <ul style="list-style-type: none"> Continuing education among directors: All directors possess the relevant professional knowledge. Besides, The Company makes arrangements for directors to attend courses related to corporate governance from time to time, which has been disclosed on MOPS. Implementation of risk management policy and risk measurement criteria: The Company has established the relevant regulations for important management indicators, including risk management policies and procedures, and implement them accordingly. The Company reports on risk management operations to the Board of Directors at least once a year. In 2024, the report was presented on July 30, 2024. Status of D&O Liability Insurance: The Company has purchased D&O liability insurance for its directors and reported the insured amount, coverage, and premium rates to the Board of Directors on May 7, 2024. 	
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange:			
(1) The Company's 2024 Corporate Governance Evaluation results have improved from the 36-50% tier among listed companies to the 6-20% tier.			
(2) The Company completed the 2024 corporate governance self-assessment by the end of January 2025. Improvements in corporate governance include holding the annual general meeting earlier, voluntarily disclosing individual director remuneration, and promoting sustainability-related indicators.			
(3) The Company will continue to assess and consider possible improvement measures for unscored items in the Corporate Governance Evaluation and the latest indicators.			

Notes 1:

Assessment of Accountant's Audit independence and Eligibility
2025 Audit Quality Indicators (AQI) Assessment
CPA Firm: PricewaterhouseCoopers, Taiwan
CPA: Ya Fang, Wen; Yu Fang, Yen

Dimensions	No.	AQI	Evaluation Content	Firm Level	Engagement Level	Qualification for competency	
						Yes	No
Profession	1	Audit Experience	Whether the CPA and auditors possess sufficient audit experience to perform the audit work.	✓	✓	✓	
	2	Training Hours	Whether CPA and auditors receive sufficient training to acquire professional knowledge and skills.	✓	—	✓	
	3	Attrition Rate	Whether the firm maintains sufficient senior human resources.	✓	—	✓	
	4	Professional Support	Whether the firm is equipped with sufficient experts, including CAAT specialists and financial appraisers.	✓	—	✓	
Quality Control	5	Workload	Whether partners are loaded with excessive engagements or work overtime.	✓	✓	✓	
	6	Involvement	Whether the involvement of audit team in each audit phase is appropriate.	✓	✓	✓	
	7	EQCR	Whether EQC reviewers spend sufficient time on engagement.	✓	✓	✓	
	8	Quality Supporting Capacity	Whether the firm is equipped with sufficient resources such as risk management, audit professional consultants to support audit teams.	✓	—	✓	
Independence	9	Non-Audit Service (NAS)	Whether the proportion of NAS affects the firm's independence.	—	✓	✓	
	10	Familiarity	Whether audit firm tenure affects the firm's independence.	—	✓	✓	
Monitoring	11	External Inspection Results & Enforcement	Whether the firm's compliance with quality control system and engagement is satisfactory.	✓	✓	✓	
	12	Official Improvement Letters Issued by Authority		✓	✓	✓	
Innovation	13	Innovative Planning or Initiatives	Whether the firm has undertaken appropriate planning or initiatives to improve audit quality.	✓	—	✓	

Other supplementary matters : NA

Opinion on evaluation review :

- ☒ Approved and recommended for appointment
☐ There are doubts in the review and it is not recommended for appointment

3.3.4 Compensation Committee

The Company's Compensation Committee has three independent directors (Rose Tsou, Chin-Tay Shih and Steve K.Chen) and one external member (Hilo Chen). For profiles of the three independent directors, please refer to the aforementioned "disclosure of information about directors' professional qualifications and experience as well as independent directors' independence". The external members' profiles are as follows:

Name/Title	Criteria		Number of Other Taiwanese Public Companies Concurrently Serving as Member of Compensation Committee
	Professional Qualification and Experience	Independent Directors' Independence Status	
Members of the Compensation Committee Hilo Chen	Hilo Chen graduated from the Graduate Program of National Taiwan University for senior management and the Department of Transportation Engineering and Management Science, National Chiao Tung University. He is the founder and Chairman of Guoshi Partners Co., Ltd. He also established OneAD - an audio advertising platform, included in the ecosystem graph of Taiwan AI industry by the Industrial Technology Research Institute in 2017. Hilo served as CEO of Jinye Development Enterprise Co., Ltd./ SYSTEX Corporation, General Manager and Vice President of Commercial Operations in North Asia of Yahoo China, Chief Operating Officer of Kimo, as well as General Manager, business, marketing and technical support supervisors of IBM, Microsoft, Motorola, Oracle and Novell, etc. He has been engaged in the technology industry for more than 30 years. The fields he has embarked on include network media, software technologies, information systems and system integration, etc. He is not involved in any circumstances specified under Article 30 of the Company Act.	He or any other person who has kinship with him within the second degree is not an employee, director or supervisor of the Company or its affiliates. He or his spouse, minor child or anyone else acting on his behalf does not hold more than 1% of the Company's outstanding shares, and none of them is a natural person shareholder ranked TOP 10 in shareholding in the Company. He has no conjugal or kinship within the second degree with any other directors. He is not involved in any circumstances specified under Subclauses 3 and 4, Clause 3, Article 26 of the Securities Exchange Act. He has not been elected as government, legal person or by proxy as stipulated under Article 27 of the Company Act. In the past two years, no amount of compensation from the Company's or its affiliates' commercial, legal, financial and accounting services has been presented.	2

Compensation Committee Responsibility

This committee shall perform the following functions in good faith with care as a bona fide manager and submit its suggestions to the Board of Directors for discussion.

- (1) Establish and regularly review policies, systems, standards and structures of performance and remuneration of directors and managers.
- (2) Regularly evaluate and determine salary and remuneration of the directors and managers.

Compensation Committees Meeting Status

1. Compensation Committee consists of four members. The tenure is from June 8, 2022 to June 7, 2025.
2. Compensation Committee convened two regular meetings in 2024. The Committee members' attendance status is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Notes
Member	Rose Tsou	2	0	100%	Chair
Member	Hilo Chen	2	0	100%	
Member	Steve K. Chen	2	0	100%	
Member	Shih, Chin-Tay	2	0	100%	

Notes :

1. There was no recommendation of the Compensation Committee which was not adopted or was modified by the Board of Directors in 2024.
2. There were no written or otherwise recorded resolutions on which a member of the Compensation Committee had a dissenting opinion or qualified opinion.
3. Discussion subjects and resolutions of Compensation Committee

Meeting Date	Discussion Items	Resolutions
2024.03.04	1. Distribution of Remuneration to Directors for 2023	Approved by all committee members and submitted to the Board of Directors for approval.
	2. Distribution of Remuneration to Employees for 2023	
2024.05.07	1. Restricted Share Awards Allocation Plan	Approved by all committee members and submitted to the Board of Directors for approval.

3.3.5 Sustainable Development Implementation Status as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N	
1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓		None
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to Company operation, and establish risk management related policy or strategy?	✓		None

Assessment Item	Implementation Status		Non-implementation and its reason(s)								
	Y	N		Explanation							
			Based on the identified risks, the Company has formulated corresponding risk management policies and strategies, and taken concrete action plans to reduce potential impacts. For more details, please refer to the Risk Management Chapter of the Company's Sustainability Report. For information on climate-related risks and opportunities, please see the chapter titled "Climate-Related Information Implementation Status" in this Annual Report.								
			Economic Issues								
			<table><tr><th>Identification of Risk</th><th>Risk Control Measures</th></tr><tr><td><ul style="list-style-type: none">FinancialLegalAuditOperating ManagementCorporate InvestmentPublic RelationsInvestor Relations</td><td>Please refer to the chapter titled "Financial Status and Performance Review, and Risk Assessment" in this annual report.</td></tr><tr><td>Supply Chain Risk</td><td><ul style="list-style-type: none">Ensure that products and supply chains are exclusive of conflict mineralsNew supplier selection criteriaEducational training for suppliersGraded management of and guidance to suppliers by suppliers' characteristics and risk levels</td></tr><tr><td>Code of Conduct and Anti-Corruption</td><td><ul style="list-style-type: none">Enactment of the "Employee Code of Conduct"Continue the employees' ethical codes and anti-corruption propagation trainingSet up the complaining channels instead of the high-rank management</td></tr></table>	Identification of Risk	Risk Control Measures	<ul style="list-style-type: none">FinancialLegalAuditOperating ManagementCorporate InvestmentPublic RelationsInvestor Relations	Please refer to the chapter titled "Financial Status and Performance Review, and Risk Assessment" in this annual report.	Supply Chain Risk	<ul style="list-style-type: none">Ensure that products and supply chains are exclusive of conflict mineralsNew supplier selection criteriaEducational training for suppliersGraded management of and guidance to suppliers by suppliers' characteristics and risk levels	Code of Conduct and Anti-Corruption	<ul style="list-style-type: none">Enactment of the "Employee Code of Conduct"Continue the employees' ethical codes and anti-corruption propagation trainingSet up the complaining channels instead of the high-rank management
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Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N	
			management systems
			<ul style="list-style-type: none">• Implement energy-saving and carbon-reducing projects• Inspect usage of energy and resources, and manage the sources
		Strengthen Environmental Regulations	<ul style="list-style-type: none">• Comply with related laws and regulations, and enact various operating procedures• Occupational safety and health committee reviews compliance with environmental protection laws periodically.
Social Issue			

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N	
		Control and Prevention	disease preparedness measures <ul style="list-style-type: none"> • Access control at factory premises, especially handling and disinfection at factory premises, et al. • Employees' self health management and checkup • Review and store preparedness supplies
		Product Quality/Safety Management	<ul style="list-style-type: none"> • Design products in accordance with international rules and brand customers' standards • Strengthen the technical team
3. Environmental Topic			
(1) Has the Company set an environmental management system designed to industry characteristics?	✓		<p>The Company's facilities located in Zhunan, Taiwan, Suzhou, China, and the Philippines have all obtained third-party certifications for the Environmental Management System (ISO 14001), Occupational Health and Safety Management System (ISO 45001), and Energy Management System (ISO 50001), as well as Greenhouse Gas Emissions Verification/Assurance (ISO 14064). These certifications support the Company's efforts to track emission reduction performance and publicly disclose results through its Sustainability Report and the Corporate Sustainability section on the Company's website. The Company is committed to pollution prevention, energy and resource conservation, waste reduction, accident prevention, and providing a safe and comfortable working environment for all employees.</p>
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		<p>Since 2022, the Company has gradually implemented the ISO 50001 Energy Management System across its production sites and obtained third-party certification to strengthen energy management. In line with this objective, the Company has developed plans to install solar panels at various facilities to increase the proportion of green energy usage, and is also evaluating the installation of smart meters to monitor energy consumption across operational processes more effectively. The Company promotes environmental awareness and energy-saving practices to employees through new employee training and internal communication platforms, while actively encouraging energy conservation measures in offices and production sites. The goal is to embed green values at both the corporate and individual levels, thereby embodying the Company's commitment to sustainability and environmental stewardship.</p> <p>In 2023, the Company observed a slight increase in overall electricity intensity compared to 2022. Detailed data on energy categories and site-specific consumption can be found in the Sustainability Report. To enhance energy efficiency, all sites successfully obtained three-year third-party certifications for ISO 50001 in 2023. The Company</p>

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Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N	
			<p>implementation progress, and the required action plans and resources—such as low-carbon material development and equipment upgrades. The Company defines the time horizons for climate-related risk impacts as short term (1–2 years), mid-term (2–7 years), and long term (7–12 years). The Company also extends the scope of climate-related risk and opportunity identification across the value chain, analyzing each issue in terms of strategic or operational impact, value chain position, and financial impact drivers, to fully understand the financial implications and develop responsive strategies. Further details can be found in the Company's Sustainability Report.</p> <p>Under the Sustainability Task Force, the Responsible Operations Subgroup has developed a four-phase greenhouse gas reduction roadmap, setting targets of a 45% reduction by 2030, 75% by 2040, and achieving net-zero emissions by 2050. These targets were reviewed and approved by the Sustainability Development Committee in August 2023 and formally approved by the Board of Directors in November 2023, establishing the Company's official net-zero commitment.</p>
I. Greenhouse gas emissions			
(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?			<p>The Company has calculated and verified its greenhouse gas (GHG) emissions in accordance with ISO 14064-1 and the Greenhouse Gas Protocol since 2014. Beginning in 2022, the Company has progressively implemented ISO 14064-1 and ISO 50001 certifications, with both completed in 2023. A GHG Disclosure Task Force was established to oversee the planning and implementation of the Company's GHG inventory. Based on materiality assessments, the Company has also expanded its Scope 3 inventory beyond traditional categories such as waste, business travel, and energy losses to include upstream and downstream transportation and employee commuting.</p>
	✓		<p>Key Company sites—including the Suzhou factory and R&D center, Philippines factory, and Zhunan factory—have all obtained third-party verification of GHG emissions under ISO 14064-1 over the past two years. In 2023, the Company also completed GHG inventory and third-party verification for its Taipei Headquarters. In 2024, the inventory scope has expanded to cover overseas offices in France, Germany, Italy, India, Japan, Mexico, and the United States, with full verification of all locations planned for completion in 2025. To ensure a comprehensive Scope 3 inventory, 2021 was designated as the base year, when Scope 3 verification efforts began. Since 2022, all manufacturing centers have implemented ISO 14064-1 to account not only for Scope 1 and Scope 2 emissions, but also to gradually verify various categories within Scope 3. In 2023, Scope 3 coverage expanded to include capital goods, upstream transportation and distribution, business</p>

Assessment Item	Implementation Status		Non-implementation and its reason(s)						
	Y	N		Explanation					
			<p>travel, product use, end-of-life treatment, and other use-phase emissions.</p> <p>In 2024, the Company introduced a digital carbon management platform, improving cross-regional communication efficiency and optimizing GHG accounting processes through a systematic approach. Based on this foundation, the Company has signed the Science Based Targets initiative (SBTi) commitment, and will develop its decarbonization pathway and reduction targets using science-based methodologies. In 2023, the Company's Scope 1 emissions totaled 660.88 metric tons CO₂e, while Scope 2 emissions reached 26,359.59 metric tons CO₂e. Given that purchased electricity remains the largest source of emissions, the Company's primary reduction strategy focuses on on-site energy management. Scope 2 emissions slightly increased by 330.50 metric tons CO₂e from 2022, mainly due to the inclusion of the Taipei Headquarters in the 2023 inventory, resulting in a marginal rise in emissions intensity. On Scope 3, the Company expanded its inventory from the 5 categories assessed in 2022 to include 6 additional categories in 2023. For further details, please refer to the Sustainability Report. The Company will continue to expand the inventory across all Scope 3 categories and use the results to guide future emission reduction strategies. The GHG emissions for the past two years are summarized in the table below::</p> <table> <tr> <th>Year</th> <th>Total GHG emissions (Scope 1 + Scope 2) Unit: MTCO₂e</th> </tr> <tr> <td>2022</td> <td>26,648.37</td> </tr> <tr> <td>2023</td> <td>27,020.47</td> </tr> </table> <p>To implement low-carbon management, the Company has established GHG emissions indicators and targets, aiming to achieve net-zero emissions by 2050. Specifically, for Scope 1 and Scope 2 emissions, the Company targets a 45% reduction by 2030, 75% reduction by 2040, and 90% reduction by 2050, all compared to the base year. For Scope 3 emissions, the Company aims to achieve a 90% reduction by 2050, along with a 97% reduction in emissions intensity. In addition, the Company has set targets for the use of renewable energy, with a usage ratio of no less than 90% by 2030, 95% by 2040, and reaching 100% by 2050.</p>	Year	Total GHG emissions (Scope 1 + Scope 2) Unit: MTCO ₂ e	2022	26,648.37	2023	27,020.47
Year	Total GHG emissions (Scope 1 + Scope 2) Unit: MTCO ₂ e								
2022	26,648.37								
2023	27,020.47								
II. Waste production volume									
			<p>The Company has established a “Waste Management Procedure”, which clearly defines the management specifications for all stages of the waste handling process. The majority of waste generated by the Company originates from production-related packaging materials, including waste plastics, paper, and wood—all of which are classified as recyclable waste. These materials are currently handled by qualified disposal contractors, and the Company conducts at least one on-site audit per year to review</p>						

Assessment Item	Implementation Status		Non-implementation and its reason(s)												
	Y	N													
			<p>their waste treatment practices. These audits verify the presence of dedicated personnel, assess staff qualifications, and ensure that there are no irregular discharges during the waste treatment process. In 2023, a total of 12 audits were conducted, and no legal violations were identified. To reduce the environmental impact of waste, the Company focuses on minimizing waste generation and actively promoting resource recycling and reuse. Proper waste classification is implemented throughout all phases—from procurement to post-use disposal. Waste that cannot be recycled is treated through incineration or landfill. The Company's future waste management policy will aim to increase the reuse rate of resources and promote a closed-loop resource cycle, maximizing resource efficiency. For example, at the Zhunan Manufacturing Center, a "Network Cable Recycling and Waste Reduction Program" was implemented in 2023. It was found that frequent insertion and removal during production testing caused damage to the connectors (RJ45) of network cables, although the cable itself remained functional. By repairing the connectors, the usability of these cables was extended. A total of 3,234 damaged cables were collected, and 3,124 were successfully repaired, resulting in a reuse rate of nearly 97%.</p> <p>The majority of waste from the Company's operations is domestic waste. In 2023, the total waste generated amounted to 4,482.05 metric tons, representing a 3.88% decrease compared to 2022. Of this, non-hazardous waste totaled 4,309.57 metric tons (down 3.28% from 2022), accounting for 96.15% of the total waste. Hazardous waste amounted to 172.48 metric tons (down 16.87% from 2022), making up only 3.85% of the total. The overall recycling rate reached 82.59%, with non-hazardous waste recycling at 85.96%, and hazardous waste at 85.88%. Over the past three years, the total waste generated per unit revenue has shown a declining trend. The waste generation data for the Company's sites in Zhunan (Taiwan), China, and the Philippines over the past two years is summarized in the following table:</p> <table> <tr> <th>Year</th><th>Non-hazardous waste (mt)</th><th>Hazardous waste (mt)</th><th>Total waste (mt)</th></tr> <tr> <td>2022</td><td>4,455.51</td><td>207.48</td><td>4,662.99</td></tr> <tr> <td>2023</td><td>4,309.57</td><td>172.48</td><td>4,482.05</td></tr> </table> <p>To implement effective waste management, the Company has set short-, medium-, and long-term targets for its waste recycling and reuse rates, aiming to achieve 75% by 2023, 80% by 2025, and 90% by 2030.</p>	Year	Non-hazardous waste (mt)	Hazardous waste (mt)	Total waste (mt)	2022	4,455.51	207.48	4,662.99	2023	4,309.57	172.48	4,482.05
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2022	4,455.51	207.48	4,662.99												
2023	4,309.57	172.48	4,482.05												
III. Water Usage															
<p>In terms of water resource management, due to the nature of its industry, the Company's manufacturing processes do not require significant water usage. The primary water consumption comes from employees'</p>															

