



Stock Code : 3088

AXIOMTEK CO., LTD.

Handbook for the 2020 Annual Meeting of Shareholders (Translation)

Meeting Time : May 28th, 2020

Meeting Venue : 8F., No.55, Nanxing Road, Xizhi District,

New Taipei City 221026, Taiwan

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AXIOMTEK CO., LTD.
2020 Annual Meeting of Shareholders

PART ONE – MEETING AGENDA

Meeting time: 9:00 a.m., May 28th (Thursday), 2020

Meeting venue: 8F., No.55, Nanxing Rd., Xizhi Dist., New Taipei City 221, Taiwan

1. Call Meeting to Order (and declaration of the number of shares of shareholders in attendance)
2. Chairman’s Address
3. Reports Items
 - (1) 2019 Business Report.
 - (2) 2019 Consent Report of Audit Committee
 - (3) 2019 Report of Remuneration Distribution to Employees and Directors
 - (4) 2019 Profit Distribution of cash dividend Report
 - (5) Revision of partial Articles in the “Ethical Corporate Management Best Practice Principles”
 - (6) Revision of partial Articles in the “Operating Procedures and Conduct Principles for Ethical Corporate Management”
 - (7) The Status of the First Domestic Unsecured Convertible Corporate Bonds Conversion
4. Proposals and Acknowledgement
 - (1) 2019 Business Report and Financial Statements
 - (2) 2019 Profit Distribution
5. Proposals and Discussion
 - (1) Revision of partial Articles in the “Rules of Procedures for Shareholders’ Meeting”
 - (2) Revision of partial Articles in the “Methods for Election of Directors”
 - (3) Release of the Prohibition on Directors from Participation in Competitive Business
6. Extemporary Motions
7. Adjournment

I. Reports Items

(I) 2019 Business Report

- Explanation:

The 2019 Business Report is attached as P.9 ~ P.13, ATTACHMENT I.

(II) 2019 Consent Report of Audit Committee

- Explanation:

The 2019 Consent Report of Audit Committee is attached as P.14, ATTACHMENT II.

(III) 2019 Report of Remuneration Distribution to Employees and Directors

- Explanation:

1. Pursuant to Article 27 of the Articles of Incorporation of the Company: This Corporation shall set aside 1%-20% as employees' remuneration and the percentage lower than 2% as directors' remuneration if the Corporation has profit (means the pre-tax income before deduction of the employees' and directors' remuneration) in the current year.
2. The Board of Directors of the Company had approved to allocate TWD 56,323,000 as the remuneration to employees and TWD 5,302,000 as the remuneration to the Directors for the year 2019, where all remuneration shall be paid in cash. (hereinafter all monetary unit will be TWD)
3. The above-mentioned remuneration to employees and to Directors had been expensed for the year 2019, the amount of the expenditures is consistent with that of the remuneration allocation agreed by the Board of Directors.

(IV) 2019 Report of Profit Distribution of Cash Dividend

- Explanation:

1. According to the 27-1 of the Article of Incorporation of the Company, 2019 Profit Distribution of cash dividend totaling in TWD 327,567,352, or TWD 4 per share. The Company shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors and such distribution shall be submitted to the Shareholders' Meeting. The Chairman of the Board of Directors is authorized to determine the record date and relevant matters for the distribution of the cash dividend.
2. If there is any change in the number of common shares of the Company which consequently leads to a change in the dividend distribution ratio, the Chairman of the

Board of Directors is authorized to adjust the dividend distribution ratio based on the actual shares outstanding on the record date for distribution.

3. Regarding the cash dividend distribution this time, the cash dividend is to be calculated to the integral number with all decimals truncated. And all the truncated decimals from all distorted figures are accumulated to a summation amount which will then be adjusted among shareholders - in the order of decimal of each cash dividend amount from big to small as well as in the order of account number from the top to the bottom - until the total amount of cash dividend actually paid out can match that in the book.

(V) Revision of partial Articles in the “Ethical Corporate Management Best Practice Principles”.

- Explanation:

In order to comply with the articles’ modifications of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies by Public Companies, the Company hereby proposes to amend the Ethical Corporate Management Best Practice Principles. Please refer to ATTACHMENT III for Comparison Table for Articles in the “Ethical Corporate Management Best Practice Principles” (before and after Revision).

(P.15 ~ P.19)

(VI) Revision of partial Articles in the “Operating Procedures and Conduct Principles for Ethical Corporate Management”.

- Explanation:

In order to comply with the articles’ modifications of Ethical Corporate Management Best Practice Principles by the Company, the Company hereby proposes to amend the Operating Procedures and Conduct Principles for Ethical Corporate Management. Please refer to ATTACHMENT IV for Comparison Table for Articles in the “Operating Procedures and Conduct Principles for Ethical Corporate Management” (before and after Revision). (P.20 ~ P.25)

(VII) The Status of the First Domestic Unsecured Convertible Corporate Bonds Conversion.

- Explanation:

1. In order to enrich the working capital, the Company had filed the first domestic unsecured convertible corporate bonds (hereinafter referred to as “the Convertible Corporate Bonds”) with an effective registration from the Financial Supervisory Commission (FSC) (Jin-Guan-Zheng-Fa-zi-No. 1050022240) dated June 16th, 2016;

further, this matter was granted for an extended offering period by Financial Supervisory Commission (Jin-Guan-Zheng-Fa-zi-No. 1050036756) dated September 2nd, 2016.

2. Particulars about the issuance and conversion of the convertible corporate bonds are as follows:
 - (1) The aggregate amount of issuance: The face value of each convertible corporate bond was set to be TWD 100,000 even sold at the full price where totally 4,200 convertible corporate bonds were issued this time totaling in TWD 420 million even.
 - (2) Coupon rate/ yield to maturity: Annual coupon rate was set to be 0%.
 - (3) Issuance period: The maturity period was set to be five years from December 13th, 2016 (the issuance date) to December 13th 2021(the maturity date).
 - (4) Conversion status: As of March 30th, 2020, totally 1,069 of the Convertible Corporate Bonds had been converted to 2,197,087 ordinary shares of the Company by the bondholders.

II. Proposals and Acknowledgement

(I) Proposal One (proposed by the Board of Directors)

- Subject:

Regarding 2019 Business Report and Financial Statements, please kindly acknowledge it.

- Explanation:

1. 2019 Business Report and Financial Statements (including Parent Company Only and Consolidated Financial Statements) of the Company had been passed by the Audit Committee and the Board of Directors where the Financial Statements had been audited by CPA Feng, Ming-Juan and Hsu, Shien-Chung of PricewaterhouseCoopers Taiwan. The Audit committee had also issued a written Consent Report incorporating 2019 Business Report, Financial Statements along with 2019 Profit Distribution.
2. For details, please refer to ATTACHMENT I for 2019 Business Report (P.9 ~ P.13). ATTACHMENT V for 2019 Independent Auditors' Report and Parent Company Only Financial Statements (P.26 ~ P.36), and ATTACHMENT VI for 2019 Independent Auditors' Report and Consolidated Financial Statements (P.37 ~ P.47).
3. Please kindly acknowledge this proposal.

- Resolutions:

(II) Proposal Two (proposed by the Board of Directors)

- Subject:

Regarding 2019 Profit Distribution, please kindly acknowledge it.

- Explanation:

1. The 2019 Profit Distribution table is attached as P.48, ATTACHMENT VII.
2. For 2019, the beginning retained earnings of the Company is TWD 551,517,817, deducting remeasurement of defined benefit plans recognized in retained earnings of TWD 3,482,696, and unappropriated retained earnings after adjustment is TWD 548,035,121, plus 2019 net income of TWD 460,454,724, and set aside legal reserve of TWD 45,697,203, and accrue special reserve of TWD 22,402,429, the total unappropriated retained earnings is TWD 940,390,213, 2019 Profit Distribution of cash dividend totaling in TWD 327,567,352. The Company shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors.

【TWD 940,390,213 =

TWD 551,517,817 - 3,482,696 + 460,454,724 - (460,454,724 - 3,482,696) x 10% - 22,402,429】

3. The net income for the most recent year shall be distributed with higher priority.
4. Please kindly acknowledge this proposal.

- Resolutions:

III. Proposals and Discussion

(I) Proposal Three (proposed by the Board of Directors)

- Subject:

Revision of partial Articles in the “Rules of Procedures for Shareholders’ Meeting” .

- Explanation:

1. In order to comply with the articles’ modifications of “Sample Template for Rules of Procedure for Shareholders Meetings by Public Companies”, the Company hereby proposes to amend the Rules of Procedure for Shareholders’ Meeting. Please refer to ATTACHMENT VIII for Comparison Table for Articles in the “Rules of Procedures for Shareholders’ Meeting” (before and after Revision).(P.49 ~ P.56)
2. Please kindly discuss this proposal.

- Resolutions:

(II) Proposal Four (proposed by the Board of Directors)

- Subject:

Revision of partial Articles in the “Methods for Election of Directors” .

- Explanation:

1. In order to comply with the Article 192-1 of the Company Law of the Republic of China, the Company hereby proposes to amend the “Methods for Election of Directors”. Please refer to ATTACHMENT IX for Comparison Table for Articles in the “Methods for Election of Directors” (before and after Revision).(P.57 ~ P.58)
2. Please kindly discuss this proposal.

- Resolutions:

(III) Proposal Five (proposed by the Board of Directors)

- Subject:

Regarding the Release of the Prohibition on Directors from Participation in Competitive Business.

- Explanation:

1. In order to comply with Article 209 of the Company Act: “A Director shall address the important contents of his conducts - acting on behalf of himself or on others within the scope of the business of the Company - to the Shareholders’ Meeting while obtaining the permission from the shareholders”.
2. In order to take advantage of the specialty and relevant experience of the Directors of

the Company(including the Independent Directors), hereby it is proposed – according to the provision mentioned above - to add a new clause which is to release the prohibition on directors from participation in competitive business, hereby propose for getting approval of Shareholders’ Meeting.

3. The following directors serve as additional positions in other companies are as below:

Title	Name	Positions and Company’s Name
Chairman	YANG, YU-TE	Chairman, Axiomtek Deutschland GmbH Chairman, Axiom Technology (BVI) Co., Ltd. Chairman, Axiomtek UK Limited Chairman, Axiomtek Japan Co., Ltd. Director, Axiom Technology, Inc. U.S.A. Director, Uni-innovate Technology Co., Ltd. Chief Strategy Officer, Axiomtek Co., Ltd. (New)
Director	Advantech Co., Ltd. Representative LIU, WEI-TING	Investment Representative, Corporate Investment Division, Advantech Co., Ltd. Director, DeNeng Scientific Research Co., Ltd. Director, Cermate Technologies Inc. Chairman, ChuanTing Investment Co., Ltd. Director, K&M Investment Co., Ltd. Director, CZ Investment Co., Ltd. Director, Huan Yan, Jih-Lian Co., Ltd. Director, DotZero Co., Ltd. (New) Supervisor, Tran-Fei Development Co., Ltd. Supervisor, iLink ICT Co., Ltd. Chairman, ACI IOT Investment Fund-I Corporation. (New)
Director	TSAI, SHIH-YANG	Chairman of the following companies: Smart Management Consulting Co., Ltd., Fudi Investment Co., Ltd., Junzhuang Comprehensive Development Co., Ltd. Director of the following companies: Advantech Equipment Corp. JAYA Networks Corp., Legendaire Technology Co., Ltd. Non-profit organization Adviser, Global Talentpreneur Innovation & Collaboration Association. Supervisor, Winmate Inc. (New)
Director	HUANG, JUI-NAN	Independent Director, Avermedia Technologies Inc. Director, Zotech Co., Ltd. General Manager, Axiomtek Co., Ltd. (New)
Independent Director	SHON, ZHENG-YI	Dean of College of Management & Professor of Department of International Business Management, Tainan University of Technology Chairman, Land Mark Asset Management Co. Ltd. Chairman, InComm Co. Ltd. Chairman, InfoComm Integrated Development and Management Consultant Corporation Director, Ecobio Co. Ltd. Director, Taoyuan International Airport Corporation Ltd.(New) Chairman, Smart Fintech Co. Ltd. (New)

4. Please kindly discuss this proposal.

- Resolutions:

IV. Extemporary Motions

PART TWO – ATTACHMENTS

(ATTACHMENT I)

AXIOMTEK CO., LTD.

2019 Business Report

Dear Shareholders:

In 2019, the annual operating revenue of Axiomtek Co., Ltd. (hereinafter referred to as "the Company") had reached TWD 3.407 billion - a 6.12% decrease in comparison with TWD 3.63 billion in 2018.

The advancements of AI (Artificial Intelligence) and IoT (Intelligent of Things) continue to transform the entire industrial ecosystem, as manufacturing sectors are taking digitalization to the next level by developing innovative technologies for a diversity of new applications. The integration of computers with visual applications has now been extended into industry verticals. Combined with deep learning technology, computer vision enables practical use of video analytics solutions, allowing decision makers to perform tracking and analytical tasks based on intelligent data to improve efficiency and value chains. Driven by the rise of 5G communications, technologies such as AI, IoT, computer vision, deep learning, as well as the combination of AI and IoT (Artificial Intelligence of Things, AIoT), are expected to trigger a new wave of growth momentum with numerous opportunities. With the possession of key elements for future development, the Company continues to invest in industrial automation, smart transportation, smart retail, medical solutions, among other verticals, meanwhile expanding AIoT application platforms and collaborating with technology partners to build an ecosystem where both hardware and software techniques can be seamlessly integrated, laying the groundwork for a sustainable value chain.

The Company operating performance in 2019 and business plan for 2020 are illustrated as follows:

I. Operating Performance in 2019:

(I) Outcome of business plan implementation:

In 2019, out of the Company's operating revenue of TWD 3.407 billion, we generated a total net income of TWD 460 million, a total comprehensive income of TWD 435 million and after-tax earnings per share of TWD 5.76.

(II) Budget implementation:

Since the Company did not disclose the financial budget for 2019, we are not obliged to report on budgetary implementation.

(III) Financial income, expenditures and profitability:

Item		2019	2018
Financial Structure (%)	Debt to assets ratio	31.85	39.58
	Long-term capital to property, plant and equipment ratio	294.26	232.89
Solvency (%)	Current ratio	238.79	135.10
	Quick ratio	175.42	98.06
	Interest earned ratio (times)	7545.19	7,901.62
Profitability	Return on assets (%)	12.08	11.09
	Return on equity (%)	18.57	17.19
	Income before tax to paid-in capital (%)	64.99	70.81
	Profit ratio (%)	13.51	11.21
	Earnings per share (TWD)	5.76	5.12

(IV) Research and development status:

We have developed 5 mid to long-term plans to execute on our strategy to develop artificial intelligence and IoT solutions:

1. Optimize automation applications by providing edge computing platforms with machine vision capabilities, incorporating core technologies across visuals, audio, robotics, and automated guided vehicles (AGV) to provide a comprehensive suite of AIoT industrial automation solutions.
2. Focus on mission-critical smart transportation applications and IP54 Layer 2 Ethernet switch products with professional certification, build AI systems for outdoor facilities, and provide smart city solutions in collaboration with technology partners.
3. Continue to cultivate the gaming industry, smart retail and smart medical applications, providing partners with exclusive, customized and flexible value-added services.
4. Continue to develop hardware application platforms and expand IT and OT network security supply chains for cybersecurity enhancement; meanwhile invest in new technology research and development as well as software and hardware integration with modular design.
5. Develop the AMS (Agent Mass Suite) software suite to provide programs for remote monitoring and data collection, used in environmental monitoring and smart healthcare.

