

**Sercomm Corporation**  
**2024 Annual Shareholders' Meeting Minutes**  
(Translation)

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

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

Format : In-person shareholders' meeting

Shareholders in Attendance: A total of 231,560,890 shares were represented, accounting for 78.64% of the company's total shares issued, excluding non-voting shares, which is 294,430,542 shares. These shares were represented by shareholders attending in person, by proxy, and electronically.

Directors in Attendance: Chairman James Wang, Director Ben Lin, and Independent Director Chin-Tay Shih (Convener of the Audit Committee)

Attendees: CFO Alex Liou, Accountant Wen-Ya Fang, and Attorney-at-Law David Huang

Chairman : James Wang

Recorder: Raymond Ho

- I. **Announcement of the Meeting:** The chairman announced that the total number of shares represented exceeded the legal quorum, and the meeting was declared open in accordance with the law.
- II. **Chairman's Speech:** Omitted
- III. **Meeting Agenda:**

**1. Report Items**

- (I) Business Report for the Year of 2023
  - (II) Audit Committee's Review Report
  - (III) Report on the Distribution of Remuneration to Employees and Directors for 2023
  - (IV) Report on the Distribution Status of Cash Dividends from 2023 Earnings
  - (V) Report on the Unexecuted Matters of Privately Placed Common Stocks or Privately Placed Domestic/Overseas Convertible Bonds Approved by the Shareholders' Meeting in 2023
  - (VI) Report on the Issuance and Conversion Status of Convertible Bonds
  - (VII) Report on the Execution of the Company's Share Buyback
- Please be informed of the above report items.

## 2. Recognition Items

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

(proposed by the Board of Directors)

Description:

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

Resolution:

Votes in favor: 206,704,117

Votes against: 269,387

Invalid votes: 0

Abstentions/Non-votes: 24,587,386

Votes in favor accounted for 89.26% of the total voting rights of the shareholders present (231,560,890). The motion was approved as proposed.

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

(proposed by the Board of Directors)

Description:

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

Resolution:

Votes in favor: 207,312,835

Votes against: 174,669

Invalid votes: 0

Abstentions/Non-votes: 24,073,386

Votes in favor accounted for 89.52% of the total voting rights of the shareholders present (231,560,890). The motion was approved as proposed.

## 3. Discussion Items

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

**Convertible Bonds** (proposed by the Board of Directors)

Description:

1. To ensure the future operation of Sercomm, the private placement of common shares or domestic and foreign convertible corporate bonds will be held under 20 million shares. When converting corporate bonds, the number of common shares that can be converted should be under 20 million shares, calculated based on the conversion price at the time of private placement. It is proposed to submit to the shareholders meeting to authorize

the Board of Directors to choose one or a combination of methods in accordance with the Company's Articles of Incorporation and relevant laws and regulations at an appropriate time, depending on market conditions and Company operation. Please refer to Attachment for more information on the private placement.

2. The marketable securities for this private placement include total number of shares, duration, price, amount, coupon rate, terms and conditions, conversion price, buyer selection, record date, future plan, use of funds and expected return, as well as all other associated matters in regard to the issuance plan. It is proposed to the shareholders' meeting to authorize the Board of Directors to decide on these matters and make adjustments in accordance with the conditions of the market. It is also proposed to the shareholders' meeting to authorize the Board of Directors to have sole discretion if the issuance plan is required to be amended in accordance with relevant laws and regulations or instructions or modifications requested by competent authorities, or in response to operational assessments or other business environment factors.
3. It is proposed to authorize the Chairman or his designate to represent the Company in handling all matters related to the private placement of common stocks or domestic or overseas convertible bonds, and to sign related contracts and documents.

Resolution:

Votes in favor: 206,630,480

Votes against: 329,208

Invalid votes: 0

Abstentions/Non-votes: 24,601,202

Votes in favor accounted for 89.23% of the total voting rights of the shareholders present (231,560,890). The motion was approved as proposed.

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

Description:

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

Resolution:

Votes in favor: 160,159,242

Votes against: 44,172,670

Invalid votes: 0

Abstentions/Non-votes: 27,228,978

Votes in favor accounted for 69.16% of the total voting rights of the shareholders present (231,560,890). The motion was approved as proposed.