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Assessment Item	Implementation Status		Non-implementation and its reason(s)															
	Y	N		Explanation														
			<p>discrimination, and the prevention of violence and harassment. Through clear identification of affected personnel, risk mitigation strategies, and remediation measures, the Company ensures effective management and continuous monitoring of human rights risks.</p> <p>In 2024, Sercomm Group conducted RBA Self-Assessment Questionnaires (SAQ) or Validated Assessment Program (VAP) evaluations at its Taiwan Headquarters (Taipei Operations Headquarters and Zhunan Manufacturing Center), Suzhou Manufacturing Center in China, and the Philippines Manufacturing Center. These assessments help identify potential human rights risks at each site, and formal continuous improvement programs have been initiated to ensure the effective implementation of human rights protection mechanisms.</p> <table> <tr> <th>Sites</th> <th>SAQ</th> <th>VAP</th> </tr> <tr> <td>Taipei Headquarters</td> <td>Low Risk (94.7)</td> <td>Platinum</td> </tr> <tr> <td>Zhunan factory</td> <td>Low Risk (94.7)</td> <td>Platinum</td> </tr> <tr> <td>Suzhou factory</td> <td>Low Risk (68.5)</td> <td>Silver</td> </tr> <tr> <td>Philippines factory</td> <td>Low Risk (64.2)</td> <td>Silver</td> </tr> </table> <p>In the future, the Company will continue to focus on human rights protection issues, promote related education and training to enhance employees' awareness of human rights, and reduce the likelihood of related risks.</p>	Sites	SAQ	VAP	Taipei Headquarters	Low Risk (94.7)	Platinum	Zhunan factory	Low Risk (94.7)	Platinum	Suzhou factory	Low Risk (68.5)	Silver	Philippines factory	Low Risk (64.2)	Silver
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(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		<p>The Company values employee compensation and benefits, implementing competitive compensation policies across all operational sites while benchmarking industry salary levels and macroeconomic indicators. Employee compensation is determined based on professional expertise, education, experience, tenure, and individual performance, with salary adjustments after onboarding evaluated holistically through market value, performance, and contributions. For overseas employees, the Company sets reasonable and competitive salary standards in accordance with local labor market conditions, legal requirements, industry practices, and business performance, offering short- and long-term incentive bonuses to encourage long-term contributions and mutual growth. The Company's compensation system is free from discrimination based on gender, race, age, religion, or political beliefs, ensuring compliance with legal regulations to foster harmonious labor relations and sustainable operations.</p> <p>In 2024, the standard salaries for entry-level employees at the Company's major operational sites, including Taiwan and China, met or exceeded local statutory standards. Within the same job category (direct and indirect employees), no salary discrepancies were observed based on gender. However, due to the higher proportion of R&D positions, which have a higher percentage of male employees, male annual salaries tend to be higher</p>															

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N	
			<p>than female salaries. This gender pay comparison is calculated by using the male average salary as the benchmark (1) and computing the relative ratio for female employees.</p> <p>In 2024, the Company's global management level workforce totaled 438 employees, with 77.85% male and 22.15% female. Technical positions comprised 1,387 employees, with a male-to-female ratio of 75.2% to 24.8%. Among all other employees (3,606 individuals), 40.96% were male and 59.04% were female. The gender distribution varies across job categories due to role-specific requirements, but from a global perspective, overall gender balance is maintained.</p> <p>The Company is committed to fostering a supportive and inclusive workplace, ensuring employee well-being through comprehensive benefits and diverse recreational activities to enhance work-life balance. Employees are provided with travel allowances and encouraged to participate in company-organized group travel and social club activities, allowing employees and their families to enjoy leisure time and alleviate work-related stress, achieving a balance between personal well-being and professional life.</p> <p>The Company has established a retirement plan for full-time employees, forming a Labor Pension Fund Supervisory Committee in accordance with the Labor Standards Act on February 4, 1997, allocating a fixed percentage of total monthly wages to a dedicated pension fund account at Taiwan Bank. Since the implementation of the Labor Pension Act on July 1, 2005, employees may choose between the pension system under the Labor Standards Act or the new system under the Labor Pension Act, while retaining service years accumulated before its enactment. For employees under the new system, the Company contributes no less than 6% of their monthly salary to the pension fund.</p> <p>According to Article 29 of the Company's Articles of Incorporation, if the Company generates profits in a given fiscal year, 12% to 18% must be allocated as employee compensation, including qualified employees of the Company's controlling or subsidiary entities. The eligibility criteria and distribution method are determined by the Board of Directors.</p>
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		<p>Providing employees with a safe and healthy working environment is one of the Company's fundamental obligations as a responsible corporate citizen. To ensure a safe working environment and minimize the occurrence of occupational accidents, the Company adopts rigorous and prudent management practices to safeguard employee safety. The Company's occupational safety and health strategy focuses on establishing the ISO 45001 management system at its main production sites, promoting a preventive approach to safety and health management. Our commitment and objective are to prioritize the safety</p>

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N	
			<p>and health of employees' working environments, strive to create a safe and healthy workplace, and maintain a record of zero major occupational accidents. In addition to providing a quality working environment, the Company is dedicated to fostering a strong safety culture and reducing occupational safety and health risks. The following outlines the measures implemented to ensure the personal safety of employees and protect the working environment:</p> <p>The Company has established Safety and Health Management Units in its Taiwan and China locations, employing certified safety and health professionals responsible for planning, promoting, supervising, and auditing safety and health management operations. The Company has implemented a comprehensive occupational safety and health management plan, covering occupational safety, chemical management, safety and health inspections, contractor management, and systemized occupational safety management. Regular self-inspections are conducted weekly, monthly, and annually, with safety checks on vehicles, fire protection systems, and other occupational safety equipment. If any abnormalities are detected, immediate corrective measures are taken, recorded, and reviewed in regular meetings. The Company follows the Plan-Do-Check-Action (PDCA) framework to establish a workplace safety and health management system, which applies to all operational activities, products, and services across its facilities. Periodic reviews are conducted to prevent occupational diseases and injuries, ensuring the continued validity of the ISO 45001 certification in 2024, along with the Safety Production Standardization Level 3 Enterprise Certification. Regardless of whether the workplace is an office or a manufacturing facility, the Company strictly monitors environmental safety and health to prevent occupational diseases and workplace accidents. No hazardous machinery or equipment is installed at the Company's facilities. The Company has a fire protection plan, which is approved by local fire authorities, requiring at least biannual fire drills, emergency response, and evacuation training sessions lasting no less than four hours per session, with prior notification to local fire departments. In 2024, no fire incidents were recorded at any of the Company's sites. Additionally, no major occupational accidents occurred in 2024. All recorded occupational injuries were physical injuries, with no fatalities or cases of permanent disability resulting from workplace incidents. A total of eight occupational injury cases were reported across global sites. For each case, incident investigations and cause analyses were conducted, and corrective measures were developed based on environmental assessments to prevent recurrence. The Company also reinforces safety awareness through training and educational initiatives to mitigate operational risks for employees and workers. In 2024, no reports of occupational diseases were received at any site.</p>

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Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N	
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set polices to protect consumers' rights and consumer appeal procedures?			<p>The Company upholds "Customer First" as the core essence of its corporate mission, Committed Partnership. Its three core values—Execution, Innovation, and Service—are fundamental to realizing this mission. Guided by these principles, the Company strives to build strong and lasting partnerships with customers through professional R&D, flexible manufacturing, and integrated communication.</p> <p>All products manufactured by the Company comply with international regulations such as RoHS, REACH, PPWD, and Batteries Directive. The Company also supports international laws and initiatives on the prohibition of hazardous substances and conflict minerals. Emphasizing customer feedback, a dedicated team is responsible for handling customer inquiries and service processes to ensure optimal service performance and protect customer interests.</p> <p>The Company treats regular supplier evaluations conducted by customers—such as quarterly, semi-annual, or annual scorecards—as key indicators of customer satisfaction. Each business unit reviews these evaluations and implements continuous improvements, incorporating score improvements into performance appraisal metrics. In addition to receiving feedback from customers, the Company proactively distributes annual online "Customer Satisfaction Surveys" to major clients, covering aspects such as product quality, pricing, delivery, service, and technical capability. The collected data is used internally to drive improvement. Furthermore, each factory actively collects customer feedback. On-site audits and performance scores from customers are also regarded as critical references for enhancing customer satisfaction and relationship management. The Company has established a "Customer Satisfaction Survey Procedure" and conducts surveys at least once per year. Feedback is comprehensively analyzed across multiple dimensions—including quality, delivery, pricing, service, and technology—and is combined with audit results to continuously improve customer relationships and service quality. In 2023, the Company conducted one survey, reporting an average customer satisfaction rate of 86%. For three consecutive years, no incidents were reported involving customer health or safety due to product-related issues.</p> <p>While continually improving customer service quality, the Company also places great importance on protecting customer privacy and intellectual property rights. In addition to signing confidentiality agreements with clients to protect sensitive information, the Company follows the policies and procedures set forth in the ISO 27001 Information Security Management System, ensuring that employees maintain strict confidentiality in external communications. As of the end of 2023, there have been no reported incidents of privacy breaches or</p>
	✓		None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N	
			<p>adopts the latest RBA Code of Conduct to design a CSR evaluation form with zero-tolerance criteria—any breach leads to immediate disqualification. Suppliers failing the audit are either disqualified or provided support for improvement, subject to a follow-up audit. If the supplier fails the re-audit, they are disqualified; in cases of customer-designated suppliers, decisions are made following discussions with the customer. In 2023, the Company conducted on-site audits of 92 first-tier suppliers. Four suppliers failed: two due to quality issues (with restricted supply scopes) and two due to sustainability risks, resulting in 34 deficiencies mainly in labor and health & safety areas. By year-end, 27 deficiencies had been resolved (a 79.41% improvement rate), and remaining issues are being monitored for completion by 2024.</p> <p>Maximizing Sustainable Value in the Supply Chain: Sustainability extends beyond internal efforts to the entire value chain. In 2023, the Company issued 840 carbon management questionnaires to first-tier suppliers, receiving 594 responses by February 2024. Among respondents, 233 disclosed Scope 1 and 2 emissions, 121 disclosed Scope 3, and 110 held ISO 14064 certification. The results support engagement with influential partners to improve GHG inventories and establish a foundation for value chain decarbonization. The Company also conducted ISO 14064 training and RBA-related sessions to strengthen supplier sustainability risk awareness. In 2023, over 190 suppliers enrolled in training, with a total of 582 attendees and 1,778 training hours. Internally, 72 supply chain-related staff members participated in sustainability procurement training (totaling 155.01 hours and a 66.67% training coverage rate).</p> <p>The Company has implemented the “Responsible Minerals Management Policy” and commits not to use conflict minerals. Although it does not directly purchase metals, the Company ensures compliance through supplier due diligence. The Company follows the OECD’s Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and uses the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) provided by the Responsible Minerals Initiative (RMI). Suppliers are required to disclose mineral origins and identify smelters for validation to ensure that metals such as gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co), and mica are not sourced from illegitimate areas. If a supplier is associated with a non-compliant smelter, the Company first confirms relevance to its products. If relevant, the supplier must submit a replacement plan; failure to do so results in disqualification. In 2023, 368 suppliers were assessed, achieving a 100% response rate. All 352 smelters disclosed were verified as compliant.</p>

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N	
5. Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?	✓		<p>The Company's Sustainability Report is prepared in accordance with the GRI Universal Standards 2021, issued by the Global Sustainability Standards Board (GSSB), as well as the Sustainability Accounting Standards Board (SASB) Standards for the Hardware Industry, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the sustainability disclosure indicators for the telecommunications network industry as outlined in Appendix 11 of the Taiwan Stock Exchange's Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE-Listed Companies.</p> <p>The 2023 Sustainability Report was verified by TÜV NORD Taiwan in accordance with AA1000 Assurance Standard V3, applying Moderate Assurance under Type 1 to confirm compliance with GRI Standards and SASB industry-specific and operational indicators. Additionally, verification of the eight indicators for the telecommunications network industry specified in the TWSE Regulations was conducted by PwC Taiwan, following the Statement of Assurance Engagements Standard No. 3000 (SAE 3000), issued by the Accounting Research and Development Foundation of the Republic of China, with a Limited Assurance level.</p> <p>None</p>
6. If the Company has established its corporate social responsibility code of practice according to "Listed Companies Corporate Social Responsibility Code of Practice," please describe the operational status and differences: No differences.			
7. Other important information to facilitate better understanding of the Company's implementation of corporate social responsibility:			
(1) Corporate Social Involvement and Community Engagement			<p>Since its founding, corporate social participation has been deeply embedded in Sercomm Group's core values. The Company has long been dedicated to talent development, environmental sustainability, public welfare, and the creation of a knowledge-based economy platform. By leveraging the collective strength of its employees, the Company extends its impact outward, expanding social engagement, giving back to the community, and serving the public, with the vision of fostering an innovative, diverse, and sustainable society. In 2024, Sercomm supported community education initiatives and charitable programs as follows:</p> <p>A. Talent Development and Scholarship Programs: Sercomm has long served as a bridge between corporations and charitable organizations, uniting resources to amplify social impact and actively give back to the community. The Company donates annually to orphanages and rural schools and has established the Sercomm Scholarship Program to support underprivileged students. This program is nominated by R&D executives to award exceptional students, helping them ease financial burdens, improve family circumstances, and pursue academic excellence, with the goal of nurturing future talent to contribute back to society. Since its inception in 2015, the program has become an integral part of Sercomm's corporate culture, providing financial assistance to nearly 130 students over the past ten years, reflecting the Company's long-term commitment to social responsibility. In 2024, Sercomm's education sponsorship program funded nine students, with a total donation amounting to NTD 325,000. The Company will continue to uphold its vision of social care and knowledge transfer, dedicating resources to talent cultivation and making a positive impact through concrete actions.</p> <p>B. Environmental Sustainability - Waste Reduction and Coastal Cleanup Initiatives: In 2024, Sercomm encouraged employees to reduce plastic use and minimize waste, providing reusable tableware across all facilities to promote a greener lifestyle. Additionally, the Company organized a second-hand goods donation campaign, where 700 used books were sold, with proceeds donated to the Care for Taiwan Cultural and Educational Foundation to support education</p>

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N	
development. Sercomm also actively participated in environmental protection initiatives, mobilizing 83 employees for the International Coastal Cleanup Day, where they collected 56 kilograms of marine debris at Fulong Beach, New Taipei City, reinforcing the Company's commitment to environmental sustainability.			
C. Public Welfare - Education Support and Community Giving: As part of its corporate social responsibility, Sercomm's Taipei Operations Headquarters partnered with Eden Social Welfare Foundation, inviting 20 children from disadvantaged families for an on-site tech education experience. This initiative was more than a corporate tour—it was an opportunity to inspire the next generation and ignite curiosity about technology, demonstrating that their future is in their hands. Furthermore, Sercomm's Taiwan headquarters (Taipei Operations Headquarters and Zhunan Manufacturing Center) actively promoted blood donation campaigns to support communities with limited medical resources. In 2024, Taipei Operations Headquarters employees donated 42 bags of 250cc blood, while Zhunan Manufacturing Center employees contributed 50 bags, demonstrating Sercomm's dedication to social contribution.			
(2) Employee Satisfaction and Communication Mechanisms			
Sercomm adheres to a people-centric approach, striving to establish an effective global communication platform that ensures employees have full access to corporate management information and opportunities to voice their opinions, fostering transparency and harmonious labor relations. By employing multi-level and high-frequency communication channels, the Company strengthens employee cohesion, corporate culture, and engagement.			
To fulfill this commitment, Sercomm hosts monthly management meetings and labor-management meetings, ensuring open and direct communication between employees and management. Additionally, quarterly orientation sessions are conducted for new hires, providing insight into corporate culture and policies, as well as a platform to express concerns and feedback. The Company also issues regular electronic announcements, ensuring employees receive timely updates.			
At a global level, annual global conferences and high-level strategic meetings are held, bringing together teams from different regions to align corporate vision and decision-making. Furthermore, Sercomm provides diverse feedback and consultation channels, including internal portals, employee grievance hotlines, and health consultation services, ensuring that every employee's voice is heard and addressed appropriately.			
Through these comprehensive communication and feedback mechanisms, Sercomm demonstrates its respect and commitment to employee well-being, continuously improving internal management practices to drive corporate sustainability, fostering a cohesive and competitive work environment.			

