



Axiomtek Co., Ltd.
2019 Annual Shareholders' Meeting
Meeting Minutes
(Translation)

Meeting Time: 09:00 AM, May 29th (Wednesday), 2019

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

Total outstanding shares of Axiomtek Co., Ltd.: 79,683,649 shares

Total shares represented by the shareholders present in person or by proxy (including votes casted electronically: 11,317,660): 45,332,455 shares

Percentage of outstanding share held by shareholders present in person or by proxy: 56.89%

Directors Present: Yang Yu-Te (the Chairman of the Board of Directors),

Tsai Shih-Yang (Director), Liu, Wei-Ting (Director), Huang, Jui-Nan (Director)

Chang, Jen-Chih (Independent Director/Convener of Audit Committee)

Lin, Yih-Jong (Independent Director), Shon, Zheng-Yi (Independent Director)

(All the 7 seats of the Board of Directors present this Meeting)

Attendee: Ms. Feng Ming-Chuan/CPA, PricewaterhouseCoopers

Chairman: Yang Yu-Te, the Chairman of the Board of Directors

Recorder: Hsu Chin-Chuan

I. The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairman's Address (omitted)

III. Reports Items

1. 2018 Business Report (Please refer to ATTACHMENT I)
2. 2018 Consent Report of Audit Committee (Please refer to ATTACHMENT II)
3. 2018 Report of Remuneration Distribution to Employees and Directors

Explanation:

- (1) Pursuant to Article 27 of the Articles of Incorporation of the Company: For a particular fiscal year, if profits are made (i.e., if net profits before-tax are available prior to the deduction of remuneration to employees and Directors), the Company shall allocate one to twenty percent as remuneration to employees and up to 2% as remuneration to Directors.
- (2) The Board of Directors of the Company had approved to allocate TWD 70,566,000 as the remuneration to employees and TWD 6,415,000 as the remuneration to the Directors for the year 2018, 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 2018, the amount of the expenditures is consistent with that of the remuneration allocation agreed by the Board of Directors.

4. The Status of the First Domestic Unsecured Convertible Corporate Bonds Conversion

Explanation:

- (1) In order to enrich the working capital, for the first time the Company had planned to issue unsecured convertible corporate bonds (hereinafter referred to as “the Convertible Corporate Bonds”) matter of which was entering into effect as per an official approval letter (of Jin-Guan-Zheng-Fa-zi-No. 1050022240) dated June 16th, 2016 issued by Financial Supervisory Commission; further, this matter was approved for an extended period for fund raising as per an official approval letter (of Jin-Guan-Zheng-Fa-zi-No. 1050036756) dated September 2nd, 2016 issued by Financial Supervisory Commission.
- (2) Particulars about the issuance and conversion of the Convertible Corporate Bonds are as follows:
 - a. Total 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.
 - b. Coupon rate/ yield to maturity: Annual coupon rate was set to be 0%.
 - c. 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).
 - d. Conversion status: As of March 31st, 2019, totally 18 of the Convertible Corporate Bonds had been converted to 34,615 ordinary shares of the Company by the creditors.

IV. Proposal and Acknowledgement

1. Regarding 2018 Business Report and Financial Statements, please kindly acknowledge it.
(Proposed by the Board of Directors)

Explanation:

- (1) 2018 Business Report and Financial Statements (including Parent Company Only and Consolidated Financial Statements) of the Company had received consent of the Audit Committee and passed the resolutions of 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 2018 Business Report, Financial Statements along with 2018 Profit Distribution.
- (2) For details, please refer to ATTACHMENT I for 2018 Business Report, ATTACHMENT III for 2018 Independent Auditors’ Report and Parent Company Only Financial Statements, and ATTACHMENT IV for 2018 Independent Auditors’ Report and Consolidated Financial Statements.
- (3) Please kindly acknowledge this proposal.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Results:

Shares represented at the time of voting	Votes in favor	Votes against	Votes in invalid or abstained
45,332,455 votes	39,163,477 votes	3,796 votes	6,165,182 votes
100.00%	86.39%	0.01%	13.60%

2. Regarding 2018 profit distribution, please kindly acknowledge it.

(Proposed by the Board of Directors)

Explanation:

- (1) Please refer to ATTACHMENT V for 2018 Profit Distribution.
- (2) For 2018, the beginning retained earnings of the Company is TWD 478,332,047, plus first-time adoption of IFRS adjustment of TWD 706,285 and deducting remeasurement of defined benefit plans recognized in retained earnings of TWD 3,651,276, and unappropriated retained earnings after adjustment is TWD 475,387,056, plus 2018 net income of TWD 406,923,665, and set aside legal reserve of TWD 40,692,367, and reverse special reserve of TWD 8,683,147, the total unappropriated retained earnings is TWD 850,301,501, the distribution of 2018 profits is following:

【TWD 850,301,501 =

TWD 478,332,047 + 706,285 - 3,651,276 + 406,923,665 - 10% x 406,923,665 + 8,683,147】

The final surplus TWD 850,301,501 is to be allocated for 2018 Profit Distribution according to provisions of regulations as follows:

- a. The dividend of the shareholders is to be distributed in the form of cash dividend totaling in TWD 298,783,684, or TWD 3.75 per share. Once this Proposal is passed at the Annual Shareholders' Meeting this time, the Chairman of the Board of Directors is authorized to determine the record date and relevant matters for the distribution of the cash dividend.
- b. 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, it is proposed by the Meeting, 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.
- c. The net income for the most recent year shall be distributed with higher priority.
- d. 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.

(3) Please kindly acknowledge this proposal.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Results:

Shares represented at the time of voting	Votes in favor	Votes against	Votes in invalid or abstained
45,332,455 votes	39,190,870 votes	7,403 votes	6,134,182 votes
100.00%	86.45%	0.02%	13.53%

V. Proposals and Discussion

1. Revision of partial articles in the “Articles of Incorporation”, please kindly discuss it.
(Proposed by the Board of Directors)

Explanation:

- (1) In order to comply with the articles modifications of the Company Law of the Republic of China, the Company hereby proposes to amend the Article of Incorporation. Please refer to ATTACHMENT VI for comparison table for articles in the “Articles of Incorporation” (before and after Revision).
- (2) Please kindly discuss this proposal.

Resolution: Approved and accepted as proposed by Board of Directors.

Voting Results:

Shares represented at the time of voting	Votes in favor	Votes against	Votes in invalid or abstained
45,332,455 votes	39, 181,395 votes	8,878 votes	6,142,182 votes
100.00%	86.43%	0.02%	13.55%

2. Revision of partial articles in the “Operating Procedures for Acquisition and Disposal of Assets”.

(Proposed by the Board of Directors)

Explanation:

- (1) In order to comply with the articles modifications of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the Company hereby proposes to amend the Operating Procedures for Acquisition and Disposal of Assets. Please refer to ATTACHMENT VII for Comparison Table for Articles in the “Operating Procedures for Acquisition and Disposal of Assets” (before and after Revision).
- (2) Please kindly discuss this proposal.

Resolution: Approved and accepted as proposed by Board of Directors.

Voting Results:

Shares represented at the time of voting	Votes in favor	Votes against	Votes in invalid or abstained
45,332,455 votes	38,833,976 votes	8,878 votes	6,489,601 votes
100.00%	85.66%	0.02%	14.32%

3. Revision of partial articles in the “Operating Procedures for Loaning of Funds and Making of Endorsement Guarantee”.

(Proposed by the Board of Directors)

Explanation:

- (1) In order to comply with the articles modifications of “Regulation Governing Loaning of Funds and Making of Endorsement/Guarantee by Public Companies”, the Company hereby proposes to amend the Operating Procedures for Loaning of Funds and Making of Endorsement Guarantee. Please refer to ATTACHMENT VII for Comparison Table for Articles in the “Operating Procedures for Loaning of Funds and Making of Endorsement Guarantee” (before and after Revision).
- (2) Please kindly discuss this proposal.

Resolution: Approved and accepted as proposed by Board of Directors.

Voting Results:

Shares represented at the time of voting	Votes in favor	Votes against	Votes in invalid or abstained
45,332,455 votes	38,833,976 votes	8,878 votes	6,489,601 votes
100.00%	85.66%	0.02%	14.32%

4. Regarding the release of the prohibition on Directors from participation in competitive business, please kindly discuss it.

(Proposed by the Board of Directors)

Explanation:

- (1) In accordance 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”, this Proposal is proposed.
- (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
Director	YANG, YU-TE	General Manager, Axiomtek Co., Ltd. Chairman, Axiomtek Deutschland GmbH Chairman, Axiom Technology (BVI) Co., Ltd. Chairman, Axiomtek UK Limited Chairman, Axiomtek Japan Co., Ltd. (New) Director, Axiom Technology, Inc. U.S.A. Director, Uni-innovate Technology 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. (New) Director, K&M Investment Co., Ltd. (New) Director, CZ Investment Co., Ltd. (New) Director, Huan Yan, Jih-Lian Co., Ltd. (New) Director, DotZero Co., Ltd. (New) Supervisor, Tran-Fei Development Co., Ltd. (New) Supervisor, iLink ICT Co., Ltd. (New)
Director	HUANG, JUI-NAN	Independent Director, AVer Information Inc. Director, Zotech Co., Ltd. (New)
Independent Director	LIN, YIH-JONG	Chairman, Ufi Space Co., Ltd. Vossic Technology Co., Ltd. (New)
Independent Director	CHANG, JEN-CHIH	Hot Tai Public Accountant Firms Certified Public Accountant Director, Liang Guan Investment 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. (New) Chairman, InComm Co. Ltd. (New) Chairman, InfoComm Integrated Development and Management Consultant Corporation (New) Director, Ecobio Co. Ltd. (New)

(4) Please kindly discuss this proposal.