**4. Extempore Motions:** None.

(No shareholder inquiries on any of the motions during this shareholders' meeting)

**5. Adjournment:** The meeting was adjourned by the Chairman at 9:17 a.m. on the same day.

**2023 Financial Statements****INDEPENDENT AUDITORS' REPORT**

PWCR23000466

To the Board of Directors and Shareholders of Sercomm Corporation

***Opinion***

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

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

***Basis for opinion***

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

***Key audit matters***

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

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

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

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

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

**How our audit addressed the matter**

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

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

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

## **Valuation of inventory**

### **Description**

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

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

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

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

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

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



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

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

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

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

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

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

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

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



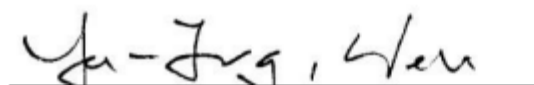
As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

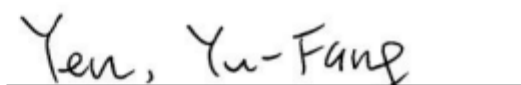
1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

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

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

  
Wen, Ya-Fang

  
Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2024

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

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

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

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

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6(12)	\$ 429,925	1	\$ 1,639,995	4
2120	Financial liabilities at fair value through profit or loss - current	6(2)	1,097	-	-	-
2126	Financial liabilities for hedging - current	6(4)	32,490	-	132,274	-
2130	Contract liabilities - current	6(22)	751,271	2	681,606	2
2150	Notes payable		636,314	1	847,397	2
2170	Accounts payable		16,372,388	34	17,929,493	40
2200	Other payables		4,843,532	10	4,055,230	9
2230	Current income tax liabilities		748,161	2	346,564	1
2250	Provisions for liabilities - current	6(17)	684,969	1	503,294	1
2280	Current lease liabilities		65,121	-	77,273	-
2320	Long-term liabilities, current portion	6(13)	2,300,000	5	-	-
2365	Current refund liabilities	6(22)	369,661	1	325,960	1
2399	Other current liabilities, others	9	1,102,439	2	132,179	-
21XX	<b>Current liabilities</b>		<b>28,337,368</b>	<b>59</b>	<b>26,671,265</b>	<b>60</b>
	<b>Non-current liabilities</b>					
2500	Financial liabilities at fair value through profit or loss - non-current	6(2)	17,400	-	23,400	-
2511	Financial liabilities for hedging- non-current	6(4)	3,757	-	-	-
2530	Bonds payable	6(13)	5,669,790	12	6,524,008	15
2540	Long-term borrowings	6(14)	-	-	687,120	2
2570	Deferred income tax liabilities	6(28)	305,179	1	302,338	1
2580	Non-current lease liabilities		142,533	-	185,065	-
2640	Net defined benefit liability- non-current	6(15)	43,452	-	46,879	-
2645	Guarantee deposits received		28,896	-	34,100	-
25XX	<b>Non-current liabilities</b>		<b>6,211,007</b>	<b>13</b>	<b>7,802,910</b>	<b>18</b>
2XXX	<b>Total liabilities</b>		<b>34,548,375</b>	<b>72</b>	<b>34,474,175</b>	<b>78</b>
	<b>Equity</b>					
	<b>Equity attributable to owners of parent</b>					
	Share capital					
3110	Common stock	6(18)	2,685,781	6	2,587,958	6
3140	Advance receipts for share capital	6(13)	105,989	-	-	-
	Capital surplus	6(19)				
3200	Capital surplus		4,608,355	9	2,706,600	5
	Retained earnings	6(20)				
3310	Legal reserve		1,572,874	3	1,386,585	3
3320	Special reserve		653,337	2	669,519	1
3350	Undistributed retained earnings		4,410,572	9	3,325,056	8
	Other equity interest	6(21)				
3400	Other equity interest		( 689,879 )	( 1 )	( 653,337 )	( 1 )
	Treasury stocks					
3500	Treasury stocks	6(18)	( 119,517 )	-	( 207,165 )	-
31XX	<b>Equity attributable to owners of the parent</b>		<b>13,227,512</b>	<b>28</b>	<b>9,815,216</b>	<b>22</b>
36XX	Non-controlling interest		( 11,358 )	-	( 13,774 )	-
3XXX	<b>Total equity</b>		<b>13,216,154</b>	<b>28</b>	<b>9,801,442</b>	<b>22</b>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant subsequent events	11				
3X2X	<b>Total liabilities and equity</b>		<b>\$ 47,764,529</b>	<b>100</b>	<b>\$ 44,275,617</b>	<b>100</b>