II. Summary Business Plan for 2020:

(I) Business objective:

1. Stay focused on the integration of AI and IoT (AIoT) and the technology and products pertaining to Industrial 4.0. Continue to invest in factory automation, smart transportation, smart retail and smart energy.
2. Provide comprehensive product lines and customized service to targeted vertical application markets.
3. Establish alliances with strategic partners, integrating software and hardware to enhance product value, enabling long-term development and sustainability for the business.
4. Focus on expanding service centers overseas, foster closer relationships with customers across the global sales network and establish global sales partnerships.
5. Pay close attention to organizational development, corporate social responsibility and long-term talent development plans.

(II) Production and sales policy:

1. Introduce MES (Manufacturing Execution System) smart factory operations management and progress towards full factory automation.
2. Lay the groundwork for green product supply chain and supplier management using GPMS (Green Product Management System) and SCM (Supply Chain Management) management systems for organic certification and regular supplier assessment.
3. Through the global information management and communication systems, obtain data on materials, semi-finished products, inventories and future market demands, reducing inventory management costs and losses due to price reduction on slow-moving stock.

III. The Company's Development Strategy:

(I) Sales strategy:

1. Market our brand globally and focus on R&D, manufacturing and sales. Strengthen our software and hardware technology integration to equip our customers with more and diverse information.
2. Actively establish sales and technical bases, expand marketing channels and realize localized services.
3. Align our strategy and tactical execution with the sales strategies of our global Key Accounts and Channel Partners, expanding our sales capability and supporting our customers in market expansion.
4. Enhance the added value of software and hardware integration in our products, replicate successful cases, shorten the timeline for customers to develop products, and create a win-win model.
5. Through cloud-based salesforce programs and platforms, leverage IT technology to effectively manage customer relationships and specialized projects, and using integrated

digital marketing to enhance customer experience.

(II) Product technology:

1. Industrial and embedded computing systems & touchscreen panel computers: strive for professional certification in modular design and applications for targeted verticals. Adopt industrial aesthetic design, focus on user experience, and progress towards machine vision, AI and IoT application markets.
2. Network application hardware platforms: target IT and OT network security application markets, develop edge computing servers, remote monitoring technology IPMI and high-speed Ethernet modules, and build the infrastructure for SDN network security.
3. Gaming industry-specific computer platforms: Develop Video Mixer technology and Player Tracking System (PTS) platform for gaming machines; cultivate our vertical expertise and integration capabilities.
4. Smart retail platforms and computers for medical equipment: Adopt modular design to develop specialized computers, digital signage players and self-service kiosks, while also providing professional customization and system integration services.
5. Embedded boards and SoM computer modules: Continue to develop next-generation modular products and step up Design-in customization services to explore new opportunities in related applications.
6. AMS (Agent MaaS Suite) integrated device management solution: upgrade remote monitoring and management capabilities for IoT systems and integrate multiple cloud platforms; support Embedded Application Programming Interface (eAPI), online management tools, monitoring systems and database management services.

IV. The Impact of the External Competitive Environment, Regulatory Environment and Macroeconomic Conditions:

In the external environment, the scale of artificial intelligence and IoT applications for vertical markets will continue to expand, while globally, longer-term infrastructural plans will be formulated to meet this trend. The Company will continue to develop its capability and capacity, focus on vertical applications markets, and build its core competitiveness on differentiation and innovation by bringing together future 5G communications, AI, IoT, machine vision, deep learning, robotics applications and other development trends. Meanwhile, the emerging waves of AIoT, Internet of everything and smart data have significantly accelerated the evolution and automation of intelligent verticals. Besides launching related products to fulfill the growing needs, the Company will put more effort in enhancing software and hardware integration capabilities, in the meantime collaborating with strategic partners to drive sales growth through a diversified product portfolio with value-added services.

Looking ahead, we will continue to drive localized operations and marketing activities to raise brand awareness, laying the groundwork for sustainable operations and to attain our goal of being a

globally recognized brand. The Company's strong organizational structure and clear growth directives, coupled with a well-managed global presence and strong branding, is well-positioned to fuel the growth engine with more success stories.

Yang, Yu-Te, Chairman

Yang, Yu-Te, President

Hsu, Chin-Chuan, Principal Accounting Officer
AXIOMTEK CO., LTD.

(ATTACHMENT II)

2019 Consent Report of Audit Committee

To 2020 Annual Meeting of Shareholders of
AXIOMTEK CO., LTD.

Date: February 26th, 2020

Consented by the Audit Committee, 2019 Business Report, Financial Statements and profit distribution proposals have also been resolved by the Board of Directors of the Company where the financial statements have been completely audited and subsequently an 2019 Unqualified Opinion Independent Auditors' Report has been issued by CPA Feng, Ming-Chuan and Hsu, Shien-Chong of PricewaterhouseCoopers Taiwan which has been entrusted by the Board of Directors.

In compliance with the provisions of relevant laws and regulations, the abovementioned 2019 Business Report, Financial Statements and profit distribution proposals are being reported and presented herewith for review In order to comply with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

CHANG, JEN-CHIH
Convener of Audit Committee
AXIOMTEK CO., LTD.

AXIOMTEK CO., LTD.

Comparison Table for Articles in the “Ethical Corporate Management Best Practice Principles” (before and after Revision)

Contents after revision	Contents before revision	Explanation
<p>Article 5 (Policy) The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith <u>which passed by the Board of Directors</u> and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Article 5 (Policy) The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>In order to comply with the amendments of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>Article 7 (The Scope of Prevention programs) <u>The Company shall establish an assessment mechanism for the risk of unethical conduct and shall analyze and evaluate periodically</u> which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and <u>according to these to establish the prevention programs and review the appropriateness and effectiveness of the prevention programs periodically.</u></p> <p>The prevention programs <u>refer to domestic and foreign common standards or guidelines</u> adopted by the Company shall at least include preventive measures against the following: (Omitted below)</p>	<p>Article 7 (The Scope of Prevention programs) <u>When establishing the prevention programs,</u> the Company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and <u>strengthen the preventive measures.</u></p> <p>The prevention programs adopted by the Company shall at least include preventive measures against the following: (Omitted below)</p>	
<p>Article 8 (Promise and Apply) <u>The Company shall demand Directors and</u></p>	<p>Article 8 (Promise and Apply)</p>	

Contents after revision	Contents before revision	Explanation
<p><u>senior management to issue the statement of following the policies of ethical management, and establish the employment conditions that demand the employees to comply with the policies of ethical management.</u></p> <p>The Company and its respective business group shall clearly specify in their rules, external documents <u>and company websites</u> the ethical corporate management policies and the commitment by the Board of Directors and the <u>senior</u> management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> <p><u>In connection with the first and second sections about the policies, statement, commitment and execution of ethical management, the Company shall establish documented information with properly saving.</u></p>	<p>The Company and its respective business group shall clearly specify in their rules <u>and</u> external documents the ethical corporate management policies and the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	
<p>Article 17 (Organization and Liability)</p> <p>The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the <u>CEO office with sufficient resources and competent employees</u> and responsible for establishing and supervising the implementation of the ethical corporate</p>	<p>Article 17 (Organization and Liability)</p> <p>The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the <u>Board of Directors</u> and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit</p>	

Contents after revision	Contents before revision	Explanation
<p>management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the Board of Directors (<u>At least once a year</u>).</p> <ol style="list-style-type: none"> 1. <u>Assisting in integrating integrity and ethical values into the company's business strategy, and cooperating with the act system to establish relevant preventive measures to ensure ethical management.</u> 2. <u>Periodically analyzing and evaluating the risk of unethical conduct in the business scope, and formulating plans to prevent unethical conduct, and setting standards of procedures and behavior guidelines for work business in each program.</u> 3. <u>Planning internal organization, preparation and management, and arranging mutual supervision and balance mechanism for business activities with high risk of unethical conduct within the scope of business.</u> 4. <u>Promoting and coordinating the training of ethical management policy.</u> 5. <u>Planning the reporting system to ensure the effectiveness of the implementation.</u> 6. <u>Assisting the Board of Directors and management to examine and evaluate whether the preventive measures established by the ethical management are functioning effectively, and periodically evaluating the compliance of relevant business processes and making a report.</u> 	<p>shall be in charge of the following matters, and shall report to the Board of Directors.</p>	
<p>Article 20 (Accounting and Internal Control) The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret</p>	<p>Article 20 (Accounting and Internal Control) The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret</p>	

Contents after revision	Contents before revision	Explanation
<p>accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall <u>formulate relevant audit plans based on the evaluation results of the risk of unethical conduct, including the audit object, scope, project, frequency, etc., and examine the compliance of the prevention plan.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The examined results of the preceding paragraph shall be reported to the senior management and the ethical management unit, and an audit report shall be submitted to the Board of Directors.</u></p>	<p>accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall <u>periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the Board of Directors.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	
<p>Article 23 (Offence-reporting System)</p> <p>The Company adopts the 『The Principles of Concrete Whistle-blowing system for the Illegal, Immoral or Unethical Activity 』 and scrupulously operate it. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior <u>management</u> shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. 	<p>Article 23 (Offence-reporting System)</p> <p>The Company adopts the 『The Principles of Concrete Whistle-blowing system for the Illegal, Immoral or Unethical Activity 』 and scrupulously operate it. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior <u>manager</u> shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. 	

Contents after revision	Contents before revision	Explanation
<p><u>3. Setting follow-up measures In order to comply with the seriousness of the circumstances while the investigation of the reporting case is completed. The case shall be reported to the competent authority or transferred to the judicial organ for investigation if necessary.</u></p> <p>4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>5. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>7. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the TWSE/TPEX listed company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.</p>	<p>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the TWSE/TPEX listed company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.</p>	
<p>Article 27 (Apply) The ethical corporate management best practice principles of the Company shall be implemented after the Board of Directors grants the approval, <u>and shall be sent to the Audit Committee and reported to the Shareholders' Meeting.</u> the same procedure shall be followed when the principles have been amended. (Omitted below)</p>	<p>Article 27 (Apply) The ethical corporate management best practice principles of the Company shall be implemented after the Board of Directors grants the approval, the same procedure shall be followed when the principles have been amended. (Omitted below)</p>	
<p>Article 28 (Amendment) These Principles are agreed to and signed on April 26, 2016 by all the promoters of the Company. <u>The first Amendment was made on August 1, 2019.</u></p>	<p>Article 28 (Amendment) These Principles are agreed to and signed on April 26, 2016 by all the promoters of the Company.</p>	

AXIOMTEK CO., LTD.

Comparison Table for Articles in the “Operating Procedures and Conduct Principles for Ethical Corporate Management” (before and after Revision)

Contents after revision	Contents before revision	Explanation
<p>Article 5 Competent Unit and duties <u>The Company shall designate the CEO office as the solely responsible unit under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to the Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors (at least once a year):</u></p> <ol style="list-style-type: none"> 1. To assist the incorporation of ethical and moral values into business strategy of the Company as well as to stipulate relevant prevention measures against corruption and malfeasance to ensure ethical management of the Company In order to comply with the legal system. 2. <u>To analyze and evaluate the risk of dishonesty within the scope of its business regularly, and to stipulate programs on the prevention of unethical conduct as well as to stipulate in each program standard operating procedures and conduct principles relevant to business undertaken.</u> 3. To plan the internal organization, structure and responsibility as well as to deploy mutual supervision and balance mechanism for business activities within the business scope that may engage in a higher risk of unethical conduct. 	<p>Article 5 Competent Unit <u>For the integrity of the ethical corporate management of the Company, Human Resources Department and Finance Department shall handle the revision, implementation, interpretation, consultation service, the posting and filing of any publicizing contents, among other matters relevant to “the Ethical Corporate Management”, whereas an audit team shall be responsible for supervising the abovementioned handling and reporting periodically to the Board of Directors about their observation. All aforementioned departments/team shall mainly hold the following duties:</u></p> <ol style="list-style-type: none"> 1. To assist the incorporation of ethical and moral values into business strategy of the Company as well as to stipulate relevant prevention measures against corruption and malfeasance to ensure ethical management of the Company In order to comply with the legal system. 2. <u>To stipulate programs on the prevention of unethical conduct as well as to stipulate in each program standard operating procedures and conduct principles relevant to business undertaken.</u> 3. To plan the internal organization, structure and responsibility as well as to deploy mutual supervision and balance mechanism for business activities within the business scope that may engage in a higher risk of 	<p>In order to comply with the amendments of Procedures for Ethical Management and Guidelines for Conduct.</p>

Contents after revision	Contents before revision	Explanation
<p>4. To promote and coordinate trainings on the advocacy of ethical management policy.</p> <p>5. To plan the prosecution system to ensure the effectiveness of the implementation.</p> <p>6. To assist the Board of Directors and the management level in auditing and evaluating the effective operation of the preventive measures established for the execution of ethical management as well as to carry out regular reporting on the particulars about the compliance of relevant business processes.</p> <p>7. <u>To produce and properly maintain the documented information on the policy of ethical management and its statement of compliance, implementation of commitments and implementation.</u></p>	<p>unethical conduct.</p> <p>4. To promote and coordinate trainings on the advocacy of ethical management policy.</p> <p>5. To plan the prosecution system to ensure the effectiveness of the implementation.</p> <p>6. To assist the Board of Directors and the management level in auditing and evaluating the effective operation of the preventive measures established for the execution of ethical management as well as to carry out regular reporting on the particulars about the compliance of relevant business processes.</p>	
<p>Article 11 Avoidance of conflict of interest</p> <p>If the meeting <u>matters</u> of the Board of Directors present a conflict of interest, either to himself or to the legal person he represents, a Director, a professional manager, or a stakeholder shall, at the board meeting, explain the important contents of his interest while excusing himself from the discussion and voting of the resolution proposals on behalf of himself or other Directors if his interest may jeopardize that of the Company. Directors shall also govern themselves with self-discipline without supporting each other in a conflict of interest.</p> <p><u>The director's spouse, within second relatives, or a company that has a controlling affiliation with the director, who is interested in the matter at the preceding meeting shall be deemed to have their own interests in the matter.</u></p> <p>In the execution of the business for the Company, the personal of the Company shall report relevant matters to his direct supervisor for advice and to the Component Unit of the Company if he should find that himself or the legal person</p>	<p>Article 11 Avoidance of conflict of interest</p> <p><u>Should resolutions proposed at</u> the meeting of the Board of Directors present a conflict of interest, either to himself or to the legal person he represents, a Director, a professional manager, or a stakeholder shall, at the board meeting, explain the important contents of his interest while excusing himself from the discussion and voting of the resolution proposals on behalf of himself or other Directors if his interest may jeopardize that of the Company. Directors shall also govern themselves with self-discipline without supporting each other in a conflict of interest.</p> <p>In the execution of the business for the Company, the personal of the Company shall report relevant matters to his direct supervisor for advice and to the Component Unit of the Company if he should find that himself or the legal person</p>	<p>In order to comply with the amendments of Procedures for Ethical Management and Guidelines for Conduct.</p>

