



Stock Code : 3088

AXIOMTEK CO., LTD.

Handbook for the 2016 Annual Meeting of Shareholders (Translation)

Meeting Time : May 31, 2016

Meeting Venue : 11F., No.2, Ln. 235, Baoqiao Rd., Xindian Dist.,
New Taipei City 231, Taiwan (R.O.C.)

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AXIOMTEK CO., LTD.
2016 Annual Meeting of Shareholders
Meeting Procedure

Meeting Time : 9:00 a.m., May 31(Tuesday), 2016

Meeting Venue : 11., No.2, Lane 235, Baoqiao Road, Xindian District,
New Taipei City, Taiwan.

I. Calls Meeting to Order (and reports equity shares in attendance)

II. Chairman's Address

III. Proposals and Discussion

1. The Amendments for Articles of Incorporation.

IV. Report Items

1. 2015 Business Report.

2. 2015 Audit Committee's Review Report.

3. 2015 Employees' and Directors' Compensation Report.

4. The Report for Stipulating 「The Codes of Ethical Conduct of Axiomtek Co.,
Ltd.」

V. Recognition Matters

1. To Adopt 2015 Business Report and Financial Statements (including Parent
Company only and Consolidated Statements)

2. To Adopt the Proposal for 2015 Profits Distribution.

VI. Extemporary Motions

VII. Adjournment

【Proposals and Discussion】

Proposed by the Board of Directors

1.

Proposal :

Amendment to the Article of Incorporation. Please proceed to discuss.

Explanation :

- (1) In order to comply with law and regulations and conform to the Amendment of the regulations of Article 235, 235-1 and 240 of Company Act, and the election of the Board of Directors of this Corporation will take Candidates' Nominating System, as results, this Corporation hereby proposes to amend the Article of Incorporation. Please refer to page 6~8 comparison table of revised articles of Articles of Incorporation, Attachment 1.
- (2) Please proceed to discuss.

Resolution :

【Report Items】

Report No.1

2015 Business Reports.

Explanation:

The 2015 Business Report is attached as page 9~14, Attachment 2.

Report No.2.

2015 Audit Committee's Review Report.

Explanation:

The 2015 Audit Committee's Review Report is attached as page 15, Attachment 3.

Report No.3.

2015 Employees' and Directors' Compensation Report.

Explanation:

1. Conduct with the Official Letter dispatched by Ministry of Economic Affairs. R.O.C (the Letter No. 10402413890 and No. 10402427800).
2. Follow the revised Article 27 in Article of Incorporation: this Corporation shall set aside 1%-20% as employees' compensation and the percentage lower than 2% as directors' compensation if the Corporation has profit (means the Pre-tax Income before deduction of the employees' and directors' compensation) in the current year.
3. The meetings of Remuneration Committee and the Board of the Directors dated on Feb. 18, 2016 already have a resolution adopted to allocate 11% as employees' compensation and 1.25% as directors' compensation based on the Pre-tax Income before deduction of the employees' and directors' compensation for the year 2015. This Corporation allocates of NT\$ 61,754,000 as employees' compensation and NT\$7,018,000 as directors' compensation for the year 2015. The above compensation to employees and directors are all distributed in cash.
4. The proposal should be effective after getting the resolution to amend the Article of Incorporation by the annual shareholders' meeting.

Report No.4.

The Report for Stipulating 「The Codes of Ethical Conduct of Axiomtek Co., Ltd.」

Explanation:

For guiding the behavior of directors, managerial officers and all employees tally with ethical standards, and having interested parties of this Corporation understand more the ethical standards of this Corporation, stipulates 「The Codes of Ethical Conduct of Axiomtek Co., Ltd.」 as page 16~18, Attachment 4.

【Recognition Matters】

Proposed by the Board of Directors

1.

Proposal :

Adoption of the 2015 Business Report and Financial Statements (including parent company only and consolidated statements). Please proceed to adopt.

Explanation:

- (1) This Corporation's 2015 business report and financial statements (including parent company only and consolidated statements) were composed by the Board of Directors. The Corporation's financial statements were audited by Certified Public Accountants, Mr. Shien-Chong Hsu and Mr. Shien-Wei Deng of PricewaterhouseCoopers, Taiwan, and were examined by the Audit Committee along with the business report and proposal for profit distribution with a written review report issued.
- (2) The 2015 business report as page 9~14, Attachment 2; independent auditors' audit report for parent company only as page 19~27, Attachment 5; and the independent auditors' audit report for consolidated statements as page 28~35, Attachment 6.
- (3) Please proceed to adopt.

Resolution:

Proposed by the Board of Directors

2.

Proposal :

Adoption of the Proposal for Distribution of 2015 Profits. Please proceed to adopt.

Explanation:

- (1) The proposal for 2015 profit distribution as page 36, Attachment 7.
- (2) The beginning retained earnings of this Corporation is NT\$ 26,511,356, deducting other comprehensive income and loss_net defined benefit liability (assets) measuring adjustment of NT\$ 9,327,729, and adding on the changes in equity from invested company of NT\$333, unappropriated retained earnings after adjustment is NT\$ 17,183,960, plus 2015 net income of NT\$ 424,098,757, and set aside legal reserve of NT\$ 42,409,876, the total unappropriated retained earnings are NT\$ 398,872,841, the distribution of 2015 profits is following:

- A. The proposed cash dividend to shareholders is NT\$339,833,446 (NT\$ 4.3 per share), calculating based on the total issued and outstanding common shares of 79,031,034 as at February.18, 2016. The distribution of cash dividends shall be accounting by dollar and rounded off to the integer unconditionally.
- B. In the event that, before the distribution record date, the proposed profit distribution is affected by the change in the number of outstanding shares, it is proposed that the Board of Directors be authorized to adjust the cash dividend to be distributed to each share based on the number of actual shares outstanding on the record date for distribution. Upon the approval of the annual meeting of shareholders, it is proposed that the Board of Directors be authorized to resolve the record date, payable date and other relevant issues.
- C. For matching the imputation tax implement, it should levy 10% of unappropriated retained earnings of profit-seeking enterprise income tax according to the Regulations of Article 66-9 of the Income Tax Act, this Corporation will allocate the surplus within the recent year in priority by individual identify ways according to the Official Letter of Ministry of Fiancé, R.O.C. dated on April 30, 1998(Official No.871941343).
- D. The distribution of cash dividends shall be based on share ratio and accounted by dollar and rounded off to the integer, fractional dividend amounts that are less than NT\$1 shall be ranked from high to low in value and from old to new in account number, and they shall be adjusted in this order until the total amount of cash dividend distribution is met.

