

Sercomm Corporation
2025 Annual Shareholders' Meeting Minutes
(Translation)

Time : 9:00 a.m., Thursday, May 29, 2025

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

Format : In-person shareholders' meeting

Shareholders in Attendance: A total of 227,573,700 shares were represented, accounting for 76.22% of the Company's total shares issued, excluding non-voting shares, which total 298,549,542 shares. These shares were represented by shareholders attending in person, by proxy, and via electronic voting.

Directors in Attendance: Chairman James Wang, Director Ben Lin

Attendees: CFO Arthur Hsu, CPA Wen-Ya Fang, General Counsel David Huang

Chair : 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 2024
 - (II) Audit Committee's Review Report
 - (III) Report on the Distribution of Remuneration to Employees and Directors for 2024
 - (IV) Report on the Distribution Status of Cash Dividends from 2024 Earnings
 - (V) Report on the Unexecuted Matters of Privately Placed Common Stocks or Privately Placed Domestic/Overseas Convertible Corporate Bonds Approved by the Shareholders' Meeting in 2024
 - (VI) Report on the Issuance and Conversion Status of Convertible Corporate Bonds
 - (VII) Report on the Execution of the Company's Share Buyback
- Please be informed of the above report items.

2. Election Items

(I) Election of Eight Directors, Including Four Independent Directors (proposed by the Board of Directors)

Description:

1. The tenure of the Company's 12th Board of Directors will expire on June 7, 2025. A full re-election of eight directors (including four independent directors) is scheduled for this Annual Shareholders' Meeting. The new directors will serve a three-year term, from May 29, 2025, to May 28, 2028. The current directors shall serve until the conclusion of this Annual Shareholders' Meeting.
2. Pursuant to Article 192-1 of the Company Act and the Company's Articles of Incorporation, director elections (including independent directors) shall adopt a candidate nomination system. Shareholders shall elect directors from the list of nominated candidates.
3. For the list of director (including independent director) candidates, their major education and work experience, and the rationale for nominating an independent director who has served three consecutive terms, please refer to Attachment.

Election Results:

Title	Name	Votes Received
Director	Chao Yue Investment Co., Ltd. Representative: James Wang	212,552,382
Director	Pacific Venture Partners Co. Ltd. Representative: Paul Wang	185,640,705
Director	Zhuo Jian Investment Co., Ltd. Representative: Ben Lin	178,443,278
Director	Yun Zhou Investment Co., Ltd. Representative: Nicola Palmer	177,941,474
Independent Director	Rose Tsou	176,811,133
Independent Director	Paul Yang	176,209,341
Independent Director	Hilo Chen	176,123,032
Independent Director	Feng Zhu	176,075,049

3. Recognition and Discussion Items

(I) Acceptance of the 2024 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 2024, 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 2024 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: 216,659,215

Votes against: 119,327

Invalid votes: 0

Abstentions/No votes: 10,795,158

Votes in favor accounted for 95.20% of the total voting rights exercised (227,573,700 shares) by shareholders present.

The motion was approved as proposed.

(II) Acceptance of the Proposal for the Distribution of 2024 Earnings (proposed by the Board of Directors)

Description:

1. The company's earning distribution table for the year of 2024, please refer to Attachment.

Resolution:

Votes in favor: 216,843,687

Votes against: 131,075

Invalid votes: 0

Abstentions/No votes: 10,598,938

Votes in favor accounted for 95.28% of the total voting rights exercised (227,573,700 shares) by shareholders present.

The motion was approved as proposed.

(III) Approval of the Amendment to the Articles of Incorporation (proposed by the Board of Directors)

Description:

1. To comply with regulatory requirements, certain provisions of the Articles of Incorporation are proposed to be amended.
2. Before and After Amendment Comparison Table of the revised provisions is provided in Attachment.

Resolution:

Votes in favor: 216,739,072

Votes against: 120,468

Invalid votes: 0

Abstentions/No votes: 10,714,160

Votes in favor accounted for 95.23% of the total voting rights exercised (227,573,700 shares) by shareholders present.

The motion was approved as proposed.

(IV) Approval of the Private Placement of Common Stocks or Domestic/Overseas Convertible Corporate 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 27 million shares. When converting corporate bonds, the number of common shares that can be converted should be under 27 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 the method and terms of private placement of securities.
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 corporate bonds, and to sign related contracts and documents.

Resolution:

Votes in favor: 216,621,148

Votes against: 241,392

Invalid votes: 0

Abstentions/No votes: 10,711,160

Votes in favor accounted for 95.18% of the total voting rights exercised (227,573,700 shares) by shareholders present.

The motion was approved as proposed.

(V) Approval of the Issuance of Employee Restricted Stock Awards
(proposed by the Board of Directors)

Description:

1. To attract and retain key talent essential to the Company, it is proposed to issue 5,000,000 shares of Employee Restricted Stock Awards (RSAs) in accordance with Article 267 of the Company Act and the relevant regulations of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers." Each share has a par value of NT\$10, with a total issuance amount of NT\$50,000,000. The issuance price per share is set at NT\$80.
2. For details regarding the issuance terms, employee eligibility criteria and allocation, the necessity of issuing RSAs, and restrictions on unvested shares, please refer to Attachment – Employee Restricted Stock Awards Issuance Rules for the Year 2025.
3. Potential expense recognition, impact on EPS dilution, and effects on shareholder equity: As of February 27, 2025, the Company's total outstanding shares amount to 300,049,542 shares, with the proposed RSAs accounting for 1.67% of the total. Based on a preliminary stock price of NT\$125 per share, the RSAs may be issued in one or multiple tranches within two years from the date of receipt of the effective registration notice from the Financial Supervisory Commission (FSC). Assuming all shares fully vest, the estimated maximum expense recognition from 2025 to 2027 is approximately NT\$225 million over three years. This corresponds to an estimated impact on EPS dilution of NT\$0.74 per share, with a limited overall dilution effect and no significant impact on shareholder equity.

Resolution:

Votes in favor: 196,378,290

Votes against: 17,789,224

Invalid votes: 0

Abstentions/No votes: 13,406,186

Votes in favor accounted for 86.29% of the total voting rights exercised (227,573,700 shares) by shareholders present.

The motion was approved as proposed.

(VI) Approval of the Release of Non-Compete Restrictions on Newly Elected Directors and Their Representatives
(proposed by the Board of Directors)

Description:

1. Pursuant to Article 209 of the Company Act, a director who engages in business activities falling within the Company's business scope, either for their own benefit or on behalf of others, must disclose the key details of such activities to the shareholders' meeting and obtain its approval.
2. As certain newly elected directors and their representatives may hold investments in or managerial positions at other companies operating

within the same or a similar business scope as the Company, this matter is submitted for shareholder approval in accordance with legal requirements.

3. It is proposed that the Annual Shareholders' Meeting approve the waiver of non-compete restrictions for the newly elected directors and their representatives. Details on the waiver of non-Compete restrictions for newly elected directors and their representatives, please refer to Attachment.