Contents after revision	Contents before revision	Explanation
<p>he represents might be in a conflict of interest or that unentitled interests might be accrued to himself, his spouse or children or parents, or an relevant stakeholder. The personnel of the Company shall not apply any resources of the Company to any commercial activities other than for the Company and shall not adversely affect his performance due to his participation in business activities other than for the Company.</p>	<p>he represents might be in a conflict of interest or that unentitled interests might be accrued to himself, his spouse or children or parents, or an relevant stakeholder. The personnel of the Company shall not apply any resources of the Company to any commercial activities other than for the Company and shall not adversely affect his performance due to his participation in business activities other than for the Company.</p>	
<p>Article 13 Prohibition <u>unfair competition</u> Guided under the Fair Trade Act and relevant laws and regulations on competition, the Company shall engage in business activities with fairness during competition without sharing or dividing markets by ways of fixed price, tender manipulation, constraint of production and distribution, or allocation of customers, suppliers, operating areas or business sectors.</p>	<p>Article 13 Prohibition of <u>disclosure of business secrets</u> Guided under the Fair Trade Act and relevant laws and regulations on competition, the Company shall engage in business activities with fairness during competition without sharing or dividing markets by ways of fixed price, tender manipulation, constraint of production and distribution, or allocation of customers, suppliers, operating areas or business sectors.</p>	<p>In order to comply with the amendments of Procedures for Ethical Management and Guidelines for Conduct.</p>
<p>Article 16 <u>Follow and declare the policy of ethical management</u> <u>The Company shall require directors and senior management to issue a statement of compliance with the policy of ethical management, and require employees to comply with the policy of ethical management under the terms of employment.</u> The Company shall disclose its ethical management policies not only on the Company website, in its internal regulations, annual reports, or other government propaganda, but also at public activities such as product presentation, investor update briefing, etc., so that its suppliers, customers or other relevant business organizations and personnel may clearly understand the philosophy and norms of the ethical management of the Company.</p>	<p>Article 16 <u>Explicit exposure of the policy of ethical management</u> The Company shall disclose its ethical management policies not only on the Company website, in its internal regulations, annual reports, or other government propaganda, but also at public activities such as product presentation, investor update briefing, etc., so that its suppliers, customers or other relevant business organizations and personnel may clearly understand the philosophy and norms of the ethical management of the Company.</p>	<p>In order to comply with the amendments of Procedures for Ethical Management and Guidelines for Conduct.</p>
<p>Article 18 <u>Conveyance about ethical management policy with the company under dealing</u> (Omitted below)</p>	<p>Article 17 <u>Conveyance about ethical management policy with the company under dealing.</u> (Omitted below)</p>	<p>Amend the article number.</p>

Contents after revision	Contents before revision	Explanation
<p>Article 19 Avoidance of business dealing with unethical companies (Omitted below)</p>	<p>Article 18 Avoidance of business dealing with unethical companies (Omitted below)</p>	<p>Amend the article number.</p>
<p>Article 20 Incorporation of provisions about ethical management into all contracts signed (Omitted below)</p>	<p>Article 19 Incorporation of provisions about ethical management into all contracts signed (Omitted below)</p>	<p>Amend the article number.</p>
<p>Article 21 Handling of unethical conduct by any personnel of/towards the Company The Company encourages internal and external personnel to report any unethical conduct or misconduct and shall reward to a reporter any range from NT\$2,000 to \$200,000 according to the severity of the circumstances of the misconducts. If any internal personnel should commit a false or malicious report, disciplinary action or dismissal from position shall be imposed upon him. An internal independent mailbox and a dedicated hotline have been set up and posted on the Company's internal and external websites to facilitate the reporting by internal and external personnel. While reporting a violation, a reporter shall provide at least the following information: 1. The name, citizenship identity number, and address, telephone, e-mail of contact of the reporter. <u>May also report anonymously.</u> 2. The name of the violating party or other information that can lead to the identity of the violator. 3. Any specific evidence for investigation. Relevant personnel of the Company handling a report shall declare in writing to keep confidential the identity of a reporter and the contents of the report; and the Company shall be committed to protecting the reporter from being improperly disposed of due to the report. The Component Unit of the Company shall handle <u>whistle-blowing matters</u> In order to comply with the following procedures: 1. A department head shall be reported if a reported violation has involved general personal of the company, whereas</p>	<p>Article 20 Handling of unethical conduct by any personnel of/towards the Company The Company encourages internal and external personnel to report any unethical conduct or misconduct and shall reward to a reporter any range from NT\$2,000 to \$200,000 according to the severity of the circumstances of the misconducts. If any internal personnel should commit a false or malicious report, disciplinary action or dismissal from position shall be imposed upon him. An internal independent mailbox and a dedicated hotline have been set up and posted on the Company's internal and external websites to facilitate the reporting by internal and external personnel. While reporting a violation, a reporter shall provide at least the following information: 1. The name, citizenship identity number, and address, telephone, e-mail of contact of the reporter. 2. The name of the violating party or other information that can lead to the identity of the violator. 3. Any specific evidence for investigation. Relevant personnel of the Company handling a report shall declare in writing to keep confidential the identity of a reporter and the contents of the report; and the Company shall be committed to protecting the reporter from being improperly disposed of due to the report. The Component Unit of the Company shall handle <u>any violation</u> In order to comply with the following procedures: 1. A department head shall be reported if a reported violation has involved general personal of the company, whereas</p>	<p>In order to comply with the amendments of Procedures for Ethical Management and Guidelines for Conduct.</p>

Contents after revision	Contents before revision	Explanation
<p>independent Directors shall be reported if a Director or high-level management has been involved.</p> <p>2. The Component Unit of the Company or the personnel/supervisor in charge of the aforementioned report shall immediately proceed to the investigation of relevant facts and, if necessary, seek assistance from Legal Department or other relevant units.</p> <p>3. If it should be confirmed that the personnel being reported has indeed violated relevant laws and regulations or the ethical management policies and regulations of the Company, the violator shall be required to immediately stop the relevant conduct, be properly disposed of, and <u>report to the authority and transfer to the judicial organ for investigation</u> if necessary, <u>or</u> be sought after for damages through legal proceedings, so as to maintain the reputation and interests of the Company.</p> <p>4. The handling of a report, including receipt, investigation and outcome of the report, shall be detailed in writing and filing and remained in custody for five years in electronic means. Prior to the expiry of any filing, if another litigation arising should be related to the contents of an existing report, the relevant information shall be retained until the end of the litigation proceedings.</p> <p>5. Regarding any reported matter verified to be factual, relevant departments of the Company shall review relevant internal control system and operating procedures while proposing improvement measures to prevent the same misconduct from happening again.</p> <p>6. The Component Unit of the Company shall report to the Board of Directors on the report matter, its handling approaches, and subsequent review and improvement measures.</p>	<p>independent Directors shall be reported if a Director or high-level management has been involved.</p> <p>2. The Component Unit of the Company or the personnel/supervisor in charge of the aforementioned report shall immediately proceed to the investigation of relevant facts and, if necessary, seek assistance from Legal Department or other relevant units.</p> <p>3. If it should be confirmed that the personnel being reported has indeed violated relevant laws and regulations or the ethical management policies and regulations of the Company, the violator shall be required to immediately stop the relevant conduct, be properly disposed of, and if necessary be sought after for damages through legal proceedings, so as to maintain the reputation and interests of the Company.</p> <p>4. The handling of a report, including receipt, investigation and outcome of the report, shall be detailed in writing and filing and remained in custody for five years in electronic means. Prior to the expiry of any filing, if another litigation arising should be related to the contents of an existing report, the relevant information shall be retained until the end of the litigation proceedings.</p> <p>5. Regarding any reported matter verified to be factual, relevant departments of the Company shall review relevant internal control system and operating procedures while proposing improvement measures to prevent the same misconduct from happening again.</p> <p>6. The Component Unit of the Company shall report to the Board of Directors on the report matter, its handling approaches, and subsequent review and improvement measures.</p>	

Contents after revision	Contents before revision	Explanation
Article 22 Handling of unethical conduct by any personnel outside/towards the Company (Omitted below)	Article 21 Handling of unethical conduct by any personnel outside/towards the Company (Omitted below)	Amend the article number.
Article 23 Internal advocacy, establishment of a system for reward, penalty, appeal, and disciplinary actions (Omitted below)	Article 22 Establishment of a system for reward, penalty, appeal, and disciplinary actions (Omitted below)	In order to comply with the amendments of Procedures for Ethical Management and Guidelines for Conduct.

(ATTACHMENTV)

2019 Independent Auditors' Report

(Parent Company Only Financial Statements)

To the Board of Directors and Shareholders of
AXIOMTEK CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of AXIOMTEK CO., LTD. (hereinafter referred to as "Axiomtek" or "the Company") as at December 31, 2019 and 2018, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended In order to comply with the Regulations Governing the Preparations of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits In order to comply with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of the Company In order to comply with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities In order to comply with the Code. 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 individual financial statements of the current period. These matters were addressed in the context of our audit of the individual 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 parent company only financial statements for the year ended December 31, 2019 are stated as follows:

Cut off of Operating Revenue

Description

Please refer to Note 4(33) for accounting policy on revenue recognition and Note 6(21) for details of operating revenue.

The Company's operating revenue mainly comes from the manufacture and sale of finished products, and is mainly for export. The operating revenue for export is based on the transaction conditions with customers as the basis for revenue recognition. Different customers have different transaction conditions and revenue recognition procedures. Involving manual judgment by management, for sales transactions before and after the balance sheet date, it is necessary to confirm whether the significant risks and rewards related to the ownership of the goods have been transferred to the customer. Therefore, there is a risk of improper timing of revenue recognition. We considered the cut off of operating revenue as a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understood and assessed the effectiveness of the internal control of Axiomtek's operating revenue, and perform the test of the effectiveness of internal controls over shipping and billing.
2. For the details of the export income transaction details for a specific period before and after the balance sheet date, confirm its completeness and perform a cut-off test by random inspection, including confirmation of transaction conditions, verification of relevant supporting documents, and confirmation that sales revenue has been recorded in an appropriate period.

Allowance for Inventory Valuation Losses

Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses and Note 6(4) for details of inventories. As at December 31, 2019, the Company's inventories and allowance for inventory valuation losses amounted to TWD 485,213 thousand and TWD 40,850 thousand, respectively.

The Company is primarily engaged in the research and development, manufacturing and sales of industrial computer products. Due to rapid technological innovation and fluctuations in market prices, the Company recognizes inventories at the lower of cost and net realizable value, and the net realizable value is estimated based on historical experience. An allowance for inventory valuation losses is provided for those inventories aged over a certain period of time and individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realizable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses as a key audit matter.

How our audit address the matter

We have performed primary audit procedures for the above matter as follows:

1. Ensured consistent application of Company's accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Evaluated the reasonableness of inventories individually identified as obsolete or damaged with supporting documents, validated the appropriateness of system logic of inventory aging report utilized by management to ensure proper classification of inventories aged over a certain period of time and reperformed the calculation.
3. Discussed with management the net realizable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents, and agreed to information obtained from physical inventory.

Other Matter- Audit by the other independent accountants

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under equity method amounted to NT\$209,511 thousand of total assets as of December 31, 2019, and the share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method was NT\$15,668 thousand of total comprehensive income for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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 order to comply with the "Regulations Governing the Preparations 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 Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditor's 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 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 order to comply with ROC GAAS 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 order to comply with ROC GAAS, we exercise professional judgment and maintain 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 auditor's 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 auditor's 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 within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company 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 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.

Feng, Ming-Chuan

Hsu, Shien-Chong

for and on behalf of PricewaterhouseCoopers, Taiwan February 26, 2020

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in Thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 652,040	17	\$ 734,817	19
1150	Notes receivable	6(3) and 12(2)	6,681	-	10,508	-
1170	Accounts receivable	6(3) and 12(2)	191,031	5	103,872	3
1180	Accounts receivable – related parties	6(3),7 and 12(2)	342,402	9	436,780	11
1200	Other receivables		15,013	1	20,631	1
1210	Other receivables – related parties	7	47,434	1	85,486	2
130X	Inventories	6(4)	444,363	12	510,656	13
1410	Prepayments		9,069	-	15,258	-
1470	Other current assets	6(1)	596	-	471	-
11XX	Total current assets		<u>1,708,629</u>	<u>45</u>	<u>1,918,479</u>	<u>49</u>
Non-current assets						
1550	Investments accounted for under equity method	6(5)	846,829	22	722,334	18
1600	Property, plant and equipment	6(6) and 8	1,052,023	28	1,069,695	27
1755	Use rights assets	6(7)	47,297	1	-	-
1760	Investment property	6(9)	86,241	2	139,820	4
1780	Intangible assets	6(26)	17,912	1	22,343	1
1840	Deferred income tax assets	6(26)	47,949	1	34,777	1
1920	Refundable deposits		4,298	-	3,785	-
15XX	Total non-current assets		<u>2,102,549</u>	<u>55</u>	<u>1,992,754</u>	<u>51</u>
1XXX	Total Assets		<u>\$ 3,811,178</u>	<u>100</u>	<u>\$ 3,911,233</u>	<u>100</u>

(Continued)

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 102,000	3	\$ 53,000	1
2120	Financial liabilities at fair value through profit or loss - current	6(13) and 12(3)	-	-	2,760	-
2130	Contract liabilities - current	6(20)	17,597	1	21,397	1
2150	Notes payables		675	-	675	-
2170	Accounts payable		282,255	7	536,942	14
2180	Accounts payable – related parties	7	13,614	-	20,681	1
2200	Other payables	6(12)	233,401	6	256,230	7
2230	Current income tax liabilities	6(26)	47,586	1	127,052	3
2280	Lease liabilities-current portion		16,249	1	-	-
2310	Advance receipts		471	-	2,035	-
2320	Current portion of long-term borrowings	6(14)	-	-	397,757	10
2399	Other current liabilities		1,678	-	1,520	-
21XX	Total current liabilities		<u>715,526</u>	<u>19</u>	<u>1,420,049</u>	<u>37</u>
Non-current liabilities						
2530	Bonds payable	6(14)	319,618	8	-	-
2570	Deferred income tax liabilities	6(26)	101,350	3	85,548	2
2580	Lease liabilities-non current		31,573	1	-	-
2640	Accrued pension liabilities	6(15)	45,109	1	41,745	1
2645	Guarantee deposit received		603	-	902	-
25XX	Total non-current liabilities		<u>498,253</u>	<u>13</u>	<u>128,195</u>	<u>3</u>
2XXX	Total liabilities		<u>1,213,779</u>	<u>32</u>	<u>1,548,244</u>	<u>40</u>
Equity attributable to shareholders of the parent						
Share capital						
3110	Ordinary shares	6(17)	803,954	21	796,206	20
3140	Advance receipts for share capital	6(17)	60,957	2	1,039	-
Capital surplus						
3200	Capital surplus	6(18)	245,919	7	214,960	6
Retained earnings						
3310	Legal reserve	6(19)	500,481	13	459,789	12
3320	Special reserve		4,231	-	12,914	-
3350	Unappropriated retained earnings		1,008,490	26	882,311	22
Other equity						
3400	Other equity		(26,633)	(1)	(4,230)	-
3XXX	Total equity		<u>2,597,399</u>	<u>68</u>	<u>2,362,989</u>	<u>60</u>
Significant commitment and contingent item						
3X2X	Total Liabilities and Equity	9	<u>\$ 3,811,178</u>	<u>100</u>	<u>\$ 3,911,233</u>	<u>100</u>