3. Please proceed to adopt.

Resolution:

【Extemporary Motions】

【Adjournment】

AXIOMTEK CO., LTD.

Comparison Table of Revised Articles of Articles of Incorporation

Item	Article after revision	Article before revision	Explanation
	Section IV- Directors and the <u>Functional</u> Committee	Section IV- Directors and The Audit Committee	
Article 18	The Corporation shall have seven to nine Directors, the term of office for Directors shall be three (3) years. <u>Directors should be elected by adopting candidates' nomination system, the shareholders can elect the directors from the candidates list of directors,</u> and all Directors shall be eligible for re-election. All directors of the proportion of the total shareholding of the Corporation shall be governed by the provisions of the securities regulatory authorities. The Corporation reserves the right to purchase Liability Insurance for the Directors according to his function and the compensation liability the Directors might take in accordance with the Law as the Director conducting his business.	The Corporation shall have seven to nine Directors. <u>Directors should be elected by Shareholders' meeting,</u> the term of office for Directors shall be three (3) years, <u>and all Directors shall be eligible</u> for re-election. All directors of the proportion of the total shareholding of the Corporation shall be governed by the provisions of the securities regulatory authorities. The Corporation reserves the right to purchase Liability Insurance for the Directors according to his function and the compensation liability the Directors might take in accordance with the Law as the Director conducting his business.	Act in concert with directors' nomination system will be operated comprehensively.
Article 18-1	The Corporation must have at least three independent directors in accordance with the regulations of Article 14-2 of the Securities Exchange Act of the Republic of China, and no less than one-fifth of total number of directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Security Competent Authority. <u>Independent directors and directors shall have election together, and the elected quota shall be calculated separately, the independent directors and directors shall be elected by the high suffrage represented by the resulting ballot.</u>	The Corporation must have at least three independent directors in accordance with the regulations of Article 14-2 of the Securities Exchange Act of the Republic of China, and no less than one-fifth of total number of directors. <u>The independent directors shall be elected by adopting candidates' nomination system, and will be elected by the shareholders' meeting according to the list of candidates for independent directors.</u> Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Security Competent Authority.	Act in concert with directors' nomination system will be operated comprehensively.

Item	Article after revision	Article before revision	Explanation
Article 27	<p><u>This Corporation shall set aside 1%-20% as employees' compensation and the percentage lower than 2% as directors' compensation if the Corporation has profit (means the Pre-tax Income before deduction of the employees' and directors' compensation) in the current year. However, the company's accumulated losses shall have been covered, if any (including the adjustment of unappropriated retained earnings). The Corporation may have the profit distributable as employees' compensation in the preceding paragraphs distributed in the form of shares or in cash to the qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, the remuneration of directors only can receive the profit in the form of cash.</u></p> <p><u>The Corporation shall, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors for the preceding two paragraphs distributed and such distribution shall be submitted to the shareholders' meeting.</u></p>	<p>When allocating the net profits for each fiscal year, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. The Corporation would set aside or fund another sum as special reserve, plus Accumulated Retained Earnings of preceding fiscal year, the Corporation would reserve partial of surplus for allocation according to the following principal:</p> <ol style="list-style-type: none"> 1. 1% to 20% as bonus to employees of the Corporation; 2. The remuneration of Directors could not be higher than 2% 3. The rest of the net profits as the bonus to shareholders. <p>The Corporation may issue stock bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors. The Proposal of Distribution in the preceding Paragraph shall be proposed by the meeting of the Board of Directors and provide the proposal to shareholders' meeting to get resolution.</p>	<p>Act in concert with the Article 235 & 240 of Company Act, and the amendment of Article 235-1 of Company Act.</p>

Item	Article after revision	Article before revision	Explanation
Article 27-1	<p><u>When allocating the net profits for each fiscal year, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. This Corporation would set aside or fund another sum as special reserve in accordance with the regulations of the Law or the rules of the Authorities, plus the rest of the and Accumulated Retained Earnings of preceding fiscal year (including the adjustment of undistributed earnings), and the meeting of Board of Directors would draft the Proposal for Distribution of the dividends and bonuses to the shareholders base on the amount in this provision and provide the proposal to shareholders' meeting to get resolution.</u></p> <p><u>The Dividend Policy of the Corporation is in concert with the development plan of current and future, the environment of investment, funds requirement, and the competition condition of domestic and foreign, also considers the shareholders' interest, as results, the Corporation shall set aside earnings available for distribution which is not less than 50% as shareholders' dividends; the dividends in the said proceeding sentence can be distributed in the form of shares or in cash, the stock Dividends of Share Allocations will not be higher than 80% of the Total Dividends.</u></p>	<p>The industry where the Corporation in is in the growth phase of life cycle, for coordinating the whole environment and the industry growing characters, also considering the plan of cash flow of the Corporation to maintain the stable development of EPS (Earning Per Share) for achieving the management target of the Corporation, the stock Dividends of Share Allocations will not be higher than 80% of the Total Dividends.</p>	<p>Act in concert with the Article 235 & 240 of Company Act, and the amendment of Article 235-1 of Company Act.</p>
Article 29	<p>The first time to the twenty (slightly)</p> <p>The twenty-first Amendment was made on June 18, 2012;</p> <p>The twenty-two Amendment was made on June 3, 2015.</p> <p>The twenty-two Amendment was made on May 31, 2016.</p>	<p>The first time to the twenty (slightly)</p> <p>The twenty-first Amendment was made on June 18, 2012;</p> <p>The twenty-two Amendment was made on June 3, 2015.</p>	<p>Additional amendment and the date.</p>

Business Report

To the shareholders:

Axiomtek Co., Ltd.(hereinafter referred to as “Axiomtek” or the "Company")created 2.625 billion NT\$ (hereinafter the same) of annual revenue in 2015, growing 7.73% compared to the revenue of 2.436 billion in 2014, which is a new record of annual revenue of the Company.