Implementation of Climate-related Information

Items	Implementation Status
1. Overview of the supervision and management of climate-related risks and opportunities by the Board of Directors and executives	<p>Sercomm's operational sites and primary sales markets span multiple climate zones across the Asia-Pacific, Europe, and the Americas. The company's products, including small cell base stations and surveillance cameras, are designed for both indoor and outdoor environments, ensuring durability in various climate conditions to meet diverse customer needs. This broad market presence necessitates strong climate resilience across its operations and products.</p> <p><i>Commitment to Climate Risk and Opportunity Management</i></p> <p>To strengthen the management of climate-related risks and opportunities, Sercomm officially signed the Task Force on Climate-related Financial Disclosures (TCFD) initiative in 2023, becoming a TCFD supporter. The company follows TCFD disclosure guidelines to identify risks and opportunities, analyze their financial impact, and implement relevant management measures.</p> <p><i>Board Oversight</i></p> <p>The Board of Directors is the highest governing body overseeing Sercomm's climate governance. It is responsible for monitoring the company's overall climate strategy, execution of action plans, and achievement of targets. The Corporate Sustainability Development Committee reports to the Board annually. Additionally, to enhance climate-related expertise, board members have participated in sustainability and climate-related training programs in recent years.</p> <p><i>Corporate Sustainability Development Committee Decision-Making</i></p> <p>The Corporate Sustainability Development Committee is responsible for managing Sercomm's climate risks and opportunities and functions as a specialized committee under the Board of Directors. Currently, the committee is led by a board member as convener and comprises senior executives as members. Meetings are held quarterly to review and approve climate-related action plans, targets, and performance.</p> <p>In addition to sustainability and climate-related training, board members continuously monitor climate issues within the telecommunications and networking industry value chain. This proactive approach helps the company identify and address both potential and material climate risks and opportunities.</p>
2. Overview of the impact of identified climate risks and opportunities on the Company's business, strategies, and finances (short-, medium-, and long-term).	<p>The Corporate Sustainability Development Committee at Sercomm has established a Sustainability Task Force to oversee various sustainability initiatives. This task force is responsible for identifying and assessing climate-related risks and opportunities.</p> <p>Beyond analyzing climate risks and opportunities specific to the telecommunications and networking industry, the scope has been expanded to include the broader electronics and technology sector. Additionally, the task force monitors international sustainability trends to ensure a comprehensive risk and opportunity assessment.</p> <p>In 2023, through interviews and surveys, the company identified 11 climate risks and 7 climate opportunities. Further analysis led to the recognition of 4 key climate risks and 2 climate opportunities, with their impact timelines categorized as follows:</p>

Items

Implementation Status

- Short-term: 1-2 years

- Mid-term: 2-7 years

- Long-term: 7-12 years

The operational and financial impact of these risks and opportunities is outlined in the table below.

Climate-related risks

Risk Impact Timeline	Risk	Potential Impact on Business or Strategy	Possible Financial Impact Pathways
Mid-Term	Carbon Cap and Fees	<ul style="list-style-type: none"> Inclusion in carbon cap regulations requires active emissions reduction or purchasing allowances. Subject to carbon fees, either directly or through suppliers, increasing component procurement costs. 	<ul style="list-style-type: none"> Potential need to accelerate low-carbon transition or face higher operational costs. Supply chain carbon fees may lead to cost pass-through, raising component prices.
Mid-Term	Changes in Renewable Energy Regulations	<ul style="list-style-type: none"> Regulatory changes may cause supply uncertainty or price fluctuations, impacting Sercomm's renewable energy strategy. 	<ul style="list-style-type: none"> Increased renewable energy requirements at operational sites may lead to cost uncertainties. Failure to meet renewable energy targets due to regulation or price shifts could affect financing or interest rates.
Short-Term	Changing Customer Behavior	<ul style="list-style-type: none"> Growing sustainability awareness drives customers to prefer low-carbon suppliers, requiring proactive adaptation. 	<ul style="list-style-type: none"> Operations must reduce carbon emissions, requiring investment in low-carbon technology and renewable energy. Product development must incorporate low-carbon materials. Failure to meet sustainability expectations may result in customer loss during the transition.
Short-Term	Rising Raw Material Costs	<ul style="list-style-type: none"> Global climate policies restricting fossil fuel industries may drive up raw material prices. 	<ul style="list-style-type: none"> Significant price fluctuations may disrupt procurement plans and limit negotiation flexibility, increasing costs.

Climate-related opportunities

Opportunity Impact Timeline	Opportunity	Potential Impact on Business or Strategy	Possible Financial Impact Pathways
Mid-Term	Low-Carbon Energy Adoption	<ul style="list-style-type: none"> Increasing renewable energy use mitigates price volatility from declining fossil fuel reliance. 	<ul style="list-style-type: none"> Expanding renewable energy adoption reduces operational and product carbon footprints, enhancing carbon competitiveness.

Items		Implementation Status	
3. Overview of the effects of extreme weather events and transitional actions on the financial sector			and business partnerships.
	Mid-Term	Low-Carbon Product & Service Innovation	<ul style="list-style-type: none"> Leveraging innovation to improve efficiency and reduce product carbon footprints aligns with customer net-zero goals. Investing in R&D and environmental impact assessment enables the development of low-carbon products and services, creating new business opportunities.
	The financial impact pathways of transition and physical risks are outlined in Section 2. Sercomm further analyzes the financial impact factors of climate risks and implements corresponding mitigation measures, as detailed in the table below.		
	Risk Impact Timeline	Risk	Potential Financial Impact Factors
	Mid-Term	Carbon Cap & Fees	<ul style="list-style-type: none"> Higher operational costs: Investment in low-carbon equipment/technology, carbon fees, rising raw material costs. Asset impairment: Early retirement of existing equipment due to low-carbon transition.
	Mid-Term	Renewable Energy Regulations	<ul style="list-style-type: none"> Higher operational costs: Uncertainty in regulations and price fluctuations impact renewable energy planning. Financing risks: Regulatory uncertainty may hinder renewable energy development and target achievement.
	Short-Term	Changing Customer Behavior	<ul style="list-style-type: none"> Higher operating costs: Investment in low-carbon equipment, technology, product R&D, and renewable energy. Revenue loss: Failure to meet customer expectations may impact competitiveness. Asset impairment: Early equipment replacement due to low-carbon transition.
	Short-Term	Rising Raw Material Costs	<ul style="list-style-type: none"> Higher operating costs: Global fossil fuel restrictions drive up raw material prices, disrupting procurement plans. Adjust product design using core R&D to reduce metal and plastic usage. Implement strategic procurement policies. Strengthen supplier cost analysis and efficiency to improve bargaining power.

Items	Implementation Status
4. Overview of the integration of identification, assessment, and management processes of climate risks into the overall risk management system	<p>Risk Management Framework</p> <p>Sercomm has established a comprehensive risk management policy covering strategic, operational, financial, and event-based risks, including climate change and environmental regulations. The Executive Management Committee oversees risk management, assigning responsibilities to departments, cross-functional teams, or committees for first-line risk control and response measures.</p> <p>To enhance risk governance, Sercomm formed the Corporate Sustainability Development Committee in 2023, led by board members and senior executives. This committee oversees a Sustainability Task Force and five specialized working groups:</p> <ul style="list-style-type: none"> - Sustainable Development - Responsible Products - Responsible Operations - Employee Relations & Stakeholder Engagement - Corporate Governance <p>These teams identify, assess, and manage climate-related risks, set mitigation targets, and report regularly to the Board of Directors.</p>
5. When utilizing scenario analysis to evaluate resilience to climate change risks, it is crucial to provide a clear explanation of the scenario, parameters, assumptions, analysis factors, and significant financial impacts employed.	<p>Sercomm signed the Science Based Targets initiative (SBTi) commitment in 2023 and is aligning its reduction pathway with the 1.5°C warming scenario. Based on the IPCC's Sixth Assessment Report (AR6), the company prioritizes the SSP1-1.9 low-emission scenario as its key focus.</p> <p>Preliminary assessments indicate that achieving this scenario will lead to stricter carbon regulations and rising carbon prices, impacting Sercomm and its value chain in the following ways:</p> <ul style="list-style-type: none"> - Higher carbon tax/fee expenses for the company and its partners. - Increased demand for low-carbon products, requiring additional R&D investment. - Greater renewable energy procurement to meet reduction targets, increasing related costs.
6. Detailed description of a transition plan to mitigate climate-related risks, as well as indicators and objectives utilized to identify and manage both physical and transitional risks.	<p>Building on the previous analysis, Sercomm identified four key climate transition risks through interviews and surveys: shifts in customer behavior, changes in renewable energy regulations, rising raw material costs, and carbon pricing policies. These risks are closely linked to greenhouse gas reduction efforts across the organization and its value chain. Sercomm is adopting the SBTi methodology to develop a reduction pathway, using it as a key metric to plan, implement, and execute decarbonization initiatives.</p> <p>Following its SBTi commitment, Sercomm has enhanced internal greenhouse gas inventory processes. To improve carbon accounting across its value chain and products, the company introduced the Sercomm Greenhouse Gas Emission Tool (SGET) in 2024, a digital platform for real-time carbon data tracking. This system helps identify potential carbon risks and enables timely mitigation strategies across supply chain management, R&D, manufacturing, and logistics.</p> <p>Sercomm is also committed to reducing the environmental impact of its manufacturing facilities. In early 2024, the Chunan Plant achieved LEED Gold certification from the U.S. Green Building Council (USGBC), minimizing its environmental footprint. Meanwhile, the Calamba Manufacturing Center has implemented a Building Energy Management System (BEMS) as part of its green building initiatives and is expected to obtain LEED Gold certification by 2025.</p>

Items	Implementation Status																							
7. If internal carbon pricing is used as a planning tool, explanation for the basis of price determination should be provided.	To enhance carbon competitiveness in sustainability and climate risk management, Sercomm is adopting the SBTi methodology to align its reduction pathway with the 1.5°C scenario. The company is expanding its GHG inventory scope and plans to assess the implementation of an internal carbon pricing system by 2025 to drive its net-zero goal.																							
8. Regarding climate-related goals, explanation of the activities covered, scope of greenhouse gas emissions, planning schedule, and the annual progress should all be provided. If carbon offsetting or renewable energy certificates (RECs) are utilized to meet these goals, the source and quantity of carbon offset or the quantity of RECs should be specified as well.	<p>To align with the global net-zero transition, Sercomm’s Board of Directors approved a 2050 net-zero target in 2023. The company has also signed the SBTi commitment, setting GHG reduction targets aligned with the 1.5°C scenario. While awaiting SBTi target validation, Sercomm remains focused on reducing its environmental footprint, prioritizing GHG reduction, renewable energy adoption, and waste recycling.</p> <p>Sercomm aims to achieve SBTi approval by 2025, resetting its baseline year to 2023. Reduction targets include:</p> <ul style="list-style-type: none">- Scope 1 & 2: 42% absolute GHG reduction by 2030- Scope 3: 25% reduction by 2030- Renewable energy: 90% of total energy use by 2030- Waste recycling & reuse: 90% by 2030																							
9. Greenhouse gas emission and assurance status, reduction targets, strategies, and specific action plans	<p>1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years</p> <p>1-1-1 Greenhouse Gas Inventory Information</p> <p>Greenhouse Gas Inventory Information Describe the emission volume (metric tons CO_{2e}), intensity (metric tons CO_{2e}/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.</p> <p>Since 2014, Sercomm has conducted GHG inventories based on ISO 14064-1 and The Greenhouse Gas Protocol, using the operational control approach to define organizational boundaries.</p> <p>GHG emissions are tracked across Taiwan, China, and the Philippines, with Taipei Headquarters added in 2023.</p> <table><tr><th rowspan="2">Scope of Emissions</th><th colspan="2">Unit: Metric tons CO_{2e}</th></tr><tr><th>2022</th><th>2023</th></tr><tr><td>Scope 1</td><td>619.28</td><td>660.88</td></tr><tr><td>Scope 2</td><td>26,029.09</td><td>26,359.59</td></tr><tr><td>Total GHG emissions (Scope 1+2)</td><td>26,648.37</td><td>27,020.47</td></tr><tr><td>Revenue (NT\$ million)</td><td>64,574</td><td>62,584</td></tr><tr><td>Intensity (metric tons CO_{2e}/NT\$ million)</td><td>0.41</td><td>0.43</td></tr><tr><td>Scope 3</td><td>213,059.36</td><td>6,834,583.09</td></tr></table> <p>1-1-2 Greenhouse Gas Assurance Information</p> <p>Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.</p>	Scope of Emissions	Unit: Metric tons CO _{2e}		2022	2023	Scope 1	619.28	660.88	Scope 2	26,029.09	26,359.59	Total GHG emissions (Scope 1+2)	26,648.37	27,020.47	Revenue (NT\$ million)	64,574	62,584	Intensity (metric tons CO _{2e} /NT\$ million)	0.41	0.43	Scope 3	213,059.36	6,834,583.09
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Items	Implementation Status												
	<ol style="list-style-type: none"> Since 2022, all manufacturing centers have adopted ISO 14064-1:2018. In 2023, Taipei Headquarters, Chunan Plant, Suzhou, and the Philippines manufacturing centers obtained ISO 14064-1:2018 verification statements from SGS and TÜV SÜD. The Company's 2023 Sustainability Report, including greenhouse gas emission data from 2020 to 2023, has been verified by TÜV NORD Taiwan through third-party assurance. 												
	<p>1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan</p> <p>Greenhouse Gas Emission Reduction Baseline Year and Target</p> <p>Sercomm signed the SBTi commitment in 2023 and obtained SBTi validation in 2025, confirming that its GHG reduction targets align with the 1.5°C decarbonization pathway.</p> <ul style="list-style-type: none"> GHG Reduction Baseline Year: Reset to 2023 Reduction Targets: <ul style="list-style-type: none"> Scope 1 & Scope 2: 42% absolute GHG reduction by 2030 Scope 3 (covering purchased goods & services and use of sold products): 25% reduction by 2030 <p>Greenhouse Gas Reduction Strategy and Specific Action Plans</p> <table> <tr> <th>Reduction Strategy</th><th>Action Plan</th></tr> <tr> <td>GHG Inventory Implementation</td><td>Adopt ISO 14064-1:2018 for GHG accounting.</td></tr> <tr> <td>Energy Management & Efficiency</td><td>Implement ISO 14001:2015 (Environmental Management) & ISO 50001:2018 (Energy Management), obtain LEED green building certification.</td></tr> <tr> <td>Renewable Energy Usage</td><td>Expand renewable energy installations and procurement.</td></tr> <tr> <td>Green Product Development</td><td>Follow eco-design principles for energy-efficient products, eco-friendly materials, and recycling, complying with EU WEEE's 3R principles (Reduce, Recycle, Reuse).</td></tr> <tr> <td>Sustainable Supply Chain & Value Chain Decarbonization</td><td>Conduct supplier carbon management surveys and provide ISO 14064-1 training to enhance GHG inventory capabilities.</td></tr> </table> <p>Status of Achievement of Reduction Targets</p> <ul style="list-style-type: none"> 2023 energy-saving measures reduced or avoided 586,587.11 kg CO₂e emissions. Calamba Manufacturing Center in the Philippines is progressing toward 100% renewable energy usage. Chunan Manufacturing Center achieved LEED Gold certification. Supplier sustainability training totaled 1,778 training hours. 233 suppliers provided Scope 1 & 2 emission data, 121 suppliers provided Scope 3 data, and 110 suppliers obtained ISO 14064-1 certification. WEEE-3R product disassembly tests achieved an average Reuse and Recycled Rate of over 85% and a Recovery Rate exceeding 95%. 	Reduction Strategy	Action Plan	GHG Inventory Implementation	Adopt ISO 14064-1:2018 for GHG accounting.	Energy Management & Efficiency	Implement ISO 14001:2015 (Environmental Management) & ISO 50001:2018 (Energy Management), obtain LEED green building certification.	Renewable Energy Usage	Expand renewable energy installations and procurement.	Green Product Development	Follow eco-design principles for energy-efficient products, eco-friendly materials, and recycling, complying with EU WEEE's 3R principles (Reduce, Recycle, Reuse).	Sustainable Supply Chain & Value Chain Decarbonization	Conduct supplier carbon management surveys and provide ISO 14064-1 training to enhance GHG inventory capabilities.
Reduction Strategy	Action Plan												
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Sustainable Supply Chain & Value Chain Decarbonization	Conduct supplier carbon management surveys and provide ISO 14064-1 training to enhance GHG inventory capabilities.												