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Items	Notes	Year ended December 31			
		2019		2018	
		Amount	%	Amount	%
4000 Operating revenue	6(20) and 7	\$ 3,407,144	100	\$ 3,629,164	100
5000 Operating costs	6(4), (24) and (25)	(2,330,229)	(68)	(2,551,498)	(70)
5900 Gross profit		1,076,915	32	1,077,666	30
5910 Unrealized gain from sale	6(5)	(86,299)	(2)	(73,004)	(2)
5920 Realized gain from sale		73,004	2	53,428	1
5950 Net gross profit		1,063,620	32	1,058,090	29
Operating expenses	6(24) and (25)				
6100 Selling expenses		(121,977)	(4)	(112,955)	(3)
6200 General and administrative expenses		(101,934)	(3)	(101,341)	(3)
6300 Research and development expenses		(451,471)	(13)	(415,049)	(11)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined In order to comply with IFRS 9	12(2)	(120)	-	772	-
6000 Total operating expenses		(675,502)	(20)	(628,573)	(17)
6900 Operating profit		388,118	12	429,517	12
Non-operating income and expenses					
7010 Other income	6(21) and 7	21,775	1	25,711	-
7020 Other gains and losses	6(22)	83,794	2	33,197	1
7050 Finance costs	6(23)	(7,550)	-	(7,236)	-
7070 Share of profit of associates and joint ventures accounted for under equity method	6(5)	75,975	2	83,336	2
7000 Total non-operating income and expenses		173,994	5	135,008	3
7900 Profit before income tax		562,112	17	564,525	15
7950 Income tax expenses	6(26)	(101,657)	(3)	(157,601)	(4)
8200 Net Income		\$ 460,455	14	\$ 406,924	11
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plan	6(15)	(\$ 4,354)	-	(\$ 5,142)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value		-	-	707	-
8349 Income tax relating to components of other comprehensive income	6(26)	871	-	1,490	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(28,003)	(1)	10,271	-
8399 Income tax relating to the components of other comprehensive income	6(26)	5,600	-	(1,587)	-
8300 Other comprehensive income (loss) for the year		(\$ 25,886)	(1)	\$ 5,739	-
8500 Total Comprehensive Income		\$ 434,569	13	\$ 412,663	11
9750 Basic earnings per share	6(27)	\$ 5.76		\$ 5.12	
9850 Diluted earnings per share	6(27)	\$ 4.18		\$ 4.61	

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Share capital			Retained earnings			Other equity		Total equity
		Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Year 2018										
Balance at January 1, 2018		\$ 793,130	\$ 1,379	\$ 198,563	\$ 367,165	\$ -	\$ 1,022,874	(\$ 12,914)	\$ -	\$ 2,370,197
Effect of retrospective application and restatement		-	-	-	-	-	900	-	(900)	-
Balance at January 1, after adjustments		<u>793,130</u>	<u>1,379</u>	<u>198,563</u>	<u>367,165</u>	<u>-</u>	<u>1,023,774</u>	<u>(12,914)</u>	<u>(900)</u>	<u>2,370,197</u>
Profit for the year		-	-	-	-	-	406,924	-	-	406,924
Other comprehensive income (loss) for the year		-	-	-	-	-	(3,652)	8,684	707	5,739
Total comprehensive income		-	-	-	-	-	403,272	8,684	707	412,663
Appropriations of 2017 earnings										
Legal reserve	6(19)	-	-	-	92,624	-	(92,624)	-	-	-
Special reserve	6(19)	-	-	-	-	12,914	(12,914)	-	-	-
Cash dividends	6(19)	-	-	-	-	-	(439,004)	-	-	(439,004)
Share-based payments		2,730	(340)	3,523	-	-	-	-	-	5,913
Compensation cost of share-based payments	6(16)	-	-	11,513	-	-	-	-	-	11,513
Conversion of convertible bonds		346	-	1,361	-	-	-	-	-	1,707
Disposal of financial assets at fair value through other comprehensive income	6(2)	-	-	-	-	-	(193)	-	193	-
Balance at December 31, 2018		<u>\$ 796,206</u>	<u>\$ 1,039</u>	<u>\$ 214,960</u>	<u>\$ 459,789</u>	<u>\$ 12,914</u>	<u>\$ 882,311</u>	<u>(\$ 4,230)</u>	<u>\$ -</u>	<u>\$ 2,362,989</u>
Year 2019										
Balance at January 1, 2019		\$ 796,206	\$ 1,039	\$ 214,960	\$ 459,789	\$ 12,914	\$ 882,311	(\$ 4,230)	\$ -	\$ 2,362,989
Profit for the year		-	-	-	-	-	460,455	-	-	460,455
Other comprehensive income (loss) for the year		-	-	-	-	-	(3,483)	(22,403)	-	(25,886)
Total comprehensive income		-	-	-	-	-	456,972	(22,403)	-	434,569
Appropriations of 2018 earnings										
Legal reserve	6(19)	-	-	-	40,692	-	(40,692)	-	-	-
Reversal of special reserve		-	-	-	-	(8,683)	8,683	-	-	-
Cash dividends	6(19)	-	-	-	-	-	(298,784)	-	-	(298,784)
Share-based payments		1,760	(128)	1,990	-	-	-	-	-	3,622
Compensation cost of share-based payments	6(16)	-	-	10,345	-	-	-	-	-	10,345
Conversion of convertible bonds		5,988	60,046	18,624	-	-	-	-	-	84,658
Balance at December 31, 2019		<u>\$ 803,954</u>	<u>\$ 60,957</u>	<u>\$ 245,919</u>	<u>\$ 500,481</u>	<u>\$ 4,231</u>	<u>\$ 1,008,490</u>	<u>(\$ 26,633)</u>	<u>\$ -</u>	<u>\$ 2,597,399</u>

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31	
		2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 564,525	\$ 1,004,319
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6), (7) and (24)	64,292	46,649
Depreciation from investment Property	6(9) and (22)	2,528	1,544
Amortization	6(24)	8,188	8,735
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	120	(772)
Net gain on financial assets or liabilities at fair value through profit or loss	6(13) and (22)	(2,763)	(2,227)
Interest expense	6(23)	7,550	7,236
Interest income	6(21)	(11,638)	(11,037)
Compensation cost of share-based payments	6(16) and (25)	8,520	10,144
Share of profit of associates and joint ventures accounted for under equity method	6(5)	(75,975)	(83,336)
Loss (gain) on disposal of property, plant and equipment	6(22)	(48)	7
Gain on disposal of investments	6(22)	(305)	(423)
Gain on disposal of investment assets	6(22)	(100,677)	(-)
Unrealized profit from sales		13,295	19,576
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		305	35,423
Notes receivable		3,827	(8,279)
Accounts receivable (including related parties)		7,099	(152,387)
Other receivables (including related parties)		45,716	(24,046)
Inventories		66,293	(144,419)
Prepayments		6,189	(6,838)
Other financial assets		-	148,800
Other current assets		(125)	328
Changes in liabilities relating to operating activities			
Contract liabilities		(3,800)	(3,382)
Notes payables		-	(798)
Accounts payable (including related parties)		(261,754)	179,314
Other payables		(18,200)	59,126
Advance receipts		(1,564)	1,960
Other current assets		158	326
Accrued pension liabilities		(990)	(810)
Cash inflow generated from operations		318,353	644,939
Receipt of interest		11,417	11,346
Payment of interest		(1,030)	(519)
Payment of income tax		(172,022)	(72,442)
Net cash flows provided by operating activities		<u>156,718</u>	<u>583,324</u>

(Continued)

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ -	\$ 1,630
Acquisition of investments accounted for using equity method	6(5)	(89,819)	(63,056)
Proceeds from disposal of investments for under equity method	6(29)	(36,539)	(35,786)
Proceeds from disposal of property, plant and equipment		48	6
Proceeds from disposal of investment properties		151,728	-
Acquisition of intangible assets	6(10)	(3,757)	(9,485)
Increase in refundable deposits		(513)	(223)
Net cash flows provided by (used in) investing activities		<u>21,148</u>	<u>(106,914)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short -term borrowings		553,000	636,000
Redemption of short -term borrowings		(504,000)	(583,000)
Increase (decrease) in refundable deposits		(299)	(27)
Payment of cash dividends	6(19)	(298,784)	(439,004)
Proceeds from exercise of employee stock options	6(16)	3,622	5,913
Repayment of lease principal		(14,182)	-
Net cash flows provided by (used in) financing activities		<u>(260,643)</u>	<u>(380,118)</u>
Increase (Decrease) in cash and cash equivalents		(82,777)	96,292
Cash and cash equivalents at beginning of year		<u>734,817</u>	<u>638,525</u>
Cash and cash equivalents at end of year		<u>\$ 652,040</u>	<u>\$ 734,817</u>

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

2019 Independent Auditors' Report

(Consolidated Financial Statements)

To the Board of Directors and Shareholders of
AXIOMTEK CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of AXIOMTEK CO., LTD. and its subsidiaries (hereinafter referred to as “the Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended In order to comply with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits In order to comply with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (“ROC GAAS”). Our responsibilities under those standards are further described in the Independent Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group In order to comply with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (hereinafter referred to as the “Code”), and we have fulfilled our other ethical responsibilities In order to comply with the Code. 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 of the current period. 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 on the Consolidated Financial Statements for the year ended December 31, 2019 are stated as follows:

Cut-off of Operating Revenue

Description

Please refer to Note 4(34) for accounting policy on revenue recognition and Note 6(23) for details of operating revenue.

The Group's operating revenue mainly comes from the manufacture and sale of finished products, and is mainly for export. The operating revenue for export is based on the transaction conditions with customers as the basis for revenue recognition. Different customers have different transaction conditions and revenue recognition procedures. Involving manual judgment by management, for sales transactions before and after the balance sheet date, it is necessary to confirm whether the significant risks and rewards related to the ownership of the goods have been transferred to the customer. Therefore, there is a risk of improper timing of revenue recognition. We considered the cut off of operating revenue as a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understood and assessed the effectiveness of internal controls over cutoff of the Group's operating revenue, and tested the effectiveness of internal controls over shipping and billing.
2. Checked the completeness and performed cutoff tests on a random basis on the export sales details in a certain period around balance sheet date, which includes checking the terms and conditions of transaction, verifying against supporting documents, and checking whether inventory changes records and sales cost had been recognized in the proper period.

Allowance for Inventory Valuation Losses

Description

Please refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses and Note 6(4) for details of inventories. As at December 31, 2019, the Group's inventories and allowance for inventory valuation losses amounted to TWD 994,692 thousand and TWD 48,031 thousand, respectively.

The Group is primarily engaged in the research and development, manufacturing and sales of industrial computers products. Due to rapid technological innovation and fluctuations in market prices, the Group recognizes inventories at the lower of cost and net realizable value, and the net realizable value is estimated based on historical experience. An allowance for inventory valuation losses is provided for those inventories aged over a certain period of time and individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realizable value for individually obsolete or damaged inventories is subject to management's judgment, we consider allowance for inventory valuation losses a key audit matter.

How our audit address the matter

We have performed primary audit procedures for the above matter as follows:

1. Ensured consistent application of Group's accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Evaluated the reasonableness of inventories individually identified as obsolete or damaged with supporting documents, validated the appropriateness of system logic of inventory aging report utilized by management to ensure proper classification of inventories aged over a certain period of time and reperformed the calculation.
3. Discussed with management the net realizable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents, and agreed to information obtained from physical inventory.

Other Matter – Audits of Other Independent Accountants

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$258,775 thousand, constituting 6.29% of consolidated total assets as of December 31, 2019, respectively, and operating revenue of NT\$591,102 thousand, constituting 12.47% of consolidated total operating revenue for the years then ended, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the accounts included in the financial statements relative to these subsidiary, is based solely on the audit reports of the other independent accountants.

Other Matter – Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the Parent Company Only Financial Statements of AXIOMTEK CO., LTD. as of and for the years ended December 31, 2019 and 2018.

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 order to comply with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations 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 order to comply with ROC GAAS 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 order to comply with ROC GAAS, we exercise professional judgment and maintain 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.

Feng, Ming-Chuan

Hsu, Shien-Chong

for and on behalf of PricewaterhouseCoopers, Taiwan February 26, 2020

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019		December 31, 2018		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 882,732	22	\$ 1,019,239	25
1150	Notes receivable	6(3) and 12(2)	16,679	-	21,096	-
1170	Accounts receivable	6(3) and 12(2)	662,185	16	610,535	15
1180	Accounts receivable – related parties	6(3) and 12(2)	52	-	74	-
1200	Other receivables		15,127	-	20,886	-
1220	Current income tax assets		827	-	5,837	-
130X	Inventories	6(4)	946,661	23	901,562	22
1410	Prepayments		24,839	1	29,978	1
1470	Other current assets		2,816	-	2,200	-
11XX	Total current assets		<u>2,551,918</u>	<u>62</u>	<u>2,611,168</u>	<u>63</u>
Non-current assets						
1550	Investments accounted for under equity method	6(5)	27,570	1	29,033	1
1600	Property, plant and equipment	6(6) and 8	1,178,845	29	1,202,215	29
1755	Right-of-use assets	6(7)	78,424	2	-	-
1760	Investment property	6(9)	86,241	2	139,820	3
1780	Intangible assets	6(10)	125,710	3	102,965	3
1840	Deferred income tax assets	6(29)	59,597	1	46,713	1
1990	Other non-current assets		8,747	-	7,534	-
15XX	Total non-current assets		<u>1,565,134</u>	<u>38</u>	<u>1,528,280</u>	<u>37</u>
1XXX	Total Assets		<u>\$ 4,117,052</u>	<u>100</u>	<u>\$ 4,139,448</u>	<u>100</u>

(Continued)

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 102,000	2	\$ 53,000	1
2120	Financial liabilities at fair value through profit or loss - current	6(14) and 12(3)	-	-	2,760	-
2130	Contract liabilities - current	6(23)	23,601	1	34,523	1
2150	Notes payables		675	-	675	-
2170	Accounts payable		397,432	10	617,457	15
2180	Accounts payable – related parties	7	5,075	-	13,750	1
2200	Other payables	6(13)	313,651	8	329,034	8
2230	Current income tax liabilities		54,355	1	134,253	3
2250	Provisions for liabilities - current		896	-	1,144	-
2280	Current lease liabilities		37,237	1	-	-
2320	Current portion of long-term borrowings	6(15) (16)	2,998	-	400,829	10
2399	Other current liabilities		12,010	-	8,628	-
21XX	Total current liabilities		<u>949,930</u>	<u>23</u>	<u>1,596,053</u>	<u>39</u>
Non-current liabilities						
2530	Corporate bonds payable	6(15)	319,618	8	-	-
2540	Long-term borrowings	6(16) and 8	43,721	1	47,864	1
2570	Deferred income tax liabilities	6(29)	109,166	3	89,895	2
2580	Non-current lease liabilities		42,001	1	-	-
2600	Other non-current liabilities	6(17)	55,217	1	42,647	1
25XX	Total non-current liabilities		<u>569,723</u>	<u>14</u>	<u>180,406</u>	<u>4</u>
2XXX	Total liabilities		<u>1,519,653</u>	<u>37</u>	<u>1,776,459</u>	<u>43</u>
Equity attributable to shareholders of the parent						
Share capital						
3110	Ordinary shares	6(19)	803,954	20	796,206	19
3140	Advance receipts for share capital	6(19)	60,957	1	1,039	-
Capital surplus						
3200	Capital surplus	6(20)	245,919	6	214,960	6
Retained earnings						
3310	Legal reserve	6(21)	500,481	12	459,789	11
3320	Special reserve		4,231	-	12,914	-
3350	Unappropriated retained earnings		1,008,490	25	882,311	21
Other equity						
3400	Other equity	6(22)	26,633	1	4,230	-
31XX	Total equity attributable to shareholders of the parent		<u>2,597,399</u>	<u>63</u>	<u>2,362,989</u>	<u>57</u>
3XXX	Total equity		<u>2,597,399</u>	<u>63</u>	<u>2,362,989</u>	<u>57</u>
Significant contingent liabilities and unrecognized contract commitments						
3X2X	Total Liabilities and Equity	9	<u>\$ 4,117,052</u>	<u>100</u>	<u>\$ 4,139,448</u>	<u>100</u>