To pursue sustainable business and the future goals of Axiomtek in 2016, we did some adjustments of our organization. In addition to unify all the sales & business units into a primary management department, we formally implement the Salesforce Service Cloud a cloud application as well platform which can make best management and uses of marketing, sales, customer service and IT, to implement our enterprise spirit of being service-oriented. In the Business Group (BG) respect, we depend on our product planning and market targets to manage and establish teams of different levels, of which little amoebas can be more focused on niche solutions. In the research and development respect, the Company continues to develop related applications of Industry 4.0 and Industrial Internet of Things; also we devote to develop the solution of Vision Control Motion, intelligent device health diagnosis technology, remote monitoring software, and wireless network technology. In the market respect, we expand vertical application markets such as the markets of factory automation, intelligent transportation, energy-saving and energy. In the sales respect, we deepen our global marketing channels and partnership plan of Franchise Partner. We will continue to cultivate our core technology and improve our branding-values, making a development towards higher profits industry and creating a multi-win pattern for our partners and shareholders.

Reports on annual operating results in 2015 and outlook in 2016 of Axiomtek is as follows:

1. Annual operation results in 2015

1.1 Outcomes of business plan

We created 2.625 billion of annual revenue in 2015, net income reached 424 million, and the comprehensive income totaled 424 million; the earnings per share reached 5.38.

1.2 Budget implementation:

Axiomtek did not disclose financial forecasts in 2015, we therefore have no budget implementation.

1.3 Financial and profitability analysis

Item		2015	2014
Financial Structure	Debt Ratio (%)	31.76	25.07
	Ratio of long-term capital to Property, plant and equipment (%)	781.17	780.37
Solvency	Current Ratio (%)	194.46	228.24
	Quick Ratio (%)	139.85	158.64
	Interest earned ratio (times)	256,677.60	1,310,433.33
Profitability	Return on total assets (%)	18.59	18.87
	Return on Equity (%)	26.06	25.32
	Pre-tax Income to Paid-in Capital Ratio (%)	62.33	55.19
	Profit ratio (%)	16.16	15.21
	Earnings Per Share (NT\$)	5.38	4.75

1.4 Research and development status

Considering the trend of Industry 4.0 and IIoT, we will make three plans about our medium and long term development orientations:

- a. We provide a solution of Vision Control Motion on Factory Automation. We will integrate software and hardware with automatized visual identification, which can be applied in intelligent plant, heavy industry and robotic application industry.
- b. We meanwhile develop intelligent device health diagnosis technology for Process Automation industry, helping collect sensor data for the plants with expensive equipment and mass production, such as manufacturing, steel mills, petrochemical, foods and pharmaceutical production, and monitoring equipment status to analyze Predictive Maintenance, to reduce idle capacity, improve production processes and enhance efficiency.
- c. We continuous focus on Mission-Critical transportation solutions, such as monitoring security applications to integrate software and hardware with peripherals, or providing real-time information to improve safety and efficiency of intelligent transport system and then improve traffic quality.

The major product businesses of the company include product designing, manufacturing and sales such as industrial and embedded computer systems, industrial network communication devices, embedded board and system-on-modules (SoM), and touch panel computers. The business model of company can be divided into brand-oriented mode of Embedded Boards and Systems (EBS) and the mode of Design and Manufacturing Service (DMS); in addition to using internal resources

more efficient and more able to target customer market and attributes, we provide better services of B2B and B2B2C. Our company will continue to put over 9% of turnover for our product research and development to maintain our competitive edge and continue to provide innovation products meeting market demands and technical support service for customers, to thereby lay the foundation of brand niches and sustainable developments of the Company.

2. Business plan outline in 2016

2.1 Business policy

- a. Three global brands of our Company Group: Axiomtek, EtherWAN and ADS are respectively providing core technologies of Computing, Industrial Networking and Industrial Display & Power Supply. Customers can get access to full set of product and support service.
- b. Focused on related technologies and products of Industrial IoT, we continue to devote into vertical application markets such as the markets of factory automation, intelligent transportation, energy-saving and energy, becoming the leading brand in previous industries.
- c. We are actively expanding overseas service strongholds, get close to market for understanding customer demands, deepen our relationship with customers and create global distribution partners through Franchise Partner plan.
- d. We pay attention to organizational development and personnel training, according to Japan famous Amoeba profits-centered organization. We actively train talents with operator-vision and let every organization and member participate into product operation or marketing as operators. We enhance functions through educational training and plan a long-term manpower training program.

2.2 Production and marketing policy

- a. Establish a global information management and communication mechanism to get access of the information about materials, finished product inventories and future market demand and then to achieve the effect of reducing inventory management costs and loss caused by price dropping of dead inventory.
- b. Strengthen coordinate communication between production and sales. Through regular business forecasts and project preparation mechanism, we can activate the inventory turnover ratio and reduce shortage crisis of raw materials.
- c. Develop a strategic alliance relationship with suppliers, to shorten product development process and improve added values of products, creating a win-win mode.
- d. Promote the globalization of our brands, through allying or investing vertical application market or channel partners, to accelerate growth of our brand marketing layout overseas.

- e. Develop three niche business models of two business units for values of innovation and differentiations:
 - (1) Design-in: assist customers to import system solutions quickly.
 - (2)B2B: further develop vertical application market brand of embedded computer systems and solutions.
 - (3)B2B2C: provide services of designing and manufacturing to mass production, import it into market quickly.

3. Future corporate development strategy

3.1 Marketing strategy

- a. The global brand Axiomtek, focuses on research and development, manufacturing, sales and accumulating integration technology of software and hardware, to provide more vertical solution information and more diversified products to customers.
- b. Establish a new stronghold – Axiomtek subsidiary in the UK, to get close to the UK even European markets and in-depth understand the customers’ demands in vertical application market.
- c. Promote Axiomtek US design team of research and development for high-end system assembly capacity, to directly serve local market of the North America and deepen customized service in vertical application field.
- d. For the potential market of vertical application, we will increase added values of integration of software and hardware to pursue long-term development and sustainable business.
- e. Implement Salesforce Service Cloud application and platform, making best use of marketing, sales, customer service, IT and others.
- f. Coordinate EtherWAN and ADS with strategic partners to make completed solutions to develop related applications market of Industrial IoT , such as factory automation, intelligent transportation, smart energy and infrastructure markets.

3.2 Research and development technology

a. Technology of embedded products

- (1) Embedded board and SoM computer-on- module

Continue to develop and provide the latest embedded computer board X86 and RISC, to meet customers’ demands from diversified application fields. Meanwhile provide rapid customized service of Design-in to maintain the Company’s leading position in this field.

- (2) Industrial and embedded computer systems and touch panel computers

Make Development of Mission-Critical, Heavy-Duty, modular design, industrial design, and Internet related products; make an integration of intelligent remote monitoring and management software (AXView), EtherCAT Master and other

professional software applications. Also gain professional certifications of Car/rail/ship, medical, and explosion-proof.