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

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

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

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

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

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



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

	Share capital		Equity attributable to owners of the parent					Other equity interest				Non-controlling interest	Total equity	
	Notes	Common stock	Advance receipts for additional paid-in capital	Capital surplus, in capital	Retained Earnings		Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets at fair value through other comprehensive income		Gains (losses) on hedging instruments	Treasury stocks			Total
					Legal reserve	Special reserve		Undistributed retained earnings	foreign operations					
Year 2022														
Balance at January 1, 2022		\$ 2,523,898	\$ -	\$ 2,269,564	\$ 1,300,526	\$ 696,948	\$ 2,126,526	\$ 633,478	\$ 36,041	\$ -	\$ -	\$ 8,247,943	\$ (4,406)	\$ 8,243,537
Profit for the year		-	-	-	-	-	1,919,423	-	-	-	-	1,919,423	(10,902)	1,908,521
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	(2,678)	102,289	(35,346)	13,546	-	77,811	(552)	77,259
Total comprehensive income (loss)		-	-	-	-	-	1,916,745	102,289	(35,346)	13,546	-	1,997,234	(11,454)	1,985,780
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	6(20)	-	-	-	86,059	-	(86,059)	-	-	-	-	-	-	-
Reversal of special reserve	6(20)	-	-	-	-	(27,429)	27,429	-	-	-	-	-	-	-
Cash dividends of ordinary share	6(20)	-	-	-	-	-	(605,735)	-	-	-	-	(605,735)	-	(605,735)
Compensation cost of employee stock options	6(18)(19)	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise of employee share options	6(18)	64,060	-	124,053	-	-	-	-	-	-	(398,397)	188,113	-	188,113
Repurchase of treasury share	6(18)	-	-	-	-	-	-	-	-	-	-	(398,397)	-	(398,397)
Transfer of treasury shares	6(18)	-	-	-	-	-	-	-	-	-	191,232	191,232	-	191,232
Removal of hedging reserve	6(4)	-	-	-	-	-	-	-	-	(125,086)	-	(125,086)	-	(125,086)
Reclassification of ineffective hedging reserve	6(4)	-	-	-	-	-	-	-	-	6,929	-	6,929	-	6,929
Changes in ownership interests in subsidiaries	6(3)	-	-	(8,628)	-	-	-	-	-	-	(8,628)	-	2,086	(6,542)
Disposal of equity instruments at fair value through other comprehensive profit or loss		-	-	-	-	-	(53,850)	-	53,850	-	-	-	-	-
Issuance of convertible corporate bonds-options	6(13)	-	-	209,400	-	-	-	-	-	-	-	209,400	-	209,400
Balance at December 31, 2022		\$ 2,587,938	\$ -	\$ 2,706,600	\$ 1,386,585	\$ 669,519	\$ 3,325,056	\$ 531,189	\$ 17,537	\$ 104,611	\$ 207,165	\$ 9,815,216	\$ (13,774)	\$ 9,801,442
Year 2023														
Balance at January 1, 2023		\$ 2,587,938	\$ -	\$ 2,706,600	\$ 1,386,585	\$ 669,519	\$ 3,325,056	\$ 531,189	\$ 17,537	\$ 104,611	\$ 207,165	\$ 9,815,216	\$ (13,774)	\$ 9,801,442
Profit for the year		-	-	-	-	-	2,386,305	-	-	-	-	2,386,305	2,486	2,388,791
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	(1,522)	(98,279)	14,358	404	-	(85,039)	(70)	(85,109)
Total comprehensive income (loss)		-	-	-	-	-	2,384,783	(98,279)	14,358	404	-	2,301,266	2,416	2,303,682
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	6(20)	-	-	-	186,289	-	(186,289)	-	-	-	-	-	-	-
Reversal of special reserve	6(20)	-	-	-	-	(16,182)	16,182	-	-	-	-	-	-	-
Cash dividends of ordinary share	6(20)	-	-	-	-	-	(1,158,191)	-	-	-	-	(1,158,191)	-	(1,158,191)
Compensation cost of employee stock options	6(16)	-	-	69,220	-	-	-	-	-	-	-	69,220	-	69,220
Exercise of employee share options	6(18)(19)	29,600	-	49,248	-	-	-	-	-	-	-	78,848	-	78,848
Compensation costs of employee restricted stocks	6(16)	-	-	140,184	-	-	-	-	-	-	-	140,184	-	140,184
Restricted stocks vested	6(16)(19)	25,960	-	129,800	-	-	-	-	-	-	87,648	155,760	-	155,760
Transfer of treasury shares	6(19)	-	-	(2,167)	-	-	-	-	-	-	-	85,481	-	85,481
Removal of hedging reserve	6(4)	-	-	-	-	-	-	-	-	65,223	-	65,223	-	65,223
Reclassification of ineffective hedging reserve	6(4)	-	-	-	-	-	-	-	-	10,783	-	10,783	-	10,783
Disposal of equity instruments at fair value through other comprehensive profit or loss	6(3)	-	-	-	-	-	29,031	-	(29,031)	-	-	-	-	-
Issuance of convertible corporate bonds-options	6(13)	-	-	322,500	-	-	-	-	-	-	-	322,500	-	322,500
Conversion of convertible bonds	6(13)(19)	42,263	105,989	1,192,970	-	-	-	-	-	-	-	1,341,222	-	1,341,222
Balance at December 31, 2023		\$ 2,685,781	\$ 105,989	\$ 4,608,355	\$ 1,572,874	\$ 653,337	\$ 4,410,572	\$ 629,468	\$ 32,210	\$ 28,201	\$ 119,517	\$ 13,227,512	\$ (11,358)	\$ 13,216,154