3.3.6 Corporate Conduct and Ethics Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the Company have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the management team?</p>	✓	<p>With the goal of enhancing corporate culture and ensuring the robust development of integrity management, the Company adopted the "Ethical Corporate Management Best Practice Principles", "Code of Ethics", and "Procedures for Ethical Management and Guidelines for Conduct" on May 11, 2023. Furthermore, following recommendations from an external professional institution, the Board of Directors approved an amendment to the "Ethical Corporate Management Best Practice Principles" on July 30, 2024, incorporating a mechanism for periodic review and revision to further strengthen integrity management practices and proactively prevent unethical conduct.</p> <p>Additionally, the Company has established the "Procedures for Handling Internal Material Information" and the "Employee Code of Ethics", which provide clear guidelines and regulations for employees to follow while carrying out business activities.</p>	None
<p>(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p>	✓	<p>Sercomm has signed the integrity clause with our employees and suppliers, and regularly analyzes and assesses business activities with higher risks of unethical conduct within our scope of business, in order to prevent unethical conduct.</p> <p>The Company regularly provides newcomer training, general education training, and management development training to promote the integrity management policy. Employees must issue a letter of undertaking to ensure their compliance with internal regulations and systems, including work rules, related operating procedures and codes of conduct, etc. The Company's operating activities and those of its subsidiaries are required to be in accordance with related laws and regulations, follow high business ethical standards, avoid any unfair competition, perform tax obligations, prevent corruption, and build adequate management systems in order to create an environment of fair competition. These regulations shall also be incorporated into the Company's internal compulsory E-Learning courses and serve as the basis for operation and conduct. All important policies relating to the operation, investment, acquisition or disposition of assets, the lending of funds, articles of guarantee or endorsement, and financing</p>	None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
		from banks are subject to the assessment of competent departmental authorities and to Board resolution.	
(3) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	✓	<p>The Company has implemented various operating procedures, including the "Ethical Corporate Management Best Practice Principles", "Code of Ethics", "Procedures for Ethical Management and Guidelines for Conduct", and "Internal Material Information Handling Procedures", all of which are disclosed on the Company's website. New employees receive quarterly education and training, which covers the importance of the confidentiality of material information and includes explanations and examples of insider trading. Slides from the courses are also accessible on the Company's internal E-Learning system for employees who unable to participate.</p> <p>To address unethical behavior, the Company established the "Regulations for the Management of the Whistle-blowing System" on July 18, 2023 and provided a reporting system. With regard to any conduct that may violate business ethics, severe disciplinary measures shall be implemented, including termination of employment or business dealings and relationships, legal actions shall be taken in due course.</p>	None
2. Ethic Management Practice		Regarding the selection of new suppliers, in addition to the quality, cost, delivery and service covered by general evaluation, suppliers should also comply with Sercomm's specifications for green products. Along with the general procurement agreement and non-disclosure agreement, suppliers should also sign the following documents and pass the audit on green products in order to become qualified suppliers.	
(1) Whether the Company has assessed the ethics records of whom it has business relationship with and includes business conduct and ethics related clauses in the business contracts?	✓	<ul style="list-style-type: none"> Product Quality Guarantee Agreement: Govern quality standards required of the suppliers Letter of undertaking for corporate social responsibility: The undertaking of labor interests and rights, health and safety, environmental protection, ethics, management systems, and social impact. Supplier's EICC letter of undertaking: Requirements for business ethics and integrity <p>As part of the Company's supply chain management mechanism, new suppliers are required to sign the "Code of Conduct Commitment", pledging not to engage in</p>	None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
		bribery, gifts, hospitality, or any other improper benefits. Additionally, suppliers agree that in the event of any violations, the Company reserves the right to immediately terminate transactions. Only upon completing this commitment can a supplier be recognized as a qualified supplier. In 2023, a total of 62 new suppliers successfully signed the commitment.	
(2) Whether the Company has set up a unit which is dedicated to promoting the Company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓	To ensure the implementation of integrity management, the Company has designated personnel from the Human Resources, Risk Management, and Audit departments to oversee the development of integrity management policies and prevention plans, as well as education and promotion initiatives, complaint channels, and integrity risk assessments. Relevant documents undergo review and approval by competent decision-makers in accordance with their decision-making authority, and the execution status is regularly reported to the Board of Directors. The report for the year 2024 was submitted on March 5, 2024, including the operation status of the whistleblowing system. In 2024, the Company received two whistleblowing cases from Mainland China, both of which were properly addressed with corrective measures implemented to safeguard workplace safety and employee rights. For further details, please refer to the Company's Sustainability Report.	None
(3) Whether the Company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓	Sercomm has implemented various policies to prevent conflicts of interest, including the "Ethical Corporate Management Best Practice Principles", "Code of Ethics", "Procedures for Ethical Management and Guidelines for Conduct", "Internal Material Information Handling Procedures", and "Regulations for the Management of the Whistle-blowing System", and provide reporting channels to ensure effective implementation.	None
(4) To implement relevant policies on ethical conducts, does the Company establish effective accounting and internal control systems that are audited by internal auditors or CPAs periodically?	✓	The Company adheres to legal requirements and regularly updates its internal control system. Each department is obligated to conduct an annual self-assessment of the system's effectiveness to ensure that its design and implementation are efficient. The Audit Office has included high-risk operations in the annual audit plan based on the assessment of unethical behavior. The annual audit includes all items required by laws and regulations, and the internal audit status, as well as improvement measures for	None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
		<p>deficiencies, are reported to the Audit Committee and the Board of Directors on a quarterly basis.</p> <p>The Company's accounting system is established in compliance with legal requirements. Certified public accountants (CPAs) conduct quarterly audits or reviews of the consolidated financial statements, issuing reports and reporting the results to the Audit Committee each quarter. Report of the audits or review results are also presented to the Board of Directors on an annual basis.</p>	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓	<p>The Company conducts annual E-Learning training programs for all employees on ethical conduct and integrity management, ensuring participation and completion of assessments. All new employees are required to sign the Code of Ethical Conduct, and integrity-related courses are designated as mandatory each year. In 2023, the Code of Ethical Conduct signing rate reached 100%, while the annual training participation rate was 65%.</p>	None
3. Implementation of Complaint Procedures			
(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓	<p>To implement the ethical conducts and integrity management guidelines, the "Regulations for the Management of the Whistle-blowing System" were established on July 18, 2023, with an independent channel set up for the reporting of illegal activities and violations of human rights, code of conduct, or integrity management guidelines. The channel is managed by dedicated personnel and is available to employees, suppliers, customers, and other external stakeholders; the reporting process follows relevant regional procedures, and a designated email address for reporting complaints is provided, all of which is disclosed on the Company's website.</p>	None
(2) Does the Company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?	✓	<p>The Company has implemented the "Regulations for the Management of the Whistle-blowing System", which outline the standard operating procedures for addressing reported issues, covering various aspects, such as reporting channels, processing protocols, protection against whistle-blower probes, confidentiality, incentives, as well as promotion and training programs.</p>	None
(3) Does the Company adopt proper measures to prevent a complainant from	✓	<p>In accordance with the "Regulations for the Management of the Whistle-blowing System", the Company shall take</p>	None

Assessment Item	Implementation Status		Non-implementation and its reason(s)
	Y	N Explanation	
retaliation for his/her filing a complaint?		appropriate measures to protect whistle-blowers.	
4. Information Disclosure			
Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	✓	The Company has detailed its adherence to the "Ethical Corporate Management Best Practice Principles" on its website's Corporate Governance section and MOPS, and the effectiveness of these practices is also reported in its annual report.	None
5. If the Company has established corporate governance policies based on TWSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation : On May 11, 2023, our company's board of directors resolved to establish a 'Code of Ethical Conduct,' and the actual operation is consistent with the established code.			
6. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices (e.g., review the Company's corporate conduct and ethics policy): On July 30, 2024, following the recommendations of an external professional institution, the Board of Directors approved an amendment to the "Ethical Corporate Management Best Practice Principles", incorporating a mechanism for periodic review and revision to further enhance integrity management practices.			

3.3.7 Other important information sufficient to enhance the understanding of the operation of corporate governance may also be disclosed:

Overview of Directors and Executives' Training Status

Title	Name	Training Date	Hours	Training Institution	Course Name
Chairman	James Wang	2024/12/10	3	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and Artificial Intelligence
		2024/12/10	3	Taiwan Corporate Governance Association	Practical Analysis and Key Issues of Overseas Investment and Mergers & Acquisitions for Enterprises
Director	Paul Wang	2024/10/30	3	Taiwan Institute for Sustainable Energy	Sustainable Financial Disclosure
		2024/10/30	3	Taiwan Institute for Sustainable Energy	Taiwan's Path to Just Transition for Net-Zero in Hard-to-Abate Sectors
Director	Ben Lin	2024/12/10	3	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and Artificial Intelligence
		2024/12/10	3	Taiwan Corporate Governance Association	Practical Analysis and Key Issues of Overseas Investment and Mergers & Acquisitions for Enterprises
Director	Charles Chu	2024/12/10	3	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and Artificial Intelligence
		2024/12/10	3	Taiwan Corporate Governance Association	Practical Analysis and Key Issues of Overseas Investment and Mergers & Acquisitions for Enterprises
Independent Director	Shih, Chin-Tay	2024/12/10	3	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and Artificial Intelligence
		2024/12/10	3	Taiwan Corporate Governance Association	Practical Analysis and Key Issues of Overseas Investment and Mergers & Acquisitions for Enterprises
Independent Director	Steve K. Chen	2024/10/07	3	Chinese National Association of Industry and Commerce	2024 Taishin Net-Zero Summit
		2024/12/02	3	Taipei Foundation of Finance	Fair Treatment Principles for Financial Services Industry
		2024/12/07	3	Taiwan Academy of Banking and Finance	Anti-Money Laundering, Counter-Terrorism Financing, and Economic Sanctions in International Trade Finance
		2024/12/10	3	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and Artificial Intelligence
Independent Director	Rose Tsou	2024/04/30	3	Taiwan Corporate Governance Association	Corporate Strategic Development Directions
		2024/05/17	3	Taiwan Corporate Governance Association	Cybersecurity Governance and Supervision Strategies for the Board of Directors
		2024/12/10	3	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and Artificial Intelligence
		2024/12/10	3	Taiwan Corporate Governance Association	Practical Analysis and Key Issues of Overseas Investment and Mergers & Acquisitions for Enterprises
Independent Director	Paul Yang	2024/07/31	3	Institute of Financial Law and Crime Prevention	Common Deficiencies in the Financial Industry, Penalty Cases Analysis, and Prevention of Workplace Harassment
		2024/08/09	2	Institute of Financial Law and Crime Prevention	Trends in Financial Fraud, Transaction Flow Patterns, and Key Prevention Strategies
		2024/10/04	3	Securities & Futures Institute	Insider Trading Prevention Awareness Seminar
Accounting Officer	Max Cheng	2024/04/26	12	Accounting Research and Development Foundation	Continuing Education Program for Issuers, Securities Firms, and Stock Exchange Accounting Officers
Internal Auditor	Winnie Hsieh	2024/05/15	6	The Institute of Internal Auditors	Practical Audit of Material Systems in the Manufacturing Industry
		2024/06/26	6	The Institute of Internal Auditors	Practical Audit for Subsidiaries
Corporate Governance Officer	Raymond Ho	2024/07/03	6	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit
		2024/08/30	3	Taiwan Investor Relations Institute	Circular Economy Embedded in Sustainability Frameworks
		2024/09/06	3	Securities & Futures Institute	Insider Trading Prevention Awareness Seminar
		2024/10/07	3	Chinese National Association of Industry and Commerce	2024 Taishin Net-Zero Summit

3.4 Internal Control System Execution Status

3.4.1 Internal Control System Statement

Please refer to the Corporate Governance Section on the Market Observation Post System (<https://mops.twse.com.tw>) for inquiries.

3.4.2 Disclosure of CPA Review Report on Internal Control System for Special Engagements: Not applicable.

3.5 Major Resolutions of Board Meetings and Shareholders' Meeting

3.5.1 Major Resolutions of Board Meetings

Date	Major Resolutions
2024.03.05	<ul style="list-style-type: none"> - Approval of the distribution of 2023 employee and director remuneration. - Approval of the 2023 Financial Statements, Business Report, and the 2024 Business Plan. - Approval of the 2023 profit distribution in cash dividends. - Approval of the 2023 earnings distribution. - Approval of the termination of the private placement of securities approved at the 2023 Annual Shareholders' Meeting. - Approval of the proposal to conduct a private placement of common stock or domestic/overseas convertible bonds. - Approval of the amendment of the "The Operational Procedures for Acquisition and Disposal of Assets", "Audit Committee Charter" and "Board of Directors Meeting Regulations." - Approval of setting the date, location, and agenda for convening the 2024 Annual Shareholders' Meeting. - Approval of the 2023 Internal Control System Statement. - Approval of the evaluation of the suitability and independence of the 2024 auditors. - Approval of endorsements and guarantees for the company's subsidiaries. - Approval of bank credit application. - Approval of setting the record date for increasing capital through the conversion of unsecured convertible bonds into common shares.
2024.05.07	<ul style="list-style-type: none"> - Approval of the Q1 2024 Business Report and Financial Statements. - Approval of the issuance of restricted stock awards to employees. - Approval of bank credit application. - Approval of setting the record date for increasing capital through the conversion of unsecured convertible bonds into common shares.
2024.07.30	<ul style="list-style-type: none"> - Approval of the 2023 Sustainability Report. - Approval of the Q2 2024 Business Report and Financial Statements. - Approval of the amendment to the company's "Ethical Corporate Management Best Practice Principles." - Approval of the establishment of the "The Operational Procedures for Acquisition and Disposal of Assets", "The Operational Procedures for Loaning of Company Funds" and "The Operational Procedures for Endorsements and Guarantees" for the Indian subsidiary. - Approval of bank credit application.
2024.11.01	<ul style="list-style-type: none"> - Approval of the Q3 2024 Business Report and Financial Statements. - Approval of the establishment of the "Management Measures for Sustainability Information" and the "Internal Audit Implementation Rules." - Approval of the 2025 Audit Plan.

Date	Major Resolutions
	<ul style="list-style-type: none"> - Approval of setting the record date for capital increase through the conversion of employee stock options into common shares. - Approval of bank credit application. - Approval of an endorsement and guarantee for the Mexican subsidiary, SCTek Manufacturing S.A. de C.V. - Approval of a capital increase for the Indian subsidiary, SCNet (India) Private Limited.
	<ul style="list-style-type: none"> - Approval of the distribution of 2024 employee and director remuneration. - Approval of the 2024 Financial Statements, Business Report, and the 2024 Business Plan. - Approval of the 2024 profit distribution in cash dividends. - Approval of the 2024 earnings distribution. - Approval of defining the scope of non-executive employees and amendments to the Articles of Incorporation - Approval of the termination of the private placement of securities approved at the 2024 Annual Shareholders' Meeting. - Approval of the proposal to conduct a private placement of common stock or domestic/overseas convertible bonds. - Approval of issuing restricted stock awards to employees - Approval of issuing employee stock option plan
2025.02.27	<ul style="list-style-type: none"> - Approval of the re-election of eight directors (including four independent directors) - Approval of the nomination of director and independent director candidates - Approval of lifting the non-compete restrictions for newly appointed directors and their representatives - Approval of setting the date, location, and agenda for the 2025 Annual Shareholders' Meeting - Approval of the 2024 Internal Control System Statement - Approval of the evaluation of the independence and suitability of the appointed auditors and their remuneration - Approval of changes in the Chief Financial Officer and financial officer - Approval of providing endorsements and guarantees for the company's subsidiaries - Approval of bank credit application.

3.5.2 Major Resolutions of Shareholders' Meeting and Implementation Status

Date	Major Resolutions
	<ul style="list-style-type: none"> - Approval of the 2023 Business Report and Financial Statements: Resolution passed. - Approval of the 2023 Earnings Distribution Proposal: Resolution passed. The ex-dividend date is set for April 6, 2024, and the cash dividend distribution was completed on May 3, 2024. The actual cash dividend per share was NTD 4.99991064.
2024.05.30	<ul style="list-style-type: none"> - Approval of the Private Placement of Common Shares or Domestic/Overseas Convertible Bonds: Resolution passed. However, the Board of Directors resolved on February 27, 2025, not to proceed with this private placement. - Approval of the Amendments to the "Procedures for Acquisition or Disposal of Assets": Resolution passed and has been implemented.

3.6 Certified Public Accountant (CPA) Information

- (1) If non-audit fees paid to CPAs, their accounting firm and its affiliates are more than one-fourth of audit fees, specify the amount of audit and non-audit fees, as well as the scope of non-audit services:

CPA Service Fees

Accounting Firm	Name of CPA	Period covered by CPA's audit	Note
PricewaterhouseCoopers (PwC) Taiwan	Ya-Fang Wen	2024/1/1 - 2024/12/31	
	Yu Fang, Yen	2024/1/1 - 2024/12/31	

Unit: Thousand NTD

	Audit fee	Non-audit fee	Total
Audit Fees	4,440	3,177 (Note)	7,617

Note :

- 2022 Annual Group Master File Report Project Tax Service Fee
- 2023 Transfer Pricing Project Service Fee
- 2023 Sustainability Report ISAE 3000 Assurance Service Fee
- Others: Public Disclosure Checklist, Tax Return, English Financial Statements, Non-Executive Compensation Review, Undistributed Earnings Review, and other review services

- (2) For CPA changes, if the audit fee in the first year is lower than that of the prior year, specify the audit fee before and after the change and the reasons: N.A.
- (3) If audit fees dropped by more than 15%, specify the amount and percentage of decline and reasons: N.A.
- (4) Information on replacement of CPA : CPA Ya-Fang Wen and CPA Yu-Fang Yen were effective from the first quarter of 2023 due to CPA firm internal adjustment.
- (5) Company Chairman, President or finance/accounting manager held positions in the Company's audit firm or its affiliates within the past year: N.A.

3.7 Changes in Share Positions among Directors and Managers

Please refer to the Shareholding Changes / Securities Issuance Section on the Market Observation Post System (<https://mops.twse.com.tw>) for inquiries.