In the future, make an integration of wired/wireless network technologies for industrial use, including 10G, Gigabit Ethernet, ZigBee, WI-FI, 3G, and others to develop related products of Factory Automation, Process Automation, Predictive Maintenance, Intelligent Transportation and Smart Energy.

(3) AXView 2.0 Intelligent remote monitoring and management software

To improve remote monitoring and management capacity, Axiomtek independently research and develop AXView 2.0 intelligent software to assist consumers to create their own management system quickly and efficiently. In addition to supporting embedded application programming interface (eAPI), it also provides management tools, monitoring mechanism, database services and other functions which are easy to use.

b. Technology of vertical market

(1) Transportation and energy-saving related computer platforms and industrial communication network framework

Make a solution integration of computing and industrial communication technology of our Axiomtek group, developing Mission-Critical transportation certification and outdoor special computers and other technologies. Focus on researching and developing communication protocol, converter for industrial use and remote monitoring and management system, applying in intelligent transportation, public constructions, and factory automation systems.

(2) Factory automation

Provide Vision Control Motion solutions, combined with software motion, software PLC, EtherCAT Master, and GigE Vision camera with real-time OS; the combination of hardware and software with automatic visual identification could be applied in intelligent plant, heavy industry and robotic application industry.

(3) Process automation industry

Develop intelligent device health diagnosis technology to assist the process automation plants with expensive equipment and mass product to collect sensor data and monitor equipment status for analyzing Predictive Maintenance.

4. Impacts of external environments about competition, regulatory and the general business

On external competitive environment, the scale of vertical application market will remain expanding (including smart factory, intelligent transportation systems, robotics industry, smart power grids, gaming/lottery machines, intelligent medical services, etc.). The Company will continue to cultivate our own technology and focus on certain vertical application market, to improve our core competitiveness with differentiation and innovation. On general environment,

due to the new boom of Industrial IoT and Industrial 4.0, the development of all-things-networking with intelligence and automation will be more rapid. As related products coming, The Company will devote more into combination of software and hardware and development of wireless network technology, to provide more diversified product portfolios.

Looking forward to the future, the Company with subtle foundations, clear development direction and completed global layout and brand positioning, is believed that replicate more success stories to drive the engine of revenue growth. In order to practice corporate social responsibility during the pursuit of achieving sustainable development and making profits, the Company will start importing CSR (Corporate Social Responsibility) this year. We will pay attention to the interests of stakeholders and environmental, social and corporate governance to be in line with international trends. We also will add these into corporate management policy and operational activities to further realize our corporate values.

Axiomtek Co., Ltd.

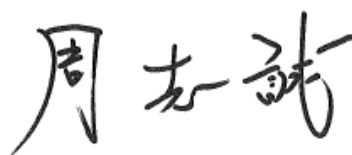
Chairman	Yang, Yu-Te
President	Yang, Yu-Te
Principal accounting officer	Hsu, Chin-Chuan

Audit Committee's Review Report

To: The 2016 Annual Shareholders' Meeting of AXIOMTEK CO., LTD.

The Board of Directors has prepared the Corporation's 2015 business report, proposal of profit distribution, and financial statements (including parent company only and consolidated statements). The Corporation's financial statements were audited by Certified Public Accountants, Mr. Shien-Chong Hsu and Mr. Shien-Wei Deng of PricewaterhouseCoopers, Taiwan with an independent auditor's report issued. The above business report, financial statements and the proposal of profit distribution have been examined and determined to be correct and accurate by the Audit Committee members of AXIOMTEK CO., LTD.. This report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Act.

Chairman of the Audit Committee: Chou, Chih-Chen

Handwritten signature in black ink, consisting of three characters: 周, 志, 誠.

February 18, 2016

The Codes of Ethical Conduct of AXIOMTEK CO., LTD.

1. Purpose of and basis for adoption

For assisting the directors, managerial officers and all employee to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Corporation, the Corporation establishes a code of ethical conduct with reference to 『 Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies. 』

2. The Scope of the adoption

The directors, managerial officers and all employees (herein after collected as “employees”).

3. Definition:

3.1 Managers:

3.1.1 General Manager and their equivalents.

3.1.2 Vice president and their equivalents.

3.1.3 Assistant vice president and their equivalents.

3.1.4 Chief financial officers.

3.1.5 Chief accounting officers.

3.1.6 Other persons authorized to manage affairs and sign documents on behalf of the Corporation. Consider each company will have different job title for each position, so the job title will not be the criteria.

4. The reference documents:

4.1 Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies.

4.2 The Official Letter of Tai-Financial-Security-three-Zi No: 0920001301 issued by Securities and Futures Bureau of the Ministry of Finance: the definition of managers.

5. Responsibilities:

5.1 The Financial dept.: to be responsible for drafting and revising the rules and propose to the Meeting of Board of Directors for discussion.

5.2 The Internal Audit dept.: to audit the operation condition for the rules by routine.

5.3 The Audit Committee: to be supervisor and manage all related affairs of the rules.

5.4 The Board of the Directors: to approve the procedure of this rules.

6. The procedure Map:

Not application

7. Procedure/way:

7.1 Prevention of conflicts of interest:

Employee shall avoid the situations of personal interest intervenes or is likely to intervene in the overall interest of the Corporation occur, and obeys the following principles:

7.1.1 Shall be perform the duties in an objective and efficient manner, and avoid taking advantage of their position in the Corporation to obtain improper benefits for themselves or their spouse, parents, children, or relatives with the second degree of kinship.

7.1.2 Corporation shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which all employee work.

7.1.3 The Corporation shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for all employees to voluntarily explain whether there is any potential conflict between them and the Corporation.

7.2 Minimizing incentives to pursue personal gain:

The Corporation shall prevent all employees from engaging in any of the following activities

7.2.1 Seeking an opportunity to pursue personal gain by using corporation property or information or taking advantage of their position.

7.2.2 Obtaining personal gain by using corporation property or information or taking advantage of their position.

7.2.3 Competing with the Corporation. When the Corporation has an opportunity for profit, it is the responsibility of all employees to maximize the reasonable and proper benefits that can be obtained by the Corporation.

7.3 Confidentiality:

All employees of the Corporation shall be bound by the obligation to maintain the confidentiality of any information regarding the Corporation itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Corporation or the suppliers and customers.

