

Axiomtek Co., Ltd.
2020 Annual Shareholders' Meeting
Meeting Minutes
(Translation)

Meeting Time: 09:00 AM, May 28th (Thursday), 2020

Meeting Venue: 8F., No.55, Nanxing Rd., Xizhi Dist., New Taipei City 221026, Taiwan

Total outstanding shares of Axiomtek Co., Ltd.: 82,041,121 shares

Total shares represented by the shareholders present in person or by proxy (including votes casted electronically: 35,976,064): 43,345,641 shares

Percentage of outstanding share held by shareholders present in person or by proxy: 52.83%

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. 2019 Business Report (Please refer to ATTACHMENT I)
2. 2019 Consent Report of Audit Committee (Please refer to ATTACHMENT II)
3. 2019 Report of Remuneration Distribution to Employees and Directors

Explanation:

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

4. 2019 Report of Profit Distribution of Cash Dividend

Explanation:

- (1) According to the 27-1 of the Article of Incorporation of the Company, 2019 Profit Distribution of cash dividend totaling in TWD 327,567,352, or TWD 4 per share. The Company shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors and such distribution shall be submitted to the Shareholders' Meeting. The Chairman of the Board of Directors is authorized to determine the record date and relevant matters for the distribution of the cash dividend.
- (2) If there is any change in the number of common shares of the Company which consequently leads to a change in the dividend distribution ratio, the Chairman of the Board of Directors is authorized to adjust the dividend distribution ratio based on the actual shares outstanding on the record date for distribution.
- (3) Regarding the cash dividend distribution this time, the cash dividend is to be calculated to the integral number with all decimals truncated. And all the truncated decimals from all distorted figures are accumulated to a summation amount which will then be adjusted among shareholders - in the order of decimal of each cash dividend amount from big to small as well as in the order of account number from the top to the bottom - until the total amount of cash dividend actually paid out can match that in the book.

5. Revision of partial Articles in the "Ethical Corporate Management Best Practice Principles".

Explanation:

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

6. Revision of partial Articles in the "Operating Procedures and Conduct Principles for Ethical Corporate Management"

Explanation:

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

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

Explanation:

- (1) In order to enrich the working capital, the Company had filed the first domestic unsecured convertible corporate bonds (hereinafter referred to as "the Convertible

Corporate Bonds”) with an effective registration from the Financial Supervisory Commission (FSC) (Jin-Guan-Zheng-Fa-zi-No. 1050022240) dated June 16th, 2016; further, this matter was granted for an extended offering period by Financial Supervisory Commission (Jin-Guan-Zheng-Fa-zi-No. 1050036756) dated September 2nd, 2016.

- (2) Particulars about the issuance and conversion of the convertible corporate bonds are as follows:
- a. The aggregate amount of issuance: The face value of each convertible corporate bond was set to be TWD 100,000 even sold at the full price where totally 4,200 convertible corporate bonds were issued this time totaling in TWD 420 million even.
 - 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 30th, 2020, totally 1,069 of the Convertible Corporate Bonds had been converted to 2,197,087 ordinary shares of the Company by the bondholders.

IV. Proposal and Acknowledgement

1. Regarding 2019 Business Report and Financial Statements, please kindly acknowledge it. (Proposed by the Board of Directors)

Explanation:

- (1) 2019 Business Report and Financial Statements (including Parent Company Only and Consolidated Financial Statements) of the Company had been passed by the Audit Committee and the Board of Directors where the Financial Statements had been audited by CPA Feng, Ming-Chuan and Hsu, Shien-Chung of PricewaterhouseCoopers Taiwan. The Audit Committee had also issued a written Consent Report incorporating 2019 Business Report, Financial Statements along with 2019 Profit Distribution.
- (2) For details, please refer to ATTACHMENT I for 2019 Business Report, ATTACHMENT V for 2019 Independent Auditors’ Report and Parent Company Only Financial Statements, and ATTACHMENT VI for 2019 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
43,345,641 votes	40,810,906 votes	14,512 votes	2,520,223 votes
100.00%	94.15%	0.03%	5.82%

2. Regarding 2019 profit distribution, please kindly acknowledge it.

(Proposed by the Board of Directors)

Explanation:

- (1) Please refer to ATTACHMENT VII for 2019 Profit Distribution.
- (2) For 2019, the beginning retained earnings of the Company is TWD 551,517,817, deducting remeasurement of defined benefit plans recognized in retained earnings of TWD 3,482,696, and unappropriated retained earnings after adjustment is TWD 548,035,121, plus 2019 net income of TWD 460,454,724, and set aside legal reserve of TWD 45,697,203, and accrue special reserve of TWD 22,402,429, the total unappropriated retained earnings is TWD 940,390,213, 2019 Profit Distribution of cash dividend totaling in TWD 327,567,352. The Company shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors.
 【TWD 940,390,213 =
 TWD 551,517,817 - 3,482,696 + 460,454,724 - (460,454,724 - 3,482,696) x 10% - 22,402,429】
- (3) The net income for the most recent year shall be distributed with higher priority.
- (4) Please kindly acknowledge this proposal.