3.8 Information of the Company's Top Ten Shareholders

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders	
	Shares	%	Shares	%	Shares	%	Name	Relation
Yuanta Taiwan High Dividend Low Volatility ETF	14,132,000	4.71%	0	0.00%	0	0.00%	-	-
Fuh Hwa Taiwan Technology Dividend Highlight ETF	10,858,000	3.62%	0	0.00%	0	0.00%	-	-
Yun Chuan Investment Co., Ltd. Representative: Yu-Mei Chang	9,541,360	3.18%	0	0.00%	0	0.00%	-	-
Chunghwa Post Co., Ltd. Representative: Kuo-Tsai Wang	8,216,000	2.74%	0	0.00%	0	0.00%	-	-
New Labor Retirement Fund	6,446,000	2.15%	0	0.00%	0	0.00%	-	-
The Shanghai Commercial & Savings Bank, Ltd. Representative: Ching-Yen Li	6,385,000	2.13%	0	0.00%	0	0.00%	-	-
Fubon Life Insurance Co., Ltd. Representative: Fu-Hsing Lin	5,429,000	1.81%	0	0.00%	0	0.00%	-	-
Su Yi	4,809,322	1.60%	0	0.00%	0	0.00%	-	-
Taiwan Cooperative Bank Representative: Yen-Mao Lin	4,606,000	1.54%	0	0.00%	0	0.00%	-	-
Zhuo Jian Investment Co., Ltd. Representative: Ben Lin	4,197,094	1.40%	0	0.00%	0	0.00%	-	-

3.9 Long-Term Investments Ownership

Investee	Sercomm Investment		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries		Total Investment	
	Shares (Amount in Thousands)	%	Shares (Amount in Thousands)	%	Shares (Amount in thousands)	%
Sercomm USA Inc.	650,000 USD650	100%	0	0	650,000 USD650	100%
Sercomm Investment Corp.	2,800,000 NTD28,000	100%	0	0	2,800,000 NTD28,000	100%
Sercomm Trading Co.,Ltd.	9,300,000 USD9,300	100%	0	0	9,300,000 USD9,300	100%
Zealous Investments Ltd.	0	0	5,956,000 USD5,956	100%	5,956,000 USD5,956	100%
Sernet (Suzhou) Technologies Corp.	0	0	USD29,900	100%	USD29,900	100%
Smart Trade Inc.	0	0	3,500,000 USD3,500	100%	3,500,000 USD3,500	100%
DWNet Technology (Suzhou) Co., Ltd.	0	0	USD16,000	100%	USD16,000	100%
Sercomm Japan Corp.	9,800 JPY 490,000	100%	0	0	9,800 JPY490,000	100%
Sercomm France SARL	100,000 EUR100	100%	0	0	100,000 EUR100	100%
Sercomm Italia SRL	0	0	10,000 EUR10	100%	10,000 EUR10	100%
Sercomm Deutschland GmbH	600,000 EUR600	100%	0	0	600,000 EUR600	100%
Sercomm Russia LLC.	28,948,000 RUB28,948	100%	0	0	28,948,000 RUB28,948	100%
Nanjing Femtel Communications Co., Ltd	0	0	CNY 2,500	100%	CNY 2,500	100%
Sercomm Technology Inc.	5,000,000 USD5,000	100%	0	0	5,000,000 USD5,000	100%
Sercomm Philippines Inc.	1,940,000,000 PHP1,940,000	97%	60,000,000 PHP60,000	3%	2,000,000,000 PHP2,000,000	100%
Sercomm Britain Limited	350,000 GBP350	100%	0	0	350,000 GBP350	100%
Refinement Property Holding Inc. (Note1)	0 PHP448,000	0	200,000 PHP200	40%	200,000 PHP200	40%
Servercom (India) Private Limited	34,999,999 INR35,000	100%	1 INR0	0	35,000,000 INR35,000	100%
Sernet Technology Mexico S. de R.L. de C.V.	399,990 MXN400	100%	10 MXNO	0	400,000 MXN400	100%
Presciense Limited	3,333 -	25%	0	0	3,333 -	25%
MECSware GmbH	0	0	10,714 EUR840	30%	10,714 EUR840	30%
MosoLabs Inc.	3,500,000 USD3,500	100%	0	0	3,500,000 USD3,500	100%
Sctek Manufacturing, Sociedad Anónima De Capital Variable	2,899,999 MXN2,900	100%	1 MXNO	0	2,900,000 MXN2,900	100%
Scnet (India) Private Limited	2,199,999 INR1,099,999	100%	1 INR1	0	2,200,000 INR1,100,000	100%

Note 1: Under the substantial control of the company. The investment by the company is in US\$8,000 thousand of preferred shares, which only have distribution rights and do not count towards the shareholding percentage. Registration has not yet been completed.

IV. Capital & Shares

4.1 Capital & Shares

4.1.1 Capitalization

Unit: Shares, as of March 31, 2025

Type of Share	Authorized Shares		
	Issued Shares	Un-issued Shares	Total Shares
Common Stock	300,049,542	199,950,458	500,000,000

4.1.2 History of Capitalization

Unit: Shares/ NTD, as of March 31, 2025

Year/ Month	Issue Price	Authorized		Paid-In Capital		Source of Capital
		Shares	Amount	Shares	Amount	
2024/03	10	500,000,000	5,000,000,000	295,925,280	2,959,252,800	Conversion of Convertible Bonds
2024/05	10	500,000,000	5,000,000,000	295,930,542	2,959,305,420	Conversion of Convertible Bonds
2024/07	10	500,000,000	5,000,000,000	299,334,542	2,993,345,420	Issuance of Restricted Shares Awards
2024/11	10	500,000,000	5,000,000,000	300,049,542	3,000,495,420	Exercise of Employee Stock Options

4.1.3 Major Shareholders

Unit: Shares, as of March 31, 2025

Name of Shareholders	Shareholding	%
Yuanta Taiwan High Dividend Low Volatility ETF	14,132,000	4.71%
Fuh Hwa Taiwan Technology Dividend Highlight ETF	10,858,000	3.62%
Yun Chuan Investment Co., Ltd.	9,541,360	3.18%
Chunghwa Post Co., Ltd.	8,216,000	2.74%
New Labor Retirement Fund	6,446,000	2.15%
The Shanghai Commercial & Savings Bank, Ltd.	6,385,000	2.13%
Fubon Life Insurance Co., Ltd.	5,429,000	1.81%
Su Yi	4,809,322	1.60%
Taiwan Cooperative Bank	4,606,000	1.54%
Zhuo Jian Investment Co., Ltd.	4,197,094	1.40%

4.1.4 Dividend Policy

The appropriations of the Company's earnings are based on the annual net income. The dividend amount is determined by the profit earning condition, financial condition and future operating needs

for cash. In principle, dividends could be distributed in cash and/or in the form of stock; nevertheless, cash dividends shall be no less than 10% of the aggregate amount distributed.

4.1.5 Dividends

Year	EPS NT\$	Cash Dividend NT\$ per share
2024	7.74	4.6
2023	9.17	4.99991064

4.1.6 Proposal of Profit Distribution

	Unit: NTD
Cash dividend	\$4.6 per share
Remuneration to employees	\$509,800,000
Remuneration to Directors	\$35,200,000

4.1.7 Buyback of Treasury Stock

As of March 31, 2025

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	0.50%

4.2 Issuance of Corporate Bonds

As of March 31, 2025

Issuance	2020 1 st Domestic Unsecured Bond
Issue Date	2020/7/17
Denomination	1,000,000
Offering Price	Par
Total Amount	NT\$ 1,400,000,000
Coupon	1.00%
Tenor and Maturity Date	Tenor: 5 years Maturity: 2025/7/17
Outstanding	NT\$ 1,400,000,000

Issuance	2020 1 st Domestic Unsecured Bond	
Credit Rating	twA- (Taiwan Ratings Corporation, 2020/5/25)	
Trustee	Taiwan Cooperative Bank	
Guarantor	None	
Underwriter	Taishin Securities Co., Ltd	
Legal Counsel	Louis & Charles Attorneys-at-Law Ya-Wen Chiu	
Auditor	PricewaterhouseCoopers Yi-Chang Liang and Yu-Lung Wu	
Repayment	Bullet	
Redemption or Early Repayment Clause	None	
Covenants	None	
Other Rights of Bondholders	Conversion Right	None
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	None
Dilution Effect and Other Adverse Effects on Existing Shareholders		None
Custodian	None	

4.3 Issuance of Convertible Bonds

Issue Session		7th Domestic Convertible Bond		
Items	Year	2023	2024	2025/3/31
Market Price	Highest	112.35	120.00	115.70
	Lowest	103.00	105.50	108.50
	Average	105.77	113.39	112.64
Conversion Price		145	139.6	139.6
Issue Date and Conversion Price at Issuance		2023/12/6 NT\$145		
The Method of Fulfilling the Conversion Obligation		Issuing new shares		

4.4 Issuance of Employee Stock Options

As of March 31, 2025			
Issue Session	2020 1st Employee Stock Options	2022 1st Employee Stock Options	2022 2nd Employee Stock Options
Filing Effective Date and Total Number of Shares	2020/8/3 12,000,000	2022/12/27 6,000,000	
Issue Date	2020/8/20	2023/5/3	2024/6/12
Number of Shares Issued (Share)	12,000,000	3,000,000	3,000,000
Number of Shares Available for Issue	0	0	
Number of Shares Issued / Total Issued Shares (%)	4.00%	2.00%	
Exercise Period	10 years	10 years	
Method of Provision	Issue of new shares		Issue of new shares
Vesting Schedule	<p>After 2 full years have elapsed from the time the stock option holder is allocated the employee stock options, the option holder may exercise the share purchase rights according to the schedule set out below. The duration of the stock options is 10 years. The stock options and rights and interests therein may not be transferred, pledged, given to others, or disposed in any other manner, except by succession. After the expiration of the duration of the employee stock options, any unexercised options shall be deemed forfeited, and the stock option holder may not make any further claim to share purchase rights. Percentage of share purchase rights that may be exercised according to the time elapsed since the allocation of the stock options (cumulative). Two full years have elapsed: 50% Three full years have elapsed: 75% Four full years have elapsed: 100%</p>		<p>After 2 full years have elapsed from the time the stock option holder is allocated the employee stock options, the option holder may exercise the share purchase rights according to the schedule set out below. The duration of the stock options is 10 years. The stock options and rights and interests therein may not be transferred, pledged, given to others, or disposed in any other manner, except by succession. After the expiration of the duration of the employee stock options, any unexercised options shall be deemed forfeited, and the stock option holder may not make any further claim to share purchase rights. Percentage of share purchase rights that may be exercised according to the time elapsed since the allocation of the stock options (cumulative). Two full years have elapsed: 100%</p>
Number of Shares in Exercised Options (Share)	9,551,000	0	0
Total Amount in Exercised Options (NTD)	261,680,000	0	0
Number of Shares in Unexercised Options (Share)	2,449,000	3,000,000	3,000,000
Price per Share in Unexercised Options (NTD)	25.6	79.8	109.5
Number of Shares in Unexercised Options as Share of Total Issued Shares (%)	0.82%	2.00%	
Impact on Shareholders' Equity	The employee stock option can only be exercised two to four years after issuance, and it has a validity period of up to ten years, therefore the dilutive effect on shareholder equity is relatively limited.		The employee stock option can only be exercised two years after issuance, and it has a validity period of up to ten years, therefore the dilutive effect on shareholder equity is relatively limited.

4.4.1 List of Executives and the Top Ten Employees Receiving Employee Stock Options

2020 1st Employee Stock Options

As of March 31 2025

Title	Name	No. of Stock Options	Stock Options as a Percent age of Shares Issued	Exercised			Unexercised				
				No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued
CEO	James Wang										
President	Ben Lin										
Sr. VP	Dean Wang										
VP	Jemmy Lee (Note)	3,505,000	1.17	905,000	28.0	24,511	0.30	2,600,000	25.6	66,560	0.87
VP	Hawk Wu (Note)				26.6						
VP	Colette Chen										
VP	Vicky Lin (Note)										
Sr. Director	Winnie Hsieh										

Note: Vice Presidents Jemmy Lee, Hawk Wu, and Vicky Lin were relieved of their managerial officer in 2024.

2022 1st Employee Stock Options

As of March 31 2025

Title	Name	No. of Stock Options	Stock Options as a Percent age of Shares Issued	Exercised			Unexercised				
				No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued
CEO	James Wang										
President	Ben Lin										
Sr. VP	Dean Wang										
Sr. VP	Michael Lee										
VP	Jemmy Lee (Note)	915,000	0.30	0	0	0	0	915,000	79.8	73,017	0.30
VP	Hawk Wu (Note)										
VP	Colette Chen										
VP	Vicky Lin (Note)										
VP	Alex Liou										
VP	Nicole Lee										
VP	David Huang										
Sr. Director	Winnie Hsieh										
Sr. Director	Max Cheng										

Note: Vice Presidents Jemmy Lee, Hawk Wu, and Vicky Lin were relieved of their managerial officer in 2024.

2022 2nd Employee Stock Options

As of March 31 2025

Title	Name	No. of Stock Options	Stock Options as a Percent age of Shares Issued	Exercised			Unexercised				
				No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued
CEO	James Wang										
President	Ben Lin										
Sr. VP	Dean Wang										
Sr. VP	Michael Lee										
VP	Jemmy Lee (Note)	925,000	0.31	0	0	0	0	925,000	109.5	101,288	0.31
VP	Colette Chen										
VP	Vicky Lin (Note)	0									
VP	Alex Liou										
VP	Nicole Lee										
VP	David Huang										
VP	Arthur Hsu										
Sr. Director	Winnie Hsieh										
Sr. Director	Max Cheng										

Note: Vice Presidents Jemmy Lee and Vicky Lin were relieved of their managerial officer in 2024.

4.5 Issuance of Restricted Share Awards: Not applicable.

4.6 Implementation of Capital Allocation Plans: Not applicable.

V. Business Overview

5.1 Business Activities

5.1.1 Business Scope

Item	2023	2024
Broadband CPE	64.17%	68.61%
Enterprise	23.61%	17.90%
Infrastructure & IoT	9.41%	10.85%
Others	2.81%	2.64%
Total Revenue	100.00%	100.00%

5.1.2 Main Products

- (1) Broadband CPE
- (2) Enterprise Products
- (3) Infrastructure & IoT

5.1.3 New Products under Developing

Sercomm is committed to increasing the added value of hardware products with extensive software technologies, enhancing competitiveness through value differentiation. We offer comprehensive telecom broadband solutions to our customers all over the world, including first-tier telecom operators, retail brands and service providers and is now a global leader in the industry. With customized solutions as the foundation and our commitment and responsibility toward our customers in mind, Sercomm invests R&D resources and works jointly with customers in the early stage of design to come up with new technologies and products. Sercomm's superior innovative R&D achievements has acquired the affirmation of numerous leading clients around the world, rendering Sercomm the primary development partner for new products to which customers establish a stable long-term relationship.

5.2 Industry Overview

5.2.1 Industry Status and Development

The evolution of mobile communication technology began with 1G, which initially provided only basic voice calling functions. The introduction of 2G brought short message services (SMS), laying the foundation for data transmission in mobile communications. With 3G, mobile internet became a reality, driving the proliferation of smartphones and mobile applications. The advent of 4G LTE further enhanced data transmission speeds, enabling seamless high-definition video streaming, cloud services, and social media applications as part of daily life. Today, the widespread adoption of 5G technology not only accelerates data transmission rates but also enables ultra-low latency and massive device connectivity, providing critical support for smart cities, the Internet of Things (IoT), and industrial automation.

Alongside mobile communication advancements, Wi-Fi technology has also undergone significant evolution. Since the launch of Wi-Fi 1 in 1999, Wi-Fi standards have progressed from IEEE 802.11b to Wi-Fi 6 (802.11ax), enhancing bandwidth, speed, and efficiency. The expansion of Wi-Fi 6E has further reduced latency, optimizing high-definition video streaming, cloud applications, and real-time communications. Currently, Wi-Fi 7 (802.11be) is entering a mature adoption phase, offering broader channel bandwidth and advanced modulation techniques, which cater to the high demands of virtual reality (VR), augmented reality (AR), and cloud gaming, further enhancing the connectivity experience.

According to the November 2024 Ericsson Mobility Report, the global 5G user base continues to expand, and 5G subscriptions are expected to surpass 4G by 2027, becoming the dominant mobile access technology. By 2030, global 5G subscriptions are projected to reach 6.3 billion, accounting for 67% of all mobile users, with standalone 5G (SA) subscriptions reaching 3.6 billion. As 5G infrastructure deployment accelerates, mid-band spectrum deployment is becoming a key factor in expanding network coverage. Currently, only about 30% of non-China global base stations have been upgraded to 5G mid-band, indicating that significant investment is still required. Additionally, the Fixed Wireless Access (FWA) market continues to expand, with 131 telecom operators offering 5G FWA services, accounting for 54% of the total FWA market as of the end of 2024, underscoring its emergence as a critical wireless broadband solution.

The 2025 Mobile World Congress (MWC 2025) further highlighted the future development trends of the industry. According to Counterpoint Research, Generative AI (GenAI) technology has now been fully integrated into the telecommunications industry. Telecom providers such as SKT, NTT Docomo, and Vodafone are leveraging AI to optimize customer service, network operations, and internal management, while also introducing AI-powered virtual assistants and enterprise solutions to create new revenue streams. In the smartphone sector, GenAI has become a primary competitive advantage, with brands like Xiaomi, HONOR, and Samsung actively embedding AI capabilities into devices to enhance personalized user experiences, extending AI features to mid-range and entry-level models.

Concurrently, Wi-Fi technology continues to advance, with the adoption of Wi-Fi 7 driving demand for smartphones, wearables, PCs, and IoT applications, while early discussions on Wi-Fi 8 are already emerging among industry leaders. Additionally, 5G Reduced Capability (RedCap) technology is accelerating IoT connectivity, allowing telecom operators to deliver more efficient IoT solutions while reducing reliance on Wi-Fi and Bluetooth technologies.