Resolution: Approved and accepted as proposed by Board of Directors.

Voting Results:

Shares represented at the time of voting	Votes in favor	Votes against	Votes in invalid or abstained
45,332,455 votes	38,574,657 votes	623,223 votes	6,134,575 votes
100.00%	85.09%	1.38%	13.53%

VI. Extemporary Motions: None.

VII. Adjournment: There was no other business and extemporary motion, the Chairman announced the meeting adjourned at 09:22 AM, May 29th (Wednesday), 2019.

PART TWO – Attachments

(ATTACHMENT I)

AXIOMTEK CO., LTD.

2018 Business Report

Dear Shareholders:

In 2018, the annual operating income of Axiomtek Co., Ltd. (hereinafter referred to as "the Company") had reached TWD 3.63 billion - a 43.42% increase in comparison with TWD 2.53 billion in 2017.

It is evident that the integration of artificial intelligence and IoT (AIoT) will be the key growth drivers for the future. With the ongoing development of artificial intelligence and experience gained from continuous learning, the applicability of computer-based vision has expanded. Advanced study of the technology has created a new generation of video analysis tools that can differentiate a person, object, vehicle etc., in each frame, enabling further tracking and analysis. AI and advanced learning, supported by big data and advanced algorithms, have created a new generation of video analytic capabilities. In this early development phase of artificial intelligence and IoT, AXIOMTEK continues to invest in the automation of verticals like smart transportation, smart retail etc., expanding IoT application platforms, collaborating with technology partners to build an ecosystem, integrating both hardware and software techniques, laying the foundation for a sustainable value chain.

Herewith, business results for 2018 and business plan for 2019 are reported as follows:

I. Business Results for 2018:

(I) Implementation Results of the Business Plan:

The operating income of the Company totaled in TWD 3.63 billion for year 2018 where the net profit for the same period amounted to TWD 407 million, the comprehensive profit TWD 413 million, and the after-tax earnings per share TWD 5.12.

(II) Implementation Particulars about Budgeting:

Since the Group did not disclose its financial forecast for year 2018, there were no budgeting particulars to share.

(III) Financial Revenues, Expenditures, and Profitability:

Item		2018	2017
Financial Structure	Debt Ratio (%)	39.58	32.94
	Ratio of long-term capital to Property, plant and equipment (%)	232.89	204.93
Solvency	Current Ratio (%)	135.10	156.25

Item		2018	2017
	Quick Ratio (%)	98.06	121.16
	Interest earned ratio (times)	7,901.62	15,307.74
Profitability	Return on total assets (%)	11.09	29.31
	Return on Equity (%)	17.19	45.02
	Pre-tax Income to Paid-in Capital Ratio (%)	70.81	126.41
	Profit ratio (%)	11.21	36.60
	Earnings Per Share (TWD)	5.12	11.71

(IV) Research and Development:

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

1. Use cutting-edge computing technology to better enable automation and further develop our plans machine vision, integrating core technologies in visuals, audio, robotics, automated cars etc., to provide a comprehensive suite of AIoT industrial automation solutions.
2. Focus on Mission-Critical smart transportation applications to develop AI application systems for outdoor facilities and multi-functional products with the aim of attaining professional certification. Collaborate with technology partners to implement comprehensive solutions.
3. Develop the AMS (Agent Mass Suite) software suite to provide programs for remote monitoring and data collection, used in environmental monitoring and smart healthcare.
4. Continue to cultivate the Gaming industry, smart retail and digital signage applications, providing partners with exclusive, customized and flexible value-added services.
5. Continue to develop cloud-based application products and network application hardware platforms, investing in new technology research and development, software and hardware integration and modular design.

II. 2019 Summary Business Plan:

(I) Operating Principles:

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) Product Marketing Policy:

1. Introduce MES smart factory operations management and progress towards full factory automation.
2. Lay the groundwork for green product supply chain and supplier management using GPMS and SCM 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 Group'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. Embedded boards and SoM computer modules: Continuous development of next-generation MXM modular products and provide Design-in fast customization services.
2. Industrial and embedded computing systems & touch-screen 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 the IoT application market.
3. AMS (Agent MaaS Suite) smart remote monitoring software: upgrade the IoT remote monitoring and management capability, research and develop the AMS software

components, support embedded application interface programs (eAPI), online management tools, monitoring systems and database management capabilities.

4. Gaming industry-specific computer platform and smart retail: Develop VideoMixer technology and game console Player Tracking System platform for the Gaming industry; cultivate our vertical expertise and integration capabilities. Develop specialized modules and platforms for the smart retail market and provide professional customized services.
5. Cloud application computers and network application software platform: target the cloud applications and network security applications markets, develop cloud-based edge computing servers, remote monitoring technology IPMI and high-speed Ethernet module and build the infrastructure for SDN network security.

IV. Impact of External Competition, Regulations and Macroeconomics:

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. The Group will continue to develop capability and capacity, and focus on vertical applications markets, integrating future 5G, AI, machine vision, robotics applications and other development trends to build our core competitiveness on differentiation and innovation. The emerging wave of AI and IoT has intensified the use of automation and smart technology in multiple areas. This wave of has increased the volume and speed of development of automation. In launching related products, the Group will invest in more software and hardware integration capabilities to drive growth through value-added services, and further develop wireless network technology to provide a diversified portfolio of products.

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. Our Group'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)

2018 Consent Report of Audit Committee

To 2019 Annual Meeting of Shareholders of
AXIOMTEK CO., LTD.

Date: February 26th, 2019

Consented by the Audit Committee, 2018 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 2018 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 2018 Business Report, Financial Statements and profit distribution proposals are being reported and presented herewith for review in accordance 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.

2018 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, 2018 and 2017, 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, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance 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 accordance 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 accordance 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, 2018 are stated as follows:

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, 2018, the Company's inventories and allowance for inventory valuation losses amounted to TWD545, 189 thousand and TWD 34,533 thousand, respectively.

The Company 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 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 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 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.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the Parent Company Only financial statements in accordance with the "Regulations Governing the 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 accordance 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 accordance 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 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 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, 2019

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 734,817	19	\$ 638,525	18
Financial assets at fair value through profit or loss - current	12(3) (4)	-	-	35,006	1
Notes receivable	6(3) and 12(2) (4)	10,508	-	2,229	-
Accounts receivable	6(3) and 12(2) (4)	103,872	3	98,567	3
Accounts receivable – related parties	6(3),7 and 12(2) (4)	436,780	11	288,926	8
Other receivables		20,631	1	21,059	1
Other receivables – related parties	7	85,486	2	59,952	2
Inventories	6(4)	510,656	13	366,237	10
Prepayments		15,258	-	8,420	-
Other current assets	6(1)	471	-	149,599	4
Total current assets		1,918,479	49	1,668,520	47
Non-current assets					
Financial assets at cost - noncurrent	12(4)	-	-	923	-
Investments accounted for under equity method	6(5)	722,334	18	585,247	16
Property, plant and equipment	6(6) and 8	1,069,695	27	1,203,699	34
Investment property	6(7)	139,820	4	22,858	1
Intangible assets	6(8)	22,343	1	21,215	1
Deferred income tax assets	6(25)	34,777	1	28,566	1
Refundable deposits		3,785	-	3,562	-
Total non-current assets		1,992,754	51	1,866,070	53
Total Assets		\$ 3,911,233	100	\$ 3,534,590	100

(Continued)

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term borrowings	6(9)	\$ 53,000	1	\$ -	-
Financial liabilities at fair value through profit or loss - current	6(11) and 12(3)	2,760	-	4,998	-
Contract liabilities - current	6(19) and 12(5)	21,397	1	-	-
Notes payables		675	-	1,473	-
Accounts payable		536,942	14	365,766	10
Accounts payable – related parties	7	20,681	1	12,543	-
Other payables	6(10)	256,230	7	201,331	6
Current income tax liabilities	6(25)	127,052	3	62,955	2
Advance receipts		2,035	-	24,854	1
Current portion of long-term borrowings	6(12)	397,757	10	392,759	11
Other current liabilities		1,520	-	1,194	-
Total current liabilities		1,420,049	37	1,067,873	30
Non-current liabilities					
Deferred income tax liabilities	6(25)	85,548	2	58,178	2
Accrued pension liabilities	6(13)	41,745	1	37,413	1
Guarantee deposit received		902	-	929	-
Total non-current liabilities		128,195	3	96,520	3
Total liabilities		1,548,244	40	1,164,393	33
Equity attributable to shareholders of the parent					
Share capital					
Ordinary shares	6(15)	796,206	20	793,130	22
Advance receipts for share capital		1,039	-	1,379	-
Capital surplus	6(16)				
Capital surplus		214,960	6	198,563	6
Retained earnings	6(17)				
Legal reserve		459,789	12	367,165	10
Special reserve		12,914	-	-	-
Unappropriated retained earnings		882,311	22	1,022,874	29
Other equity	6(18)				
Other equity		(4,230)	-	(12,914)	-
Total equity		2,362,989	60	2,370,197	67
Significant commitment and contingent item	9				
Total Liabilities and Equity		\$ 3,911,233	100	\$ 3,534,590	100