Resolution:

Votes in favor: 207,994,826

Votes against: 212,255

Invalid votes: 0

Abstentions/No votes: 19,366,619

Votes in favor accounted for 91.39% of the total voting rights exercised (227,573,700 shares) by shareholders present.

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 Chair at 9:29 a.m. on the same day.

List of Director (Including Independent Director) Candidates

Title	Name	Key Education & Experience	Current Primary Position (Note 1)	Shares Held (Note 2)
Director	Chao Yue Investment Co., Ltd. Representative: Mr. James Wang	<ul style="list-style-type: none"> - Harvard Business School, MBA - Carnegie Mellon University, ME - Chairman, Sercomm Corp. 	<ul style="list-style-type: none"> - Chairman and CEO, Sercomm Corp.(*) - Independent Director, Formosa International Hotels Corporation(*) 	3,000,000
Director	Pacific Venture Partners Co. Ltd. Representative: Mr. Paul Wang	<ul style="list-style-type: none"> - Carnegie Mellon University, PhD in Physics - Chairman, Sercomm Corp. 	<ul style="list-style-type: none"> - Director, Sercomm Corp.(*) - Director, Prosperity Dielectrics Co., Ltd.(*) - Director, Taiwan Cement Co., Ltd.(*) 	3,671,926
Director	Zhuo Jian Investment Co., Ltd. Representative: Mr. Ben Lin	<ul style="list-style-type: none"> - National Tsing Hua University, MS in PME - President, Sercomm Corp. 	<ul style="list-style-type: none"> - Director and President, Sercomm Corp.(*) 	4,197,094
Director	Yun Zhou Investment Co., Ltd. Representative: Ms. Nicola Palmer	<ul style="list-style-type: none"> - University of Pennsylvania – The Wharton School, MBA - Chief Product Officer, Chief Engineering Officer and Head of Wireless Networks, Verizon 	<ul style="list-style-type: none"> - Director, nVent Electric plc(*) - Director, NextNav, Inc.(*) - Director, Zayo Group Holdings, Inc. - Director, Astound Broadband, LLC - Director, Boldyn Networks 	3,090,000
Independent Director	Ms. Rose Tsou (Note3)	<ul style="list-style-type: none"> - Northwestern University, Kellogg School of Management, MBA - Boston University, MS in Mass Communication - Head of International, Verizon Media 	<ul style="list-style-type: none"> - Independent Director, Sercomm Corp.(*) - Independent Director, Delta Electronics, Inc.(*) - Independent Director, Giant Manufacturing Co., Ltd. .(*) 	0
Independent Director	Mr. Paul Yang	<ul style="list-style-type: none"> - Harvard Business School, MBA - Massachusetts Institute of Technology, MS in ME - Vice President, KGI Financial Holding Co., Ltd. 	<ul style="list-style-type: none"> - Independent Director, Sercomm Corp.(*) - Chairman, KGI Bank Co., Ltd. - Director, President and CEO, KGI Financial Holding Co., Ltd.(*) - Director, KGI Life Insurance Co., Ltd. 	0
Independent Director	Mr. Hilo Chen	<ul style="list-style-type: none"> - National Chiao Tung University, MS in Transportation Engineering and Management - CEO and President, Systex Corporation - Member, Compensation Committee, Sercomm Corp. 	<ul style="list-style-type: none"> - Independent Director, TTFB Company Limited(*) - Independent Director, Cenra Inc. (*) - Chairman, OneAD Inc. 	0
Independent Director	Mr. Feng Zhu	<ul style="list-style-type: none"> - Harvard Business School, PhD in Science, Technology and Management 	<ul style="list-style-type: none"> - Professor, Business Administration, Harvard University - President, FZConsulting Inc. 	0

Notes:

- (*) Indicates that the company is a publicly listed entity, either domestically or internationally.
- The number of shares held is based on the record date for share transfer suspension as of March 31, 2025.
- Reasons for the continued nomination of an independent director who has served three consecutive terms:**
Ms. **Rose Tsou** has served as an independent director of the Company, leveraging her extensive experience in corporate management, digital transformation, and international market expansion. With deep insights into technology industry trends, she has provided forward-looking recommendations that have helped the Company maintain its competitive edge in a highly dynamic market. Ms. Rose Tsou has been actively engaged in corporate governance, consistently focusing on risk management and business strategy. Her high level of independence and professionalism ensures fairness and strategic foresight in board decision-making, laying a solid foundation for the Company's sustainable development. Given her expertise and strong alignment with the Company's business growth, she continues to contribute significant value and enhance international competitiveness. Therefore, the Board has resolved to renominate her as an independent director.

2024 Financial Statements

INDEPENDENT AUDITORS' REPORT

PWCR24000515

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, 2024 and 2023, 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, 2024 and 2023, 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 Auditing and Attestation of Financial Statements by 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 2024. 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, 2024 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(21).

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, 2024, the cost of inventory and loss on inventory valuation are \$12,634,743 thousand and \$1,038,531 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 unmodified opinion on the parent company only financial statements of Sercomm Corporation as at and for the years ended December 31, 2024 and 2023.

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.

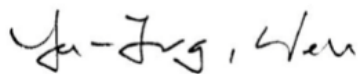
As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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.

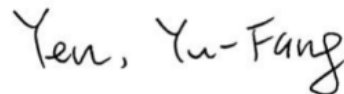
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

February 27, 2025

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

SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 8,305,815	20	\$ 8,830,912	19
1110	Financial assets at fair value through profit or loss, current	6(2)	13,384	-	1,190,590	2
1136	Financial assets at amortised cost, current	8	27,392	-	60,855	-
1139	Financial assets for hedging, current	6(4)	20,425	-	998	-
1150	Notes receivable, net	6(5)	60,863	-	78,138	-
1170	Accounts receivable, net	6(5)	11,634,655	28	11,502,602	24
1200	Other receivables	6(6)	959,900	2	445,590	1
1220	Current income tax assets		39,472	-	1,681	-
130X	Inventories	6(7)	11,596,212	28	17,533,297	37
1410	Prepayments		704,725	2	588,137	1
1470	Other current assets		39,432	-	26,986	-
11XX	Current Assets		<u>33,402,275</u>	<u>80</u>	<u>40,259,786</u>	<u>84</u>
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)	324,339	1	24,720	-
1535	Financial assets at amortised cost, non-current	8 and 9	119,423	-	117,822	-
1550	Investments accounted for using equity method	6(8)	13,721	-	7,305	-
1600	Property, plant and equipment	6(9) and 8	5,866,741	14	5,367,828	11
1755	Right-of-use assets	6(10)	667,044	2	377,769	1
1780	Intangible assets	6(11)	311,972	1	378,471	1
1840	Deferred income tax assets	6(27)	889,785	2	897,142	2
1915	Prepayments for business facilities	6(29)	205,332	-	149,093	-
1920	Guarantee deposits paid	8 and 9	175,740	-	163,010	1
1990	Other non-current assets, others		15,444	-	16,967	-
15XX	Non-current assets		<u>8,589,541</u>	<u>20</u>	<u>7,504,743</u>	<u>16</u>
1XXX	Total assets		<u>\$ 41,991,816</u>	<u>100</u>	<u>\$ 47,764,529</u>	<u>100</u>