Meanwhile, 6G standardization efforts are gaining momentum, with companies such as NTT, KDDI, Nokia, and Ericsson unveiling their latest 6G technology developments. The integration of low Earth orbit (LEO), medium Earth orbit (MEO), and geostationary (GEO) satellite networks, in collaboration with providers such as Starlink, SES, and Vodafone, is driving the convergence of satellite and terrestrial networks. Furthermore, quantum computing has entered the practical application stage, with Telefonica showcasing advancements in encryption and next-generation security solutions at MWC 2025.

Overall, the mobile communications industry is undergoing an AI-driven smart transformation. The convergence of 5G, 6G, satellite communications, and quantum computing will further enhance connectivity, accelerate global digital transformation, and create new frontiers for technological innovation and business models.

5.2.2 The Relationship between the Upstream, Midstream and Downstream Parts of the Industry

The major business of this Company is the manufacture of broadband and data service equipment, which include all sorts of network transmission equipment and is a midstream manufacturer in the telecommunications equipment industry. The upstream of the industry chain is mainly module and parts suppliers. The downstream terminal service providers include: telecommunication operators, Multiple System Operator, Network Services Platform, Enterprise System Integrator and other service providers.

Upstream	Midstream	Downstream
<ul style="list-style-type: none"> • CPU • RF IC/Module • Memory • Active/ Passive Component • PCB • Plastic And Metal Components • Wire 	<ul style="list-style-type: none"> • FTTx, DOCSIS, xDSL, Home Router, WIFI Extender, STB • Small Cell, Mobile CPE • Enterprise AP/ Controller, Enterprise Router, Enterprise Switch • IoT Device, IoT Gateway, IP Camera 	<ul style="list-style-type: none"> • Networking Equipment • Telecom Operator • Multiple System Operator • Network Services Platform

Upstream	Midstream	Downstream
<ul style="list-style-type: none"> Power Supply Others 		<ul style="list-style-type: none"> Other Service Provider Enterprise System Integrator

In conventional supply chains, product design and development are major duties of network equipment suppliers, and the products are sold to customers in different service channels. Accordingly, system integration service providers play roles as OEM. However, for years, labor division models of traditional supply chains have gradually changed. In response to needs of end customers more promptly, emerging terminal service providers such as network platform service providers and other professional service providers have also joined the market.

5.2.3 Products Development and Competition

Broadband CPE

The pandemic has altered the landscape of global economic activities, making remote work, video teaching, and video streaming the new norm. This trend has significantly increased data transmission volumes, thereby accelerating the demand for broadband equipment upgrades. In North America, the shift from DOCSIS 3.0 to DOCSIS 3.1 has become an irreversible trend among Cable Modem users seeking higher internet speeds. Moreover, with the launch of Wi-Fi 6, Wi-Fi 6E, and the anticipated Wi-Fi 7 technologies, there's an increasing demand for faster wireless connection speeds and data processing capabilities, affecting the demand for both residential and commercial networking equipment and setting higher standards. Meanwhile, telecommunication operators continue to deploy fiber optic networks in Eastern Europe, Southeast Asia, and Latin America, driving continuous growth in the demand for home broadband CPE (Customer Premises Equipment). The booming development of broadband applications has led to a constant increase in the demand for broadband access equipment upgrades. Our company has become an important partner for global telecom operators, leveraging our existing system integration advantages to provide customized hardware and software integration services based on the needs of telecom customers, successfully enhancing the added value of our products. Furthermore, in anticipation of the 5G era, we continue to invest in critical technology research and development, actively launching next-generation broadband products, including high-speed fiber access equipment, DOCSIS Cable 4.0 products, Wi-Fi 7 wireless devices, 5G FWA (Fixed Wireless Access) equipment, and video streaming devices.

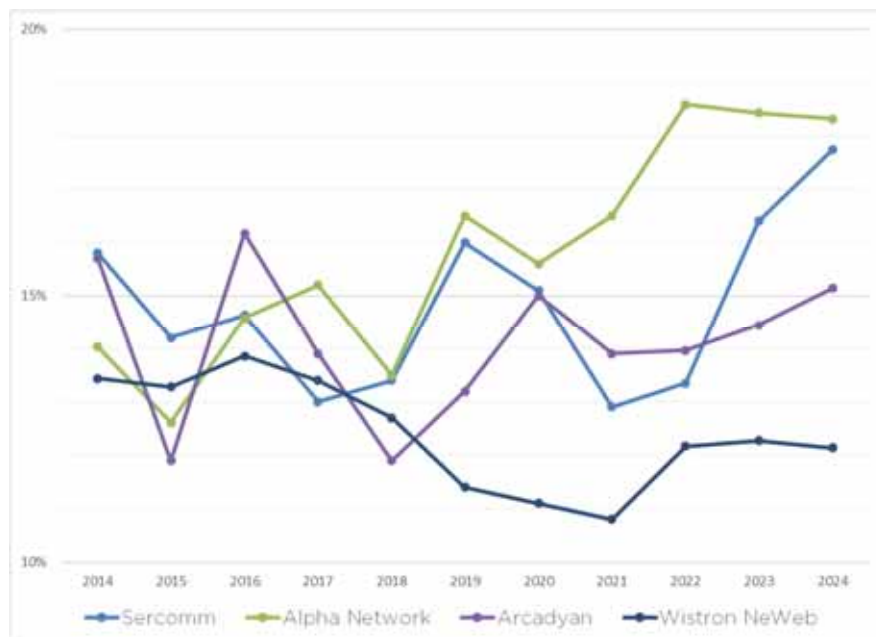
Enterprise Products

With the advancement of 5G technology, Wi-Fi 6 has become the mainstream specification for the next generation of connectivity, offering higher speeds and performance, and providing a strong impetus for the upgrade of commercial devices. Furthermore, with the development of Wi-Fi 6E and the upcoming Wi-Fi 7 technology, it is expected to witness more efficient spectrum utilization, lower latency, and faster speeds, which will bring unprecedented improvements to commercial applications such as office networks and wireless access points in public places.

Infrastructure & IoT

The continuous innovation in smart IoT applications, along with the integration of 5G and IoT technologies, is paving the way for new application scenarios including the Industrial Internet of Things (IIoT) and smart cities. Our company provides customized services such as remote security monitoring and smart healthcare, leveraging our advantages in hardware and software system integration to deepen our penetration in the European and American markets, with an expectation of further increasing our market share.

Trends in Gross Margin Rate for Taiwanese Networking Vendors



Source: MOPS and compiled by the company

The Company has consistently focused on software and firmware integration capabilities, maintaining a leading position in telecommunications technology innovation and development. With a strong competitive advantage in smart home solutions, connected vehicles, cloud applications, and other IoT applications, the Company continues to drive revenue growth while ensuring sustainable profitability.

5.2.4 Research & Development Expenses

Unit: Thousand NTD	
Items	2024
R&D Expenses	3,323,109
Net Sales	56,788,762
R&D/Net Sales (%)	5.85%

5.2.5 R&D Achievements

- DOCSIS4.0 wifi7 gateway
- Sub-6GHz ODU
- Indoor 4x4 n48/n77/n78 Small Cell
- DPoE 10G EPON
- Combo PON SFU
- Hybrid STB
- WiFi7 ethernet gateway with SFP cage
- Indoor Dome Camera
- Indoor Fisheye Camera

5.3 Long-term and Short-term Business Development Plans

5.3.1 Long-term Development Plans

Leveraging years of accumulated R&D strength, our company has successfully grasped key technologies and market trends in the telecommunications broadband industry. Our full range of products covers various market sectors including residential, commercial, telecommunications, security monitoring, and cloud applications, offering customers integrated design services for broadband products. Having been strategically positioned in the telecom market for many years, the benefits are gradually becoming evident, with our main products holding leading positions in the market. Our clients span top-tier telecom operators in Europe, America, and emerging markets, and we have successfully risen to become an international supplier. The company not only enhances the added value of hardware products with superior software integration technology, helping customers increase market share, but also, based on a commitment to and a sense of responsibility towards our customers, invests research and development resources from the initial design phase to jointly develop new technologies and products with customers. At the same time, in production manufacturing, quality control, and customer service, we strive for efficiency and quality optimization, comprehensively enhancing customer satisfaction. In terms of infrastructure and IoT product lines, our strategic direction is to progress from home application products to edge and cloud solutions, which will be the core focus of our future product line development.

5.3.2 Short-term Development Plans

(A) Marketing strategy

Emphasizing "Global Technical Support Services" and based on customized solutions, we penetrate directly into the telecom operators' supply chain and provide technical support services through global service bases located nearby. Currently, service points have been established in more than ten countries including the United States, Japan, China, France, Germany, and Italy. In the future, we will continue to expand into new markets and acquire new customers.

(B) Production strategy

Sercomm continues to implement a globalized operational strategy to navigate geopolitical and market fluctuations. By leveraging global supply chain management, the company enhances operational resilience, flexibly integrating resources across its five major manufacturing bases in Taiwan, the Philippines, India, Mexico, and China. This approach ensures production flexibility and stable component supply to meet customer demands. As global network infrastructure upgrades drive rising demand for broadband equipment, Sercomm capitalizes on its technological strengths, focusing on product innovation and strategic market expansion. In addition to its core markets in North America, Europe, and the Asia-Pacific region, the company is actively expanding into emerging markets such as Southeast Asia, Latin America, and the Middle East. Simultaneously, Sercomm is scaling its direct sales operations to telecom operators, deepening customer partnerships, and further reinforcing its market leadership position.

5.4 Market, Production and Sales Outlook

5.4.1 Revenue Breakdown by Geography

Unit: Thousand NTD

Region	2023		2024	
	Amount	%	Amount	%
Taiwan	129,297	0.21%	145,153	0.26%
Europe	9,470,924	15.13%	9,300,515	16.38%
North America	41,593,326	66.46%	34,302,323	60.40%
Asia ex-Taiwan	11,390,946	18.20%	13,040,771	22.96%
Total	62,584,493	100.00%	56,788,762	100.00%

5.4.2 Market Share

	2024 Sercomm Production Volume (Thousand Units)	Market Share(%)
Global CPE Market	28,100	8-10%

Source: The company statistics and market research institutions' estimates

5.4.3 Future Supply and Demand in the Market and Potential for Growth

According to the November 2024 Ericsson Mobility Report, the global 5G market continues to expand, with 5G subscriptions expected to surpass 4G by 2027, becoming the dominant mobile access technology. This shift is occurring one year earlier than the original 2028 forecast, primarily driven by the rapid growth of China and India. By 2030, global 5G subscriptions are projected to reach 6.3 billion, accounting for 67% of all mobile users, with standalone 5G (SA) subscriptions reaching 3.6 billion. In terms of regional adoption, Gulf Cooperation Council (GCC) nations are expected to achieve a 5G penetration rate of 93%, while Western Europe and North America will reach 92% and 91%, respectively, leading the global 5G deployment and adoption. As of September 2024, more than 60 telecom operators have deployed or launched 5G SA networks on mid-band and low-band spectrums. However, outside of China, only 30% of base stations have been upgraded to 5G mid-band, indicating that substantial investment is still needed to enhance coverage, particularly in the Middle East, Latin America, and Africa. Additionally, the deployment of 5G Advanced will further drive 5G technology evolution and lay the groundwork for 6G development.

The global Fixed Wireless Access (FWA) market continues to expand. As of 2024, 79% of telecom operators worldwide offer FWA services, with 131 operators deploying 5G FWA, accounting for 54% of the total FWA market. The growth in FWA adoption is primarily fueled by the increasing number of speed-based pricing plans, which have been adopted by 43% of FWA providers, a significant increase from 30% in the previous year. By 2030, global FWA connections are expected to reach 350 million, representing 19% of the fixed broadband market, with 5G FWA comprising 80% of this total, underscoring the strong demand for high-performance broadband solutions. In the United States, telecom providers T-Mobile and AT&T have already achieved their 2025 FWA growth targets ahead of schedule, prompting them to raise their 2028 goal to 20-21 million 5G FWA connections.

Global mobile data traffic is expected to reach 473 exabytes (EB) per month by 2030, nearly three times the 166 EB recorded in 2024. The share of 5G in total mobile data traffic will increase from 34% in 2024 to 80% by 2030, making it the dominant contributor to global mobile data usage. This growth is driven by the increasing adoption of smartphones, the expansion of 5G SA and FWA applications, and the proliferation of Generative AI (GenAI) technologies, which are further stimulating demand for mobile data. The development of 5G Reduced Capability (RedCap) technology is creating new opportunities in the IoT market. RedCap is designed to support smart wearables, medical devices, industrial sensors, and FWA applications, and as 5G SA networks become more widespread, RedCap will play a crucial role in the 5G IoT ecosystem. Currently, more than 10 telecom operators are testing RedCap technology, with plans to expand commercial applications in the coming years. Additionally,

eRedCap, introduced in the 3GPP Release 18 standard, will further broaden the reach of 5G IoT applications, providing a cost-effective solution for low-power applications.

With the ongoing optimization of 5G networks, the expansion of 5G SA and mid-band infrastructure, the growth of the FWA market, and the increasing adoption of RedCap and Generative AI, the global mobile communications industry is poised for broader application scenarios and market opportunities, driving sustained industry growth and innovation.

5.4.4 Competitive Niche

Providing All Round Telecom Broadband Solutions

In many years, Sercomm devotes to the innovative research and development in the field of telecom broadband, and focuses on research and development of new communication technologies in order to strengthen our core competitive advantages. Furthermore, we constantly release innovative products ahead of our competitors in the same industry. With our strong research and development team, the Company has excellent performance in integrated development in software, hardware and firmware. We also strive to optimize the effectiveness, functions and cost structure of our products. With our optimized and competitive design, firmware and hardware from the beginning to the product production, comprehensive testing, quality guaranteed at manufacturing, global technical support and network level management technology after sales, Sercomm provides all around telecom broadband solutions to meet different clients' needs. The excellent innovation research and development result also earned Sercomm affirmation from first-tier international clients and made us the major development partner.

Concentration on the Research and Development of Internet Protocol

On Sercomm's basis of research and development in software and firmware, it is devoted to the research and development of core technologies of Internet Protocol in the beginning of its establishment. Meanwhile, it continues to accumulate intellectual properties to create differentiation in values and improve the Company's competitiveness. In response to the new era of digital convergence, the Company will continue to create, research and develop to apply new broadband technologies in all aspects of life and to assist our clients to gain more market share with excellent software integration technologies used to improve the hardware products' added values.

Providing Global Customers with Nearshore Manufacturing Services

Sercomm continues to implement a globalized operational strategy to navigate geopolitical and market fluctuations. By leveraging global supply chain management, the company enhances operational resilience, flexibly integrating resources across its five major manufacturing bases in Taiwan, the Philippines, India, Mexico, and China. This approach ensures production flexibility and stable component supply to meet customer demands. As global network infrastructure upgrades drive rising demand for broadband equipment, Sercomm capitalizes on its technological strengths, focusing on product innovation and strategic market expansion. In addition to its core markets in North America, Europe, and the Asia-Pacific region, the company is actively expanding into emerging markets such as Southeast Asia, Latin America, and the Middle East. Simultaneously, Sercomm is scaling its direct sales operations to telecom operators, deepening customer partnerships, and further reinforcing its market leadership position.

High Efficiency Manufacturing System of Advanced Manufacturing Process

Our factories are equipped with the series of advanced manufacturing processes and automatic equipment. By using a highly efficient operation management system, we continue to improve our manufacturing yield. Because of the great benefits of economies of scale, the manufacturing process can sufficiently utilize each area's complete electronic parts supply chain to timely provide clients broadband solutions that has effect and cost competitiveness and to improve the client's market advantages. In response to the blooming business opportunities brought by mobile broadband, the entire production ability will continue to expand to further elevate the Company's business scale and to sufficiently prepare for future growth.

Lowering the Possibility of Sudden Crises by Utilizing All Hedging Instrument

Sercomm purchased account payable insurance, where more than 90% of accounts payable are covered by insurance to prevent clients' payment failures. We also purchased directors' and supervisors' liability insurance, product liability insurance, transportation insurance, and property insurance. Furthermore, we utilize forward contract to avoid risks of exchange rate changes to enable the Company could conservatively respond to all risks in business operation.

Insistence on Quality Management and Environmental Sustainability

Efficient production and quality management have always been insisted by the Company. The rigorous quality control process commences from the material procurement, which lays a good foundation for superior quality. Meanwhile, we have established a designated environmental material testing laboratory to ensure that the materials and parts do not contain 6 major environmental restricted substances. Products of the entire series comply with safety standards of multiple countries and our factories in two places have passed many international standard certifications, including ISO9001, ISO14001, TL9000, OHSAS18001, RoHS and C-TPAT. Good quality guarantee system, except for pro-active prevention of quality issues, we conduct all around rigorous examinations on production lines to achieve high quality and high efficiency production.