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Items	Notes	Year ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(19)	\$ 3,629,164	100	\$ 2,530,366	100
Operating costs	6(4)(23)(24)	(2,551,498)	(70)	(1,784,820)	(71)
Gross profit		1,077,666	30	745,546	29
Unrealized gain from sale	6(5)	(73,004)	(2)	(53,428)	(2)
Realized gain from sale		53,428	1	43,129	2
Net gross profit		1,058,090	29	735,247	29
Operating expenses	6(23) (24)				
Selling expenses		(112,955)	(3)	(98,683)	(4)
General and administrative expenses		(101,341)	(3)	(87,650)	(4)
Research and development expenses		(415,049)	(11)	(356,023)	(14)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	772	-	-	-
Total operating expenses		(628,573)	(17)	(542,356)	(22)
Operating profit		429,517	12	192,891	7
Non-operating income and expenses					
Other income	6(20) and 7	25,711	-	17,084	1
Other gains and losses	6(21)	33,197	1	733,759	29
Finance costs	6(22)	(7,236)	-	(6,604)	-
Share of profit of associates and joint ventures accounted for under equity method	6(5)	83,336	2	67,189	2
Total non-operating income and expenses		135,008	3	811,428	32
Profit before income tax	6(25)	564,525	15	1,004,319	39
Income tax expenses		(157,601)	(4)	(78,080)	(3)
Net Income		\$ 406,924	11	\$ 926,239	36
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	6(13)	\$ (5,142)	-	\$ (5,745)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value		707	-	-	-
Income tax relating to components of other comprehensive income	6(25)	1,490	-	977	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		10,271	-	(23,842)	(1)
Share of other comprehensive income (loss) of subsidiaries and associates		-	-	(6,904)	-
Income tax relating to the components of other comprehensive income	6(25)	(1,587)	-	4,053	-
Other comprehensive income (loss) for the year		\$ 5,739	-	\$ (31,461)	(1)
Total Comprehensive Income		\$ 412,663	11	\$ 894,778	35
Basic earnings per share	6(26)	\$	5.12	\$	11.71
Diluted earnings per share	6(26)	\$	4.61	\$	10.59

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
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Share capital		Capital surplus					Retained earnings			Other equity		Total equity	
		Ordinary share	Advance receipts for share capital	Additional paid-in capital	Treasury stock transactions	From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	Gain on sale of fixed assets	stock option exercised by employees	stock option	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 2017															
Balance at January 1, 2017		\$790,310	\$ -	\$ 118,619	\$ 1,026	\$ 177	\$ 2	\$ 39,561	\$ 24,360	\$331,163	\$ -	\$ 425,869	\$ 13,779	\$ -	\$ 1,744,866
Appropriations of 2016 earnings															
Legal reserve	6(17)	-	-	-	-	-	-	-	-	36,002	-	(36,002)	-	-	-
Cash dividends	6(17)	-	-	-	-	-	-	-	-	-	-	(288,464)	-	-	(288,464)
Profit for the year		-	-	-	-	-	-	-	-	-	-	926,239	-	-	926,239
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	-	-	-	-	(4,768)	(26,693)	-	(31,461)
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries		-	-	-	-	(1)	-	-	-	-	-	-	-	-	(1)
Share-based payments		2,820	1,379	4,004	-	-	-	-	-	-	-	-	-	-	8,203
Compensation cost of share-based payments	6(14)	-	-	-	-	-	-	10,815	-	-	-	-	-	-	10,815
Balance at December 31, 2017		<u>\$793,130</u>	<u>\$ 1,379</u>	<u>\$ 122,623</u>	<u>\$ 1,026</u>	<u>\$ 176</u>	<u>\$ 2</u>	<u>\$ 50,376</u>	<u>\$ 24,360</u>	<u>\$367,165</u>	<u>\$ -</u>	<u>\$ 1,022,874</u>	<u>\$ (12,914)</u>	<u>\$ -</u>	<u>\$ 2,370,197</u>
Year 2018															
Balance at January 1, 2018		\$793,130	\$ 1,379	\$ 122,623	\$ 1,026	\$ 176	\$ 2	\$ 50,376	\$ 24,360	\$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>122,623</u>	<u>1,026</u>	<u>176</u>	<u>2</u>	<u>50,376</u>	<u>24,360</u>	<u>367,165</u>	<u>-</u>	<u>1,023,774</u>	<u>(12,914)</u>	<u>(900)</u>	<u>2,370,197</u>
Appropriations of 2017 earnings															
Legal reserve	6(17)	-	-	-	-	-	-	-	-	92,624	-	(92,624)	-	-	-
Special reserve	6(17)	-	-	-	-	-	-	-	-	-	12,914	(12,914)	-	-	-
Cash dividends	6(17)	-	-	-	-	-	-	-	-	-	-	(439,004)	-	-	(439,004)
Profit for the year		-	-	-	-	-	-	-	-	-	-	406,924	-	-	406,924
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	-	-	-	-	(3,652)	8,684	707	5,739
Share-based payments		2,730	(340)	3,523	-	-	-	-	-	-	-	-	-	-	5,913
Compensation cost of share-based payments	6(14)	-	-	-	-	-	-	11,513	-	-	-	-	-	-	11,513
Conversion of convertible bonds		346	-	1,465	-	-	-	-	(104)	-	-	-	-	-	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>\$ 127,611</u>	<u>\$ 1,026</u>	<u>\$ 176</u>	<u>\$ 2</u>	<u>\$ 61,889</u>	<u>\$ 24,256</u>	<u>\$459,789</u>	<u>\$ 12,914</u>	<u>\$ 882,311</u>	<u>\$ (4,230)</u>	<u>\$ -</u>	<u>\$ 2,362,989</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
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31	
		2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 564,525	\$ 1,004,319
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6) (23)	46,649	40,820
Depreciation from investment Property	6(7) (21)	1,544	-
Amortization	6(8) (23)	8,735	8,457
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	(772)	5
Net loss on financial assets at fair value through loss	6(21)	6	23
Net gain on financial liability at fair value through profit	6(21)	(2,233)	(1,050)
Interest expense	6(22)	7,236	6,604
Interest income	6(20)	(11,037)	(7,391)
Dividend income for under equity method		-	90,160
Compensation cost of share-based payments	6(14) (24)	10,144	10,815
Share of profit of associates and joint ventures accounted for under equity method	6(5)	(83,336)	(67,189)
Loss (gain) on disposal of property, plant and equipment	6(21)	7	(2,301)
Gain on disposal of intangible assets	6(21)	-	(120)
Gain on disposal of investments for under equity method	6(21)	-	(766,094)
Gain on disposal of investments	6(21)	(423)	(489)
Unrealized profit from sales		19,576	10,299
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		35,423	209,488
Notes receivable		(8,279)	2,126
Accounts receivable (including related parties)		(152,387)	(10,249)
Other receivables (including related parties)		(24,046)	6,908
Inventories		(144,419)	(54,517)
Prepayments		(6,838)	7,794
Other financial assets		148,800	(148,800)
Other current assets		328	(326)
Changes in liabilities relating to operating activities			
Contract liabilities		(3,382)	-
Notes payables		(798)	1,431
Accounts payable (including related parties)		179,314	24,007
Other payables		59,126	(953)
Advance receipts		1,960	(403)
Other current liabilities		326	(26)
Accrued pension liabilities		(810)	(754)
Cash inflow generated from operations		644,939	362,594
Receipt of interest		11,346	7,391
Payment of interest		(519)	(6)
Payment of income tax		(72,442)	(39,978)
Net cash flows provided by operating activities		583,324	330,001

(Continued)

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31	
		2018	2017
<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)	(63,056)	(14,329)
Acquisition of property, plant and equipment		-	1,004,432
Proceeds from disposal of investments for under equity method	6(28)	(35,786)	(1,042,810)
Proceeds from disposal of property, plant and equipment		6	2,590
Acquisition of intangible assets	6(8)	(9,485)	(13,452)
Proceeds from disposal of intangible assets		-	120
Decrease (Increase) in refundable deposits		(223)	2,332
Net cash flows provided by (used in) investing activities		(106,914)	(61,127)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short -term borrowings		636,000	21,000
Redemption of short -term borrowings		(583,000)	(21,000)
Increase (decrease) in refundable deposits		(27)	593
Payment of cash dividends	6(17)	(439,004)	(288,464)
Proceeds from exercise of employee stock options	6(14)	5,913	8,203
Net cash flows provided by (used in) financing activities		(380,118)	(279,668)
Increase (Decrease) in cash and cash equivalents		96,292	(10,794)
Cash and cash equivalents at beginning of year		638,525	649,319
Cash and cash equivalents at end of year		\$ 734,817	\$ 638,525

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

(ATTACHMENT IV)

2018 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, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended December 31, 2018 and 2017, 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance 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 accordance 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 accordance 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 accordance 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, 2018 are stated as follows:

Cut-off of Warehouse Sales Revenue

Description

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

The Group recognized revenue when the goods are shipped from factories directly (the transfer of significant risks and rewards of ownership of the goods), the Group recognizes sales revenue based on movements of inventories contained in the statements or other information provided by the warehouse's custodians. As the warehouses are located around the world, include Taiwan, Europe, America, and China, with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between physical inventory quantities in the warehouse and quantities as reflected in accounting records. As there are numerous daily sales revenue transactions from warehouse and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, cut-off of warehouse sales revenue was identified as a key audit matter.