(Continued)

SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 1,016,211	3	\$ 429,925	1
2120	Financial liabilities at fair value through profit or loss, current	6(2)	39,583	-	1,097	-
2126	Financial liabilities for hedging, current	6(4)	-	-	32,490	-
2130	Contract liabilities, current	6(21)	761,015	2	751,271	2
2150	Notes payable		402,250	1	636,314	
2170	Accounts payable		12,063,488	29	16,372,388	34
2200	Other payables		4,149,235	10	4,843,532	10
2230	Current income tax liabilities		174,780	1	748,161	2
2250	Provisions for liabilities, current	6(16)	980,724	2	684,969	1
2280	Current lease liabilities		78,089	-	65,121	-
2320	Long-term liabilities, current portion	6(13)	1,400,000	3	2,300,000	5
2365	Current refund liabilities	6(21)	127,648	-	369,661	1
2399	Other current liabilities, others	9	928,590	2	1,102,439	2
21XX	Current Liabilities		22,121,613	53	28,337,368	59
Non-current liabilities						
2500	Financial liabilities at fair value through profit or loss, non-current	6(2)	18,600	-	17,400	-
2511	Financial liabilities for hedging, non-current	6(4)	-	-	3,757	-
2530	Bonds payable	6(13)	2,798,505	6	5,669,790	12
2570	Deferred income tax liabilities	6(27)	332,471	1	305,179	1
2580	Non-current lease liabilities		331,539	1	142,533	-
2640	Net defined benefit liability, non-current	6(14)	22,092	-	43,452	-
2645	Guarantee deposits received		47,609	-	28,896	-
25XX	Non-current liabilities		3,550,816	8	6,211,007	13
2XXX	Total Liabilities		25,672,429	61	34,548,375	72
Equity						
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(17)	3,000,496	7	2,685,781	6
3140	Advance receipts for share capital	6(13)	-	-	105,989	-
Capital surplus						
3200	Capital surplus	6(18)	6,354,493	15	4,608,355	9
Retained earnings						
3310	Legal reserve	6(19)	1,814,255	4	1,572,874	3
3320	Special reserve		689,875	2	653,337	2
3350	Undistributed retained earnings		4,944,900	12	4,410,572	9
Other equity interest						
3400	Other equity interest	6(20)	(356,140)	(1)	(689,879)	(1)
Treasury stocks						
3500	Treasury stocks	6(17)	(119,517)	-	(119,517)	-
31XX	Equity attributable to owners of the parent		16,328,362	39	13,227,512	28
36XX	Non-controlling interest		(8,975)	-	(11,358)	-
3XXX	Total equity		16,319,387	39	13,216,154	28
Significant contingent liabilities and unrecognised contract commitments		9				
Significant subsequent events		11				
3X2X	Total liabilities and equity		\$ 41,991,816	100	\$ 47,764,529	100

SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2024		2023	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21)	\$ 56,788,762	100	\$ 62,584,493	100
5000 Operating costs	6(7) and 7	(46,712,533)	(82)	(52,322,193)	(84)
5900 Gross profit		10,076,229	18	10,262,300	16
Operating expenses					
6100 Selling expenses	7	(2,536,119)	(5)	(2,636,545)	(4)
6200 General and administrative expenses	7	(1,304,079)	(2)	(1,346,086)	(2)
6300 Research and development expenses	7	(3,323,109)	(6)	(3,127,890)	(5)
6450 Expected credit impairment gain (loss)	12(2)	20,916	-	38,265	-
6000 Total operating expenses		(7,142,391)	(13)	(7,148,786)	(11)
6900 Operating profit		2,933,838	5	3,113,514	5
Non-operating income and expenses					
7100 Interest income		175,702	-	124,791	-
7010 Other income	6(22)	19,052	-	18,794	-
7020 Other gains and losses	6(23)	(66,779)	-	(6,338)	-
7050 Finance costs	6(24)	(248,528)	-	(262,002)	-
7060 Share of profit (loss) of associates and joint ventures accounted for under equity method	6(8)	9,896	-	(726)	-
7000 Total non-operating income and expenses		(110,657)	-	(125,481)	-
7900 Profit before income tax		2,823,181	5	2,988,033	5
7950 Income tax expense	6(27)	(549,542)	(1)	(599,242)	(1)
8200 Profit for the year		\$ 2,273,639	4	\$ 2,388,791	4
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains (losses) on remeasurements of defined benefit plans	6(14)	\$ 16,709	-	(\$ 1,903)	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)(29)	5,166	-	14,358	-
8317 Gains (losses) on hedging instrument	6(20)	52,904	-	(3,262)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	(13,924)	-	1,033	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		60,855	-	10,226	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements		283,782	1	(98,349)	-
8368 Gains on hedging instruments	6(20)	29,445	-	3,767	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(20)	(5,889)	-	(753)	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		307,338	1	(95,335)	-
8300 Other comprehensive income (loss) (net)		\$ 368,193	1	(\$ 85,109)	-
8500 Total comprehensive income for the year		\$ 2,641,832	5	\$ 2,303,682	4
Profit attributable to					
8610 Owners of the parent		\$ 2,271,006	4	\$ 2,386,305	4
8620 Non-controlling interest		2,633	-	2,486	-
Total		\$ 2,273,639	4	\$ 2,388,791	4
Comprehensive income attributable to					
8710 Owners of the parent		\$ 2,639,449	5	\$ 2,301,266	4
8720 Non-controlling interest		2,383	-	2,416	-
Total		\$ 2,641,832	5	\$ 2,303,682	4
Earnings per share	6(28)				
9750 Basic earnings per share		\$ 7.74		\$ 9.17	
9850 Diluted earnings per share		\$ 7.49		\$ 8.80	