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2019		2018	
		Amount	%	Amount	%
4000 Operating revenue	6(23)	\$ 4,738,911	100	\$ 5,010,644	100
5000 Operating costs	6(4), (27),(28) and 7	(3,045,427)	(64)	(3,344,494)	(67)
5900 Gross profit		1,693,484	36	1,666,150	33
5910 Unrealized loss from sales	6(5)	(36)	-	-	-
5950 Net operating margin		1,693,448	36	1,666,150	33
Operating expenses	6(27) and (28)				
6100 Selling expenses		(623,480)	(13)	(579,200)	(12)
6200 General and administrative expenses		(115,174)	(2)	(110,253)	(2)
6300 Research and development expenses		(453,968)	(10)	(418,399)	(8)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined In order to comply with IFRS 9	12(2)	(1,991)	-	(1,278)	-
6000 Total operating expenses		(1,194,613)	(25)	(1,109,130)	(22)
6900 Operating profit		498,835	11	557,020	11
Non-operating income and expenses					
7010 Other income	6(24)	25,999	-	25,890	-
7020 Other gains and losses	6(25)	84,273	2	32,695	1
7050 Finance costs	6(26)	(11,263)	-	(10,097)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(5)	(1,427)	-	33	-
7000 Total non-operating income and expenses		97,582	2	48,521	1
7900 Profit before income tax		596,417	13	605,541	12
7950 Income tax expenses	6(29)	(135,962)	(3)	(198,617)	(4)
8200 Net Income		\$ 460,455	10	\$ 406,924	8
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plan	6(17)	(\$ 4,354)	-	(\$ 5,142)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value	6(2)	-	-	707	-
8349 Income tax relating to components of other comprehensive income	6(29)	871	-	1,490	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(28,003)	(1)	10,271	-
8399 Income tax relating to the components of other comprehensive income	6(29)	5,600	-	(1,587)	-
8300 Other comprehensive income (loss) for the year		(\$ 25,886)	(1)	\$ 5,739	-
8500 Total Comprehensive Income		\$ 434,569	9	\$ 412,663	8
Profit attributable to:					
8610 Shareholders of the parent		\$ 460,455	10	\$ 406,924	8
Total comprehensive income (loss) attributable to:					
8710 Shareholders of the parent		\$ 434,569	9	\$ 412,663	8
9750 Basic earnings per share	6(30)	\$	5.76	\$	5.12
9850 Diluted earnings per share	6(30)	\$	5.18	\$	4.61

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to shareholders of the parent								Total equity
		Share capital			Retained earnings			Other equity		
		Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Year 2018										
Balance at January 1, 2018		\$ 793,130	\$ 1,379	\$ 198,563	\$ 367,165	\$ -	\$ 1,022,874	(\$ 12,914)	\$ -	\$ 2,370,197
Effect of retrospective application and restatement	6(2)	-	-	-	-	-	900	-	(900)	-
Balance at January 1, after adjustments		<u>793,130</u>	<u>1,379</u>	<u>198,563</u>	<u>367,165</u>	<u>-</u>	<u>1,023,774</u>	<u>(12,914)</u>	<u>(900)</u>	<u>2,370,197</u>
Profit for the year		-	-	-	-	-	406,924	-	-	406,924
Other comprehensive income (loss) for the year		-	-	-	-	-	(3,652)	8,684	707	5,739
Total comprehensive income		-	-	-	-	-	<u>403,272</u>	<u>8,684</u>	<u>707</u>	<u>412,663</u>
Appropriations of 2017 earnings	6(21)	-	-	-	92,624	-	(92,624)	-	-	-
Legal reserve		-	-	-	-	-	-	-	-	-
Special reserve		-	-	-	-	12,914	(12,914)	-	-	-
Cash dividends		-	-	-	-	-	(439,004)	-	-	(439,004)
Share-based payments		2,730	(340)	3,523	-	-	-	-	-	5,913
Compensation cost of share-based payments	6(18)	-	-	11,513	-	-	-	-	-	11,513
Conversion of convertible bonds		346	-	1,361	-	-	-	-	-	1,707
Disposal of financial assets at fair value through other comprehensive income	6(2)	-	-	-	-	-	(193)	-	193	-
Balance at December 31, 2018		<u>\$ 796,206</u>	<u>\$ 1,039</u>	<u>\$ 214,960</u>	<u>\$ 459,789</u>	<u>\$ 12,914</u>	<u>\$ 882,311</u>	<u>(\$ 4,230)</u>	<u>\$ -</u>	<u>\$ 2,362,989</u>
Year 2019										
Balance at January 1, 2019		\$ 796,206	\$ 1,039	\$ 214,960	\$ 459,789	\$ 12,914	\$ 882,311	(\$ 4,230)	\$ -	\$ 2,362,989
Profit for the year		-	-	-	-	-	460,455	-	-	460,455
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	-	(3,483)	(22,403)	-	(25,886)
Total comprehensive income		-	-	-	-	-	<u>456,972</u>	<u>(22,403)</u>	<u>-</u>	<u>434,569</u>
Appropriations of 2018 earnings		-	-	-	-	-	-	-	-	-
Legal reserve	6(21)	-	-	-	40,692	-	(40,692)	-	-	-
Special reserve		-	-	-	-	(8,683)	8,683	-	-	-
Cash dividends	6(21)	-	-	-	-	-	(298,784)	-	-	(298,784)
Share-based payments		1,760	(128)	1,990	-	-	-	-	-	3,622
Compensation cost of share-based payments	6(18)	-	-	10,345	-	-	-	-	-	10,345
Conversion of convertible bonds		5,988	60,046	18,624	-	-	-	-	-	84,658
Balance at December 31, 2019		<u>\$ 803,954</u>	<u>\$ 60,957</u>	<u>\$ 245,919</u>	<u>\$ 500,481</u>	<u>\$ 4,231</u>	<u>\$ 1,008,490</u>	<u>(\$ 26,633)</u>	<u>\$ -</u>	<u>\$ 2,597,399</u>

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 605,541	\$ 1,024,158
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	1,991	1,278
Depreciation	6(6), (7) and (27)	93,764	55,053
Depreciation from investment Property	6(9) and (25)	2,528	1,544
Amortization	6(10) and (27)	13,919	12,632
Interest income	6(24)	(10,657)	(9,333)
Share of profit of associates and joint ventures accounted for under equity method	6(5)	1,427	(33)
Loss (gain) on disposal of property, plant and equipment	6(25)	(34)	99
Gain on disposal of investments	6(25)	(305)	(423)
Gain on disposal of subsidiaries	6(25)	(100,677)	-
Gain on lease modification	6(25)	(35)	-
Net gain on financial liability at fair value through profit	6(14) and (25)	(2,763)	(2,227)
Interest expense	6(26)	11,263	10,097
Compensation cost of share-based payments	6(18) and (28)	10,345	11,513
Unrealized profit from sales		36	-
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		305	35,423
Notes receivable		4,417	(17,082)
Accounts receivable (including related parties)		(31,684)	(155,611)
Other receivables		5,980	(136)
Inventories		(37,283)	(171,317)
Prepayments		5,630	(9,196)
Other financial assets		-	148,800
Other current assets		(616)	(972)
Changes in liabilities relating to operating activities			
Contract liabilities		(10,921)	3,129
Notes payables		-	(798)
Accounts payable (including related parties)		(234,628)	142,011
Other payables		(15,890)	81,579
Other current liabilities		2,995	5,793
Other non-current assets		(691)	(810)
Cash inflow generated from operations		304,833	746,554
Receipt of interest		10,436	9,642
Payment of interest		(4,744)	(3,379)
Payment of income tax		(203,415)	(104,554)
Net cash flows provided by operating activities		<u>107,110</u>	<u>648,263</u>

(Continued)

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net cash flow from acquisition of subsidiaries	6(31)	(\$ 37,485)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(2)	-	1,630
Acquisition of investments accounted for using equity method	6(5)	-	(29,000)
Acquisition of property, plant and equipment	6(33)	(40,767)	(41,208)
Proceeds from disposal of property, plant and equipment		48	34
Proceeds from disposal of Investment property		151,728	-
Acquisition of intangible assets	6(10)	(3,757)	(9,663)
Increase in other non-current assets		(1,213)	(854)
Net cash flows provided by (used in) investing activities		<u>68,554</u>	<u>(79,061)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Redemption of short -term borrowings		(504,000)	(583,000)
Proceeds from short -term borrowings		553,000	636,000
Redemption of long-term borrowings		(3,086)	(20,542)
Payment of cash dividends	6(21)	(298,784)	(439,004)
Proceeds from exercise of employee stock options		3,622	5,913
Increase (decrease) in refundable deposits		(299)	(27)
Payment of lease liabilities		(36,221)	-
Net cash flows provided by (used in) financing activities		<u>(285,768)</u>	<u>(400,660)</u>
Effects due to changes in exchange rate		(26,164)	7,219
Increase (Decrease) in cash and cash equivalents		(136,268)	175,761
Cash and cash equivalents at beginning of year		<u>1,019,000</u>	<u>843,239</u>
Cash and cash equivalents at end of year		<u>\$ 882,732</u>	<u>\$ 1,019,000</u>

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

AXIOMTEK CO., LTD.
2019 Profit Distribution Table

Unit : TWD

Item	Amount	
	Sub-total	Total
Unappropriated retained earnings at the beginning of the term		551,517,817
Remeasurement of defined benefit plans recognized in retained earnings	(3,482,696)	
Adjusted unappropriated retained earnings		548,035,121
2019 Net income	460,454,724	
10% set aside as legal reserve	(45,697,203)	
Special reserves	(22,402,429)	
Total unappropriated retained earnings		940,390,213
Distributable item:		
Shareholders' dividend – cash (\$4 per share)		(327,567,352)
Unappropriated retained earnings at the end of the term		612,822,861

Note: The 2019 net income shall be distributed with higher priority this time.

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal Accounting Officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.

**Comparison Table for Articles in the “Rules of Procedures for Shareholders’ Meeting”
(before and after Revision)**

Article	Contents after revision	Contents before revision	Explanation
3	<p>Unless otherwise provided by law or regulation, the Company’s Shareholders’ Meeting shall be convened by the Board of Directors. The Company shall make including the Shareholders’ Meeting notice, proxy form, approval proposal, discussion proposal, election or discharge Directors and so on(a regular meeting of shareholders prior within 30 days or special meeting of shareholders prior 15 days) as electronic forms upload to MOPS. And the amendment of the meeting shall be made as electronic files and upload to MOPS (a regular meeting of shareholders prior within 21 days or special meeting of shareholders prior 15 days). Before the 15 days of the Shareholders’ Meeting, the Company shall well prepare the Shareholders Meeting’s handbook and the amendment to be put in the place of professional stock transfer agency authorized by the Company and reviewed by each shareholder anytime, and shall grant to shareholders in the place of the meeting. The reasons for convening a Shareholders’ Meeting shall be</p>	<p>Unless otherwise provided by law or regulation, the Company’s Shareholders’ Meeting shall be convened by the Board of Directors. The Company shall make including the Shareholders’ Meeting notice, proxy form, approval proposal, discussion proposal, election or discharge Directors and so on(a regular meeting of shareholders prior within 30 days or special meeting of shareholders prior 15 days) as electronic forms upload to MOPS. And the amendment of the meeting shall be made as electronic files and upload to MOPS (a regular meeting of shareholders prior within 21 days or special meeting of shareholders prior 15 days). Before the 15 days of the Shareholders’ Meeting, the Company shall well prepare the Shareholders’ Meeting handbook and the amendment to be put in the place of professional stock transfer agency authorized by the Company and reviewed by each shareholder anytime, and shall grant to shareholders in the place of the meeting. The reasons for convening a Shareholders’ Meeting shall be</p>	<p>In order to comply with the amendments of the Company Act. and the letter of Ministry of Economic Affairs</p>

Article	Contents after revision	Contents before revision	Explanation
	<p>specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p><u>Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p> <p><u>The convening of the Shareholders' Meeting has stated the full re-election of directors and the date of appointment.</u></p> <p><u>After the re-election of the Shareholders' Meeting is completed, the same meeting may not change its appointment date by provisional motion or other means.</u></p> <p>A shareholder holding one</p>	<p>specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p><u>Election or dismissal of Directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issue shall be set out in the notice of the reasons for convening the Shareholders' Meeting. None of the above matters may be raised by an extraordinary motion.</u></p> <p>A shareholder holding one</p>	

Article	Contents after revision	Contents before revision	Explanation
	<p>percent (1%) or more of the total number of outstanding shares may propose to the Company a proposal for discussion at a regular Shareholders' Meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.</p> <p><u>However, the shareholders' proposal is a proposal to urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors.</u> And the proposal issued by shareholder should be pursuant to Article 172-1 of the Company Act, any proposal with regards to the Item 4 of Article 172-1 of the Company act will not be discussed for the motion.</p> <p><u>Prior to the date on which share transfer registration is suspended before the convention of a regular Shareholders' Meeting, the company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than 10 days.</u></p> <p>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than</p>	<p>percent (1%) or more of the total number of outstanding shares may propose to the Company a proposal for discussion at a regular Shareholders' Meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. And the proposal issued by shareholder should be pursuant to Article 172-1 of the Company Act, any proposal with regards to the Item 4 of Article 172-1 of the Company act will not be discussed for the motion.</p> <p><u>Prior to the book closure date before a regular Shareholders' Meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</u></p> <p>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than</p>	

Article	Contents after revision	Contents before revision	Explanation
	<p>300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular Shareholders' Meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a Shareholders' Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the Shareholders' Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p>300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular Shareholders' Meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a Shareholders' Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the Shareholders' Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	
10	<p>If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. <u>Relevant motions (including temporary motions and amendments to the original motions) shall be decided on a case-by-case basis.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on</p>	<p>If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on</p>	In order to comply with the implementation of electronic voting.