How our audit addressed the matter

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

1. Assessed and tested the appropriateness of internal controls over cut-off of warehouse sales revenue for a specific time prior to and after the balance sheet date, including agreeing to respective supporting documents provided by hub custodians, and validated the proper timing of recognizing movements of inventories and respective transfer of cost of goods sold.
2. Confirmed or conducted physical count of inventory quantities held at warehouse and agreed to accounting records. In addition, the reasons for the discrepancies between the physical count of inventory and the account balance have been tracked, and verify that the significant differences have been properly adjusted and recorded by the Group.

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, 2018, the Group's inventories and allowance for inventory valuation losses amounted to TWD 941,928 thousand and TWD 40,366 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 – 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, 2018 and 2017.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with the "Regulations Governing the 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 accordance 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 accordance 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, 2019

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

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

Assets	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 1,019,000	25	\$ 843,239	22
Financial assets at fair value through profit or loss - current	12(3) (4)	-	-	35,006	1
Notes receivable	6(3) and 12(2) (4)	21,096	-	4,014	-
Accounts receivable	6(3) and 12(2) (4)	610,535	15	456,376	12
Accounts receivable – related parties	6(3) and 12(2) (4)	74	-	6	-
Other receivables		20,886	-	21,059	1
Current income tax assets		5,837	-	-	-
Inventories	6(4)	901,562	22	730,264	19
Prepayments		29,978	1	20,782	1
Other current assets	6(1)	2,200	-	150,028	4
Total current assets		<u>2,611,168</u>	<u>63</u>	<u>2,260,774</u>	<u>60</u>
Non-current assets					
Financial assets at cost - noncurrent	12(4)	-	-	923	-
Investments accounted for under equity method	6(5)	29,033	1	-	-
Property, plant and equipment	6(6) and 8	1,202,215	29	1,335,402	35
Investment property	6(7)	139,820	3	22,858	1
Intangible assets	6(8)	102,965	3	104,642	3
Deferred income tax assets	6(27)	46,713	1	39,571	1
Other non-current assets		7,534	-	6,680	-
Total non-current assets		<u>1,528,280</u>	<u>37</u>	<u>1,510,076</u>	<u>40</u>
Total Assets		<u>\$ 4,139,448</u>	<u>100</u>	<u>\$ 3,770,850</u>	<u>100</u>

(Continued)

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

Assets	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term borrowings	6(10)	\$ 53,000	1	\$ -	-
Financial liabilities at fair value through profit or loss - current	6(12) and 12(3)	2,760	-	4,998	-
Contract liabilities - current	6(21) and 12(5)	34,523	1	-	-
Notes payables		675	-	1,473	-
Accounts payable		617,457	15	476,730	13
Accounts payable – related parties	7	13,750	1	12,466	-
Other payables	6(11)	329,034	8	252,053	7
Current income tax liabilities		134,253	3	59,395	2
Provisions for liabilities - current		1,144	-	774	-
Current portion of long-term borrowings	6(13) (14)	400,829	10	398,286	10
Other current liabilities		8,628	-	34,229	1
Total current liabilities		<u>1,596,053</u>	<u>39</u>	<u>1,240,404</u>	<u>33</u>
Non-current liabilities					
Long-term borrowings	6(14) and 8	47,864	1	63,729	2
Deferred income tax liabilities	6(27)	89,895	2	58,178	1
Other non-current liabilities	6(15)	42,647	1	38,342	1
Total non-current liabilities		<u>180,406</u>	<u>4</u>	<u>160,249</u>	<u>4</u>
Total liabilities		<u>1,776,459</u>	<u>43</u>	<u>1,400,653</u>	<u>37</u>
Equity attributable to shareholders of the parent					
Share capital					
Ordinary shares	6(17)	796,206	19	793,130	21
Advance receipts for share capital		1,039	-	1,379	-
Capital surplus	6(18)				
Capital surplus		214,960	6	198,563	5
Retained earnings	6(19)				
Legal reserve		459,789	11	367,165	10
Special reserve		12,914	-	-	-
Unappropriated retained earnings		882,311	21	1,022,874	27
Other equity	6(20)				
Other equity		(4,230)	-	(12,914)	-
Total equity attributable to shareholders of the parent		<u>2,362,989</u>	<u>57</u>	<u>2,370,197</u>	<u>63</u>
Total equity		<u>2,362,989</u>	<u>57</u>	<u>2,370,197</u>	<u>63</u>
Significant contingent liabilities and unrecognized contract commitments	9				
Total Liabilities and Equity		<u>\$ 4,139,448</u>	<u>100</u>	<u>\$ 3,770,850</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
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(21)	\$ 5,010,644	100	\$ 3,994,229	100
Operating costs	6(4)(25)(26) and 7	(3,344,494)	(67)	(2,634,227)	(66)
Gross profit		1,666,150	33	1,360,002	34
Operating expenses	6(25) (26)				
Selling expenses		(579,200)	(12)	(562,038)	(14)
General and administrative expenses		(110,253)	(2)	(101,312)	(2)
Research and development expenses		(418,399)	(8)	(403,250)	(10)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(1,278)	-	-	-
Total operating expenses		(1,109,130)	(22)	(1,066,600)	(26)
Operating profit		557,020	11	293,402	8
Non-operating income and expenses					
Other income	6(22)	25,890	-	17,432	-
Other gains and losses	6(23)	32,695	1	722,548	18
Finance costs	6(24)	(10,097)	-	(9,224)	-
Share of profit of associates and joint ventures accounted for under equity method	6(5)	33	-	-	-
Total non-operating income and expenses		48,521	1	730,756	18
Profit before income tax	6(27)	605,541	12	1,024,158	26
Income tax expenses		(198,617)	(4)	(95,244)	(3)
Net Income		\$ 406,924	8	\$ 928,914	23
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	6(15)	\$ (5,142)	-	\$ (5,745)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value		707	-	-	-
Income tax relating to components of other comprehensive income	6(27)	1,490	-	977	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		10,271	-	(33,424)	(1)
Income tax relating to the components of other comprehensive income	6(27)	(1,587)	-	5,682	-
Other comprehensive income (loss) for the year		\$ 5,739	-	\$ (32,510)	(1)
Total Comprehensive Income		\$ 412,663	8	\$ 896,404	22
Profit attributable to:					
Shareholders of the parent		\$ 406,924	8	\$ 926,239	23
Non-controlling interest		\$ -	-	\$ 2,675	-
Total comprehensive income (loss) attributable to:					
Shareholders of the parent		\$ 412,663	8	\$ 894,778	22
Non-controlling interest		\$ -	-	\$ 1,626	-
Basic earnings per share	6(28)	\$	5.12	\$	11.71
Diluted earnings per share	6(28)	\$	4.61	\$	10.59

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent											Non-controlling interest	Total equity
	Share capital			Retained Earnings				Other Equity Interest			Total		
	Notes	Ordinary shares	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				
<u>Year 2017</u>													
Balance at January 1, 2017		\$ 790,310	\$ -	\$ 183,745	\$ 331,163	\$ -	\$ 425,869	\$ 13,779	\$ -	\$ -	\$ 1,744,866	\$ 38,742	\$ 1,783,608
Appropriations of 2016 earnings													
Legal reserve	6(19)	-	-	-	36,002	-	(36,002)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(288,464)	-	-	-	(288,464)	-	(288,464)
Profit for the year		-	-	-	-	-	926,239	-	-	-	926,239	2,675	928,914
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	-	(4,768)	(26,693)	-	-	(31,461)	(1,049)	(32,510)
share-based payments		2,820	1,379	4,004	-	-	-	-	-	-	8,203	-	8,203
Compensation cost of share-based payments	6(16)	-	-	10,815	-	-	-	-	-	-	10,815	-	10,815
Non-controlling interest		-	-	(1)	-	-	-	-	-	-	(1)	(40,368)	(40,369)
Balance at December 31, 2017		\$ 793,130	\$ 1,379	\$ 198,563	\$ 367,165	\$ -	\$ 1,022,874	\$ (12,914)	\$ -	\$ -	\$ 2,370,197	\$ -	\$ 2,370,197
<u>Year 2018</u>													
Balance at January 1, 2018		\$ 793,130	\$ 1,379	\$ 198,563	\$ 367,165	\$ -	\$ 1,022,874	\$ (12,914)	\$ -	\$ -	\$ 2,370,197	\$ -	\$ 2,370,197
Effect of retrospective application and restatement		-	-	-	-	-	900	-	-	(900)	-	-	-
Balance at January 1, after adjustments		793,130	1,379	198,563	367,165	-	1,023,774	(12,914)	(900)	-	2,370,197	-	2,370,197
Appropriations of 2017 earnings													
Legal reserve	6(19)	-	-	-	92,624	-	(92,624)	-	-	-	-	-	-
Special reserve		-	-	-	-	12,914	(12,914)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(439,004)	-	-	-	(439,004)	-	(439,004)
Profit for the year		-	-	-	-	-	406,924	-	-	-	406,924	-	406,924
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	-	(3,652)	8,684	707	-	5,739	-	5,739
Share-based payments		2,730	(340)	3,523	-	-	-	-	-	-	5,913	-	5,913
Compensation cost of share-based payments	6(16)	-	-	11,513	-	-	-	-	-	-	11,513	-	11,513
Conversion of convertible bonds		346	-	1,361	-	-	-	-	-	-	1,707	-	1,707
Disposal of financial assets at fair value through other comprehensive income	6(2)	-	-	-	-	-	(193)	-	-	193	-	-	-
Balance at December 31, 2018		\$ 796,206	\$ 1,039	\$ 214,960	\$ 459,789	\$ 12,914	\$ 882,311	\$ (4,230)	\$ -	\$ -	\$ 2,362,989	\$ -	\$ 2,362,989