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

Notes	Share capital		Capital surplus, additional paid-in capital	Equity attributable to owners of the parent					Non-controlling interest	Total equity	
	Common stock	Advance receipts for share capital		Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest	Treasury stocks			Total
Year 2023											
Balance at January 1, 2023	\$ 2,587,958	\$ -	\$ 2,706,600	\$ 1,386,585	\$ 669,519	\$ 3,325,056	\$ 653,337	\$ 207,165	\$ 9,815,216	\$ 9,801,442	
Profit for the year	-	-	-	-	-	2,386,305	-	-	2,386,305	2,386,791	
Other comprehensive loss for the year	-	-	-	-	-	(1,522)	(83,517)	-	(85,039)	(85,109)	
Total comprehensive income (loss)	-	-	-	-	-	2,384,783	(83,517)	-	2,301,266	2,303,682	
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)	(1,158,191)	
Compensation cost of employees stock options	-	-	69,220	-	-	-	-	-	69,220	69,220	
Exercise of employee share options	29,600	-	49,248	-	-	-	-	-	78,848	78,848	
Compensation costs of employee restricted stocks	-	-	140,184	-	-	-	-	-	140,184	140,184	
Employee restricted stocks vested	25,960	-	129,800	-	-	-	-	-	155,760	155,760	
Transfer of treasury shares	-	-	(2,167)	-	-	-	-	87,648	85,481	85,481	
Removal of hedging reserve	-	-	-	-	-	-	-	65,223	65,223	65,223	
Reclassification of ineffective hedging reserve	-	-	-	-	-	-	-	10,783	10,783	10,783	
Disposal of equity instruments at fair value through other comprehensive profit or loss	-	-	-	-	-	-	(29,031)	-	-	-	
Issuance of convertible corporate bonds-options	-	-	322,500	-	-	29,031	-	-	322,500	322,500	
Conversion of convertible bonds	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	\$ 689,879	\$ 119,517	\$ 13,227,512	\$ 13,216,154	
Year 2024											
Balance at January 1, 2024	\$ 2,685,781	\$ 105,989	\$ 4,608,355	\$ 1,572,874	\$ 653,337	\$ 4,410,572	\$ 689,879	\$ 119,517	\$ 13,227,512	\$ 13,216,154	
Profit for the year	-	-	-	-	-	2,271,006	-	-	2,271,006	2,273,639	
Other comprehensive income (loss) for the year	-	-	-	-	-	13,367	355,076	-	368,443	368,193	
Total comprehensive income	-	-	-	-	-	2,284,373	355,076	-	2,639,449	2,641,832	
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	241,381	-	(241,381)	-	-	-	-	
Special reserve appropriated	-	-	-	-	36,538	(36,538)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	-	(1,472,126)	-	-	(1,472,126)	(1,472,126)	
Removal of hedging reserve	-	-	-	-	-	-	(25,407)	-	(25,407)	(25,407)	
Compensation cost of employees stock options	-	-	49,311	-	-	-	-	-	49,311	49,311	
Exercise of employee share options	7,150	-	11,154	-	-	-	-	-	18,304	18,304	
Compensation costs of employee restricted stocks	-	-	-	-	-	-	168,498	-	168,498	168,498	
Issuance of employee restricted stock	34,040	-	338,698	-	-	-	(168,498)	-	204,240	204,240	
Reclassification of ineffective hedging reserve	-	-	-	-	-	-	4,070	-	4,070	4,070	
Conversion of convertible bonds	273,525	(105,989)	1,346,975	-	-	-	-	-	1,514,511	1,514,511	
Balance at December 31, 2024	\$ 3,000,496	\$ -	\$ 6,354,493	\$ 1,814,255	\$ 689,875	\$ 4,944,900	\$ 356,140	\$ 119,517	\$ 16,328,362	\$ 16,319,387	

SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,823,181	\$ 2,988,033
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(25)	821,929	722,250
Amortization expense	6(25)	155,570	199,997
Expected credit impairment (gain) loss	12(2)	(20,916)	38,265
Impairment loss on performance guarantee	6(23)	14,750	-
Net loss on financial assets and liabilities at fair value through profit or loss	6(2)(23)	163,655	11,216
Interest income	(	175,702)	(124,791)
Interest expense	6(24)	248,527	262,002
Dividend income	6(22)	(376)	(5,427)
Compensation cost of share-based payments	6(15)	217,809	209,404
Share of (profit) loss of associates accounted for using equity method	6(8)	(9,896)	726
Loss (gain) on disposal of property, plant and equipment	6(23)	4,629	(359)
(Gains) losses arising from lease modifications	6(23)	(166)	121
Losses on disposals of investment	6(23)	199	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss-current	(	100,382)	(82,641)
Notes receivable		17,275	(39,337)
Accounts receivable	(	406,093)	(861,571)
Other receivables	(	521,990)	304,841
Inventories		5,937,085	(689,534)
Prepayments	(	120,780)	27,959
Other current assets	(	41,989)	54,915
Changes in operating liabilities			
Contract liabilities		9,744	69,665
Notes payable	(	234,064)	(211,083)
Accounts payable	(	4,308,900)	(1,557,105)
Other payables	(	641,140)	700,554
Provisions for liabilities		294,483	182,431
Current refund liabilities	(	242,013)	43,701
Other current liabilities		20,256	(27,829)
Net defined benefit liabilities - non-current	(	4,650)	(5,330)
Cash inflow generated from operations		3,900,035	2,211,073
Interest received		180,702	112,505
Interest paid	(	200,448)	(220,995)
Payments of income tax	(	1,151,132)	(522,764)
Net cash flows from operating activities		2,729,157	1,579,819

(Continued)

SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(29)	(\$ 1,233,877)	(\$ 1,010,473)
Proceeds from disposal of property, plant and equipment		23,154	46,623
Acquisition of intangible assets	6(29)	(85,811)	(109,963)
Acquisition of financial assets at fair value through profit or loss		(2,800,000)	(1,750,000)
Proceeds from disposal of financial assets at fair value through profit or loss		3,950,000	600,000
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	154,026
(Increase) decrease in guarantee deposit paid		(27,480)	1,583
Decrease in current financial assets at amortised cost		32,971	104,437
Dividends received	6(8)(22)	3,760	5,427
Net cash flows used in investing activities		(137,283)	(1,958,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term debts	6(30)	22,684,123	8,629,871
Payments of short-term debts	6(30)	(22,097,837)	(9,833,296)
Proceeds from long-term debts	6(30)	-	1,278,376
Payments of long-term debts	6(30)	-	(1,965,496)
Proceeds from issuance of bonds	6(30)	-	3,090,000
Proceeds from transfer of treasury shares	6(17)	-	85,481
Exercise of employee share options	6(17)	18,304	78,848
Issuance of employee restricted stock	6(15)	204,240	155,760
Increase in guarantee deposits received	6(30)	574,350	1,049,028
Decrease in guarantee deposits received	6(30)	(751,161)	(55,627)
Payments of principal portion of lease liabilities	6(30)	(224,859)	(90,592)
Repayments of bonds	6(30)	(2,300,000)	-
Cash dividends paid	6(19)	(1,472,126)	(1,158,191)
Net cash flows (used in) from financing activities		(3,364,966)	1,264,162
Effect of exchange rate changes		247,995	(77,585)
Net (decrease) increase in cash and cash equivalents		(525,097)	808,056
Cash and cash equivalents at beginning of year		8,830,912	8,022,856
Cash and cash equivalents at end of year		\$ 8,305,815	\$ 8,830,912

INDEPENDENT AUDITORS' REPORT

PWCR24000536

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, 2024 and 2023, 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, 2024 and 2023, 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 2024. 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, 2024 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(21).

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, 2024, the cost of inventory and loss on inventory valuation are \$5,194,357 thousand and \$496,658 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.

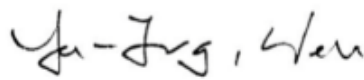
As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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.