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

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

(Continued)

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

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

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

## INDEPENDENT AUDITORS' REPORT

PWCR23000462

To the Board of Directors and Shareholders of Sercomm Corporation

### ***Opinion***

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

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

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

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

***Key audit matters***

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

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

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

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

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

**How our audit addressed the matter**

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

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



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

## **Valuation of inventory**

### **Description**

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

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

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

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

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

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



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

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

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

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

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

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

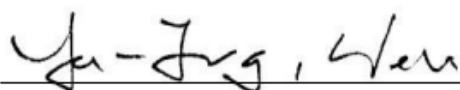
As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

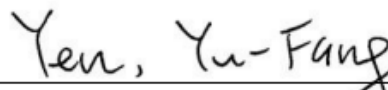
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



Wen, Ya-Fang



Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2024

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

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

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

(Continued)



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

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

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

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

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

(Continued)



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

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

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

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

Share capital		Retained Earnings				Other equity interest		Treasury stocks	Total equity
Share capital - common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income		
Year 2022									
Balance at January 1, 2022	\$ 2,523,898	\$ -	\$ 1,300,526	\$ 696,948	\$ 2,126,526	\$ 633,478	\$ 36,041	\$ -	\$ 8,247,943
Profit for the year	-	-	-	-	1,919,423	-	-	-	1,919,423
Other comprehensive income (loss) for the year	-	-	-	-	(2,678)	102,289	(35,346)	-	77,811
Total comprehensive income	-	-	-	-	1,916,745	102,289	(35,346)	-	1,997,234
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	86,059	-	(86,059)	-	-	-	-
Reversal of special reserve	-	-	-	(27,429)	27,429	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(605,735)	-	-	-	(605,735)
Compensation cost of employee stock options	-	-	112,211	-	-	-	-	-	112,211
Exercise of employee share options	64,060	-	124,053	-	-	-	-	-	188,113
Repurchase of treasury share	-	-	-	-	-	-	-	(398,397)	(398,397)
Transfer of treasury share	-	-	-	-	-	-	-	191,232	191,232
Removal of hedging reserve	-	-	-	-	-	-	-	(125,086)	(125,086)
Reclassification of ineffective hedging reserve	-	-	-	-	-	-	-	6,929	6,929
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive profit or loss	-	-	(8,628)	-	-	-	-	-	(8,628)
Issuance of convertible corporate bonds-options	-	-	-	-	(53,850)	-	53,850	-	-
Balance at December 31, 2022	\$ 2,587,958	\$ -	\$ 2,706,600	\$ 1,386,585	\$ 669,519	\$ 3,325,056	\$ 17,537	\$ 207,165	\$ 9,815,216
Year 2023									
Balance at January 1, 2023	\$ 2,587,958	\$ -	\$ 2,706,600	\$ 1,386,585	\$ 669,519	\$ 3,325,056	\$ 17,537	\$ 207,165	\$ 9,815,216
Profit for the year	-	-	-	-	-	2,386,305	-	-	2,386,305
Other comprehensive income (loss) for the year	-	-	-	-	-	(1,522)	14,358	404	(85,039)
Total comprehensive income	-	-	-	-	-	2,384,783	14,358	404	2,301,266
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	186,289	-	(186,289)	-	-	-	-
Reversal of special reserve	-	-	-	(16,182)	16,182	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,158,191)	-	-	-	(1,158,191)
Compensation cost of employee stock options	-	-	69,220	-	-	-	-	-	69,220
Exercise of employee share options	29,600	-	49,248	-	-	-	-	-	78,848
Compensation cost of employee restricted stocks	-	-	140,184	-	-	-	-	-	140,184
Restricted stocks vested	-	-	129,800	-	-	-	-	-	129,800
Transfer of treasury shares	25,960	-	(2,167)	-	-	-	-	-	23,793
Removal of hedging reserve	-	-	-	-	-	-	-	-	-
Reclassification of ineffective hedging reserve	-	-	-	-	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive profit or loss	-	-	-	-	-	-	-	10,783	10,783
Issuance of convertible corporate bonds-options	-	-	322,500	-	-	29,031	(29,031)	-	-
Conversion of convertible bonds	42,263	105,989	1,192,970	-	-	-	-	-	1,341,222
Balance at December 31, 2023	\$ 2,685,781	\$ 105,989	\$ 4,608,355	\$ 1,572,874	\$ 653,337	\$ 4,410,572	\$ 32,210	\$ 119,517	\$ 13,227,512