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2018	2017
<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)	1,278	808
Depreciation	6(6) (25)	55,053	52,299
Depreciation from investment Property	6(7) (23)	1,544	-
Amortization	6(8) (25)	12,632	15,301
Interest income	6(22)	(9,333)	(6,360)
Share of profit of associates and joint ventures accounted for under equity method	6(5)	(33)	-
Loss (gain) on disposal of property, plant and equipment	6(23)	99	(2,301)
Gain on disposal of intangible assets	6(23)	-	(120)
Gain on disposal of investments	6(23)	(423)	(489)
Gain on disposal of subsidiaries	6(23)	-	(766,094)
Net loss on financial assets at fair value through loss	6(23)	6	23
Net gain on financial liability at fair value through profit	6(12) (23)	(2,233)	(1,050)
Interest expense	6(24)	10,097	9,224
Compensation cost of share-based payments	6(16) (26)	11,513	10,815
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		35,423	209,488
Notes receivable		(17,082)	1,865
Accounts receivable (including related parties)		(155,611)	22,401
Other receivables		(136)	(4,184)
Inventories		(171,317)	(158,355)
Prepayments		(9,196)	(570)
Other financial assets		148,800	(148,800)
Other current assets		(972)	(1,375)
Changes in liabilities relating to operating activities			
Contract liabilities		3,129	-
Notes payables		(798)	1,560
Accounts payable (including related parties)		142,011	103,159
Other payables		81,579	(16,242)
Other current liabilities		5,793	9,087
Other non-current assets		(810)	4,954
Cash inflow generated from operations		746,554	359,202
Receipt of interest		9,642	6,360
Payment of interest		(3,379)	(2,625)
Payment of income tax		(104,554)	(51,270)
Net cash flows provided by operating activities		648,263	311,667

(Continued)

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of subsidiaries	6(30)	\$ -	\$ 801,680
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(30)	(41,208)	(1,073,507)
Proceeds from disposal of property, plant and equipment		34	2,589
Acquisition of intangible assets	6(8)	(9,663)	(14,217)
Proceeds from disposal of intangible assets		-	120
Increase in other non-current assets		(854)	1,153
Net cash flows provided by (used in) investing activities		(79,061)	(282,182)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Redemption of short -term borrowings		(583,000)	(21,000)
Proceeds from short -term borrowings		636,000	146,000
Redemption of long-term borrowings		(20,542)	(5,062)
Proceeds from long-term borrowings		-	17,856
Payment of cash dividends	6(19)	(439,004)	(288,464)
Proceeds from exercise of employee stock options		5,913	8,203
Increase (decrease) in refundable deposits		(27)	898
Changes in non-controlling interests		-	(40,368)
Net cash flows provided by (used in) financing activities		(400,660)	(181,937)
Effects due to changes in exchange rate		7,219	94
Increase (Decrease) in cash and cash equivalents		175,761	(152,358)
Cash and cash equivalents at beginning of year		843,239	995,597
Cash and cash equivalents at end of year		\$ 1, 019,000	\$ 843,239

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

AXIOMTEK CO., LTD.
2018 Profit Distribution Table

Unit : TWD

Item	Amount	
	Sub-total	Total
Unappropriated retained earnings at the beginning of the term		478,332,047
First-time adoption of IFRS adjustment	706,285	
Adjusted unappropriated retained earnings at the beginning of the term		479,038,332
Remeasurement of defined benefit plans recognized in retained earnings	(3,651,276)	
Adjusted unappropriated retained earnings		475,387,056
2018 Net income	406,923,665	
10% set aside as legal reserve	(40,692,367)	
Reverse special reserves	8,683,147	
Total unappropriated retained earnings		850,301,501
Distributable item:		
Shareholders' dividend – cash (\$3.75 per share)		(298,783,684)
Unappropriated retained earnings at the end of the term		551,517,817

Remarks: The 2018 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 “Articles of Incorporation” (before and after Revision)

Article	Contents after revision	Contents before revision	Explanation
<u>6-2</u>	<p><u>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 accordance with the Company Law of the Republic of China. The requirement and manner of distribution are authorized to Board of Directors for resolution.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>Qualification requirements of</u></p>		(New addition)

Article	Contents after revision	Contents before revision	Explanation
	<p><u>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.</u></p>		
26	<p>At the close of each fiscal year, the Board of Directors shall prepare <u>Business Report, Financial Statement, and the surplus earning distribution or loss off-setting proposals</u>, and shall forward the same to the general meeting of shareholders.</p>	<p>At the close of each fiscal year, the Board of Directors shall prepare <u>the following statements and records</u> and shall forward the same to the general meeting of shareholders <u>for its ratification:</u></p> <ol style="list-style-type: none"> 1. <u>Business Report;</u> 2. <u>Financial Statement; and</u> 3. <u>The surplus earning distribution or loss off-setting proposals.</u> 	<p>Act in connection with the articles modifications of Operating Procedures for Article of Incorporation by Public Companies.</p>
27	<p>This Corporation shall set aside 1%-20% as employees' compensation and the percentage lower than 2% as directors' compensation if the Corporation has profit (means the Pre-tax Income before deduction of the employees' and directors' compensation) in the current year. However, the company's accumulated losses shall have been covered, if any (including the adjustment of unappropriated retained earnings).</p> <p>The Corporation may have the profit distributable as employees' compensation in the preceding paragraphs distributed in the form of shares or in cash to the qualification requirements</p>	<p>This Corporation shall set aside 1%-20% as employees' compensation and the percentage lower than 2% as directors' compensation if the Corporation has profit (means the Pre-tax Income before deduction of the employees' and directors' compensation) in the current year. However, the company's accumulated losses shall have been covered, if any (including the adjustment of unappropriated retained earnings).</p> <p>The Corporation may have the profit distributable as employees' compensation in the preceding paragraphs distributed in the form of shares or in cash to the qualification requirements</p>	<p>Act in connection with the articles modifications of Operating Procedures for Article of Incorporation by Public Companies.</p>

Article	Contents after revision	Contents before revision	Explanation
	<p>of employees, including the employees of <u>parents or subsidiaries of the company meeting certain specific requirements, the requirement and manner of distribution are authorized to Board of Directors for resolution.</u> <u>The remuneration of directors in the preceding paragraphs</u> only can receive the profit in the form of cash.</p> <p>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 such distribution shall be submitted to the Shareholders' Meeting.</p>	<p>of employees, including the employees of subsidiaries of the company meeting certain specific requirements, <u>the remuneration of directors only can receive the profit in the form of cash.</u></p> <p>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 such distribution shall be submitted to the Shareholders' Meeting.</p>	
27-1	<p>When allocating the net <u>income</u> 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 accordance 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 <u>Distribution, and to authorize the distributable dividends and bonuses in whole or in part may</u></p>	<p>When allocating the net <u>profits</u> 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 accordance 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 <u>Distribution of the dividends and bonuses to the shareholders base on the amount in this provision</u></p>	Act in connection with the articles modifications of Operating Procedures for Article of Incorporation by Public Companies.

Article	Contents after revision	Contents before revision	Explanation
	<p><u>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.</u></p> <p><u>The Company distributing surplus earning in the form of new shares to be issued by the company in accordance 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.</u></p> <p>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 <u>and bonuses</u>, the stock dividends of share allocations will not be higher than 80% of the total dividends <u>and bonuses</u>.</p>	<p><u>and provide the proposal to Shareholders' Meeting to get resolution.</u></p> <p>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; <u>the dividends in the said proceeding sentence can be distributed in the form of shares or in cash</u>, the stock dividends of share allocations will not be higher than 80% of the total dividends.</p>	
<u>27-2</u>	<p><u>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</u></p>		(New addition)

Article	Contents after revision	Contents before revision	Explanation
	<u>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.</u>		
29	<u>The twenty-five Amendment was made on May 29, 2019</u>		(New addition)

AXIOMTEK CO., LTD.

**Comparison Table for Articles in the “Operating Procedures
for Acquisition and Disposal of Assets”
(before and after Revision)**

Article	Contents after revision	Contents before revision	Explanation
1	For the purpose of the Company’s acquisition or disposal of assets has the standard procedure to be followed, so make this procedure.	For the purpose of the Company’s acquisition or disposal of assets has the standard procedure to be followed, so make this procedures, <u>but it should be made in accordance with the applicable law, if any.</u>	Act in connection with the articles modifications of Operating Procedures for Acquisition and Disposal of Assets by Public Companies.
3.1	Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, <u>or</u> swap contracts, whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts.</u>	Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, <u>and</u> swap contracts, <u>and</u> <u>compound contracts products,</u> whose value is derived from <u>assets, foreign exchange rates, indexes or other interests.</u> The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>agreements.</u>	
3.2	Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers,	Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers,	

Article	Contents after revision	Contents before revision	Explanation
	demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.	demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, <u>paragraph 8</u> of the Company Act.	
<u>3.7</u>	<u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u>		(New addition)
<u>3.8</u>	<u>Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u>		
<u>4.3</u>		<u>Item 41 I of Security and Exchange Law</u>	(Remove)
<u>4.3</u>	『Operating Procedures for Acquisition and Disposal of Assets by Public Companies』 made by Financial Supervisory Commission (FSC).	『Operating Procedures for Acquisition and Disposal of Assets by Public Companies』 made by Financial Supervisory Commission (FSC).	(change from Article 4.4 to Article 4.3)