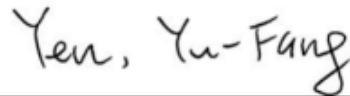
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

February 27, 2025

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

SERCOMM CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 5,679,509	16	\$ 6,151,094	14
1110	Financial assets at fair value through profit or loss, current	6(2)	13,384	-	1,189,969	3
1139	Financial assets for hedging, current	6(4)	20,425	-	998	
1170	Accounts receivable, net	6(5)	6,274,745	17	8,649,455	20
1180	Accounts receivable due from related parties, net	7	6,330,157	17	5,236,857	12
1200	Other receivables	6(6)	742,322	2	232,370	1
1210	Other receivables due from related parties	7	26,329	-	37,018	-
1220	Current income tax assets		28,738	-	-	-
130X	Inventories	6(7)	4,697,699	13	10,306,857	23
1410	Prepayments	7	349,000	1	441,418	1
1470	Other current assets		11,223	-	11,352	-
11XX	Current assets		24,173,531	66	32,257,388	74
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)	294,453	1	-	-
1535	Financial assets at amortised cost, non-current	8 and 9	110,440	-	109,154	-
1550	Investments accounted for using equity method	6(8)	7,434,144	20	6,986,115	16
1600	Property, plant and equipment	6(9) and 8	2,815,196	8	2,789,324	6
1755	Right-of-use assets	6(10)	197,378	1	172,341	-
1780	Intangible assets	6(11)	288,464	1	368,291	1
1840	Deferred income tax assets	6(27)	674,446	2	743,252	2
1915	Prepayments for business facilities	6(29)	92,111	-	87,575	-
1920	Guarantee deposits paid	9	119,466	-	111,903	-
1960	Prepayments for investments, non-current		240,000	1	240,000	1
15XX	Non-current assets		12,266,098	34	11,612,571	26
1XXX	Total assets		\$ 36,439,629	100	\$ 43,869,959	100

(Continued)

SERCOMM CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 1,016,211	3	\$ 169,900	-
2120	Financial liabilities at fair value through profit or loss, current	6(2)	39,583	-	1,097	-
2126	Financial liabilities for hedging, current	6(4)	-	-	32,490	-
2130	Contract liabilities, current	6(21)	752,213	2	723,761	2
2170	Accounts payable		3,911,472	11	6,472,361	15
2180	Accounts payable to related parties	7	3,656,226	10	7,106,715	16
2200	Other payables		2,960,157	8	3,651,408	8
2220	Other payables to related parties	7	973,760	3	1,202,205	3
2230	Current income tax liabilities		117,769	-	724,228	2
2250	Provisions for liabilities, current	6(16)	945,961	3	650,112	1
2280	Current lease liabilities		51,553	-	40,681	-
2320	Long-term liabilities, current portion	6(13)	1,400,000	4	2,300,000	5
2365	Current refund liabilities	6(21)	114,168	-	369,661	1
2399	Other current liabilities, others	9	921,366	2	1,103,435	3
21XX	Current liabilities		16,860,439	46	24,548,054	56
Non-current liabilities						
2500	Financial liabilities at fair value through profit or loss, non-current	6(2)	18,600	-	17,400	-
2511	Financial liabilities for hedging, non-current	6(4)	-	-	3,757	-
2530	Bonds payable	6(13)	2,798,505	8	5,669,790	13
2570	Deferred income tax liabilities	6(27)	249,750	1	210,437	1
2580	Non-current lease liabilities		143,851	-	128,916	-
2640	Net defined benefit liability, non-current	6(14)	22,092	-	43,452	-
2645	Guarantee deposits received		-	-	234	-
2650	Credit balance of investments accounted for using equity method	6(8)	18,030	-	20,407	-
25XX	Non-current liabilities		3,250,828	9	6,094,393	14
2XXX	Total liabilities		20,111,267	55	30,642,447	70
Equity						
Share capital						
3110	Common stock	6(17)	3,000,496	8	2,685,781	6
3140	Advance receipts for share capital	6(13)	-	-	105,989	-
Capital surplus						
3200	Capital surplus	6(18)	6,354,493	17	4,608,355	10
Retained earnings						
3310	Legal reserve	6(19)	1,814,255	5	1,572,874	4
3320	Special reserve		689,875	2	653,337	1
3350	Undistributed retained earnings		4,944,900	14	4,410,572	10
Other equity interest						
3400	Other equity interest	6(20)	(356,140)	(1)	(689,879)	(1)
3500	Treasury stocks	6(17)	(119,517)	-	(119,517)	-
3XXX	Total equity		16,328,362	45	13,227,512	30
Significant contingent liabilities and unrecognised contract commitments						
Significant subsequent events						
3X2X	Total liabilities and equity	11	\$ 36,439,629	100	\$ 43,869,959	100

SERCOMM CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share)

				Year ended December 31			
Items	Notes	2024		2023			
		AMOUNT	%	AMOUNT	%		
4000 Operating revenue	6(21) and 7	\$ 52,499,922	100	\$ 56,357,193	100		
5000 Operating costs	6(7) and 7	(44,677,639)	(85)	(48,569,227)	(86)		
5900 Gross profit		7,822,283	15	7,787,966	14		
5910 Unrealized loss from sales		-	-	14,196	-		
5920 Realized profit from sales		2,131	-	1,597	-		
5950 Gross profit from operations		7,824,414	15	7,803,759	14		
Operating expenses							
6100 Selling expenses	7	(2,242,979)	(4)	(2,348,466)	(4)		
6200 General and administrative expenses	7	(782,965)	(2)	(884,271)	(2)		
6300 Research and development expenses	7	(1,833,336)	(3)	(1,785,235)	(3)		
6450 Expected credit impairment gain (loss)	12(2)	8,358	-	31,072	-		
6000 Total operating expenses		(4,850,922)	(9)	(5,049,044)	(9)		
6900 Operating profit		2,973,492	6	2,754,715	5		
Non-operating income and expenses							
7100 Interest income		114,023	-	43,826	-		
7010 Other income	6(22)	9,456	-	7,483	-		
7020 Other gains and losses	6(23) and 7	55,697	-	15,315	-		
7050 Finance costs	6(24)	(277,573)	(1)	(283,252)	(1)		
7070 Share of (loss) profit of associates and joint ventures accounted for using equity method	6(8)	(98,919)	-	360,844	1		
7000 Total non-operating income and expenses		(197,316)	(1)	144,216	-		
7900 Profit before income tax		2,776,176	5	2,898,931	5		
7950 Income tax expense	6(27)	(505,170)	(1)	(512,626)	(1)		
8200 Profit for the year		\$ 2,271,006	4	\$ 2,386,305	4		
Other comprehensive income							
Components of other comprehensive income that will not be reclassified to profit or loss							
8311 Gains (losses) on remeasurements of defined benefit plans	6(14)	\$ 16,709	- (\$	1,903)	-		
8316 Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	-	-	13,799	-		
8317 Gains (losses) on hedging instrument	6(20)	52,904	- (	3,262)	-		
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(20)	5,166	-	559	-		
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(13,924)	-	1,033	-		
8310 Components of other comprehensive income that will not be reclassified to profit or loss		60,855	-	10,226	-		
Components of other comprehensive income that will be reclassified to profit or loss							
8361 Exchange differences on translation of foreign financial statements	6(20)	284,032	1 (	98,279)	-		
8368 Gains on hedging instrument	6(20)	29,445	-	3,767	-		
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(27)	(5,889 )	- (	753)	-		
8360 Components of other comprehensive income that will be reclassified to profit or loss		307,588	1 (	95,265)	-		
8300 Other comprehensive income (loss) (net)		\$ 368,443	1 (\$	85,039)	-		
8500 Total comprehensive income for the year		\$ 2,639,449	5	\$ 2,301,266	4		
9750 Basic earnings per share	6(28)	\$ 7.74		\$ 9.17			
9850 Diluted earnings per share	6(28)	\$ 7.49		\$ 8.80			