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
43,345,641 votes	40,897,906 votes	14,512 votes	2,433,223 votes
100.00%	94.35%	0.03%	5.62%

V. Proposals and Discussion

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

(Proposed by the Board of Directors)

Explanation:

- (1) In order to comply with the articles’ modifications of “Sample Template for Rules of Procedure for Shareholders Meetings by Public Companies”, the Company hereby proposes to amend the Rules of Procedure for Shareholders’ Meeting. Please refer to ATTACHMENT VIII for Comparison Table for Articles in the “Rules of Procedures for Shareholders’ Meeting” (before and after Revision).
- (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
43,345,641 votes	40,873,018 votes	32,513 votes	2,440,110 votes
100.00%	94.30%	0.07%	5.63%

2. Revision of partial articles in the “Methods for Election of Directors”.
(Proposed by the Board of Directors)

Explanation:

- (1) In order to comply with the Article 192-1 of the Company Law of the Republic of China, the Company hereby proposes to amend the “Methods for Election of Directors” . Please refer to ATTACHMENT IX for Comparison Table for Articles in the “Methods for Election of Directors” (before and after Revision).
- (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
43,345,641 votes	40,869,019 votes	20,512 votes	2,456,110 votes
100.00%	94.28%	0.05%	5.67%

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

(Proposed by the Board of Directors)

Explanation:

- (1) In order to comply with Article 209 of the Company Act: “A director shall address the important contents of his conducts - acting on behalf of himself or on others within the scope of the business of the Company - to the Shareholders’ Meeting while obtaining the permission from the shareholders”.
- (2) In order to take advantage of the specialty and relevant experience of the directors of the Company (including the independent directors), hereby it is proposed – according to the provision mentioned above - to add a new clause which is to release the prohibition on directors from participation in competitive business, hereby propose for getting approval of Shareholders’ Meeting.
- (3) The following directors serve as additional positions in other companies are as below:

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

(4) Please kindly discuss this proposal.

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
43,345,641 votes	40,049,600 votes	859,681 votes	2,436,360 votes
100.00%	92.40%	1.98%	5.62%

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 28th (Thursday), 2020.

PART TWO – ATTACHMENTS

(ATTACHMENT I)

AXIOMTEK CO., LTD.

2019 Business Report

Dear Shareholders:

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

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

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

I. Operating Performance in 2019:

(I) Outcome of business plan implementation:

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

(II) Budget implementation:

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

(III) Financial income, expenditures and profitability:

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

(IV) Research and development status:

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

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

II. Summary Business Plan for 2020:

(I) Business objective:

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

(II) Production and sales policy:

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

III. The Company's Development Strategy:

(I) Sales strategy:

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

digital marketing to enhance customer experience.

(II) Product technology:

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

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

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

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

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

Yang, Yu-Te, Chairman

Yang, Yu-Te, President

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

(ATTACHMENT II)

2019 Consent Report of Audit Committee

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

Date: February 26th, 2020

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

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

Sincerely yours,

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

AXIOMTEK CO., LTD.

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

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

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

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

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

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

AXIOMTEK CO., LTD.

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

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

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

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

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

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

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

(ATTACHMENT V)

2019 Independent Auditors' Report

(Parent Company Only Financial Statements)

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

Opinion

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

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

Basis for Opinion

We conducted our audits In order to comply with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of the Company In order to comply with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities In order to comply with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of the current period. These matters were addressed in the context of our audit of the individual financial statements as a whole and, in forming our opinion thereon,

we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements for the year ended December 31, 2019 are stated as follows:

Cut off of Operating Revenue

Description

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

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

How our audit addressed the matter

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

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

Allowance for Inventory Valuation Losses

Description

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

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

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

How our audit address the matter

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

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

Other Matter- Audit by the other independent accountants

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit In order to comply with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Feng, Ming-Chuan

Hsu, Shien-Chong

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

2019 Independent Auditors' Report

(Consolidated Financial Statements)

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

Opinion

We have audited the accompanying consolidated balance sheets of AXIOMTEK CO., LTD. and its subsidiaries (hereinafter referred to as “the Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended In order to comply with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits In order to comply with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (“ROC GAAS”). Our responsibilities under those standards are further described in the Independent Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group In order to comply with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (hereinafter referred to as the “Code”), and we have fulfilled our other ethical responsibilities In order to comply with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the Consolidated Financial Statements for the year ended December 31, 2019 are stated as follows:

Cut-off of Operating Revenue

Description

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

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

How our audit addressed the matter

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

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

Allowance for Inventory Valuation Losses

Description

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

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

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

How our audit address the matter

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

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

Other Matter – Audits of Other Independent Accountants

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

Other Matter – Parent Company Only Financial Reports

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial

statements In order to comply with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit In order to comply with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Feng, Ming-Chuan

Hsu, Shien-Chong

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

AXIOMTEK CO., LTD.
2019 Profit Distribution Table

Unit : TWD

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

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

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal Accounting Officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.

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

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

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

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

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

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

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

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

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

AXIOMTEK CO., LTD.

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

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

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