Article	Contents after revision	Contents before revision	Explanation
	<p>the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair In order to comply with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders, when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>	<p>the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair In order to comply with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders, when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>	
13	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>When voting rights are exercised by correspondence or electronic means, the method of exercise shall be established In order to comply with the laws and shall be specified in the Shareholders' Meeting notice. A shareholder exercising voting rights by</p>	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p><u>When the Company holds a Shareholders' Meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means.</u> When voting rights are exercised by correspondence or electronic means, the method of</p>	<p>In order to comply with the implementation of electronic voting.</p>

Article	Contents after revision	Contents before revision	Explanation
	<p>correspondence or electronic means will be deemed to have attended the meeting in person. However, the shareholder mentioned in the preceding paragraph will be deemed to waive the right for the motion and the modification of the proposal at that Shareholders' Meeting mentioned herein, therefore, the Company shall avoid the situation of providing the proposal for the motion and the modification for the agenda item.</p> <p>When shareholder exercises voting rights by written consent or electronic means In order to comply with the preceding paragraph, the intention shall be delivered to the Company before 2 days before the date of the Shareholders' Meeting, when the intention repeat, the one received earliest shall prevail unless a declaration is made to cancel the previous intention. After shareholder exercises voting rights by written consent or electronic means, if they want to attend to the Shareholders' Meeting in personal, the shareholder mentioned in the preceding sentence shall withdraw the intention by written consent or electronic means in the same way of exercising voting rights before 2</p>	<p>exercise shall be established In order to comply with the laws and shall be specified in the Shareholders' Meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, the shareholder mentioned in the preceding paragraph will be deemed to waive the right for the motion and the modification of the proposal at that Shareholders' Meeting mentioned herein, therefore, the Company shall avoid the situation of providing the proposal for the motion and the modification for the agenda item.</p> <p>When shareholder exercises voting rights by written consent or electronic means In order to comply with the preceding paragraph, the intention shall be delivered to the Company before 2 days before the date of the Shareholders' Meeting, when the intention repeat, the one received earliest shall prevail unless a declaration is made to cancel the previous intention. After shareholder exercises voting rights by written consent or electronic means, if they want to attend to the Shareholders' Meeting in personal, the shareholder mentioned in the preceding sentence shall withdraw the intention by written consent or electronic means in the same way of exercising voting rights before 2</p>	

Article	Contents after revision	Contents before revision	Explanation
	<p>days before the date of the Shareholders’ Meeting; when the withdraw mentioned herein is overdue, the voting rights by written consent or electronic mean shall prevail. If shareholder exercises voting rights by written consent or electronic means and appoint agent as proxy to attend the Shareholders’ Meeting, the voting right of proxy shall prevail.</p> <p>Except as otherwise specified in the Company Act or in the Company’s articles of incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting.</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed veto, and no further voting shall be required.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, and all monitoring personnel shall be shareholders of the Company.</p> <p>Vote counting shall be conducted in public at the place of the Shareholders’ Meeting, and voting results shall be reported on –site immediately and recorded in writing.</p>	<p>days before the date of the Shareholders’ Meeting; when the withdraw mentioned herein is overdue, the voting rights by written consent or electronic mean shall prevail. If shareholder exercises voting rights by written consent or electronic means and appoint agent as proxy to attend the Shareholders’ Meeting, the voting right of proxy shall prevail.</p> <p>Except as otherwise specified in the Company Act or in the Company’s articles of incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting.</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed veto, and no further voting shall be required.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, and all monitoring personnel shall be shareholders of the Company.</p> <p>Vote counting shall be conducted in public at the place of the Shareholders’ Meeting, and voting results shall be reported on –site immediately and recorded in writing.</p>	

Article	Contents after revision	Contents before revision	Explanation
15	<p>Matters relating to the resolutions of a Shareholders' Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The distribution of the meeting minutes could be in the way of electronic form.</p> <p>The distribution for the meeting minutes in the preceding paragraph can be in the ways of published in MOPS.</p> <p>The meeting minutes shall record the date of the meeting, place, the chair name, the way of resolution and the results of <u>voting (including the weight of statistics)</u>. <u>When there are elected directors, the number of votes for each candidate shall be disclosed</u>, and keep it forever during the term of continuing of the Company.</p>	<p>Matters relating to the resolutions of a Shareholders' Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The distribution of the meeting minutes could be in the way of electronic form.</p> <p>The distribution for the meeting minutes in the preceding paragraph can be in the ways of published in MOPS.</p> <p>The meeting minutes shall record the date of the meeting, place, the chair name, the way of resolution and the results, and keep it forever during the term of continuing of the Company.</p>	<p>In order to comply with the implementation of electronic voting.</p>
20	<p>The amendment was made on <u>May 28, 2020</u>.</p>	<p>The amendment was made on <u>June 3, 2015</u>.</p>	<p>Amend the revision date</p>

AXIOMTEK CO., LTD.

**Comparison Table for Articles in the “Methods for Election of
Directors”
(before and after Revision)**

Article	Contents after revision	Contents before revision	Explanation
5	<p>Elections of Directors (including Independent Directors) at the Company shall be In order to comply with the <u>procedures for the nomination of candidates In order to comply with Article 192-1 of the Company Act and Article 5 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"</u>.</p> <p>When the number of Directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next Shareholders’ Meeting. When the number of Directors falls short by one third of the total number prescribed in the Company’s articles of incorporation, the Company shall call a special Shareholders’ Meeting within 60 days from the date of occurrence to hold a</p>	<p>Elections of Directors (including Independent Directors) at the Company shall be conducted In order to comply with the <u>candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee Directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified Directors will be elected</u></p> <p>When the number of Directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next Shareholders’ Meeting. When the number of Directors falls short by one third of the total number prescribed in the Company’s articles of incorporation, the Company shall call a special Shareholders’ Meeting within 60 days from the date of occurrence to hold a</p>	<p>In order to comply with the amendments of the Company Act.</p>

Article	Contents after revision	Contents before revision	Explanation
	by-election to fill the vacancies. When the number of Independent Directors falls below that required under the provision of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next Shareholders' Meeting to fill the vacancy. When the independent Directors are all dismissed, a special Shareholders' Meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.	by-election to fill the vacancies. When the number of Independent Directors falls below that required under the provision of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next Shareholders' Meeting to fill the vacancy. When the independent Directors are all dismissed, a special Shareholders' Meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.	
14	The Method was amended on <u>May 28, 2020</u> .	The Method was amended on <u>May 22, 2017</u> .	Amend the revision date

PART THREE – APPENDICES

(APPENDIX I)

AXIOMTEK CO., LTD.

Ethical Corporate Management Best Practice Principles (before Revision)

Article 1(The Stipulation Basis)

To foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices. AXIOMTEK Co., LTD (herein after referred as “the Company”) stipulates these Principles In order to comply with the 『Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies 』

These Principles, adopt its own ethical corporate management best practice principles applicable to the Company and its subsidiaries, any foundation to the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").

Article 2(Unethical conduct is prohibited)

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3(The types of Benefit)

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally In order to comply with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4(Regulatory compliance)

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5(Policy)

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6(Prevention programs)

The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific principles in 『The ethical management practices and the programs of Axiomtek Co., Ltd.』 to forestall unethical conduct("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

Article 7(The Scope of Prevention programs)

When establishing the prevention programs, the Company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention programs adopted by the Company shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 (Promise and Apply)

The Company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 9 (Operate commercial activities with principle of ethical management)

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the TWSE/TPEX listed companies may at any time terminate or rescind the contracts.

Article 10 (Bribery is prohibited)

When conducting business, the Company and their directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11(Illegal Political Contributions is prohibited)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, supervisors, managers, employees,

mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12(Improper charitable contributions and donate is prohibited)

When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13(Unreasonable presents, hospitality or other improper benefits is prohibited)

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14(The infringement of Intellectual Property Right is prohibited)

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15(Unfair Competition is prohibited)

The Company shall engage in business activities In order to comply with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16(Prevent the interested party from any damage of products or service)

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17(Organization and Liability)

The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors.

Article 18(Regulatory compliance for Business Operation)

The Company and its directors, supervisors, managers, employees, mandataries, and substantial

controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19(Conflict of Interest Avoidance)

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20(Accounting and Internal Control)

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 21(Operational procedures and guidelines)

The Company shall establish operational procedures and guidelines In order to comply with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22(Training and Assess)

The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies'

commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23(Offence-reporting System)

The Company adopts the 『The Principles of Concrete Whistle-blowing system for the Illegal, Immoral or Unethical Activity』and scrupulously operate it. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports.
2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the TWSE/TPEX listed company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.

Article 24(Well-defined Disciplinary and Appeal System)

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25(Disclosure of Information)

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 26 (The Modification of Ethical Management Policy and Measure)

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 (Apply)

The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, the same procedure shall be followed when the principles have been amended.

When the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Article 28 (Amendment)

These Principles are agreed to and signed on April 26, 2016 by all the promoters of the Company.

AXIOMTEK CO., LTD.

Operating Procedures and Conduct Principles for Ethical Corporate Management (Before Revision)

Article 1 Purpose and scope of application

Axiomtek Co., Ltd. (hereinafter referred to as “the Company”) has been engaged in business activities on the basis of fairness, honesty, trustworthiness and transparency. In order to fully implement the policy of ethical management and actively prevent any unethical conduct, the Company has stipulated the “Operating Procedure and Conduct Principles for Ethical Corporate Management” (hereinafter referred to as “the Ethical Corporate Management”) specifically specifying the guidelines on business conducts for personnel of the Company. In order to comply with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, the “Practice Principles for Ethical Corporate Management” of the Company, and relevant laws and regulations applicable to the location where the enterprise and the organization of the Company and its subsidiaries are operating. “The Ethical Corporate Management” shall be applicable to the Company and its subsidiaries as well as other legal entities (hereinafter referred to as “the Group” together with the Group and all subsidiaries) such as institutions, corporations, enterprises and organizations over which the Company carries substantial controlling power.

Article 2 Applicable candidates

The term “the personnel of the Company” in “the Ethical Corporate Management” refers to Directors, Supervisors, professional managers, employees, appointees and any individuals with the substantial control capability within the enterprise and the organization of the Company and the Group. Any personnel of the Company shall be presumed to have committed an unethical conduct upon offered, promised and demanded or accepting any unentitled interests by or from a third party.

Article 3 Unethical conduct

The term “unethical conduct” in “the Ethical Corporate Management” refers to the conduct of the personnel of the Company - during the course of carrying out the business, directly or indirectly for the purpose of acquiring or maintaining interests - in offering, promising, demanding or accepting any unentitled interests to/for/by/from a third party; or in engaging in any activities unethical or illegal, breaches of good faith or fiduciary duty.

The term “third party” involved in an abovementioned unethical conduct refers to public officials, political candidates, members of/for a political party, as well as Directors, Supervisors, professional managers, employees, appointees, any individuals with the substantial control capability, or other stakeholders within any public and private enterprises or institutions.

Article 4 Forms of interests

The term “interests” in “the Ethical Corporate Management” refers to money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitation payment, hospitality, entertainment, and other valuable thing in any shape of forms or under any guise of names.

Article 5 Competent Unit

For the integrity of the ethical corporate management of the Company, Human Resources Department and Finance Department shall handle the revision, implementation, interpretation, consultation service, the posting and filing of any publicizing contents, among other matters relevant

to “the Ethical Corporate Management”, whereas an audit team shall be responsible for supervising the abovementioned handling and reporting periodically to the Board of Directors about their observation. All aforementioned departments/team shall mainly hold the following duties:

1. To assist the incorporation of ethical and moral values into business strategy of the Company as well as to stipulate relevant prevention measures against corruption and malfeasance to ensure ethical management of the Company In order to comply with the legal system.
2. To stipulate programs on the prevention of unethical conduct as well as to stipulate in each program standard operating procedures and conduct principles relevant to business undertaken.
3. To plan the internal organization, structure and responsibility as well as to deploy mutual supervision and balance mechanism for business activities within the business scope that may engage in a higher risk of unethical conduct.
4. To promote and coordinate trainings on the advocacy of ethical management policy.
5. To plan the prosecution system to ensure the effectiveness of the implementation.
6. To assist the Board of Directors and the management level in auditing and evaluating the effective operation of the preventive measures established for the execution of ethical management as well as to carry out regular reporting on the particulars about the compliance of relevant business processes.

Article 6 Prohibition of the provision or acceptance of unentitled interests

When directly or indirectly offering, promising, demanding or accepting any unentitled interests as specified in Article 4, the personnel of the Company shall comply with the provisions of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and “the Ethical Corporate Management” as well as handle the matter according to the relevant procedures unless otherwise under the following circumstances:

1. Any conducts based on business needs during the visit at home or abroad, the reception of foreign guests, the business promotion, communication and coordination, that are in line with local courtesy, practice or custom.
2. Any social activities that the personnel participates in or invites others to participate in that are based on normal social customs, business purposes, or relation building.
3. Any specific business activities or factory touring that the personnel participates in or invites others to participate in because of business needs where activity details had been clearly set out beforehand such as cost bearing methods, number of participants, accommodation class and period.
4. Any folk festivals in which the personnel participates are also open to the general public.
5. Any rewards, deliverances, condolences or honorariums from the upper management.
6. Any gifts with a market value not exceeding NTD 50,000 received by the personnel due to engagement, marriage, maternity, relocation, assumption of a job, promotion, transfer, retirement, resignation, or demission; or any gifts received by the personnel due to injury, illness, or death of the personnel himself, his spouse or immediate family member, that are in compliance with the provisions of the Company.
7. Any other matters in compliance with the provisions of the Company.

Article 7 Handling procedure for the acceptance of unentitled interests

Unless otherwise under the circumstances as stipulated in aforementioned Articles, when directly or indirectly offered, promised, demanded or accepted any unethical interests as specified in Article 4, the personnel of the Company shall handle the matter according to the following procedures:

1. If the third party who offering or promising to the personnel of the Company bears no interest in the business conducted by the personnel, the personnel shall within three days of receiving the interest report to his direct supervisor and, if necessary, inform the Component Unit of the Company.
2. If the third party who offering or promising to the personnel of the Company bear specific

interest in the business conducted by the personnel, the personnel shall return or refuse the interest as well as report to his direct supervisor and inform Component Unit of the Company; if the interest cannot be returned, it shall, within three days from the date of receipt, be handed in to the Component Unit for processing.

The aforementioned "bearing specific interest in the business conducted by the personnel" refers to one of the following circumstances:

- A. The third party and the personnel have remained business contacts, relating to each other in the relations of command/supervision or expenditure supplement/incentive.
- B. The third party and the personnel have been seeking, engaged or entered into a contract of authorization, sale or other contractual relations.
- C. Any other circumstances where the third party may be favorably or adversely affected by the decision of implementation or non-implementation of a certain business.

Depending on the nature and value of the interest offered or promised as stated under paragraph 1 above, the Competent Unit of the Company shall propose to return, pay for the acceptance of, or confiscate the interest, redirect the interest to a charitable organization, among other appropriate advices, as well as shall report to the President for approval.

Article 8 Prohibition of and handling procedure for facilitation payment

The Company shall not offer or promise any facilitation payment.

If the personnel of the Company has offered or promised any facilitation payment by threat or intimidation, he shall detail such a process while reporting to his direct supervisor and notifying the Competent Unit of the Company.

Upon notification of such an incident, the Competent Unit of the Company shall immediately handle the matter and review relevant circumstances to reduce the risk of recurrence. If any illegal acts were found involved, they shall be immediately reported to a judicial authority.

Article 9 Handling procedure for political contributions

The Company may offer political contributions which shall be reported to the President for approval if its amount does not exceed NTD 0.5 million or to the Board of Directors for approval if its amount is over NTD 0.5 million and which shall be brought to the attention of the Competent Unit of the Company. Political contributions shall be handled In order to comply with the following provisions:

1. Laws and regulations related to political contributions in the country where a political contribution has been designated shall be upheld, including the limits, forms, etc. of political contributions.
2. Any decision on political contributions shall be documented in writing.
3. Any political contributions shall be recorded in the book In order to comply with relevant laws and regulations and accounting procedures.
4. The offering of political contributions shall be excluded from any matters involving business dealings with relevant government agencies, applications of permit/license, or the interest of the Company, etc.

Article 10 Handling procedure for charitable donations or sponsorships

The Company may offer charitable donations or sponsorships which shall be reported to the President for approval if its amount does not exceed NTD 0.5 million or to the Board of Directors for approval if its amount is over NTD 0.5 million and which shall be brought to the attention of the Competent Unit of the Company. Charitable donations or sponsorships shall be handled In order to comply with the following provisions:

1. Laws and regulations related to charitable donations or sponsorships in the country where a charitable donation or sponsorship has been designated shall be upheld.
2. Any decision on charitable donations or sponsorships shall be documented in writing.
3. The beneficiary of charitable donations shall be a charity, rather than any party else in disguise

- of a charitable donation for bribery.
4. The feedback as a result of the sponsorship shall be clear and reasonable, rather than involving any parties in business dealing with the Company or in joint interest with the personnel of the Company.
 5. It shall be verified that the purpose of a charitable donation or sponsorship is to match that of the application of the money donated.

