

# Sercomm Corporation

## Articles of Incorporation

### Chapter 1 General Provisions

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

### Chapter 2 Capital Stock

- Article 5. The total capital of the Company is 5,000,000,000 New Taiwan Dollars, divided into 500,000,000 common shares, at ten New Taiwan Dollars each. The Board of Directors is authorized to issue the unissued shares in installments and at a premium.
- Board of Directors is authorized to buy back shares of the Company if permitted by laws and regulations
- The Company may reserve and issue employee stock options in the amount of 368,000,000 New Taiwan Dollars from the total capital mentioned in the Paragraph 1, divided into 36,800,000 shares, at ten New Taiwan Dollars each. The Board of Directors is authorized to issue these options in installments.
- Article 6. The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Act.
- Article 7. The Company may issue shares without printing share certificates. If the Company decides to print name-bearing share certificates for shares issued, the share certificates shall be affixed with numbers together with signatures

and seals by at least three Board Members and subsequently be certified by the competent authority or its approved issuance registration entity before the shares are issued.

Article 8. In the event of transfer of shares, the transferor and transferee shall both fill in the application form affixed with their names and seals and subsequently make application for transfer to the Company. Before the completion of the transfer procedures, the ownership remains with the transferor.

Article 9. Loss of or damage to share certificates shall be governed by the Company Act and the “Guidelines for Stock Operations for Public Companies”.

Article 10. Transfer of shares and change to shareholders roster shall be suspended within 60 days immediately before the date of a regular meeting of shareholders, and within 30 days immediately before the date of a special meeting of shareholders, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

### **Chapter 3 Shareholders' Meeting**

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

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

Article 12. The shareholders' meeting shall be presided over by the Chairman of the Board of Directors of the Company. In the event that the Chairman is absent or cannot exercise his/her duties and power for any reason, a Director shall be designated by the Chairman to act on his/her behalf. If no Director is designated by the Chairman, the Directors shall elect from among themselves an acting Chairman.

Article 13. The notices of meeting date, place and purposes for convening regular meetings of shareholders shall be sent to all shareholders at least 30 days in advance, and at least 15 days in advance in the case of special meetings.

Article 14. In the event that a shareholder is unable to attend a meeting of shareholders, the shareholder may appoint a proxy to attend the meeting by submitting the proxy form issued by the Company which clearly specifies the scope of proxy.

Article 15. A shareholder shall have one voting power in respect of each share in his/her/its possession. Notwithstanding, the aforementioned voting power may not apply if the share is restricted share or the share has no voting power as per paragraph two of Article 179 of the Company Act.

Article 16. Except as otherwise stipulated in the Company Act, a resolution shall be adopted by the majority of shareholders present in the meeting who represent half or more of the total number of the Company's outstanding shares.

Article 17. The Company is permitted to issue employee stock option certificates at a price lower than the closing price of the Company's share on the issue date and transfer shares to employees at a price lower than the average share buyback price with the consent of two-thirds or more of shareholders present in the meeting who represent half or more of the total number of the Company's outstanding shares.

Article 17-1 The shares bought back by the Company may be transferred to employees of the controlling Company or its subsidiary who meet certain criteria. The criteria and distribution of the said shares shall be determined by the Board of Directors.

The employee stock option certificates may be issued to employees of the controlling Company or its subsidiary who meet certain criteria. The criteria and distribution of the said certificates shall be determined by the Board of Directors.

The new shares may be subscribed by employees of the controlling Company or its subsidiary who meet certain criteria. The criteria and distribution of the said new shares shall be determined by the Board of Directors.

The restricted stock awards may be issued to employees of the controlling Company or its subsidiary who meet certain criteria. The criteria and distribution of the said awards shall be determined by the Board of Directors.

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

Article 18. The Company shall have seven to nine Board Members with the term of office of three years. Board Members are elected and appointed from candidates by the shareholders' meeting in accordance with the candidate nomination system specified in Article 192-1 of the Company Law.

Pursuant to Article 14-2 of the Securities and Exchange Act, the Company's Board of Directors shall include at least two Independent Directors.

Article 18-1 The Company may establish an Audit Committee in accordance with Articles 14-4 of the Securities and Exchange Act, which shall consist of all Independent Directors, one of whom shall be the convener and at least one of whom shall have accounting or financial expertise.

Article 19. The Board of Directors shall be composed of Directors with the following duties and power:

1. Prepare the business plan;
2. Propose distribution of earnings or covering of losses;
3. Propose increase or decrease of Company capital;
4. Formulate important articles and Company organizational structures;
5. Commission and decommission of the Company's President/Chief Executive Officer, Vice Presidents and Directors;
6. Setup and dissolution of branch offices;
7. Propose annual budget plan;
8. Schedule foreign investments;
9. Undertake external endorsements and guarantees;
10. Other duties and power pursuant to the Company Act or resolution adopted by the Shareholders' meeting.

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

## **Chapter 5   Manager**

- Article 24.      The Company may appoint one President/Chief Executive Officer, several

Vice Presidents and Directors. Commission and decommission of President/Chief Executive Officer shall be decided by a general resolution adopted by the Board of Directors. Commission and decommission of Vice President and Director shall be proposed by President/Chief Executive Officer and subsequently decided by a general resolution adopted by the Board of Directors.

Article 25. President/Chief Executive Officer shall supervise the operation of the Company in accordance with resolutions of the Board of Directors.