7.4 Fair Trade:

All employees shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

7.5 Safeguarding and proper use of the Corporation assets:

All employees have the responsibility to safeguard the Corporation assets and to ensure that they can be effectively and lawfully used for official business purpose; any theft,

negligence in care, or waste of the assets will all directly impact the Corporation's profitability.

7.6 Legal compliance:

The Corporation shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

7.7 Encouraging reporting on illegal or unethical activities:

The Corporation shall raise awareness of ethics internally and encourage employees to report to the Corporation supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the Corporation shall establish a concrete whistle-blowing system and make employees aware that the Corporation will use its best efforts to ensure the safety of informations and protect them from reprisals.

7.8 Disciplinary measures:

When a employee violates the code of ethical conduct, the Corporation shall handle the matter in accordance with the regulations related to the code of ethical conduct and the rules of Employees, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The Corporation shall establish a relevant complaint system to provide the violator with remedies.

7.9 Any exemption for directors, supervisors, or managerial officers from compliance with the code must be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, and the period of, reason of, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the Corporation by ensuring appropriate mechanisms for controlling any circumstance under with such an exemption occurs.

7.10 The Corporation shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

7.11 The Corporation's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to each supervisor, and submitted to a shareholders' meeting.

8. Related Documents:

8.1 Documents: not applicable.

8.2 Form: not applicable.

8.3 Record or others: not applicable.

Independent Auditors' Report

(Parent Company Only Financial Statements)

The Board of Directors and Shareholders
Axiomtek Co., Ltd.

We have audited the accompanying parent company only balance sheets of Axiomtek Co., Ltd. as of December 31, 2015 and 2014 and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of Axiomtek Co., Ltd. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

February 18, 2016

Notice to Readers

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

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	2015/12/31		2014/12/31	
	Amount	%	Amount	%
Assets				
Current assets				
Total cash and cash equivalents	\$ 319,811	13	\$ 155,916	8
Total current financial assets at fair value through profit or loss	98,013	4	173,100	8
Notes receivable, net	5,998	-	3,171	-
Accounts receivable, net	182,567	7	126,961	6
Accounts receivable due from related parties, net	333,188	14	220,535	11
Other receivables, net	10,264	1	8,763	-
Other receivables due from related parties, net	22,059	1	19,662	1
Total inventories	373,065	15	301,967	15
Total prepayments	6,931	-	9,289	-
Total other current assets	1,266	-	1,255	-
Total current assets	1,353,162	55	1,020,619	49
Non-current assets				
Non-current financial assets at cost, net	923	-	923	-
Investments accounted for using equity method, net	849,139	34	792,853	38
Total property, plant and equipment	228,527	9	209,744	10
Total intangible assets	18,337	1	12,176	1
Deferred tax assets	25,602	1	18,643	1
Prepayments for business facilities	-	-	24,455	1
Guarantee deposits paid	5,358	-	4,541	-
Total non-current assets	1,127,886	45	1,063,335	51
Total assets	\$ 2,481,048	100	\$ 2,083,954	100

(Continued)

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	2015/12/31		2014/12/31	
	Amount	%	Amount	%
Liabilities and equity				
Liabilities				
Current liabilities				
Total notes payable	\$ 720	-	\$ 92	-
Total accounts payable	400,197	16	191,291	9
Total accounts payable to related parties	33,154	1	14,344	1
Total other payables	184,373	8	185,747	9
Current tax liabilities	51,887	2	45,310	2
Total advance receipts	24,240	1	9,156	-
Other current liabilities, others	1,288	-	1,226	-
Total current liabilities	695,859	28	447,166	21
Non-current liabilities				
Total deferred tax liabilities	51,482	2	43,635	2
Accrued pension liabilities	40,640	2	31,626	2
Total non-current liabilities	92,122	4	75,261	4
Total liabilities	787,981	32	522,427	25
Equity				
Share capital				
Ordinary share	790,310	32	783,450	38
Advance receipts for share capital	-	-	153	-
Capital surplus				
Total capital surplus	143,033	6	128,062	6
Retained earnings				
Legal reserve	288,752	11	257,801	12
Special reserve	-	-	-	-
Total unappropriated retained earnings (accumulated deficit)	441,283	18	371,791	18
Other equity interest				
Total other equity interest	29,689	1	20,270	1
Total equity	1,693,067	68	1,561,527	75
Major commitment & contingent item				
Total liabilities and equity	\$ 2,481,048	100	\$ 2,083,954	100

The accompanying notes are an integral part of the parent company only financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	<u>2015</u>		<u>2014</u>	
	Amount	%	Amount	%
Operating revenue				
Total operating revenue	\$ 2,625,080	100	\$ 2,436,694	100
Operating costs				
Total operating costs	(1,812,848)	(69)	(1,727,437)	(71)
Gross profit (loss) from operations	812,232	31	709,257	29
Unrealized profit (loss) from sales	(65,967)	(2)	(38,975)	(2)
Realized profit (loss) on from sales	38,975	1	22,812	1
Gross profit (loss) from operations	785,240	30	693,094	28
Operating expenses				
Total selling expenses	(75,964)	(3)	(65,124)	(4)
Total administrative expenses	(89,435)	(3)	(77,753)	(3)
Total research and development expenses	(299,848)	(12)	(274,661)	(11)
Total operating expenses	(465,247)	(18)	(417,538)	(18)
Net operating income (loss)	319,993	12	275,556	11
Non-operating income and expenses				
Total other income	18,042	1	12,223	1
Other gains and losses, net	10,408	-	16,058	1
Finance costs, net	(192)	-	(33)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method, net	144,378	6	128,606	5
Total non-operating income and expenses	172,636	7	156,854	7
Profit (loss) before tax	492,629	19	432,410	18
Total tax expense (income)	(68,530)	(3)	(61,847)	(3)
Profit (loss)	\$ 424,099	16	\$ 370,563	15

The accompanying notes are an integral part of the parent company only financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	2015		2014	
	Amount	%	Amount	%
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss :				
profit or loss:				
Remeasurement of defined benefit obligation	(9,822)	-	1,689	-
Share of other comprehensive income (loss) of subsidiaries and associates	(1,416)	-	(773)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	1,910	-	(155)	-
Items that may be reclassified subsequently to profit or loss :				
profit or loss:				
Exchange differences arising on translation of foreign operations	6,587	-	13,981	-
Share of other comprehensive income (loss) of subsidiaries and associates	4,761	-	6,764	-
Income tax benefit (expense) related to items that may be reclassified subsequently	(1,929)	-	(3,527)	-
Other comprehensive income, net of tax	\$ 91	-	\$ 17,978	1
Comprehensive income	\$ 424,190	16	\$ 388,541	16
Basic earnings per share				
Total basic earnings per share	\$	5.38	\$	4.75
Diluted earnings per share				
Total diluted earnings per share	\$	5.25	\$	4.62