Article 11 Avoidance of conflict of interest

Should resolutions proposed at the meeting of the Board of Directors present a conflict of interest, either to himself or to the legal person he represents, a Director, a professional manager, or a stakeholder shall, at the board meeting, explain the important contents of his interest while excusing himself from the discussion and voting of the resolution proposals on behalf of himself or other Directors if his interest may jeopardize that of the Company. Directors shall also govern themselves with self-discipline without supporting each other in a conflict of interest.

In the execution of the business for the Company, the personal of the Company shall report relevant matters to his direct supervisor for advice and to the Component Unit of the Company if he should find that himself or the legal person he represents might be in a conflict of interest or that unentitled interests might be accrued to himself, his spouse or children or parents, or an relevant stakeholder.

The personnel of the Company shall not apply any resources of the Company to any commercial activities other than for the Company and shall not adversely affect his performance due to his participation in business activities other than for the Company.

Article 12 Organization and responsibility of confidentiality mechanism

The Legal Department of the Company is to be designated as the Component Unit in charge of the stipulation and implementation of the operating procedures of management, preservation and confidentiality of intellectual properties such as business secrets, trademarks, patents and copyrights of the Company. It shall review the implementation results on a regular basis to ensure the continuity of the effectiveness of the operating procedures.

Strictly abiding by the relevant operating procedures for the preceding intellectual properties, the personal of the Company shall not disclose any information about the intellectual properties such as business secrets, trademarks, patents and copyrights of the Company, as well as shall not inquire about or collect any information - irrelevant to his position - about the intellectual properties such as business secrets, trademarks, patents and copyrights of the Company.

Article 13 Prohibition of disclosure of business secrets

Guided under the Fair Trade Act and relevant laws and regulations on competition, the Company shall engage in business activities with fairness during competition without sharing or dividing markets by ways of fixed price, tender manipulation, constraint of production and distribution, or allocation of customers, suppliers, operating areas or business sectors.

Article 14 Prevention of impairment to stakeholders by products or services

Regarding the relevant laws and regulations and international standards with which the products and services provided by the Company shall comply, the Company shall proceed to collect, study, summarize and post matters of importance so that the personnel of the Company can follow as required accordingly throughout the process of research and development, procurement, manufacturing, supply, sales and distribution to ensure the transparency about and security of the products and services provided.

The Company has stipulated and publically disclosed on the Company website policies on the protection of the interest of consumers or other stakeholders, lest the interest, health and safety of the consumers and other stakeholders should be impaired directly or indirectly by the products and services.

Upon the coverage of an incident by news media or the verification of an incident where the safety and health of the consumers and other stakeholders might be impaired by the products and services of the Company, the Company shall recover the products or cease its services within 30 days while investigating the incident and proposing plans for rectification and improvement.

The Component Unit of the Company shall report to the Board of Directors about the aforementioned incident, measures in handling the incident, and subsequent measures for rectification and improvement.

Article 15 Prohibition of insider trading and imposition of confidentiality agreement

The personnel of the Company shall comply with the requirements of the *Securities and Exchange Act* without engaging himself in or facilitating others to engage in the insider trading by taking advantage of or disclosing to others of any undisclosed information at hand.

Any institutions or personnel who have involved in the merger, severance, acquisition and share transferring, important memorandum, strategic alliance, among other business cooperative plans or important contracts related to the Company shall enter into a confidentiality agreement with the Company while undertaking not to disclose to others any trade secret or other critical information about the Company. Under no circumstances shall such information be used unless otherwise approved by the Company.

Article 16 Explicit exposure of the policy of ethical management

The Company shall disclose its ethical management policies not only on the Company website, in its internal regulations, annual reports, or other government propaganda, but also at public activities such as product presentation, investor update briefing, etc., so that its suppliers, customers or other relevant business organizations and personnel may clearly understand the philosophy and norms of the ethical management of the Company.

Article 17 Assessment of the ethical management of a counter party prior to the establishment of mutual business relations

Prior to the establishment of mutual business relations with a potential company, the Company shall first assess the legality, ethical management, and any records of unethical conducts (if any) of its agents, suppliers, customers or other business counterparties of the subject company to ensure that the fairness and transparency of the business management of the Company without any demand, offering or acceptance of bribes.

In the event of the foregoing assessment, the Company may adopt appropriate auditing/review procedures to learn any particulars about the ethical management of potential business counterparty, including the following matters:

1. The country, the operating location, the organizational structure, the business policy of the company under dealing and the place of payment.
2. Whether the company under dealing has stipulated its ethical management policy and any particulars about the implementation of such a policy.
3. Whether the operating location of the company under dealing falls unto the list of countries of high risk of corruption.
4. Whether the business of the company under dealing inclines to high risk of bribery.
5. The long-term business status and reputation of the company under dealing.
6. Opinions towards the company under dealing via consultation with its business partners.
7. Whether the company under dealing has ever involved in bribery, illegal political contribution or any other unethical conduct.
8. Conveyance about ethical management policy with the company under dealing.

During the course of business engagement, the personnel of the Company shall explain the ethical management policies and relevant regulations of the Company to any company under

dealing while explicitly refusing to directly or indirectly offer, promise, demand or accept any improper interests in any shape or under any name.

Article 18 Avoidance of business dealing with unethical companies

The personnel of the Company shall refrain from engaging in business transactions with agents, suppliers, customers or other business parties who have involved in unethical conducts. Any business transaction shall be ceased with a company under dealing where the company shall be put on a black list of no-dealing if it is found that the company has committed unethical conducts, so as to fully implement the ethical management policy of the Company.

Article 19 Incorporation of provisions about ethical management into all contracts signed

When signing a contract with other companies, the Company shall fully understand any particulars about the ethical management of those companies as well as shall incorporate into the terms of the contract a provision about the compliance with the ethical management of the Company, including at least the following matters:

1. Upon knowledge of violation a contractual clause about the prohibition of acceptance of commission, kickback/rebate or other unentitled interest by any personnel of either party, either party shall promptly inform the other party of the fact about the identity of the violator, any method/amount/or other unentitled interest of any offer, promise, demand or acceptance, along with any relevant evidence while cooperating in any investigation with the other party. If one particular party has suffered any damage as a result of such a violation, it shall be entitled to any indemnity for its damage as well as to 20 percent of a contractual price, which shall be deducted from any payables to the violating party.
2. During any business activity, either party shall be entitled to unconditionally terminate or cancel a contract if the other party should be found involved in any unethical conduct.
3. Contents about payment shall be stipulated specifically and reasonably, including the place and method of payment, and all details in compliance with relevant tax laws and regulations.

Article 20 Handling of unethical conduct by any personnel of/towards the Company

The Company encourages internal and external personnel to report any unethical conduct or misconduct and shall reward to a reporter any range from NT\$2,000 to \$200,000 according to the severity of the circumstances of the misconducts. If any internal personnel should commit a false or malicious report, disciplinary action or dismissal from position shall be imposed upon him.

An internal independent mailbox and a dedicated hotline have been set up and posted on the Company's internal and external websites to facilitate the reporting by internal and external personnel.

While reporting a violation, a reporter shall provide at least the following information:

1. The name, citizenship identity number, and address, telephone, e-mail of contact of the reporter.
2. The name of the violating party or other information that can lead to the identity of the violator.
3. Any specific evidence for investigation.

Relevant personnel of the Company handling a report shall declare in writing to keep confidential the identity of a reporter and the contents of the report; and the Company shall be committed to protecting the reporter from being improperly disposed of due to the report.

The Component Unit of the Company shall handle any violation In order to comply with the following procedures:

1. A department head shall be reported if a reported violation has involved general personal of the company, whereas independent Directors shall be reported if a Director or high-level

management has been involved.

2. The Component Unit of the Company or the personnel/supervisor in charge of the aforementioned report shall immediately proceed to the investigation of relevant facts and, if necessary, seek assistance from Legal Department or other relevant units.
3. If it should be confirmed that the personnel being reported has indeed violated relevant laws and regulations or the ethical management policies and regulations of the Company, the violator shall be required to immediately stop the relevant conduct, be properly disposed of, and if necessary be sought after for damages through legal proceedings, so as to maintain the reputation and interests of the Company.
4. The handling of a report, including receipt, investigation and outcome of the report, shall be detailed in writing and filing and remained in custody for five years in electronic means. Prior to the expiry of any filing, if another litigation arising should be related to the contents of an existing report, the relevant information shall be retained until the end of the litigation proceedings.
5. Regarding any reported matter verified to be factual, relevant departments of the Company shall review relevant internal control system and operating procedures while proposing improvement measures to prevent the same misconduct from happening again.
6. The Component Unit of the Company shall report to the Board of Directors on the report matter, its handling approaches, and subsequent review and improvement measures.

Article 21 Handling of unethical conduct by any personnel outside/towards the Company

When an unethical illegal conduct by any personal outside/towards the Company is observed, the Company shall inform the judicial and procuratorial institutions of the relevant facts. Furthermore, if public institutions or public servants are involved in such a conduct, relevant integrity authority of the government shall be informed.

Article 22 Establishment of a system for reward, penalty, appeal, and disciplinary actions

At least once a year, the Component Unit of the Company shall be holding an internal advocacy, arranging the importance of ethical management to be conveyed by the Chairman, President or senior management team towards Directors, employees and appointees.

The ethical management has been incorporated by the Company into its corporate culture and human resources policy where a clear and effective system for reward, penalty and appeal has been established.

In the event of a major violation of an ethical conduct by the personnel of the Company, the violator shall be dismissed or terminated In order to comply with the relevant laws and regulations or methods of Human Resources.

On the Company's internal website, the Company shall disclose information about the incident of the violation of an ethical conduct, including the title, name of the violator, the date of violation, the contents of the violation, and handling particulars.

Article 23 Implementation

The "the Ethical Corporate Management" has been implemented according to a resolution of the Board of Directors and shall be reported to Audit Committee and a Shareholders' Meeting. Any revision of the "the Ethical Corporate Management" shall be going through the same procedure of resolution, implementation and report.

Upon presentation and discussion of "the Ethical Corporate Management" to and by the Board of Directors, all independent Directors' opinions, of objection or reservation, shall be fully taken into consideration and clearly recorded in a meeting minute of the meeting of the Board of Directors. If any independent Directors should hold an opinion of objection or reservation yet be unable to attend

the meeting of the Board of Directors in person, his opinion shall be presented in writing ahead of time (unless otherwise except for a legitimate excuse) and be recorded in the meeting minute of the meeting of the Board of Directors.

AXIOMTEK CO., LTD.

**Rules of Procedures for Shareholders' Meeting
(Before Revision)**

1. To establish a strong governance system and sound supervisory capabilities for the Company's Shareholders' Meeting, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
2. The rules of procedures for the Company's Shareholders' Meeting, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
3. Unless otherwise provided by law or regulation, the Company's Shareholders' Meeting shall be convened by the Board of Directors.

The Company shall make including the Shareholders' Meeting notice, proxy form, approval proposal, discussion proposal, election or discharge Directors and so on(a regular meeting of shareholders prior within 30 days or special meeting of shareholders prior 15 days) as electronic forms upload to MOPS. And the amendment of the meeting shall be made as electronic files and upload to MOPS (a regular meeting of shareholders prior within 21 days or special meeting of shareholders prior 15 days). Before the 15 days of the Shareholders' Meeting, the Company shall well prepare the Shareholders' Meeting handbook and the amendment to be put in the place of professional stock transfer agency authorized by the Company and reviewed by each shareholder anytime, and shall grant to shareholders in the place of the meeting.

The reasons for convening a Shareholders' Meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of Directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issue shall be set out in the notice of the reasons for convening the Shareholders' Meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding one percent (1%) or more of the total number of outstanding shares may propose to the Company a proposal for discussion at a regular Shareholders' Meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. And the proposal issued

by shareholder should be pursuant to Article 172-1 of the Company Act, any proposal with regards to the Item 4 of Article 172-1 of the Company act will not be discussed for the motion.

Prior to the book closure date before a regular Shareholders' Meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular Shareholders' Meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a Shareholders' Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the Shareholders' Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

4. For each Shareholders' Meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given Shareholders' Meeting, and shall deliver the proxy form to the Company before 5 days before the date of the Shareholders' Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

5. The venue for a Shareholders' Meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a Shareholders' Meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the Independent Directors with respect to the place and time of the meeting.

6. The Company shall specify in its Shareholders' Meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient

number of suitable personnel assigned to handle the registrations.

Shareholders or their proxies (collectively, “shareholders”) shall attend Shareholders’ Meeting based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker’s slips, voting slips, and other meeting materials. Where there is an election of Directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders’ Meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

7. If a Shareholders’ Meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the board. When the chairman of the Board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the Directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the Directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that Shareholders’ Meeting convened by the Board of Directors be chaired by the chairperson of the Board in person and attended by a majority of the Directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a Shareholders’ Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders’ Meeting in a non-voting capacity.

8. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Shareholders’ Meeting, and the voting and vote counting procedures.

The Company shall retain the recording for at 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

9. Attendance at Shareholders' Meeting shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sing-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act, all shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the Shareholders' Meeting pursuant to Article 174 of the Company Act.

10. If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair. In order to comply with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders, when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor, the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

12. Voting at Shareholders' Meeting shall be calculated based the number of shares.

With respect to resolutions of Shareholders' Meeting, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

13. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a Shareholders' Meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be established In order to comply with the laws and shall be specified in the Shareholders' Meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended

the meeting in person. However, the shareholder mentioned in the preceding paragraph will be deemed to waive the right for the motion and the modification of the proposal at that Shareholders' Meeting mentioned herein, therefore, the Company shall avoid the situation of providing the proposal for the motion and the modification for the agenda item.

When shareholder exercises voting rights by written consent or electronic means In order to comply with the preceding paragraph, the intention shall be delivered to the Company before 2 days before the date of the Shareholders' Meeting, when the intention repeat, the one received earliest shall prevail unless a declaration is made to cancel the previous intention.

After shareholder exercises voting rights by written consent or electronic means, if they want to attend to the Shareholders' Meeting in personal, the shareholder mentioned in the preceding sentence shall withdraw the intention by written consent or electronic means in the same way of exercising voting rights before 2 days before the date of the Shareholders' Meeting; when the withdraw mentioned herein is overdue, the voting rights by written consent or electronic mean shall prevail. If shareholder exercises voting rights by written consent or electronic means and appoint agent as proxy to attend the Shareholders' Meeting, the voting right of proxy shall prevail.

Except as otherwise specified in the Company Act or in the Company's articles of incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed veto, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, and all monitoring personnel shall be shareholders of the Company.

Vote counting shall be conducted in public at the place of the Shareholders' Meeting, and voting results shall be reported on –site immediately and recorded in writing.

14. The election of Directors at a Shareholders' Meeting shall be held In order to comply with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the company Act, the ballots shall be retained until the conclusion of the litigation.

15. Matters relating to the resolutions of a Shareholders' Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The distribution of the meeting minutes could be in the way of electronic form.

The distribution for the meeting minutes in the preceding paragraph can be in the ways of published in MOPS.

The meeting minutes shall record the date of the meeting, place, the chair name, the way of resolution and the results, and keep it forever during the term of continuing of the Company.