## **Chapter 6 Financial Reports**

Article 26. The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the Company shall comply with annual closing procedures.

Article 27. After the close of each fiscal year, the following reports shall be prepared by the Board of Directors in accordance with Article 228 of Company Act and submitted to the regular shareholders' meeting for acceptance:

1. Business report;
2. Financial statements;
3. Proposal Concerning the Distribution of Earnings or Covering of Losses.

Article 28. The distribution of dividends and bonuses shall be made in proportion to the number of shares held by each shareholder. The Company shall not pay dividends or bonuses if there is no earnings.

Article 29. If the Company reports net earnings in a fiscal year, 12%-18% of the earnings of the period shall be set aside as employees' compensation. The said earnings may be distributed to employees of the controlling Company or its subsidiary who meet certain criteria. The criteria and distribution of the said earnings shall be determined by the Board of Directors. The compensation to the Directors of the Board may not exceed 2.5% of the earnings of the period. In the event that the Company has accumulated losses, it shall reserve a sufficient amount to offset its accumulated losses. Independent Directors may not participate in the aforementioned distribution of earnings as compensation to the Directors of the Board.

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

Where the Company incurs no loss, it may distribute the portion of legal capital reserve which exceeds 25% of the Company's paid-in capital and the

capital reserve prescribed in the Company Act, in whole or in part, in proportion to the number of shares originally held by each shareholder by cash. Such distribution shall be resolved by the Board of Directors, which shall then report to the shareholder's meeting. The Company's dividend payout shall be determined by its net earnings in the fiscal year and, in principle, be paid on consistent basis. In order to maintain the Company's steady growth, the amount of dividend payout shall reflect factors, such as current and future investment environment, fund requirements, domestic and international competition, capital budgets, benefits of shareholders, equalization of dividends and the long-term financial planning etc. The dividends may be distributed by way of stock dividend or cash dividend. Notwithstanding, the ratio for cash dividend shall not be lower than 10% of the total distribution.

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

## **Chapter 7 Supplementary Provisions**

- Article 31. The Company shall act as a guarantor as required in its operation.
- Article 32. If the Company elects to delist its shares from the exchange, it shall be decided in a resolution adopted by the shareholders' meeting.
- Article 33. The Chart of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.
- Article 34. Any matter which is not provided for in these Articles of Incorporation shall be governed by the Company Act of the Republic of China and other relevant laws and regulations.
- Article 35. These Articles of Incorporation are agreed to and signed on June 22, 1992 by all the promoters of the Company.  
The 1<sup>st</sup> Amendment was approved by the shareholders' meeting on November 3, 1992.  
The 2<sup>nd</sup> Amendment was approved by the shareholders' meeting on October 20, 1993.  
The 3<sup>rd</sup> Amendment was approved by the shareholders' meeting on February 27, 1995.  
The 4<sup>th</sup> Amendment was approved by the shareholders' meeting on July 29, 1995.  
The 5<sup>th</sup> Amendment was approved by the shareholders' meeting on June 1, 1996.  
The 6<sup>th</sup> Amendment was approved by the shareholders' meeting on May 3, 1997.  
The 7<sup>th</sup> Amendment was approved by the shareholders' meeting on March 27, 1998.  
The 8<sup>th</sup> Amendment was approved by the shareholders' meeting on May 30, 2000.  
The 9<sup>th</sup> Amendment was approved by the shareholders' meeting on May 28, 2001.  
The 10<sup>th</sup> Amendment was approved by the shareholders' meeting on December 13, 2001.  
The 11<sup>th</sup> Amendment was approved by the shareholders' meeting on May 28, 2002.  
The 12<sup>th</sup> Amendment was approved by the shareholders' meeting on April 22, 2003.  
The 13<sup>th</sup> Amendment was approved by the shareholders' meeting on June 11, 2004.  
The 14<sup>th</sup> Amendment was approved by the shareholders' meeting on June 14, 2005.  
The 15<sup>th</sup> Amendment was approved by the shareholders' meeting on June 21, 2006.  
The 16<sup>th</sup> Amendment was approved by the shareholders' meeting on June 15, 2007.  
The 17<sup>th</sup> Amendment was approved by the shareholders' meeting on June 13, 2008.  
The 18<sup>th</sup> Amendment was approved by the shareholders' meeting on June 16, 2009.

The 19<sup>th</sup> Amendment was approved by the shareholders' meeting on June 23, 2010.  
The 20<sup>th</sup> Amendment was approved by the shareholders' meeting on June 27, 2012.  
The 21<sup>st</sup> Amendment was approved by the shareholders' meeting on June 20, 2013.  
The 22<sup>nd</sup> Amendment was approved by the shareholders' meeting on June 17, 2014.  
The 23<sup>rd</sup> Amendment was approved by the shareholders' meeting on May 28, 2015.  
The 24<sup>th</sup> Amendment was approved by the shareholders' meeting on June 15, 2016.  
The 25<sup>th</sup> Amendment was approved by the shareholders' meeting on June 22, 2017.  
The 26<sup>th</sup> Amendment was approved by the shareholders' meeting on June 12, 2019.  
The 27<sup>th</sup> Amendment was approved by the shareholders' meeting on July 1, 2021.  
The 28<sup>th</sup> Amendment was approved by the shareholders' meeting on June 13, 2023.