Article	Contents after revision	Contents before revision	Explanation
4.4	Organizational Rules of Audit Committee.	Organizational Rules of Audit Committee.	(change from Article 4.5 to Article 4.4)
5.6	Board of Directors : <u>To make resolution for the procedures herein established or modified by Audit Committee, and to make resolution for the issue related to the acquisition or disposal of Assets.</u>	Board of Directors : To make resolution for the issue related to the acquisition or disposal of Assets.	Act in connection with the articles modifications of Operating Procedures for Acquisition and Disposal of Assets by Public Companies.
5.7	<u>Shareholders' Meeting: To approve the procedures herein recognized by Audit Committee and Board of Directors .</u>		(New addition)
7.1.2	Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.	Real property (including land, houses and buildings, investment property, <u>rights to use land</u> , and construction enterprise inventory) and equipment.	(Remove word)
7.1.5	Right-of-use assets.		(New addition)
7.1.6	Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).	Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).	(change from Article 7.1.5 to Article 7.1.6)
7.1.7	Derivatives.	Derivatives.	(change from Article 7.1.6 to Article 7.1.7)
7.1.8	Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.	Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.	(change from Article 7.1.7 to Article 7.1.8)
7.1.9	Other major assets.	Other major assets.	(change from Article 7.1.8 to Article 7.1.9)
7.2.1	Acquired or disposed of real property, <u>equipment, or right-of-use assets thereof.</u>	Acquired or disposed of real property <u>or</u> equipment	(amendment of word)
7.2.1.1	In acquiring or disposing of real property, <u>equipment, or right-of-use assets thereof</u> where	In acquiring or disposing of real property where the transaction amount reaches 20 percent of	(Add word)

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	<p>the transaction amount reaches 20 percent of the company's paid-in capital or TWD300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of <u>equipment or right-of-use assets thereof held</u> for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p>	<p>the company's paid-in capital or TWD300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p>	
7.2.1.1.1	<p>Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall <u>also</u> be followed <u>whenever there is any subsequent</u> changes to the terms and conditions of the transaction.</p>	<p>Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, <u>and</u> the same procedure shall be followed changes to the terms and conditions of the transaction.</p>	(amendment of word)
7.2.1.3.2	<p>The ability of acquiring or disposing of other <u>equipment</u> should be in the way of inquiry, parity, bargain, or bidding; when the transaction amount is under TWD30 million, it should be approved by the regulations of authorized level in the Company; when the transaction amount is higher than TWD 30 million, it should be approved by the General manager and report to the Meeting of</p>	<p>The ability of acquiring or disposing of other <u>fixed assets</u> should be in the way of inquiry, parity, bargain, or bidding; when the transaction amount is under TWD30 million, it should be approved by <u>authorized level in accordance with</u> the regulations of authorized level in the Company; when the transaction amount is higher than TWD 30 million, it should be approved by the General manager and</p>	

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	Boarding to get approval in advance.	report to the Meeting of Boarding to get approval in advance.	
7.2.2.2.1	To trade the securities in the <u>securities exchange</u> or the counter specially provided by securities firms, it should be analyzed and decided by the responsible unit and in accordance with the regulations of authorized level in the Company, besides, when the transaction amount is higher than TWD 50 million, it should be approved by the Board of Directors.	To trade the securities in the <u>centralized trading market</u> or the counter specially provided by securities firms, it should be analyzed and decided by the responsible unit and in accordance with the regulations of authorized level in the Company, besides, when the transaction amount is higher than TWD 50 million, it should be approved by the Board of Directors.	
7.2.2.2.2	To trade the securities neither in the <u>securities exchange</u> nor in the counter specially provided by securities firms, it should get the finance statement audited the certified account from the target company for the reference of transaction evaluation, and EPS, the ability for benefit gaining, and the future potential need to be considered, this transaction should be responsible by the related unit and in accordance with the regulations of authorized level in the Company, besides, when the transaction amount is higher than TWD 50 million, it should be approved by the Board of Directors.	To trade the securities neither in the <u>centralized trading market</u> nor in the counter specially provided by securities firms, it should get the finance statement audited the certified account from the target company for the reference of transaction evaluation, and EPS, the ability for benefit gaining, and the future potential need to be considered, this transaction should be responsible by the related unit and in accordance with the regulations of authorized level in the Company, besides, when the transaction amount is higher than TWD 50 million, it should be approved by the Board of Directors.	(amendment of word)
7.2.3	Where the Company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or TWD300 million or more,	Where the Company acquires or disposes of <u>memberships or</u> intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or TWD300 million or more, except in transactions	

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	except in transactions with a <u>domestic</u> government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	
7.3.2	When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or TWD300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or redemption of domestic money market funds issued by domestic securities investment trust business, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors:	When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or TWD300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or redemption of domestic money market funds issued by domestic securities investment trust business, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors:	
7.3.2.3	With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction	With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article	(amendment of word)

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	terms in accordance with Article <u>7.3.6</u> and Article <u>7.3.10</u> .	<u>15</u> and Article <u>16</u> .	
7.3.3	The calculation of the transaction amounts referred to Article 7.3.2 shall be made in accordance with Article 7.6.1.5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Audit Committee need not be counted toward the transaction amount.	The calculation of the transaction amounts referred to <u>in</u> Article 7.3.2 shall be made in accordance with Article 7.6.1.5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Audit Committee need not be counted toward the transaction amount.	(Remove word)
7.3.4	With respect to the <u>types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u> , the Company's Board of Directors may pursuant to Article 7.2.1.3 delegate the chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors ;	With respect to the <u>acquisition or disposal of business-use equipment between a public company and its parent or subsidiaries</u> , the Company's Board of Directors may pursuant to Article 7.2.1.3 <u>and Article 7.2.2.2</u> delegate the chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors :	
<u>7.3.4.1</u>	<u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u>		(New addition)
<u>7.3.4.2</u>	<u>Acquisition or disposal of real property right-of-use assets held for business use.</u>		
7.3.6	The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party shall	The Company that acquires real property from a related party shall evaluate the	(Add word)

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	evaluate the reasonableness of the transaction costs by the following means:	reasonableness of the transaction costs by the following means:	
7.3.7	Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Article 7.3.6.	Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Article 7.3.6.	(Add word)
7.3.8	The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real property <u>or right-of-use assets thereof</u> in accordance with Article 7.3.6 shall also engage a CPA to check the appraisal and render a specific opinion.	The Company that acquires real property from a related party and appraises the cost of the real property in accordance with Article 7.3.6.1 and 7.3.6.2 shall also engage a CPA to check the appraisal and render a specific opinion.	(amendment of word)
7.3.9	Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 7.3.2 and Article 7.3.6 <u>and</u> 7.3.7 do not apply:	Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 7.3.2 and Article 7.3.6, 7.3.7 <u>and</u> 7.3.8 do not apply:	
7.3.9.1	The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.	The related party acquired the real property through inheritance or as a gift.	(Add word)
7.3.9.2	More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.	More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.	
7.3.9.3	The real property is acquired through signing of a joint	The real property is acquired through signing of a joint	(change from Article 7.3.8.4)

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	development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.	development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.	to Article 7.3.9.3)
<u>7.3.9.4</u>	<u>The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u>		(New addition)
<u>7.3.10</u>	When the results of the Company's appraisal conducted in accordance with Article 7.3.6 and 7.3.7 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 7.3.10, Article 7.3.11 and Article 7.3.12. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:	When the results of the Company's appraisal conducted in accordance with Article 7.3.6.1 and 7.3.6.2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 7.3.10, Article 7.3.11 and Article 7.3.12. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:	(amendment of word)
<u>7.3.10.1</u>	Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:	Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:	(change from Article 7.3.9.1 to Article 7.3.10.1)
<u>7.3.10.1.1</u>	Where undeveloped land is appraised in accordance with the means in Article <u>7.3.6 to 7.3.9</u> , and structures according to the related party's construction cost plus reasonable construction	Where undeveloped land is appraised in accordance with the means in <u>the preceding Article</u> , and structures according to the related party's construction cost plus reasonable construction	(amendment of word)

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	profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.	profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.	
7.3.10.1.2	Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market <u>sale or leasing</u> practices.	Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.	(amendment of word)
<u>7.3.9.1.3</u>		<u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u>	(Remove)
7.3.10.2	Where <u>the</u> Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing</u> , from a related party provides evidence that the terms of the transaction are similar to the terms of <u>completed transactions involving</u> neighboring or closely	Where <u>a public</u> company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of <u>transactions completed for the acquisition of</u> neighboring or closely valued parcels of land of a similar size by unrelated	Act in connection with the articles modifications of Operating Procedures for Acquisition and Disposal of Assets by Public

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	valued parcels of land of a similar size by unrelated parties within the preceding year.	parties within the preceding year.	Companies.
7.3.10.3	Completed transactions <u>involving</u> neighboring or closely valued parcels of land in Article <u>7.3.10.1</u> and <u>7.3.10.2</u> in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction <u>involving</u> similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or obtainment of the right-of-use assets thereof</u> .	Completed transactions <u>for</u> neighboring or closely valued parcels of land in Article <u>7.3.9.2</u> in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction <u>for</u> similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.	
7.3.11	Where <u>the</u> Company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with Article 7.3.6 and Article <u>7.3.10</u> are uniformly lower than the transaction price, the following steps shall be taken:	Where <u>a public</u> company acquires real property from a related party and the results of appraisals conducted in accordance with Article 7.3.6 and Article <u>7.3.9</u> are uniformly lower than the transaction price, the following steps shall be taken:	
7.3.11.1	A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property <u>or right-of-use assets thereof</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of	A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where <u>a public</u>	(amendment of word)