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

	Share capital			Retained earnings				Other equity interest				Treasury stocks	Total equity
	Notes	Common stock	Advance receipts for share capital	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated 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	Other equity interest		
Year 2023													
Balance at January 1, 2023		\$ 2,587,958	\$ -	\$ 2,706,600	\$ 1,386,585	\$ 669,519	\$ 3,325,056	(\$ 531,189)	(\$ 17,537)	(\$ 104,611)	\$ -	(\$ 207,165)	\$ 9,815,216
Profit for the year		-	-	-	-	-	2,386,305	-	-	-	-	-	2,386,305
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	-	(1,522)	(98,279)	14,358	404	-	-	(85,039)
Total comprehensive income (loss)		-	-	-	-	-	2,384,783	(98,279)	14,358	404	-	-	2,301,266
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	6(19)	-	-	-	-	186,289	(186,289)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(16,182)	16,182	-	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(1,158,191)	1,158,191	-	-	-	-	-	(1,158,191)
Compensation cost of employees stock options	6(15)	-	-	69,220	-	-	-	-	-	-	-	-	69,220
Exercise of employee share options	6(17)(18)	29,600	-	49,248	-	-	-	-	-	-	-	-	78,848
Compensation costs of employee restricted stocks		-	-	140,184	-	-	-	-	-	-	-	-	140,184
Employee restricted stocks vested		25,960	-	129,800	-	-	-	-	-	-	-	-	155,760
Transfer of treasury shares		-	-	(2,167)	-	-	-	-	-	-	-	87,648	85,481
Removal of hedging reserve	6(4)	-	-	-	-	-	-	-	-	65,223	-	-	65,223
Reclassification of ineffective hedging reserve	6(4)	-	-	-	-	-	-	-	-	10,783	-	-	10,783
Disposal of equity instruments at fair value through other comprehensive profit or loss	6(3)	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of convertible corporate bonds-options	6(13)	-	-	-	-	-	29,031	-	(29,031)	-	-	-	-
Conversion of convertible bonds		42,263	105,989	322,500	-	-	-	-	-	-	-	-	322,500
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
Year 2024													
Balance at January 1, 2024		\$ 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
Profit for the year		-	-	-	-	-	2,271,006	-	-	-	-	-	2,271,006
Other comprehensive income for the year	6(20)	-	-	-	-	-	13,367	284,032	5,166	65,878	-	-	368,443
Total comprehensive income		-	-	-	-	-	2,284,373	284,032	5,166	65,878	-	-	2,639,449
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	6(19)	-	-	-	241,381	-	(241,381)	-	-	-	-	-	-
Special reserve appropriated		-	-	-	-	36,538	(36,538)	-	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(1,472,126)	1,472,126	-	-	-	-	-	(1,472,126)
Compensation cost of employees stock options	6(15)	-	-	49,311	-	-	-	-	-	-	-	-	49,311
Compensation costs of employee restricted stocks	6(15)	-	-	-	-	-	-	-	-	-	168,498	-	168,498
Exercise of employee share options	6(17)(18)	7,150	-	11,154	-	-	-	-	-	-	-	-	18,304
Issuance of employee restricted stock	6(17)(18)	34,040	-	338,698	-	-	-	-	-	-	-	-	204,240
Removal of hedging reserve	6(4)	-	-	-	-	-	-	-	-	(25,407)	-	-	(25,407)
Reclassification of ineffective hedging reserve	6(4)	-	-	-	-	-	-	-	-	4,070	-	-	4,070
Conversion of convertible bonds	6(13)(18)	273,525	(105,989)	1,346,975	-	-	-	-	-	-	-	-	1,514,511
Balance at December 31, 2024		\$ 3,000,496	\$ -	\$ 6,354,493	\$ 1,814,255	\$ 689,875	\$ 4,944,900	(\$ 345,436)	(\$ 27,044)	\$ 16,340	(\$ 119,517)	(\$ 16,328,362)	\$ 16,328,362

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

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,776,176	\$ 2,898,931
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(25)	372,023	329,565
Amortization expense	6(25)	151,907	196,296
Expected credit impairment (gain) loss	12(2)	(8,358)	31,072
Impairment loss on performance guarantee		14,750	-
Net loss on financial assets and liabilities at fair value through profit or loss	6(23)	163,425	12,345
Interest expense	6(24)	277,573	283,252
Interest income		(114,023)	(43,826)
Dividend income	6(22)	-	(4,800)
Compensation cost of share-based payments	6(15)	217,809	209,404
Share of loss (profit) of associates accounted for using equity method	6(8)	98,919	(360,844)
(Gains) loss on disposal of property, plant and equipment	6(23)	(3,748)	206
Unrealised profit from inter-company transactions		(2,131)	(15,794)
Losses arising from lease modifications	6(23)	192	540
Loss on disposal of investments accounted for using equity method	6(23)	199	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss, current		(100,786)	(83,133)
Accounts receivable		2,088,615	325,468
Accounts receivable due from related parties, net		(1,093,300)	(2,867,997)
Other receivables		(526,184)	260,910
Other receivables due from related parties		37,018	1,234
Inventories		5,609,158	(1,605,758)
Prepayments		92,418	40,023
Other current assets		129	19,219
Changes in operating liabilities			
Contract liabilities, current		28,452	56,868
Accounts payable		(2,560,889)	2,568,023
Accounts payable to related parties		(3,450,489)	(1,004,437)
Other payables		(589,619)	898,837
Other payables to related parties		(228,445)	1,110,923
Provisions for liabilities, current		295,849	168,806
Current refund liabilities		(255,493)	43,701
Other current liabilities		12,038	(9,566)
Net defined benefit liabilities		(4,650)	(5,330)
Cash inflow generated from operations		3,298,535	3,454,138
Interest received		103,926	38,105
Interest paid		(280,736)	(283,282)
Payments of income tax		(1,046,725)	(470,441)
Net cash flows from operating activities		2,075,000	2,738,520

(Continued)