The accompanying notes are an integral part of the parent company only financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Share capital		Capital surplus				Retained Earnings			Exchange differences on translation of foreign financial statements	Total
	Ordinary share	Advance receipts for share capital	Capital surplus In Excess of par value-Common Stock	Capital surplus In Excess of par value-Treasury Stock	Capital surplus from Gain on Disposal of Property	Capital surplus from stock option exercised by employees	Legal Reserve	Special Reserve	Unappropriated retained earnings		
Year 2014											
Beginning balance, January 1, 2014	\$ 776,540	\$ -	\$ 102,288	\$ 1,026	\$ 2	\$ 15,609	\$ 230,919	\$ 27,848	\$ 207,772	\$ 3,052	\$ 1,365,056
Appropriation and distribution of retained earnings:											
Legal reserve appropriated							26,882		(26,882)		-
Reversal of special reserve								(27,848)	27,848		-
Cash dividends of ordinary share									(208,271)		(208,271)
Net income for 2014									370,563		370,563
Other comprehensive income(loss)									761	17,218	17,979
Stock option exercised by employees	6,910	153	8,505								15,568
Compensation cost of employee stock options						632					632
Ending balance, December 31, 2014	\$ 783,450	\$ 153	\$ 110,793	\$ 1,026	\$ 2	\$ 16,241	\$ 257,801	\$ -	\$ 371,791	\$ 20,270	\$ 1,561,527

(Note 1) The directors' and supervisors' compensation were \$5,019 and the employees' bonuses were \$37,639, which had been deducted from net income for the year 2013.

(Note 2) The directors' and supervisors' compensation were \$8,148 and the employees' bonuses were \$61,110, which had been deducted from net income for the year 2014.

The accompanying notes are an integral part of the parent company only financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Share capital		Capital surplus				Retained Earnings			Exchange differences on translation of foreign financial statements	Total
	Ordinary share	Advance receipts for share capital	Capital surplus In Excess of par value-Common Stock	Capital surplus In Excess of par value-Treasury Stock	Capital surplus from Gain on Disposal of Property	Capital surplus from stock option exercised by employees	Legal Reserve	Special Reserve	Unappropriated retained earnings		
Year 2015											
Beginning balance, January 1, 2015	\$783,450	\$ 153	\$ 110,793	\$ 1,026	\$ 2	\$ 16,241	\$ 257,801	\$ -	\$ 371,791	\$ 20,270	\$ 1,561,527
Appropriation and distribution of retained earnings:											
Legal reserve appropriated							37,056		(37,056)		-
Reversal of Legal reserve							(6,105)		6,105		-
Cash dividends of ordinary share									(314,328)		(314,328)
Net income for 2015									424,099		424,099
Other comprehensive income(loss)									(9,328)	9,419	91
Stock option exercised by employees	6,860	(153)	7,826								14,533
Compensation cost of employee stock options						7,145					7,145
Ending balance, December 31, 2015	\$790,310	\$ -	\$ 118,619	\$ 1,026	\$ 2	\$ 23,386	\$ 288,752	\$ -	\$ 441,283	\$ 29,689	\$ 1,693,067

(Note 1) The directors' and supervisors' compensation were \$5,019 and the employees' bonuses were \$37,639, which had been deducted from net income for the year 2013.

(Note 2) The directors' and supervisors' compensation were \$8,148 and the employees' bonuses were \$61,110, which had been deducted from net income for the year 2014.

The accompanying notes are an integral part of the parent company only financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	2015	2014
Cash flows from (used in) operating activities, indirect method		
Profit (loss) before tax	\$ 492,629	\$ 432,410
Adjustments		
Adjustments to reconcile profit (loss)		
Reversal of provision for bad debt expense	-	(1,377)
Provision for bad debt expense	466	-
Depreciation expense	30,964	24,014
Amortization expense	4,383	3,009
Interest income	(1,739)	(513)
Allowance for inventory valuation loss	15,265	16,400
Loss (gain) on disposal of investments	(662)	(592)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	88	(69)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(144,378)	(128,606)
Dividend income	66,595	91,053
Loss (gain) on disposal of property, plant and equipment	249	(108)
Interest expense	192	33
Impairment loss on intangible assets	3,868	-
Share-based payments	7,145	632
Unrealized profit (loss) from sales	26,992	16,163
Changes in operating assets and liabilities		
Changes in operating assets		
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	75,661	(45,408)
Decrease (increase) in notes receivable	(2,827)	6,548
Decrease (increase) in accounts receivable	(168,725)	(80,009)
Decrease (increase) in other receivable	(3,897)	476
Decrease (increase) in inventories	(86,363)	(15,393)
Decrease (increase) in prepayments	2,358	(5,871)
Decrease (increase) in other current assets	(11)	(743)
Changes in operating liabilities		
Increase (decrease) in notes payable	628	(90)
Increase (decrease) in accounts payable	227,717	(18,228)
Increase (decrease) in other payable	(2,246)	36,848
Increase (decrease) in other current liabilities	15,145	2,984
Increase (decrease) in accrued pension liabilities	(808)	(827)
Cash inflow (outflow) generated from operations	558,689	332,736
Interest received	1,739	513
Interest paid	(192)	(33)
Income taxes refund (paid)	(60,516)	(44,264)
Net cash flows from (used in) operating activities	499,720	288,952

The accompanying notes are an integral part of the parent company only financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	<u>2015</u>	<u>2014</u>
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	(20,030)	(21,120)
Proceeds from disposal of property, plant and equipment	654	135
Acquisition of intangible assets	(10,544)	(1,730)
Increase in prepayments for business facilities	(5,293)	(24,455)
Increase in refundable deposits	(817)	1,682
Net cash flows from (used in) investing activities	<u>(36,030)</u>	<u>(45,488)</u>
Cash flows from (used in) financing activities		
Cash dividends paid	(314,328)	(208,271)
Exercise of employee share options	14,533	15,568
Net cash flows from (used in) financing activities	<u>(299,795)</u>	<u>(192,703)</u>
Net increase (decrease) in cash and cash equivalents	163,895	50,761
Cash and cash equivalents at beginning of period	155,916	105,155
Cash and cash equivalents at end of period	<u>\$ 319,811</u>	<u>\$ 155,916</u>

The accompanying notes are an integral part of the parent company only financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

Independent Auditors' Report

(Consolidated Financial Statements)

The Board of Directors and Shareholders
Axiomtek Co., Ltd.