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	bonus shares. Where <u>the</u> Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.	company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.	
7.3.11.2	Audit Committee shall comply with Article 218 of the Company Act.	Audit Committee shall comply with Article 218 of the Company Act.	(change from Article 7.3.10.2 to Article 7.3.11.2)
7.3.11.3	Actions taken pursuant to Article 7.3.10.1 and Article 7.3.10.2 shall be reported to a Shareholders' Meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.	Actions taken pursuant to Article 7.3.10.1 and Article 7.3.10.2 shall be reported to a Shareholders' Meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.	(change from Article 7.3.10.3 to Article 7.3.11.3)
7.3.12	The Company that has set aside a special reserve under Article 7.3.11 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u> , or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the <u>competent authority</u> has given its consent.	The Company that has set aside a special reserve under Article 7.3.10 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the <u>FSC</u> has given its consent.	Act in connection with the articles modifications of Operating Procedures for Acquisition and Disposal of Assets by Public Companies.
7.3.13	When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with the	When the Company obtains real property from a related party, it shall also comply with the Article 7.3.11 and Article 7.3.12	(amendment of word)

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	Article 7.3.11 and Article 7.3.12 if there is other evidence indicating that the acquisition was not an arm's length transaction.	if there is other evidence indicating that the acquisition was not an arm's length transaction.	
7.4.4.1	Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with <u>the procedures herein</u> and the procedures for engaging in derivatives trading formulated by the company.	Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with <u>these Regulations</u> and the procedures for engaging in derivatives trading formulated by the company.	
7.5.7	When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in <u>Article 7.5.6.1 and 7.5.6.2</u> of the preceding paragraph to the <u>competent authority</u> for recordation.	When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in <u>subparagraphs 7.5.6.1 and 7.5.6.2</u> of the preceding paragraph to the <u>FSC</u> for recordation.	
7.5.11	The contract for participation by <u>the</u> Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:	The contract for participation by <u>a public</u> company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:	
7.6.1.1	Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related	Acquisition or disposal of real property from or to a related party, or acquisition or disposal	Act in connection with the articles

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	party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or TWD300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.	of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or TWD300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.	modifications of Operating Procedures for Acquisition and Disposal of Assets by Public Companies.
7.6.1.4	<u>Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</u>	<u>The types of assets acquired or disbursed are used for business purposes and the counterparties are not Interested Parties, the transaction amount is as one of the following:</u>	
7.6.1.5	Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and <u>furthermore the transaction counterparty is not a related party</u> , the amount the company expects to invest in the transaction is <u>over</u> than TWD500 million.	Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is <u>less</u> than TWD500 million.	
7.6.1.6.1	Trading of <u>domestic</u> government bonds.	Trading of government bonds.	(Add word)
7.6.1.7.3	The cumulative transaction amount of acquisitions and	The cumulative transaction amount of <u>real property</u>	(amendment of word)

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	disposals (cumulative acquisitions and disposals, respectively) <u>of real property or right-of-use assets thereof</u> within the same development project within the preceding year.	acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.	
7.6.1.8	"Within the preceding year" as used in Article 7.6.1.7 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with <u>the procedures herein</u> need not be counted toward the transaction amount.	"Within the preceding year" as used in Article 7.6.1.7 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with <u>these Regulations</u> need not be counted toward the transaction amount.	
7.6.1.9	The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the <u>competent authority</u> by the 10th day of each month.	The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the <u>FSC</u> by the 10th day of each month.	
7.6.2	Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with Article 7.6.1, a public report of relevant information shall be made on the information reporting website designated by the <u>competent authority</u> within 2 days commencing immediately from the date of occurrence of the event:	Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with Article 7.6.1, a public report of relevant information shall be made on the information reporting website designated by the <u>FSC</u> within 2 days commencing immediately from the date of occurrence of the event:	

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7.8	The paid-in capital or total assets of the Company shall be the standard <u>applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 7.7</u> is subject to Article 7.6.1.	The paid-in capital or total assets of the <u>public</u> Company shall be the standard <u>for determining whether or not</u> a subsidiary referred to in Article 7.7 is subject to Article 7.6.1 <u>requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</u>	Act in connection with the articles modifications of Operating Procedures for Acquisition and Disposal of Assets by Public Companies.
7.9	For the calculation of 10 percent of total assets under <u>the procedures herein</u> , the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than TWD10, for the calculation of transaction amounts of 20 percent of paid-in capital under <u>the procedures herein</u> , 10 percent of equity attributable to owners of the parent shall be substituted; <u>for calculations under the provisions of the procedures herein regarding transaction amounts relative to paid-in capital of TWD10 billion, TWD20 billion of equity attributable to owners of the parent shall be substituted.</u>	For the calculation of 10 percent of total assets under <u>these Regulations</u> , the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than TWD10, for the calculation of transaction amounts of 20 percent of paid-in capital under <u>these Regulations</u> , 10 percent of equity attributable to owners of the parent shall be substituted.	
7.10	Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with	Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with	(amendment of word)

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	appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>meet the following requirements:</u>	appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>not be a related party of any party to the transaction.</u>	
<u>7.10.1</u>	<u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u>		(New addition)
<u>7.10.2</u>	<u>May not be a related party or de facto related party of any party to the transaction.</u>		
<u>7.10.3</u>	<u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u>		
<u>7.10.4</u>	<u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u>		
<u>7.10.4.1</u>	<u>Prior to accepting a case, they</u>		

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	<u>shall prudently assess their own professional capabilities, practical experience, and independence.</u>		
<u>7.10.4.2</u>	<u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u>		
<u>7.10.4.3</u>	<u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u>		
<u>7.10.4.4</u>	<u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u>		
7.12	The Company shall see to it that its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets in compliance with <u>the procedures herein.</u>	The Company shall see to it that its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets in compliance with <u>these Regulations.</u>	(amendment of word)
7.13	With respect to <u>the</u> Company's acquisition or disposal of assets that is subject to the approval of	With respect to <u>a public</u> company's acquisition or disposal of assets that is subject	Act in connection with the articles modifications

Article	Contents after revision	Contents before revision	Explanation
	<p>the Board of Directors under the company's procedures or other laws or regulations, when it is 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 . <u>Any transaction involving major assets or derivatives in the Company shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 7.14.3.</u></p>	<p>to the approval of the Board of Directors under the company's procedures or other laws or regulations, <u>-if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Audit Committee. Where the position of independent director has been created in accordance with Securities Exchange Act, when a transaction involving the acquisition or disposal of assets</u> is 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 .</p>	<p>of Operating Procedures for Acquisition and Disposal of Assets by Public Companies.</p>
<u>7.14</u>	<u>Establishment or amendment of the procedures herein:</u>		(New addition)
<u>7.14.1</u>	<u>It shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution, and then to a Shareholders' Meeting for approval.</u>		
<u>7.14.2</u>	<u>When the procedures herein are submitted for discussion by the Board of Directors pursuant to Article 7.14.1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about</u>		

Article	Contents after revision	Contents before revision	Explanation
	<u>any matter, it shall be recorded in the minutes of the Board of Directors .</u>		
<u>7.14.3</u>	<u>If approval of more than half of all audit committee members as required in Article 7.14.1 is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors . The terms "all audit committee members" in the preceding paragraph and Article 7.14.1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u>		

AXIOMTEK CO., LTD.

**Comparison Table for Articles in the “Operating Procedures
for Loaning of Funds and Making of Endorsement/Guarantee”
(before and after Revision)**

Article	Contents after revision	Contents before revision	Explanation
<u>2.2.2</u>		<u>The restriction in 2.2.1.2 shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, the provisions of Article 7.1 and 7.2 concerning the setting of the amount limits and the durations of loans shall still apply.</u>	(Remove)
2.3.1.3	"Other endorsements and/or guarantees" which shall mean other endorsements or guarantees which cannot be included in <u>Article 2.3.1.1 and Article 2.3.1.2.</u>	"Other endorsements and/or guarantees" which shall mean other endorsements or guarantees which cannot be included in <u>the above two categories.</u>	(amendment of word)
3.7	Date of occurrence: Refers to the date of contract signing, date of payment, dates of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the <u>loan and endorsements/guarantees,</u> whichever date is earlier.	Date of occurrence: Refers to the date of contract signing, date of payment, dates of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the <u>transaction,</u> whichever date is earlier.	(amendment of word)
5.2.4	Evaluate the status of the Company’s loans of funds and reserve sufficient <u>loss</u> allowance or contingency loss recognition for endorsements/guarantees.	Evaluate the status of the Company’s loans of funds and reserve sufficient allowance <u>for bad debts</u> or contingency loss recognition for endorsements/guarantees.	(amendment of word)
7.1	<u>The aggregate amount of loans and the maximum amount permitted to a single borrower:</u>	<u>Financing amount of the Company to the others shall not exceed 40 percent of the Company's net worth, and also</u>	Act in connection with the articles modifications of Operating Procedures for