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

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(29)	(\$ 411,381)	(\$ 318,054)
Proceeds from disposal of property, plant and equipment		9,951	5,826
Acquisition of intangible assets	6(29)	(69,135)	(103,881)
Acquisition of financial assets at fair value through profit or loss		(2,800,000)	(1,750,000)
Proceeds from disposal of financial assets at fair value through profit or loss		3,950,000	600,000
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	154,026
Acquisition of investments accounted for using equity method	6(8)	(501,140)	(602,993)
Proceeds from disposal of investments accounted for using equity method		1,173	-
Proceeds from capital reduction of investments accounted for using equity method	6(8)	241,770	914,400
Increase in guarantee deposit paid		(22,313)	(1,007)
Increase in current financial assets at amortised cost		(1,286)	(11,185)
Dividends received	6(22)	-	4,800
Net cash flows from (used in) investing activities		397,639	(1,108,068)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term debts	6(30)	21,737,491	7,583,239
Payments of short-term debts	6(30)	(20,891,180)	(9,053,334)
Proceeds from long-term debts	6(30)	-	1,278,376
Payments of long-term debts	6(30)	-	(1,965,496)
Proceeds from issuing bonds	6(30)	-	3,090,000
Proceeds from transfer of treasury shares	6(17)	-	85,481
Exercise of employee share options	6(17)	18,304	78,848
Proceeds from issuance of employee restricted stock	6(15)	204,240	155,760
Increase in guarantee deposits received	6(30)	518,606	998,089
Decrease in guarantee deposits received	6(30)	(712,945)	-
Payments of principal portion of lease liabilities	6(30)	(46,614)	(39,487)
Repayments of bonds	6(30)	(2,300,000)	-
Cash dividends paid	6(19)	(1,472,126)	(1,158,191)
Net cash flows (used in) from financing activities		(2,944,224)	1,053,285
Net (decrease) increase in cash and cash equivalents		(471,585)	2,683,737
Cash and cash equivalents at beginning of year		6,151,094	3,467,357
Cash and cash equivalents at end of year		\$ 5,679,509	\$ 6,151,094

2024 Earning Distribution Table

Unit: NT\$

Items	Amount	
	Subtotal	Total
Unappropriated retained earnings at beginning of the year		2,660,524,365
Other comprehensive income—actuarial gains and losses on defined benefit plans	13,368,271	
Net income attributable to owners of the parent for the year	2,271,006,222	
Net income attributable to owners of the parent plus other items included in unappropriated retained earnings for the year		2,284,374,493
Appropriation of 10% legal reserve		(228,437,449)
Reversal of special reserve in accordance with regulations		333,735,748
Distributable earnings		5,050,197,157
Appropriation items:		
Dividends to shareholders		
Cash dividends (NT\$4.6 per share)	(1,373,327,894)	
Unappropriated retained earnings at end of the year		3,676,869,263

Note: The amount distributed for this earnings distribution prioritizes the profits from the fiscal year 2024.

Chairman: James Wang

President: Ben Lin

Accounting Officer: Max Cheng

**Before and After Amendment Comparison Table
of the “Articles of Incorporation”**

Article	Before Amendment	After Amendment	Explanation
Article 29	If the Company reports a profit for a given fiscal year, 12% to 18% of such profit shall be appropriated as employees' remuneration. The recipients may include employees of the controlling or subsidiary companies who meet certain criteria, with such criteria and distribution method to be determined by the Board of Directors. The total remuneration to Directors shall not exceed 2.5% of the profit for the period. However, if the Company has accumulated losses, a sufficient amount shall first be reserved to offset such losses. Independent Directors shall not participate in the aforementioned distribution of remuneration to Directors. <i>(Remainder omitted)</i>	If the Company reports a profit for a given fiscal year, 12% to 18% of such profit shall be appropriated as employees' remuneration, <u>including 1% to 3% of the net earnings specifically allocated to non-executive employees.</u> The recipients may include employees of the controlling or subsidiary companies who meet certain criteria, with such criteria and distribution method to be determined by the Board of Directors. The total remuneration to Directors shall not exceed 2.5% of the profit for the period. However, if the Company has accumulated losses, a sufficient amount shall first be reserved to offset such losses. Independent Directors shall not participate in the aforementioned distribution of remuneration to Directors. <i>(Remainder omitted)</i>	To allocate a certain percentage of profits as remuneration to non-executive employees in accordance with legal requirements.
Article 35	<i>(Preceding content omitted)</i> The 28th Amendment was approved by the shareholders' meeting on June 13, 2023.	<i>(Preceding content omitted)</i> The 28th Amendment was approved by the shareholders' meeting on June 13, 2023. <u>The 29th Amendment was approved by the shareholders' meeting on May 29, 2025.</u>	To add the amendment date

Method and Terms of the 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 Corporate 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 corporate bonds, and to sign related contracts and documents.

Employee Restricted Stock Awards Issuance Rules for the Year 2025

- Article 1. Purpose of Issuance
Sercomm Corporation (hereinafter referred to as the "Company") has formulated these "Employee Restricted Stock Awards Issuance Rules for the Year 2025" (hereinafter referred to as the "Rules") in accordance with Article 267 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" (hereinafter referred to as the "Regulations") promulgated by the Financial Supervisory Commission (FSC). The purpose of issuance is to attract and retain necessary talents, motivate employees, enhance cohesion, align the interests of employees with those of shareholders, and jointly create value for the Company and its shareholders.
- Article 2. Reporting and Issuance Period
The issuance shall be reported once or in multiple tranches within one year from the date of the shareholders' meeting resolution. Upon receiving approval from the FSC, the Company may issue the shares once or in multiple tranches within two years based on actual needs. The specific issuance date and related operational matters shall be determined by the Chairman of the Board as authorized by the Board of Directors.
- Article 3. Qualification Criteria for Employees and Allocation
1. The issuance is limited to full-time employees of the Company and its domestic or foreign subsidiaries where the Company directly or indirectly holds more than 99% of the voting rights, and who are employed before the grant date.
 2. The actual allocation of Employee Restricted Stock Awards (RSAs) shall be determined based on factors such as seniority, job level, work performance, overall contribution, special achievements, and other managerial considerations, while taking into account the Company's operational needs and business development strategy. The allocation standards shall be formulated and approved by the Chairman of the Board. If the recipient is a managerial officer, the allocation must first be reviewed by the Compensation Committee. If the recipient is a non-managerial officer, the allocation must first be reviewed by the Audit Committee before being submitted to the Board of Directors for approval.
 3. Pursuant to Article 60-9 of the Regulations, the total number of shares issued under employee stock options plus the number of restricted stock awards granted to a single employee shall not exceed 0.3% of the Company's total outstanding shares. The total number of stock options and RSAs granted to a single employee shall not exceed 1% of the Company's total outstanding shares, unless approved by the competent authority.
- Article 4. Total Issuance Amount and Share Type
The total issuance amount under these Rules is NT\$50,000,000, with a par value of NT\$10 per share, totaling 5,000,000 common shares. The issue price per share is NT\$80.
- Article 5. Vesting Conditions
1. Employees who are granted RSAs must remain employed as of the vesting date(s) following the record date of the capital increase. Additionally, they must meet the following conditions: The Company's EPS, as audited or reviewed in the most recent four quarters' consolidated financial statements, must meet the ranking criteria among peer companies in the networking industry; the employee's most recent annual performance evaluation must be P2 or above; and the employee must adhere to the Company's Code of Conduct, without violating the labor contract, work rules, non-compete agreement, confidentiality agreement, Employee Code of Ethics, or any other agreements with the Company.
 2. The peer companies in the networking industry include a total of 15 companies: MTI, D-Link, Accton, Hitron, Zinwell, Cybertan, Alpha, Senao Networks, Arcadyan, Azurewave, Zyxel Group, Gemtek, Prime, WNC, and Sercomm. The ranking criteria among these peers are as follows:
If ranked in the top 1/3 (inclusive), 100% of the shares vest.
If ranked below the top 1/3 but within the top 2/3 (inclusive), 50% of the shares vest.
If ranked below the top 2/3, 0% of the shares vest.
 3. Vesting Date: October 6 of the issuance year – 100% vesting. If the vesting date falls on a holiday, it will be deferred to the next business day.
- Article 6. Restrictions Before Vesting
1. Before the vesting conditions are met, employees may not sell, pledge, transfer, gift, create an