16. On the day of a Shareholders' Meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the Shareholders' Meeting.

If matters put to a resolution at a Shareholders' Meeting constitute information under applicable laws or regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

17. The personnel who is responsible for the Shareholders' Meeting shall wear the badge or identification card.

The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the meeting place. Such disciplinary officers or the security guard shall wear the badge marked "Disciplinary officers" for identification purpose.

At the place of meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceeding and refusing to heed calls to stop, the chair may direct relevant personnel to escort the shareholder from the meeting.

18. During the meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the Shareholders' Meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within 5 days In order to comply with Article 182 of the Company Act.

19. These Rules and Procedure shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

20. The amendment was made on June 3rd, 2015.

AXIOMTEK CO., LTD.
Methods for Election of Directors
(Before Revision)

Article 1

To ensure a just, fair, and open election of Directors and Supervisors, these Procedures are adopted pursuant to Articles 21 of the 「Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.」

Article 2

Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of Directors shall be conducted In order to comply with these Procedures.

Article 3

The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's Directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the Directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The Board of Directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

Article 4

The qualifications for the Independent Directors of the Company shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of Independent Directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted In order to comply with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article 5

Elections of Directors (including Independent Directors) at the Company shall be conducted in order to comply with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee Directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified Directors will be elected.

When the number of Directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next Shareholders' Meeting. When the number of Directors falls short by one third of the total number prescribed in the Company's articles of incorporation, the Company shall call a special Shareholders' Meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of Independent Directors falls below that required under the provision of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next Shareholders' Meeting to fill the vacancy. When the independent Directors are all dismissed, a special Shareholders' Meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6

The cumulative voting method shall be used for election of the Directors at the Company. Each share will have voting rights in number equal to the Directors to be elected, and may be cast for a single candidate or split among multiple candidates.

The election of Directors at the Company, shareholder may exercise the right by choosing the way of electronic or cast the vote.

Shareholder shall exercise the vote right in the electronic platform assigned by the Company as executing election right stated in preceding paragraph.

The election of the Company's Independent Directors is used candidate nominate system, independent and non-Independent Directors elected at the same time, but in separately calculated numbers.

Article 7

The Board of Directors shall prepare separate ballots for Directors and Supervisors in numbers corresponding to the Directors or Supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the Shareholders' Meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. The ballots will not be printed if shareholder use the way of electronic election.

Article 8

The number of Directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

The voting right stated in the preceding paragraph will be calculated with electronic and cast vote in the Shareholders' Meeting.

The results of the preceding vouchers shall be determined by the shareholders who meet the requirements of Article 44 of the Rules of Shareholders before the Shareholders' Meeting, confirm the identity of the shareholders and vote and complete the statistical verification

Article 9

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel, vote monitoring personnel shall be shareholder to execute each job of duty. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 11

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the Board of Directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 12

The voting rights shall be calculated on site immediately under the supervision of vote monitoring after the end of the poll. The results of the calculation, including the list of persons elected as Directors or Supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

Article 13

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 14

The Method was amended on May 22, 2017.

AXIOMTEK CO., LTD.

Article of Incorporation

Section I-General Provisions

Article 1

The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 艾訊股份有限公司 in the Chinese language, and Axiomtek Co., Ltd. in the English language.

Article 2

The scope of business of the Corporation shall be as follow:

1. CB01020 Office Machines Manufacturing
2. CC01080 Electronic Parts and Components Manufacturing
3. F219010 Retail Sale of Electronic Materials
4. I301020 Data Processing Services
5. I301030 Digital Information Supply Services
6. I501010 Product Designing
7. E605010 Computing Equipment's Installation Construction
8. CC01060 Wired Communication Equipment and Apparatus Manufacturing
9. CC01070 Telecommunication Equipment and Apparatus Manufacturing
10. CC01110 Computers and Computing Peripheral Equipments Manufacturing
11. CE01010 Precision Instruments Manufacturing
12. EZ05010 Apparatus Installation Construction
13. I301010 Software Design Services
14. F213030 Retail sale of Computing and Business Machinery Equipment
15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3

The Corporation shall have its head office in New Taipei County, Taiwan, Republic of China, and shall has its right to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities, upon approval of government authorities in charge.

Article 4

The Company may provide endorsement and guarantee and act as a guarantor, the proceeding In order to comply with the Operating Procedures of Fund Lending and Making of Endorsements and Guarantees.

Section II – Capital Stock

Article 5

The total capital stock of Corporation shall be in the amount of 1,600,000,000 New Taiwan Dollars, divided into 160,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments upon approval of Board of Directors.

The Corporation may issue employee stock options from time to time upon Directors' resolution. A total of 10,000,000 shares among the above total capital stock should be reserved for issuing

employee stock options.

Article 6

The Corporation may transfer shares to employees at less than the average actual share repurchase price In order to comply with Article 10-1 in the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, To transfer shares to employees at less than the average actual share repurchase price, a company must have obtained the consent of at least two-thirds of the voting rights present at the most recent Shareholders' Meeting attended by shareholders representing a majority of total issued shares.

Article 6-1

The Corporation may issue the shares to employees with Employee stock options and the share price would be less than the Ordinary Shares Closing Price of the issued date of the Corporation, and the Employee stock options mentioned herein shall be adopted by two-thirds of the shareholders present who represent majority of the total number of its outstanding shares by the Corporation.

Article 6-2

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive the Company's treasury stocks In order to comply with the Company Law of the Republic of China. The requirement and manner of distribution are authorized to Board of Directors for resolution.

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive the share subscription warrant. The requirement and manner of distribution are authorized to Board of Directors for resolution.

When the Company issues new shares, qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive the shares. The requirement and manner of distribution are authorized to Board of Directors for resolution.

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive restricted stock for employees. The requirement and manner of distribution are authorized to Board of Directors for resolution.

Article 7

The Company is exempted from having the stock shares printed out; however, the Company should contact the securities depository and clearing institution for registration.

Article 8

Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

Article 9

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholder of the Company shall follow the "Guidelines for Stock Operations for Public Companies".

Article 10

The investment amount of the Corporation will not be limited to regulation 「 Shall not exceed forty percent of the paid-up share capital of the Company 」 in the Article XIII of the Company Law of the

Republic of China.

SECTION III- Shareholders' Meeting

Article 11

Shareholders' Meeting of the Corporation are of two types, namely : (1) regular meeting and (2) special meetings. Regular meeting shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened In order to comply with the relevant, rules and regulations of the Republic of China.

Article 12

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend, and to exercise, on his/her behalf, all rights at the meeting, In order to comply with Article 177 of the Company Law of the Republic of China. Regarding to the issue of Power of Attorney, would be follow the regulations of "Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

Article 13

Each share of stock shall be entitled to one vote. But the share will not be entitled to have vote In order to comply with the regulations of Article 179 of the Company Law of the Republic of China.

Article 14

Except as provided in the Company Law of the Republic of China, Shareholders' Meetings may be held if attended by shareholders in person more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

Article 15

Written notices shall be sent to all shareholders at their latest places of residence as registered with the Corporation for the convening of Shareholders' Meetings, at least thirty (30) days in advance, in case of regular meetings; and at least fifteen (15) days in advance, in case of special meetings. The purpose(s) for convening any such meeting shall be clearly stated in the written notices sent out to the shareholders.

Article 16

The Shareholders' Meeting shall be presided over by the Chairman of the Board of Directors of the Corporation. In his absence, Chairman should appoint one of the Board of Directors as his representative to preside the meeting, or one of the Directors shall be elected among Directors if Chairman does not appoint anyone. If the meeting is convened by the outsider of the Board of Directors, the convener should preside the meeting; when there are more than 2 conveners, conveners should elect one among conveners to preside the meeting.

Article 17

The resolutions of the Shareholders' Meeting shall be recorded in the minutes, and handle In order to comply with the regulations of Article 183 of the Company Law of the Republic of China.

Section IV-Directors and the Functional Committee

Article 18

The Corporation shall have seven to nine Directors, the term of office for Directors shall be three (3) years. Directors should be elected by adopting candidates' nomination system, the shareholders can elect the directors from the candidates list of directors, and all Directors shall be eligible for re-election. All directors of the proportion of the total shareholding of the Corporation shall be governed by the provisions of the securities regulatory authorities. The Corporation reserves the right to purchase Liability Insurance for the Directors according to his function and the compensation liability the Directors might take In order to comply with the Law as the Director conducting his business.

Article 18-1

The Corporation must have at least three independent directors In order to comply with the regulations of Article 14-2 of the Securities Exchange Act of the Republic of China, and no less than one-fifth of total number of directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Security Competent Authority. Independent directors and directors shall have election together, and the elected quota shall be calculated separately, the independent directors and directors shall be elected by the high suffrage represented by the resulting ballot.

Article 19

The Directors shall elect from among themselves a Chairman of the Board of Directors by a majority in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation.

Article 20

In Chairman's absence, any one of the Directors shall be acting for him according to the regulations of Article 208 of the Company Law of the Republic of China.

Article 21

In calling a meeting of the Board of Directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director and supervisor no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time.

The remuneration of directors, be authorized the Board agreed according to Directors' value to the extent of their involvement of the Corporation's operations and the contribution, also referred with general standard of the similar industry standard.

Article 22

In the case that vacancies on the Board of Directors exceed, for any reason, on third of the total number of the Directors, then the Board of Directors shall convene a Shareholders' Meeting to elect new Directors to fill such vacancies within 60 days, the new Directors shall serve the remaining term of the predecessors.

Article 23

Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting. A Director may, by

written authorization, appoint another Director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such meeting, but no Director may act as proxy for more than one other Director.

Article 24

Resolutions adopted at a meeting of the Board of Directors shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all Directors within fifteen (15) days after the close of the meeting. The minute of the meeting of the Board of Directors shall record the date and the place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes and the attendance register book of the Directors, including the authorizations, shall be kept persistently.

Article 24-1

The Corporation shall establish a Remuneration Committee, an Audit Committee or other Functional Committees.

The Corporation establishes an Audit Committee consist of all independent directors in compliance with Article 14-4 of the ROC Securities and Exchange Law, The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the ROC Company Law, Securities and Exchange Law and other relevant regulations.

Section V-Management of the Corporation

Article 25

The Corporation may, by resolution of the Board of Directors, appoint managerial personnel to meet the Corporation's operational or managerial needs, appointment and discharge and the remuneration of the managerial personnel shall be decided In order to comply with the regulations of the Article 29 of the Company Law. Managerial personnel has the right to manage and perform such duties under the function scope of authorization by the Board of Directors. The Corporation has the right to purchase Liability Insurance for the managerial personnel according to his function and the compensation liability the managerial personnel might take In order to comply with the Law as the managerial personnel conducting his business.

Section VI-Accounting

Article 26

At the close of each fiscal year, the Board of Directors shall prepare Business Report, Financial Statement, and the surplus earning distribution or loss off-setting proposals, and shall forward the same to the general meeting of shareholders.

Article 27

This Corporation shall set aside 1%-20% as employees' remuneration and the percentage lower than 2% as directors' remuneration if the Corporation has profit (means the Pre-tax Income before deduction of the employees' and directors' remuneration) in the current year. However, the company's accumulated deficit shall have been covered, if any (including the adjustment of unappropriated retained earnings).

The Corporation may have the profit distributable as employees' remuneration in the preceding paragraphs distributed in the form of shares or in cash to the qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, the requirement and manner of distribution are authorized to Board of Directors for

resolution. The remuneration of directors in the preceding paragraphs only can receive the profit in the form of cash.

The Corporation shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors for the preceding two paragraphs distributed and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

Article 27-1

When allocating the net income for each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. The Company would set aside or fund another sum as special reserve In order to comply with the regulations of the Law or the rules of the Authorities, plus the rest of the and Accumulated Retained Earnings of preceding fiscal year (including the adjustment of undistributed earnings), and the meeting of Board of Directors would draft the Proposal for Distribution, and to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

The Company distributing surplus earning in the form of new shares to be issued by the company In order to comply with the preceding paragraphs shall follow the provisions of Article 240 of the Company Law of the Republic of China with a resolution adopted at a meeting of shareholders.

The Dividend Policy of the Company is in concert with the development plan of current and future, the environment of investment, funds requirement, and the competition condition of domestic and foreign, also considers the shareholders' interest, as results, the Company shall set aside earnings available for distribution which is not less than 25% as shareholders' dividends and bonuses, the stock dividends of share allocations will not be higher than 80% of the total dividends and bonuses.

Article 27-2

When the Company incurs no loss, it may authorize the legal reserve(only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed) and the capital reserve following the provisions of the Company Law of the Republic of China in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Section VII-Supplementary Provisions

Article 28

In regard to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.

Article 29

These Articles of Incorporation are agreed to and signed on May 8, 1990 by all the promoters of the Corporation.

The first Amendment was approved on January 7, 1993;

The second Amendment was made on October 1, 1993;

The third Amendment was made on May 24, 1997;

The fourth Amendment was made on August 15, 1997;

The fifth Amendment was made on September 5, 1997;

The sixth Amendment was made on June 20, 1998;

The seventh Amendment was made on June 12, 1999;

The eighth Amendment was made on June 24, 2000;

The ninth Amendment was made on June 16, 2001;
The tenth Amendment was made on March 5, 2002;
The eleventh Amendment was made on June 25, 2002;
The twelfth Amendment was made on June 30, 2003;
The thirteen Amendment was made on May 24, 2004;
The fourteen Amendment was made on June 24, 2005;
The fifteen Amendment was made on June 9, 2006;
The sixteen Amendment was made on June 25, 2007;
The seventeen Amendment was made on June 6, 2008;
The eighteen Amendment was made on June 22, 2009;
The nineteen Amendment was made on June 17, 2010;
The twenty Amendment was made on June 24, 2011;
The twenty-first Amendment was made on June 18, 2012;
The twenty-two Amendment was made on June 3, 2015.
The twenty-three Amendment was made on May 31, 2016.
The twenty-four Amendment was made on May 22, 2017
The twenty-five Amendment was made on May 29, 2019

AXIOMTEK CO., LTD.**Article of Incorporation**

I. As per calculation based on the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the overall shareholding by Directors are as follow:

(I) The Company has issued 82,041,121 common shares of which 10% (i.e. 8,204,113 shares) shall be held by all Directors according to statutory requirements. Also, the Audit Committee comprising Independent Directors has been established by the Company in order to comply with Article 14.4 of the Securities and Exchange Act, responsible for the implementation of the authority of Supervisors under the provisions of the Company Act, the Securities and Exchange Act and other laws and regulations. Therefore, supervisors' shareholding requirements are not applicable.

(II) The Company has also elected three Independent Directors; subsequently, the statutorily required number of common shares held by the Directors shall be reduced according to 80% of the abovementioned shares that shall be held by Directors. Hence, the total number of common shares held by the Directors of the Company shall come to 6,563,291 shares.

II. As of March 30th, 2020 (book closure date), the shareholding of common shares held by all Directors in the shareholders' registry has been as follows:

Title	Name	Representative	Current Shareholding	
			Shares	Shareholding Ratio %
Chairman	YANG, YU-TE		1,578,512	1.92
Director	ADVANTECH CO., LTD.	LIU, WEI-TING	20,537,984	25.03
Director	TSAI, SHIH-YANG		408,000	0.50
Director	HUANG, JUI-NAN		0	0
Independent Director	LIN, YIH-JONG		0	0
Independent Director	CHANG, JEN-CHIH		0	0
Independent Director	SHON, ZHENG-YI		0	0
The Shareholding of Ordinary Shares Held by all Directors			22,524,496	27.45

III. As it has stood, the number of ordinary shares held by all Directors has reached the statutorily required number.