Article	Contents after revision	Contents before revision	Explanation
		<u>need to meet the requirement as following:</u>	Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.
7.1.1	Where an inter-company or inter-firm business transaction calls for a loan arrangement, the loan amount shall not exceed 20 percent of the Company's net worth.	Where an inter-company or inter-firm business transaction calls for a loan arrangement, the loan amount shall not exceed 20 percent of the Company's net worth; <u>if the borrower is subsidiaries of the Company, the loan amount shall not exceed 40 percent of the Company's net worth. The individual loan amount shall not exceed 10 percent of the Company's net worth.</u>	(Remove)
<u>7.1.3</u>	<u>Inter-company loans of funds between foreign companies or with the Company in which the Company holds, directly or indirectly, 100% of the voting shares, the loan amount shall not exceed 40 percent of the Company's net worth. The individual loan amount shall not exceed 10 percent of the Company's net worth.</u>		(New addition)
<u>7.1.4</u>	<u>The responsible person of the Company who has violated the regulation of 2.2.1 shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to company resulted there-from.</u>		(New addition)
7.3.2.5	The Company intending to loan funds to others shall evaluate cautiously to see if the procedures compliance with these Regulations, and submits it for	The Company intending to loan funds to others shall evaluate cautiously to see if the procedures compliance with these Regulations, and submits it for	Act in connection with the articles modifications of Operating Procedures for Loaning of

Article	Contents after revision	Contents before revision	Explanation
	discussion by the Board of Directors with appraisal under the preceding paragraph, the directors' authorization is prohibited.	discussion by the Board of Directors with appraisal under the preceding paragraph, the directors' authorization is prohibited. <u>The Board of Directors shall take into full consideration each independent director's opinion when making a loan to the other; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors.</u>	Funds and Making of Endorsements/ Guarantees by Public Companies.
7.3.2.6	Loans of funds between the Company <u>and its subsidiaries, or</u> between its subsidiaries, shall be submitted for a resolution by the Board of Directors pursuant to the <u>regulations</u> , and the chairperson may be authorized, for a specific borrowing counterparty, within the limitation of 10 percent of net worth of the last financial statement of the Company resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.	Loans of funds between the Company between its subsidiaries, shall be submitted for a resolution by the Board of Directors pursuant to the <u>preceding paragraph</u> , and the chairperson may be authorized, for a specific borrowing counterparty, within the limitation of 10 percent of net worth of the last financial statement of the Company resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.	(amendment of word)
<u>7.3.2.7</u>		<u>Where the Company has established the position of independent director, when it loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors.</u>	(Remove)

Article	Contents after revision	Contents before revision	Explanation
7.3.3.1	The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated under the <u>regulations</u> .	The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated under the <u>preceding paragraph</u> .	(amendment of word)
7.3.3.2	Finance Dept. shall evaluate the status of making a loan and reserve sufficient <u>loss</u> allowance, and disclose the related information for making a loan, also provide the related information to Certified Accountant for exercising necessary audit procedure.	Finance Dept. shall evaluate the status of making a loan and reserve sufficient allowance <u>for bad debt</u> , and disclose the related information for making a loan, also provide the related information to Certified Accountant for exercising necessary audit procedure.	(amendment of word)
7.4.1.1	The ceilings on the amounts the Company is permitted to make in endorsements/guarantees shall not exceed 50 percent of the Company's net worth. The amount of endorsements/guarantees for any single entity shall not exceed 10 percent of the Company's net worth.	The ceilings on the amounts the Company is permitted to make in endorsements/guarantees shall not exceed 50 percent of the Company's net worth <u>of the most recent financial statement</u> . The amount of endorsements/guarantees for any single entity shall not exceed 10 percent of the Company's net worth <u>of the most recent financial statement</u> .	(Remove)
7.4.1.2	The amount of endorsement/guarantee of the Company and its subsidiaries as a whole are permitted to make shall not exceed 50 percent of the Company's net worth. And amount of endorsement/guarantee of the Company and its subsidiaries as a whole are permitted for any single entity shall not exceed 10 percent of the Company's net worth.	The amount of endorsement/guarantee of the Company and its subsidiaries as a whole are permitted to make shall not exceed 50 percent of the Company's net worth <u>in the most recent financial statement</u> . And amount of endorsement/guarantee of the Company and its subsidiaries as a whole are permitted for any single entity shall not exceed 10 percent of the Company's net worth <u>of the most</u>	(Remove)

Article	Contents after revision	Contents before revision	Explanation
7.4.2.3	Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with these Regulations and the Company's Operational Procedures for Endorsements/Guarantees for Others. The Company may make an endorsement/guarantee only after the evaluation results under this paragraph have been submitted to and resolved upon by the Board of Directors.	<u>recent financial statement.</u> Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with these Regulations and the Company's Operational Procedures for Endorsements/Guarantees for Others. The Company may make an endorsement/guarantee only after the evaluation results under this paragraph have been submitted to and resolved upon by the Board of Directors. <u>When it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors.</u>	(Change from Article 7.4.2.2.5 to Article 7.4.2.3 /Remove)
7.4.2.4	The Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under <u>the regulations.</u>	The Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under <u>preceding paragraph.</u>	(Change from Article 7.4.2.3 to Article 7.4.2.4)
7.4.2.5	For circumstances in which an entity for which the Company makes any	For circumstances in which an entity for which the Company makes any	(Change from Article 7.4.2.4 to Article

Article	Contents after revision	Contents before revision	Explanation
	endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the Company shall keep monitoring and follow-up. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.	endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the Company shall keep monitoring and follow-up. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.	7.4.2.5)
7.4.2.6	Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these Regulations, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all members of Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.	Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these Regulations, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all members of Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.	(Change from Article 7.4.2.5 to Article 7.4.2.6)
7.4.2.7	The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.	The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.	(Change from Article 7.4.2.6 to Article 7.4.2.7)
7.4.4.3	The Company may provide endorsement/guarantee exceeding the amount permitted in the Procedure of item 7.4.1, provided that the prior approval from the Board of Directors is obtained, and more than half of the	The Company may provide endorsement/guarantee exceeding the amount permitted in the Procedure of item 7.4.1, provided that the prior approval from the Board of Directors is obtained, and more than half of the	(amendment of word)

Article	Contents after revision	Contents before revision	Explanation
	<p>directors shall be the joint guarantors for the loss of the company resulting from the amount in excess of the permitted endorsement/guarantee amount. <u>The Company</u> shall also revise the Procedure accordingly and submit it to the Shareholders' Meeting for ratification. If the Shareholders' Meeting does not pass the resolution for ratification, the company shall adopt a plan to discharge the amount in excess within a certain period. When this matter is submitted to the meeting of the Board of Directors, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors.</p>	<p>directors shall be the joint guarantors for the loss of the company resulting from the amount in excess of the permitted endorsement/guarantee amount. <u>A listed or OTC company</u> shall also revise the Procedure accordingly and submit it to the Shareholders' Meeting for ratification. If the Shareholders' Meeting does not pass the resolution for ratification, the company shall adopt a plan to discharge the amount in excess within a certain period. When this matter is submitted to the meeting of the Board of Directors, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors.</p>	
7.6.2.1	<p>The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the <u>Company's</u> net worth as stated in its latest financial statement.</p>	<p>The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the <u>public company's</u> net worth as stated in its latest financial statement.</p>	(amendment of word)
7.6.2.2	<p>The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the <u>Company's</u> net worth as stated in its latest financial statement.</p>	<p>The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the <u>public company's</u> net worth as stated in its latest financial statement.</p>	(amendment of word)
7.6.2.3	<p>The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the <u>Company's</u> net worth as stated in its latest</p>	<p>The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the <u>public company's</u> net worth as stated in</p>	(amendment of word)

Article	Contents after revision	Contents before revision	Explanation
	financial statement.	its latest financial statement.	
7.6.2.4	The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant of <u>Article 7.6.2.3.</u>	The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant of <u>the preceding paragraph.</u>	(amendment of word)
7.6.3.1	The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the <u>Company's</u> net worth as stated in its latest financial statement.	The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the <u>public company's</u> net worth as stated in its latest financial statement.	(amendment of word)
7.6.3.3	The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>the carrying amount of investments accounted for using equity method</u> , and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.	The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>investment of a long-term nature in</u> , and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.	Act in connection with the articles modifications of Operating Procedures for Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.
7.6.3.5	The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant of <u>Article 7.6.3.4.</u>	The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant of <u>the preceding paragraph.</u>	(amendment of word)
7.9	The provisions <u>or modification</u> of the Procedure;	The provisions of the Procedure	Act in connection with the articles modifications of Operating Procedures for Loaning of
<u>7.9.1</u>	<u>It</u> shall be approved by more than half of all Audit Committee members and submitted to the	shall be approved by more than half of all Audit Committee members and submitted to the	

Article	Contents after revision	Contents before revision	Explanation
	<p>Board of Directors for a resolution, <u>and then submitted to Shareholders' Meeting for approval</u>, if a director objects to or expresses reservations about any matter of the procedure, it shall be recorded in the minutes of the Board of Directors and the Company shall submit the director's dissenting opinion to Shareholders' Meeting for discussion.</p>	<p>Board of Directors for a resolution, if a director objects to or expresses reservations about any matter of the procedure, it shall be recorded in the minutes of the Board of Directors and the Company shall submit the director's dissenting opinion to Shareholders' Meeting for discussion, <u>the same applies when the procedures are amended. When a procedure is 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.</u></p>	<p>Funds and Making of Endorsements/ Guarantees by Public Companies.</p>
<p><u>7.9.2</u></p>	<p><u>If approval of more than half of all Audit Committee members is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors.</u></p>		<p>(New addition)</p>
<p><u>7.9.3</u></p>	<p><u>All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.</u></p>		<p>(New addition)</p>