We have audited the accompanying consolidated balance sheets of Axiomtek Co., Ltd. and subsidiaries as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Axiomtek Co., Ltd. and subsidiaries as of December 31, 2015 and 2014, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission of the Republic of China with the effective dates.

We have also audited, in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China, the parent company only financial statements of Axiomtek Co., Ltd. as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified opinion.

February 18, 2016

Notice to Readers

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

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

AXIOMTEK CO., LTD. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Current assets				
Total cash and cash equivalents	\$ 559,006	19	\$ 377,502	15
Total current financial assets at fair value through profit or loss	98,013	3	173,100	7
Notes receivable, net	9,407	0	6,339	0
Accounts receivable, net	600,180	20	557,187	21
Accounts receivable due from related parties, net	5	0	17	0
Other receivables, net	14,072	0	12,954	0
Total current tax assets	2,035	0	1,020	0
Total inventories	975,223	33	780,656	30
Total prepayments	26,066	1	18,952	1
Total other current assets	2,121	0	2,818	0
Total current assets	2,286,128	76	1,930,545	74
Non-current assets				
Non-current financial assets at cost, net	923	0	923	0
Total property, plant and equipment	504,890	17	346,937	14
Total intangible assets	141,829	5	143,060	6
Deferred tax assets	46,534	2	35,662	1
Prepayments for business facilities	0	0	128,960	5
Total other non-current assets, others	10,233	0	9,163	0
Total non-current assets	704,409	24	664,705	26
Total assets	\$ 2,990,537	100	\$ 2,595,250	100

(continued)

AXIOMTEK CO., LTD. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Liabilities				
Current liabilities				
Total short-term borrowings	\$ 10,000	0	\$ 15,200	0
Total notes payable	824	0	192	0
Total accounts payable	524,405	17	330,949	13
Total accounts payable to related parties	25,452	1	7,581	0
Total other payables	315,861	11	319,680	12
Current tax liabilities	74,505	2	69,130	3
Total current provisions	1,327	0	1,377	0
Total other current liabilities	46,498	2	23,745	1
Total current liabilities	998,872	33	767,854	29
Non-current liabilities				
Total long-term borrowings	128,319	4	123,939	5
Total deferred tax liabilities	73,592	3	62,350	2
Total other non-current liabilities	51,540	2	41,065	2
Total non-current liabilities	253,451	9	227,354	9
Total liabilities	1,252,323	42	995,208	38
Equity				
Equity attributable to owners of parent				
Share capital				
Ordinary share	790,310	26	783,450	30
Advance receipts for share capital	0	0	153	0
Capital surplus				
Total capital surplus	143,033	5	128,062	5
Retained earnings				
Legal reserve	288,752	10	257,801	10
Total unappropriated retained earnings (accumulated deficit)	441,283	15	371,791	14
Other equity interest				
Total other equity interest	29,689	1	20,270	1
Total equity attributable to owners of parent	1,693,067	57	1,561,527	60
Non-controlling interests	45,147	1	38,515	2
Total equity	1,738,214	58	1,600,042	62
Total liabilities and equity	\$ 2,990,537	100	\$ 2,595,250	100

The accompanying notes are an integral part of the consolidated financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2015 and 2014

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	2015		2014	
	Amount	%	Amount	%
Operating revenue	\$ 4,790,899	100	\$ 4,368,921	100
Operating costs	(3,084,184)	(65)	(2,841,492)	(65)
Gross profit	1,706,715	35	1,527,429	35
Operating expenses				
Total selling expenses	(630,675)	(13)	(556,171)	(13)
Total administrative expenses	(120,660)	(2)	(117,303)	(3)
Total research and development expenses	(415,572)	(9)	(375,265)	(8)
Total operating expenses	(1,166,907)	(24)	(1,048,739)	(24)
Net operating income	539,808	11	478,690	11
Non-operating income and expenses				
Total other income	20,753	1	12,670	0
Other gains and losses, net	17,665	0	23,476	1
Finance costs, net	(3,733)	0	(2,239)	0
Total non-operating income and expenses	34,685	1	33,907	1
Profit before income tax	574,493	12	512,597	12
Total income tax expense	(133,987)	(3)	(126,901)	(3)
Net income	\$ 440,506	9	\$ 385,696	9
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined benefit plans	(\$ 11,463)	0	\$ 793	0
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	1,949	0	(134)	0
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	12,104	0	21,780	0
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(2,057)	0	(3,703)	0
Other comprehensive income, net	533	0	18,736	0
Total comprehensive income	\$ 441,039	9	\$ 404,432	9
Net income attributable to:				
Shareholders of the parent	\$ 424,099	9	\$ 370,563	8
Non-controlling interests	\$ 16,407	0	\$ 15,133	0
Comprehensive income attributable to:				
Shareholders of the parent	\$ 424,190	9	\$ 388,542	9
Non-controlling interests	\$ 16,849	0	\$ 15,890	0
Earnings per share				
Total basic earnings per share	\$	5.38	\$	4.75
Total diluted earnings per share	\$	5.25	\$	4.62

The accompanying notes are an integral part of the consolidated financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to Shareholders of the Parent									
	Share capital			Retained earnings				Other equity		
	Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
Beginning balance, January 1, 2014	\$ 76,540	\$ -	\$ 118,925	\$ 230,919	\$ 27,848	\$ 207,772	\$ 3,052	\$ 365,056	\$ 35,454	\$ 400,510
Appropriation and distribution of retained earnings:										
Legal reserve appropriated				26,882		(26,882)		0		0
Cash dividends of ordinary share						(208,271)		(208,271)		(208,271)
Reversal of special reserve					(27,848)	27,848		0		0
Net income for 2014						370,563		370,563	15,133	385,696
Other comprehensive income						761	17,218	17,979	757	18,736
Stock option exercised by employees	6,910	153	8,505					15,568		15,568
Compensation cost of employee stock options			632					632		632
Changes in non-controlling interests									(12,829)	(12,829)
Ending balance, December 31, 2014	\$ 783,450	\$ 153	\$ 128,062	\$ 257,801	\$ -	\$ 371,791	\$ 20,270	\$ 1,561,527	\$ 38,515	\$ 1,600,042
Beginning balance, January 1, 2015	\$ 783,450	\$ 153	\$ 128,062	\$ 257,801	\$ -	\$ 371,791	\$ 20,270	\$ 1,561,527	\$ 38,515	\$ 1,600,042
Appropriation and distribution of retained earnings:										
Legal reserve appropriated				37,056		(37,056)		0		0
Reversal of legal reserve				(6,105)		6,105		0		0
Cash dividends of ordinary share						(314,328)		(314,328)		(314,328)
Net income for 2015						424,099		424,099	16,407	440,506
Other comprehensive income						(9,328)	9,419	91	442	533
Stock option exercised by employees	6,860	(153)	7,826					14,533		14,533
Compensation cost of employee stock options			7,145					7,145		7,145
Changes in non-controlling interests									(10,217)	(10,217)
Ending balance, December 31, 2015	\$ 790,310	\$ -	\$ 143,033	\$ 288,752	\$ -	\$ 441,283	\$ 29,689	\$ 1,693,067	\$ 45,147	\$ 1,738,214