encumbrance, or otherwise dispose of RSAs.

2. Before vesting, employees shall have the same rights as common shareholders regarding attendance, proposal rights, speech rights, voting rights, and election rights at shareholders' meetings, subject to the trust custody agreement.
3. Employees are entitled to receive all dividends, bonuses, capital reserve distributions, and subscription rights in cash capital increases during the vesting period.
4. In the event of a capital reduction (other than a statutory reduction), the RSAs shall be canceled proportionally. If the capital reduction is in cash, the refunded cash shall be held in trust and shall be distributed to the employees only after the vesting conditions are met. If the vesting conditions are not met by the deadline, the Company shall reclaim the refunded cash.

Article 7. Measures for Failure to Meet Vesting Conditions

If an employee fails to meet the vesting conditions due to resignation, dismissal, or violation of Company policies, the Company shall buy back unvested shares at the original issue price and cancel them.

Article 8. Special Circumstances

1. Voluntary resignation, dismissal, or termination: Unvested shares shall be bought back by the Company at the original issue price and canceled.
2. Leave without pay: The employee's rights and obligations remain unaffected, but if they are still on unpaid leave on the vesting date, their unvested shares shall be bought back at the original issue price and canceled.
3. Retirement: If an employee retires before meeting the vesting conditions, the Company shall buy back unvested shares at the original issue price and cancel them.
4. Occupational disability or death: If an employee is unable to continue employment due to an occupational injury leading to disability or death, all unvested shares shall immediately vest. In the event of death, the legal heirs may apply to receive the shares.
5. General death: If an employee passes away before meeting the vesting conditions, the Company shall buy back unvested shares at the original issue price and cancel them.

Article 9. Trust Custody

1. After issuance, all RSAs must be placed in trust, and employees may not request a refund under any circumstances before vesting conditions are met.
2. The Company or a designated representative shall act as the agent for employees in all trust-related matters.

Article 10. Confidentiality Agreement

Employees receiving RSAs must comply with the Company's confidentiality policy and may not disclose or inquire about allocation details. Any violation deemed serious by the Company may result in buyback and cancellation of unvested shares at the original issue price.

Article 11. Taxation

The taxation of RSAs and any related obligations shall be handled in accordance with the tax laws of the employee's respective jurisdiction.

Article 12. Other Important Provisions

1. These Rules shall be effective upon approval by at least two-thirds of the Board of Directors and subsequent approval by the competent authority. If any amendments are required during the regulatory review process, the Chairman is authorized to revise these Rules, subject to Board ratification before issuance.
2. Any matters not covered in these Rules shall be handled in accordance with applicable laws and regulations, with full authorization granted to the Board of Directors or its designated representative.

Details on the Waiver of Non-Compete Restrictions for Newly Elected Directors and Their Representatives

Title	Name	Current Position (Note)
Director	Chao Yue Investment Co., Ltd. Representative: Mr. James Wang	<ul style="list-style-type: none"> - Independent Director, Formosa International Hotels Corporation (*) - Chairman, Chao Yue Investment Co., Ltd. - Chairman, Yun Zhou Investment Co., Ltd. - Chairman, Yun Li Co., Ltd. - Director, Sercomm Philippine Inc.
Director	Pacific Venture Partners Co. Ltd. Representative: Mr. Paul Wang	<ul style="list-style-type: none"> - Director, Prosperity Dielectrics Co., Ltd. (*) - Director, Taiwan Cement Co., Ltd. (*)
Director	Zhuo Jian Investment Co., Ltd. Representative: Mr. Ben Lin	<ul style="list-style-type: none"> - Chairman, Zhuo Jian Investment Co., Ltd. - Supervisor, Yun Zhou Investment Co., Ltd.
Director	Yun Zhou Investment Co., Ltd. Representative: Ms. Nicola Palmer	<ul style="list-style-type: none"> - Director, nVent Electric plc (*) - Director, NextNav, Inc. (*) - Director, Zayo Group Holdings, Inc. - Director, Astound Broadband, LLC - Director, Boldyn Networks
Independent Director	Ms. Rose Tsou	<ul style="list-style-type: none"> - Independent Director, Delta Electronics, Inc. (*) - Independent Director, Giant Manufacturing Co., Ltd. (*) - Chairman, FN Capital Co., Ltd. - Director, Easycard Corporation - Director, Hong Kong Television Entertainment Company Limited - Supervisor, Taiwan Women on Boards Association
Independent Director	Mr. Paul Yang	<ul style="list-style-type: none"> - Chairman, KGI Bank Co., Ltd. - Director, President and CEO, KGI Financial Holding Co., Ltd. (*) - Director, KGI Life Insurance Co., Ltd. - Vice Chairman, CDIB Capital International (Hong Kong) Corporation Limited - Vice Chairman, CDIB Capital International Corporation - Director, KGI Hong Kong Limited - Director, Asian Equity Limited - Director, DHC One Dalton (HK) Limited - Director, Carlton Holdings (Cayman) Limited - Director, Henwell Limited - Director, Henning Limited - Director, Harvard Club of Republic of China Scholarship Foundation
Independent Director	Mr. Hilo Chen	<ul style="list-style-type: none"> - Independent Director, TTFB Company Limited (*) - Independent Director, Cenra Inc. (*) - Chairman, OneAD Inc. - Chairman, Guo Guo Capital CO., Ltd. - Chairman, ViaPoint Inc. - Chairman, Maxi Inc. - Director, 12cm Taiwan Co., Ltd.
Independent Director	Mr. Feng Zhu	<ul style="list-style-type: none"> - Professor, Business Administration, Harvard University - President, FZConsulting Inc.

Notes: (*) Indicates that the company is a publicly listed entity, either domestically or internationally.