5.4.5 Positive and Negative Factors in Long-Term Development

(A) Positive Factors

a. High flexibility in product combinations

As Sercomm considers its own long-term development strategy and market positioning, the path forward points towards an operational mode of placing equal emphasis on both commodity and niche products, consolidating the existing market and customers, and pursuing a stable growth of operations. The Company's business strategy will be to make timely adjustments in relation to the growth of the profits and revenue, and thereby expand its economic scale and enhance its market position. Sercomm's business portfolio is divided into large-scale volume production of lower-margin products and custom higher-margin niche products. It is Sercomm's intention to maintain a business model that balances volume commodity/niche products after taking the Company's long-term strategy and market positioning into account. Primary focus is given to consolidating existing markets and customers with the goal of pursuing steady growth while maintaining profit margins. This approach is aimed at strengthening and reinforcing the Company's operations. The Company's business strategy will also adjust profits and revenues as necessary in order to build up Sercomm's economies of scale and boost its market standing.

b. System integration ability

For many years, Sercomm devoted to research, development and integration ability. Through differentiation strategy, the Company grows a role in global telecommunications industry and builds a long-term partnership with international operators. The Company invests research and development resources to co-develop with our clients in the initial stage of design for many new technologies and new products due to our commitment and sense of responsibility to our clients. Meanwhile, we improve customer satisfaction by optimizing the efficiency and quality in manufacturing, quality control and customer service.

c. Providing Global Customers with Nearshore Manufacturing Services

To adapt to the evolving international situation and supply chain, the Company is utilizing its global presence across five key locations in Taiwan, the Philippines, India, Mexico, and China. This enables Sercomm to offer nearshore manufacturing services to global customers, effectively expanding the Company's telecommunications direct sales.

d. Transformation of Business Model

Sercomm has provided comprehensive telecom broadband solutions by utilizing its distinguished

ability in system integration. Telecommunication direct sales model has been adopted successfully which propelled us to become the long-term technical partner with the telecom operators. In addition, Sercomm has successively built technical teams in major markets around the world to keep abreast of the needs of telecommunication clients and provide immediate technical support, thereby further increasing our market share in the telecommunications industry.

e. Diversity and International Talents

Sercomm has over 10 locations in North America, Central and South America, Northeast Asia, Southeast Asia, South Asia, and Europe, with over 5,500 employees of up to 20 nationalities worldwide, in order to provide customers nearby with technical support services. As we develop under the culture of diversity, we not only put the right person in the right position, but also hope to uncover nurture more potential talents through the injection of a diverse range of resources, in order to welcome the future of 5G innovation.

(B) Unfavorable Factors and Countermeasures

Global telecom operators are actively investing in bandwidth infrastructure, but inflation, rising interest rates, and economic recession impact the consumer market, making inventory destocking adjustments and inventory management significant adverse factors for clients. Despite this, the generational shift to Wi-Fi 6/7 presents opportunities for operational momentum, and 5G FWA wireless fiber solutions also have a decent market share. Our company will continue to monitor market changes and their impact on operations, and develop necessary response measures to achieve our operational goals.

5.5 Main Product Applications

Broadband CPE: Provides high-speed internet access to home users, businesses, and other organizations; supports various applications such as HD video streaming, remote office, video conferencing, and cloud services.

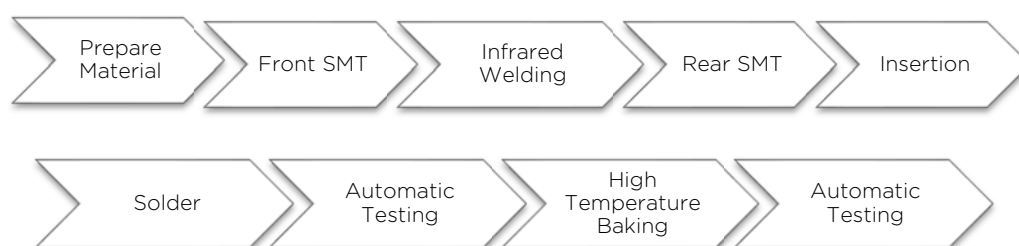
Enterprise Products: Offer powerful network performance and security for businesses, meeting a variety of network needs, including data center operations, enterprise resource planning (ERP), customer relationship management (CRM), and other business-critical applications.

Infrastructure & IoT: These devices and technologies enable cities to become smarter, supporting applications such as smart homes, smart agriculture, Industrial Internet of Things (IIoT), and smart city construction. They optimize resource use, increase efficiency, and improve service quality through data collection and analysis.

5.5.1 Product Manufacturing Process

The manufacturing processes for our Company's products are divided into PCB assembly and final product assembly.

PCB assembly includes the SMT process and the DIP insertion process. The process is as follows:



The final product assembly process is as follows:



5.5.2 Customers that Accounted for at Least 10% of Annual Consolidated Net Revenue

Unit: Thousand NTD

2023				2024			
Customers	Sales Revenue	As % of Total Net Revenue	Relations to Sercomm	Customers	Sales Revenue	As % of Total Net Revenue	Relations to Sercomm
A	10,173,701	16.26	None	A	10,932,298	19.25	None
B	8,279,809	13.23	None	C (Notel)	8,624,792	15.19	None
C	4,309,266	6.89	None	B	5,609,687	9.88	None
Others	39,821,717	63.62	—	Others	31,621,985	55.68	—
Net Revenue	62,584,493	100.00	—	Net Revenue	56,788,762	100.00	—

Note 1: Customer E accounted for 7% of total sales in 2023. Due to order growth and increased shipments of telecom and broadband products, its sales contribution exceeded 10% in 2024.

Note 2: As of the date of the annual report printing, there is no data for 2025 that has been audited or reviewed by accountants.

5.6 Environmental Expenditure

Total value of losses or penalties due to environmental pollution in the most recent year and up to the date of publication: None

Future response strategies and potential expenditure:

The Company belongs to the electronic high-tech industry, and the major production process is assembly, testing and packing of finished and semi-finished products. There is no release of wastewater and air pollution during the production process, and the noise is minimal without public nuisance also without the restriction and violation against relevant environmental laws and regulations. According to the waste management policies and procedures, Sercomm improves waste reduction and pollution prevention in order to achieve the goal of green design, production and management.

Based on the balance between environmental protection and sustainable operations of the Company, Sercomm is actively devoted to the global environmental protection project. We not only introduced the strict non-lead production process in all aspects, and excluded restricted substances by adopting “green design” in the research and development stage, but also achieved the goal of lowering environmental impact by complying with the 3R principles (reduce, recycle and reuse) set by EU. In the meantime, we extended our requirements for environmental protection to parts and raw materials through “green procurement” and introduce the management and evaluation of green product management of suppliers. Through the green procurement, Sercomm extends the environmental protection requirements to components, product utilization process and disposition of the waste in order to comply with the international environmental protection standards and to fulfill the green manufacturing policy.

5.7 Employer-employee Relationships

5.7.1 Employees

The number of employees, average years of service, average age, and educational background distribution are shown in the table below.

Year		2023	2024	As of 2025/03/31
Headcount		6,218	5,431	5,578
Average Age		33.9	35.1	35.2
Average Seniority (years)		4.2	5.1	5.0
As Total Employees %	Ph. D.	0%	0%	0%
	Master	10%	13%	13%
	College	50%	54%	55%
	Senior High School	17%	14%	14%
	Junior High School or Lower	23%	19%	18%

The implementation of an employee welfare policy, continuing education and training, retirement system, and labor-management coordination and the protection of the rights of the employees:

Employee welfare policy

The Company provides the National Health Insurance, labor insurance and group insurance in accordance with Labor Standards Act and relevant laws /regulations to increase the protection of the rights of the employees. The premiums are undertaken by the Company. Additionally, budget is planned every year for employees' education and training. The Company established the Employee Welfare Committee, which was approved by the Department of Labor, Taipei City Government in October 1996. For compensation & benefits, not only marriage, funeral and maternity subsidies are provided to employees, but also Company outings and various recreational activities are regularly

organized for employees with physical and mental relaxation.

Learning and Development

The Company believes that providing employees with appropriate training opportunities, complemented by their own self-development efforts, enables them to continuously realize their potential—and that this is a key corporate responsibility. Accordingly, the Company's consistent policy is to enhance employee skills through various training and development programs, ensuring that their performance not only meets business needs but also supports the achievement of their personal goals. The Company has established an employee training system and allocates an annual budget specifically for training purposes. In 2024, a total of 30,268 training attendances were recorded for employees in Taiwan, with a cumulative 38,657 training hours. Globally, there were 45,191 training attendances, totaling 49,905 training hours.

Pension plan and implementation situation

The Company has formulated a pension plan for the employees who are formally employed, and since February 4, 1997 has maintained a Business Entity Supervisory Committee of Labor Retirement Reserve in accordance with the Labor Standards Act. It appropriates labor pension reserve funds at a certain percentage of the total monthly wages of the Company's employees and deposits this amount in a designated pension fund account at the Central Trust of China.

The Labor Pension Act came into force in July 1, 2005, and adopted a defined contribution plan. As a result of the implementation of the Act, employees may choose to apply the provisions in respect to pensions prescribed in the Labor Standards Act. The amount of labor pension borne by the employer shall not be less than six percent of the worker's monthly wage.

Labor-management consultation

The rights and obligations of both parties of the workers and employers shall be governed by the Labor Standards Act and its relevant laws and regulations, as well as the provisions of the Company's administrative regulations. Since its establishment the Company has maintained good worker-employer relationships. In order to maintain good worker-employer relationships, the Company implements a humanistic management approach and works hard to strengthen two-way communication between employees and the employer to create a better future.

Employee interest maintenance measures

The Company established a labor retirement reserve fund committee and holds worker-employer coordination meetings with the labor representatives elected by the employees to discuss relevant affairs and operations. Meanwhile, the Company provides employees with health examinations every two years and, for staff engaged in special operations, adds special health examination items. The Company also established and promulgated the Sexual Harassment Prevention Act, and grants employee's paternity leave and unpaid parental leave in accordance with the Gender Equality in Employment Act. For employees whose work is not considered satisfactory, the Company will give them appropriate work improvement plans, and if they fail to meet the job requirements again, will transfer them to other positions depending on the actual situation, or will proceed with the termination of their employment according to the law.

5.8 Information Security Management

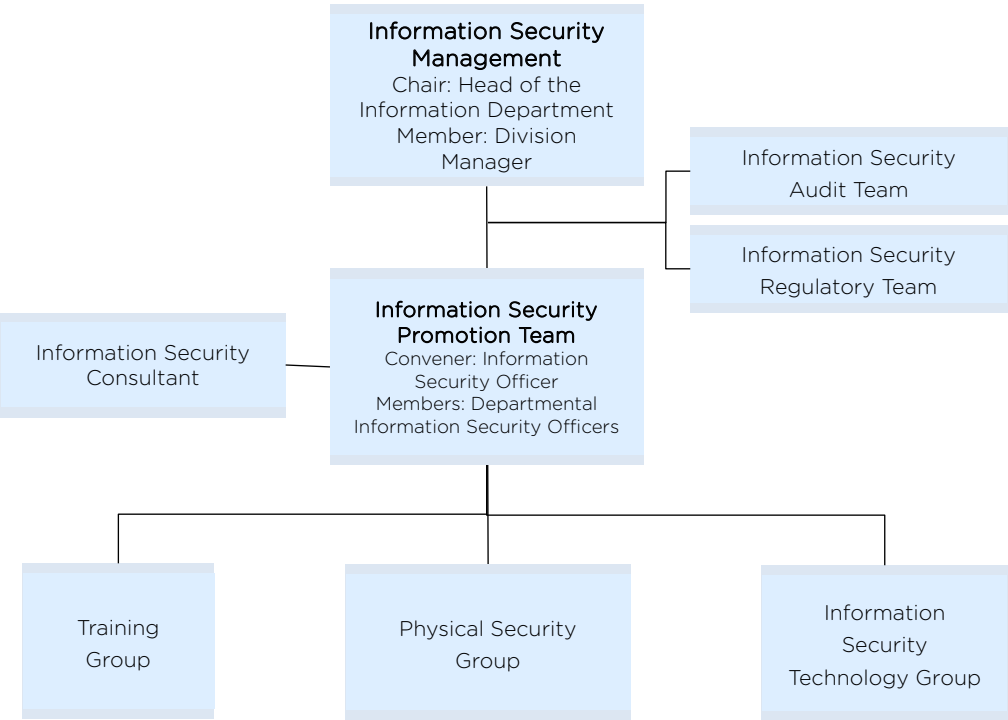
1. Architecture of information security management

(1) Corporate governance of information security

In 2015, the Company set up the Information Security Committee, under which an information security team was built to coordinate information security, formulate/execute protection related policies, carry out risk management and verify compliance. The convener of the Information Security Committee annually reports information security management outcomes, issues and orientations about information security to the Board of Directors. Our Information Security Committee is accountable for supervising and governing corporate information security. It supervises, evaluates and verifies information security management mechanisms and orientations.

To implement the information security strategies established by the corporate information security organization and ensure internal compliance with relevant standards, procedures, and regulations, the Company has established the “Sercomm Corporation Information Security Committee.” The Committee is chaired by the Chief Operating Officer, with members appointed from the Legal, Human Resources, R&D, and Information Technology departments. Regular meetings are held annually to review and approve information security and protection policies, ensuring the effectiveness of the Company’s information security management measures.

(2) Structure of Information Security Committee



2. Information security policies

(1) Corporate information security management strategies and architecture

The Corporate Information Security Committee effectively implements cybersecurity management through the Information Security Task Force, which includes units across Taiwan facilities and overseas subsidiaries. Regular meetings are held to assess the applicability of information security policies and protection measures based on the Plan-Do-Check-Act (PDCA) management cycle, with periodic performance reports submitted to the Information Security Committee.

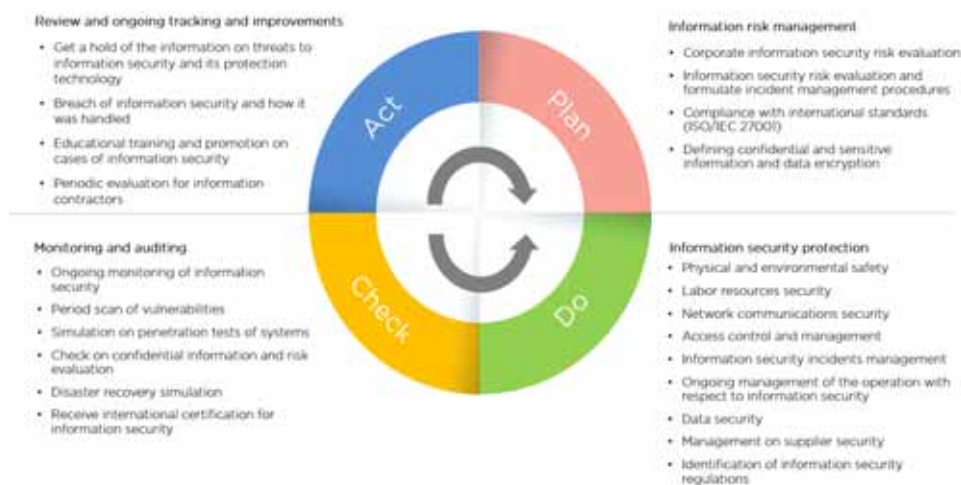
During the Planning Phase, the focus is on cybersecurity risk management, establishing a comprehensive Information Security Management System (ISMS), and ensuring continuous ISO/IEC 27001:2022 certification across all facilities. This phase addresses cybersecurity threats from system, technical, and procedural perspectives, ensuring the highest standards of confidential information protection aligned with customer requirements.

In the Execution Phase, a multi-layered security defense is implemented, integrating innovative security defense technologies and embedding security control mechanisms into daily operations, including IT maintenance and supplier security management. Systematic monitoring ensures the confidentiality, integrity, and availability of the company's critical assets.

The Checking Phase focuses on actively monitoring the effectiveness of cybersecurity management, utilizing security performance indicators and quantitative analysis. Regular simulations and penetration testing are conducted to evaluate cybersecurity maturity.

The Action Phase emphasizes continuous review and improvement, ensuring ongoing supervision and audits to maintain effective security compliance. In cases of security violations, disciplinary actions are taken in accordance with the company's cybersecurity violation handling procedures, which may impact an employee's performance evaluation or lead to legal action, depending on the severity of the violation. Additionally, based on performance metrics and maturity assessments, the company regularly reviews and enhances cybersecurity measures, employee training, and awareness programs. Periodic information asset inventory assessments are conducted, with all critical confidential information encrypted to prevent data leaks and safeguard corporate security.

(2) Corporate Information Security Risk Management and Constant Architecture Improvement



3. Specific management proposal

Cybersecurity	<ul style="list-style-type: none"> Import network behavior detection systems and detect malicious connections. Physically separate office network from production network to avoid cross-regional impacts of viruses or attacks.
Devices Security	<ul style="list-style-type: none"> Network access control (NAC) mechanism prevents unauthorized access of equipment into the Company's network environment. Construct an endpoint detection and response (EDR) system and reinforce detection of malicious acts.
Application security	<ul style="list-style-type: none"> Develop procedures for system development, maintenance and control; ensure that the procedures are controllable in accordance with rules of the Company during test, maintenance, modification, and adjustment of upper limits, to avoid emergence of information security risks.
Supplier information security	<ul style="list-style-type: none"> Regularly evaluate suppliers, to ensure that their services will not result in information security risks. Regularly communicate the Company's latest information security rules and instructions, and enter into non-disclosure agreements with suppliers, in hope of procuring suppliers to be more cooperative and comply with rules on information security management.
Data encryption	<ul style="list-style-type: none"> Regularly check information assets and evaluate risks, to define how confidential related information is. Confidential and strictly confidential data must be encrypted through an encryption system to prevent data disclosure.
Educational training and promotion	<ul style="list-style-type: none"> Enhance employees' cybersecurity awareness by strengthening vigilance against phishing emails and spoofed messages. Conduct cybersecurity-related assessments through the e-Learning online learning system. Implement annual social engineering drills to improve employee awareness and reduce the risk of social engineering attacks.
Information security evaluation	<ul style="list-style-type: none"> Perform penetration tests of systems in accordance with procedures and test items of ISECOM OSSTMM and OWASP Testing Guide V4.0. Conduct third party risk analysis and evaluation; improve and enhance system security through related information analysis.
Information Security Information Sharing	<ul style="list-style-type: none"> Join the Taiwan CERT/CSIRT Alliance to achieve synergistic effects of cross-domain cybersecurity threat co-defense through diverse intelligence sharing channels.