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

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

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

(Continued)

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

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

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

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

Unit: NT\$

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

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

Chairman: James Wang

President: Ben Lin

Accounting Officer: Max Cheng

## **Sercomm Corporation**

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

#### **I. Private Placement of Common Shares**

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

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

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

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

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

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

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

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

- A. Period: Less than 5 years from the date of issuance.
- B. Coupon rate: The Board of Directors is authorized to determine it according to market conditions.
- C. The basis and reasonableness of the private placement pricing



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

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

The Company proposes to raise capitals through private placement with the considerations in factors such as capital market conditions, issuance costs, timeliness of financing, and equity stability. When introducing strategic investors in the private placement, consideration should be given to the transfer restriction of private placement securities to ensure a long-term relationship between the Company and strategic investors, and in view of the fact that the use of private placement capital is to meet the needs of the Company's operation and development, the private placement is beneficial to the stability of the Company's operation and shareholders' equity.
  - F. The transfer restrictions of the private placement convertible corporate bonds are handled in accordance with Article 43-8 of the Securities and Exchange Act.
- III. It is proposed to authorize the Chairman or his designate to represent the Company in handling all matters related to the private placement of common stocks or domestic or overseas convertible bonds, and to sign related contracts and documents.

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

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

Article	Before Amendment	After Amendment	Explanation
	<p>of derivatives trading.</p> <p>4. Principles for performance evaluation</p> <p>The performance is evaluated based on the market price appraisal table and the gains and losses incurred from the contract rate of the derivatives trading.</p> <p>In order to fully understand and express the evaluation risks of the transactions, <u>accounting</u> personnel shall conduct performance evaluation once a month and present the evaluation of products, and market trend analysis to the senior-level managerial officers as reference for decision making. (Further details omitted)</p>	<p><u>regulations.</u></p> <p>4. Principles for performance evaluation</p> <p>The performance is evaluated based on the market price appraisal table and the gains and losses incurred from the contract rate of the derivatives trading.</p> <p>In order to fully understand and express the evaluation risks of the transactions, <u>transaction</u> personnel shall conduct performance evaluation once a month and present the evaluation of products, and market trend analysis to the senior-level managerial officers as reference for decision making. (Further details omitted)</p>	
Article 18	<p>(Details omitted)</p> <p>The 6th amendment was made on June 8, 2022.</p>	<p>(Details omitted)</p> <p>The 6th amendment was made on June 8, 2022.</p> <p><u>The 7th amendment was made on May 31, 2024.</u></p>	To add the amendment date