4. Resources input for information security management

Outcomes in promoting corporate information security measures in 2023

Certification	<ul style="list-style-type: none"> Certified under ISO 27001:2022 Information Security Standards Certified under C-TPAT (Customs-Trade Partnership Against Terrorism) by U.S. Customs and Border Protection Information security audits on customer product manufacturing systems
Training/promotion	<ul style="list-style-type: none"> 2023-2024: A total of 6,893 participants completed online information security training courses. Information Security at Sercomm Code of Conduct and Information Security Training Introduction to the New ISO 27001:2022 Information Security System Employee Information Security Training Phishing Awareness Training and Social Engineering Drills

5.9 Important Contracts

Contract Nature	Parties Involved	Contract Start and End Date	Main Content	Restrictive Clauses
Licensing Agreement	Cable Television Laboratories, Inc.	2008/4/29, to the date either party intends to terminate the contract	Technology Usage License	No Special Restrictive Clauses
Licensing Agreement	MediaTek Inc.	2012/8/9, to the date either party intends to terminate the contract	Software Use License	No Special Restrictive Clauses
Licensing Agreement	Via Licensing Corporation	2011/11/21, to the date either party intends to terminate the contract	Patent Use License	No Special Restrictive Clauses
Licensing Agreement	Dolby Laboratories Licensing Corporation	2017/11/28, to the date either party intends to terminate the contract	Patent Use License	No Special Restrictive Clauses
Licensing Agreement	HDMI Licensing Administrator, Inc.	2020/7/22, to the date either party intends to terminate the contract	Patent Use License	No Special Restrictive Clauses
Licensing Agreement	Access Advance LLC (HEVC)	2020/7/31, to the date either party intends to terminate the contract	Patent Use License	No Special Restrictive Clauses
Licensing Agreement	Mpeg LA, L.L.C.	2020/9/17, to the date either party intends to terminate the contract	Patent Use License	No Special Restrictive Clauses
Licensing Agreement	Qualcomm Technologies, Inc.	2020/11/16, to the date either party intends to terminate the contract	Software Use License	No Special Restrictive Clauses
Licensing Agreement	Qualcomm Incorporated	2021/4/26, to the date either party intends to terminate the contract	Patent Use License	No Special Restrictive Clauses
Licensing Agreement	Atlas Global Technologies LLC	2023/10/11, to the expiration date of the licensed patent	Patent Use License	No Special Restrictive Clauses
Licensing Agreement	RPX Corporation	2024/4/25, to the expiration date of the licensed patent	Patent Use License	No Special Restrictive Clauses
Licensing Agreement	Qualcomm Incorporated	2024/10/1, to the date either party intends to terminate the contract	Patent Use License	No Special Restrictive Clauses

VI. Financial Status and Performance Review, and Risk Assessment

6.1 Financial Status and Performance Review

6.1.1 Financial Position

Unit: Thousand NTD

Item	2023	2024	Difference	Change (%)
Current Assets	40,259,786	33,402,275	-6,857,511	-17.03
Non-Current Assets	7,504,743	8,589,541	1,084,798	14.45
Total Assets	47,764,529	41,991,816	-5,772,713	-12.09
Current Liabilities	28,337,368	22,121,613	-6,215,755	-21.93
Non-Current Liabilities	6,211,007	3,550,816	-2,660,191	-42.83
Total Liabilities	34,548,375	25,672,429	-8,875,946	-25.69
Capital Stock	2,791,770	3,000,496	208,726	7.48
Capital Surplus	4,608,355	6,354,493	1,746,138	37.89
Retained Earnings	6,636,783	7,449,030	812,247	12.24
Other Equity	-689,879	-356,140	333,739	-48.38
Treasury Stock	-119,517	-119,517	0	0.00
Total Shareholders' Equity	13,216,154	16,319,387	3,103,233	23.48

Significant Changes (Analysis of Changes with an Increase or Decrease Percentage Over 20%):

- Current Liabilities: Primarily decreased due to a reduction in accounts payable and maturing corporate bonds within one year.
- Non-Current Liabilities: Primarily affected by the conversion of convertible bonds in 2024 and the reclassification of ordinary corporate bonds to current liabilities as they approach maturity within one year.
- Total Liabilities: Mainly decreased due to the conversion of convertible bonds in 2024 and a reduction in accounts payable.
- Capital Surplus: Increased primarily due to the conversion of convertible bonds.
- Other Equity: Decreased mainly due to exchange differences arising from the translation of financial statements of foreign operations.
- Total Shareholders' Equity: Increased primarily due to the rise in capital surplus.

6.1.2 Financial Performance

Unit: Thousand NTD

Item	2023	2024	Difference	Change (%)
Revenues	62,584,493	56,788,762	(5,795,731)	-9.26
Operating Costs	52,322,193	46,712,533	(5,609,660)	-10.72
Gross Profit	10,262,300	10,076,229	(186,071)	-1.81
Operating Expenses	7,148,786	7,142,391	(6,395)	-0.09
Operating Income	3,113,514	2,933,838	(179,676)	-5.77
Non-Operating Income	(125,481)	(110,657)	14,824	-11.81
Income before Tax	2,988,033	2,823,181	(164,852)	-5.52

Significant Changes (Analysis of Changes with an Increase or Decrease Percentage Over 20%):
None

Expected sales volume for the next fiscal year and the basis for the company's expectation of continued growth in sales volume: Please refer to the expected sales volume and basis of the annual report.

6.1.3 Cash Flow Analysis

Item	2023	2024	Change (%)
Cash Flow Ratio (%)	5.58	12.34	121.15%
Cash Flow Adequacy Ratio (%)	22.89	28.05	22.54%
Cash Reinvestment Ratio (%)	1.84	5.35	190.76%

Analysis of the Change in Percentage Ratios:

- Cash Flow Ratio: Increased due to a reduction in inventory, leading to a higher net cash flow from operating activities compared to 2023.
- Cash Flow Adequacy Ratio: Increased as the net cash inflow from operating activities during 2020-2024 was higher than that of 2019-2023.
- Cash Reinvestment Ratio: Increased due to a higher net cash flow from operating activities compared to 2023.

6.1.4 Projected Cash Flow

Beginning Cash Balance	Cash Flows from Operating Activities	Cash Flows from Investing & Financing Activities	Projected Ending Cash Balance	Year 2025; Unit: Thousand NTD Source of Funding for Cash Shortfall	
				Investing Plan	Financing Plan
8,305,815	4,047,651	4,198,823	8,154,643	Not Applicable	

Analysis of Cash Flow Changes for the Current Fiscal Year:

- Operating Activities: Net cash inflow of NTD 4,047,651 thousand, primarily due to an increase in accounts payable turnover period.
- Investing Activities: Net cash outflow of NTD 1,463,699 thousand, mainly resulting from the acquisition of fixed assets.
- Financing Activities: Net cash outflow of NTD 2,735,124 thousand, primarily due to the repayment of corporate bonds and the distribution of cash dividends.

Expected Measures to Cover Cash Shortfall and Liquidity Analysis: NA

6.1.5 Long-term Investment Policy and Results

Sercomm's investments are focused on long-term strategic purposes. However, when we evaluate that an investment no longer has significant strategic value, we may view it as a financial investment. Sercomm will continue to focus on strategic investments and manage investment plans carefully.

6.2 Risk Assessment

6.2.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

Interest Rate Fluctuation

The effect on income may be categorized into that on the revenue and on capital cost. For the interest revenue, Sercomm focuses the evaluation on low-risk and high-liquidity investment, and deposits residual capital at bank under time deposit, and mitigates the impact produced by interest rate fluctuation in a conservative and stable manner. Accordingly, the future financial management policy remains unchanged. For the capital cost, Sercomm's bank loan and payable leasehold payment are referred to as the debt subject to floating interest rate. Therefore, the market interest rate fluctuation, if any, will result in fluctuation of the effective interest rate for the bank loan and payable leasehold payment and thereby cause the future cash flow to fluctuate. Notwithstanding, upon evaluation, the interest rate fluctuation renders no material effect on the fluctuation of Sercomm's income.

Foreign Exchange Volatility

In recent years, export sales of Sercomm products have accounted for at least 90% of our total revenue. Hence, exchange rate risk arises from the purchase or sales of goods denominated in non-functional currencies. However, Sercomm adopts the principles of natural hedging and uses forward exchange contracts to hedge against exchange rate risk. Forward exchange contracts involve the purchase or sale of foreign currencies that are similar to those of the hedged items. Therefore, Sercomm mainly adopts natural hedging and forward exchange contracts to respond to the impact of changes in exchange rates. The relevant response measures are listed as follows:

- A. Pay attention to domestic and overseas political and economic situation at all times to quickly keep abreast of developments in the foreign exchange market, and control whether the payment of account receivables and payables is to be brought forward or delayed according to the movement of denominated currencies.
- B. Consider factors affecting fluctuations in exchanges rates when quoting customers and negotiating purchase conditions, in order to protect our reasonable profits and costs.
- C. Establish natural hedging for the long or short position held and try to use the same currency for both purchases of goods and business quotations to reduce currency translation risk.
- D. Regularly estimate the requirements for net position of imports and exports in foreign currencies, analyze domestic and foreign economic and trade-related information and recommendations from correspondent banks, study the trend of foreign exchange markets, hedge against risks through forward exchange contracts in accordance with the procedures stipulated in the "Procedures for Acquisition of Disposal of Assets."

Inflation

Sercomm's materials whose costs are directly and indirectly affected by fluctuations in raw material prices include CPU, SDRAM, FLASH, PCB, module, connector, and other important parts. In terms of selling price, Sercomm's products are custom-made rather than standardized products with high homogeneity, and are differentiated products tailor-made to meet customer needs, so Sercomm enjoys a more advantageous position when it comes to product pricing and bargaining with customers. In order to reduce the impact of factors affecting price fluctuations on our profits, we take the following response measures:

- A. Strengthen cost control (design for cost) from the R&D stage; introduce modular design and converge specifications for purchases of goods in the design part; reduce procurement costs with the advantage of bulk procurement; and develop streamlined, rugged, and practical structural designs with core technical advantages in the mechanism design part to reduce the volume and weight of mechanisms and minimize the consumption of metal and plastic parts.
- B. Implement policy-based project procurement plan for raw materials that are expected to experience large fluctuations in market prices, shortages or price hikes to ensure the smooth supply of raw materials and effective control of material costs.

- C. Analyze the cost structure of manufacturers' quotations, assist suppliers in improving efficiency and reducing losses to reduce costs, as well as provide forecast to improve the visibility of procurement needs, increase manufacturers' willingness to cooperate, and increase bargaining chips for negotiation.
- D. Continue to strengthen the production, sales, and procurement information communication platform, accelerate the speed of response to market information, and adjust procurement plans and sales quotations in a timely manner.

6.2.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company adopts a prudent and conservative financial management policy and follows the Company's "the Operational Procedures for Acquisition and Disposal of Assets "," the Operational Procedures for Loaning of Company Funds" and " the Operational Procedures for Endorsements and Guarantees" for related operations and reporting.

The Company did not engage in any high-risk, highly leveraged investments in recent years. The Company only endorses and guarantees the bank loans of the subsidiaries included in the consolidated financial statements in response to operational needs, which has limited impact on the Company. Derivatives are mainly for hedging purposes and are not traded in other high-risk derivatives.

6.2.3 Future Research & Development Projects and Corresponding Budget

The Company continues to communicate with manufacturers on product performance improvement solutions and continues to strengthening integrated capability to provide local technical support to global telecom operators in order to grow and create a win-win situation. It is expected that the investment in research and development will account for 4-6% of operating revenue in 2025.

6.2.4 Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

Please refer to Letter to Shareholders in this annual report for details on "The Effects of External Competition, Regulation and the Overall Business Environment". The Company continuously monitors key domestic and international policies and legal developments and promptly assesses and formulates necessary response measures to align with operational needs.

6.2.5 Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

In recent years, the rapid advancement of frontier technologies such as Generative AI, 5G, and Wi-Fi 7 has accelerated the global digital transformation and driven increasing demand for end-user devices, smart home solutions, and IoT applications, thereby expanding the broadband and telecommunications market. As customers place greater emphasis on the performance and intelligence of connected devices, the Company has actively responded to these technological shifts by expediting product innovation, technological upgrades, and application integration. In addition, the Company continues to expand its business footprint in emerging markets such as Southeast Asia, the Middle East, and Latin America, supporting steady growth in global operations.

On the information security front, the proliferation of digital services and AI applications has introduced increasingly diverse and complex cybersecurity threats, including ransomware, supply chain attacks, and data breaches, which pose significant risks to corporate reputation and operational stability. To strengthen cyber resilience and mitigate potential operational and financial risks, the Company established an Information Security Committee in 2015, chaired by the Chief Operating Officer. The committee convenes regularly to review and approve information security policies and management mechanisms. The Company has implemented and obtained ISO/IEC 27001 certification, and in 2023, expanded its certification scope to cover major global operating sites under the updated ISO/IEC 27001:2022 standard. Furthermore, the Company promotes internal awareness of cybersecurity by establishing an Information Security Task Force that applies the PDCA (Plan-Do-Check-Act) management cycle. Online training programs, social engineering drills, and phishing simulations are conducted to strengthen employees' ability to identify and respond to cyber threats. Based on supply chain characteristics, the Company has also reinforced supplier cybersecurity

management and incorporated security review mechanisms to enhance overall operational resilience and reduce potential financial risk.

In summary, in the face of rapidly evolving technologies and heightened cybersecurity risks, the Company remains committed to advancing its technological capabilities and product competitiveness, prudently adjusting its operational strategies, and strengthening cybersecurity governance and resilience management to ensure sustainable business development and long-term shareholder value.

6.2.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Sercomm's core value has been the development of software and firmware for broadband networks, complemented by hardware manufacturing services, to provide a full range of telecommunications broadband solutions. The Company has become a world-class broadband equipment leader. Headquartered in Taipei, Taiwan, Sercomm has established R&D centers on both sides of the Taiwan Strait and has developed four manufacturing sites to supply global sales demand. In addition, the Company is actively expanding internationally, with marketing locations in North America, Europe, China and Asia Pacific, Latin America, and South Asia, with a total of over 5,500 employees worldwide. Sercomm has continued to leverage its core competencies to achieve operational successes through generational changes in the technology industry, and has taken its technology development, product quality and customer service to the next level.

Our customers include first-tier telecom operators in Europe, the US and emerging markets. Besides, we have been successfully promoted to the ranks of international suppliers. Sercomm not only enhances the added value of hardware products with excellent software integration technology, which helps customers increase their market share, but also invests R&D resources and works with customers in the early stage of design for many new technologies and products based on our commitment and responsibility toward our customers. At the same time, we strive to optimize efficiency and quality in manufacturing, quality control, and customer service, thereby comprehensively improving customer satisfaction.

In response to the new era of digital convergence, Sercomm will continue to engage in innovation and R&D, actively expand into new markets, and integrate new broadband technologies into a wide variety of life applications. Besides, we are committed to creating value differentiation and improving Sercomm's competitiveness through the blue ocean strategy, thus creating a brand new corporate value for Sercomm.

6.2.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The company's merger and acquisition strategy primarily considers the potential synergies related to the networking industry. However, there are currently no plans for mergers and acquisitions.

6.2.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

To adapt to the evolving international situation and supply chain, the Company is utilizing its global presence across five key locations in Taiwan, the Philippines, India, Mexico, and China. This enables Sercomm to offer nearshore manufacturing services to global customers, effectively expanding the Company's telecommunications direct sales.

The company's expansion or construction of new plants is subjected to necessity and feasibility assessments by dedicated task teams, along with related benefits and financial analyses, to grasp potential risks and corresponding measures.

6.2.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

To ensure a diversified supply and increase price flexibility, the Company has adopted a decentralized purchasing strategy by purchasing from multiple distributors in order to increase bargaining power and reduce the risk of material shortage, in addition to the brands specified by our sales customers. Since there are many items of parts and components required for our products, the amount and proportion of purchase from each manufacturer are not high, so there is no risk of over-concentration of supply sources.

In terms of sales, the Company's core competitive advantage lies in its highly efficient integration and development capability to develop and mass-produce products that meet the needs of customers or the market, in order to capture market opportunities and orders, maintain a stable and good co-prosperity relationship with our major customers. Our product development capability is well recognized by our customers. We have signed annual sales contracts with our major customers and have mutually beneficial terms and conditions to help protect the sales of both parties. In recent years, the business model has been transformed, gradually replacing SI vendors and directly supplying telecommunications providers.

The company does not face the risk of excessive concentration in purchases or sales.

6.2.10 Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

There are no such circumstances.

6.2.11 Risks Relating to and Response to the Changes in Management Rights

There is no unusual transfer of ownership in the market and there should be no risk of change in management rights.

6.2.12 Litigation or Non-litigation Matters

Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

VII. Special Disclosures

1.1 Information on Related Enterprises

In accordance with the Regulations for the Preparation of the Consolidated Business Report, Consolidated Financial Statements of Affiliated Enterprises, and the Affiliation Report set by the Financial Supervisory Commission, the latest Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and the Affiliation Report have been prepared. For inquiries, please refer to the Affiliated Enterprises Section on the Market Observation Post System (<https://mops.twse.com.tw>).

1.2 Private Placement of Securities

No private placement of securities has been conducted in the most recent year or up to the publication date of this annual report.

1.3 Other Necessary Explanations: None

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