The accompanying notes are an integral part of the consolidated financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	2015	2014
Cash flows from (used in) operating activities, indirect method		
Profit (loss) before tax	\$ 574,493	\$ 512,597
Adjustments		
Adjustments to reconcile profit (loss)		
Provision (reversal of provision) for bad debt expense	839	299
Depreciation expense	44,089	36,415
Amortization expense	13,451	8,303
Interest income	(2,206)	(1,069)
Loss (gain) on disposal of property, plant and equipment	204	(108)
Loss (gain) on disposal of investments	(662)	(592)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	88	(69)
Interest expense	3,733	2,239
Impairment loss on non-financial assets	3,868	0
Share-based payments	7,145	632
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	75,661	(45,408)
Decrease (increase) in notes receivable	(3,068)	4,097
Decrease (increase) in accounts receivable	(43,862)	(99,368)
Decrease (increase) in other receivable	(1,118)	7,630
Decrease (increase) in inventories	(194,727)	(128,666)
Decrease (increase) in prepayments	(7,114)	(3,700)
Decrease (increase) in other current assets	697	(1,092)
Changes in operating liabilities		
Increase (decrease) in notes payable	632	10
Increase (decrease) in accounts payable	211,327	23,653
Increase (decrease) in other payable	(4,582)	58,172
Increase (decrease) in other current liabilities	21,196	4,856
Cash inflow (outflow) generated from operations	700,084	378,831
Interest received	2,206	1,069
Interest paid	(3,734)	(2,237)
Income taxes refund (paid)	(125,710)	(100,147)
Net cash flows from (used in) operating activities	572,846	277,516

(continued)

AXIOMTEK CO., LTD. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	<u>2015</u>	<u>2014</u>
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	(60,154)	(30,272)
Proceeds from disposal of property, plant and equipment	724	286
Acquisition of intangible assets	(14,599)	(13,465)
Increase in prepayments for business facilities	0	(128,960)
Increase in other non-current assets	(1,070)	2,229
Net cash flows from (used in) investing activities	<u>(75,099)</u>	<u>(170,182)</u>
Cash flows from (used in) financing activities		
Decrease in short-term loans	(424,600)	(2,000)
Increase in short-term loans	419,400	15,200
Repayments of long-term debt	(6,844)	(2,368)
Proceeds from long-term debt	7,938	69,852
Decrease in other non-current liabilities	(988)	(1,016)
Cash dividends paid	(314,328)	(208,271)
Exercise of employee share options	14,533	15,568
Change in non-controlling interests	10,217	0
Net cash flows from (used in) financing activities	<u>(294,672)</u>	<u>(113,035)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(21,571)</u>	<u>6,086</u>
Net increase (decrease) in cash and cash equivalents	181,504	385
Cash and cash equivalents at beginning of period	<u>377,502</u>	<u>377,117</u>
Cash and cash equivalents at end of period	<u>\$ 559,006</u>	<u>\$ 377,502</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.
2015 Profit Distribution Table

Unit : NTD

Item	Amount	
	Sub-total	Total
Unappropriated retained earnings- Beginning		26,511,356
Other comprehensive income and loss_net defined benefit liability (assets) measuring adjustment	(9,327,729)	
The changes in equity from invested company	333	
Unappropriated retained earnings after adjustment		17,183,960
2015 Net income	424,098,757	
10% Legal reserve	(42,409,876)	
Total unappropriated retained earnings		398,872,841
Distributable items:		
Dividend to shareholders-Cash (\$4.3 per share)		(339,833,446)
Unappropriated retained earnings-Ending		59,039,395

Remarks: This Corporation will allocate the earnings from 2015 as a priority.

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

III. Appendices

Appendix 1

AXIOMTEK CO., LTD. Articles of Incorporation (before amendment)

Section I-General Provisions

Article 1

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

Article 2

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

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

Article 3

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

Article 4

The Corporation may provide endorsement and guarantee and act as a guarantor, the proceeding in accordance with the Endorsement and Guarantee Regulation of the Corporation.

Section II – Capital Stock

Article 5

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

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

Article 6

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

Article 6-1

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

Article 7

The share certificates of the Corporation shall all be name-bearing share certificates, and shall be affixed with the signatures or personal seals of three or more directors and duly certified or authenticated by the competent authority of the government or a certifying institution appointed by the competent authority before issuance. The shares to be issued to the public may be exempted from printing any share certification, but the Corporation shall appoint a centralized securities custody enterprise/institution to make recordation of the issue of such shares. For the new shares to be issued by the Corporation offering its shares to the public, the Corporation may print a consolidated share certificate representing the total number of the new shares to be issued at the same time of issue, the shares certification to be issued in accordance with the provision of the preceding sentence may be exempted from printing any share certification for the shares issued, but the Corporation shall appoint a centralized securities custody enterprise/institution to make recordation of the issue of such shares.

Article 8

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

Article 9

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Corporation shall follow the “Guidelines for Stock Operations for Public Companies” unless specified otherwise by laws and securities regulations. Taiwan Depository & Clearing Corporation (TDCC) has the right to request the Corporation to issue the large denomination securities.

Article 10

The total investment amount of the Corporation will not be subject to the restriction “Shall not exceed forty percent of the paid-up share capital of the Corporation” in the Article XIII of the Company Law of the Republic of China.

SECTION III- Shareholders’ Meeting

Article 11

Shareholders’ meeting of the Corporation are of two types, namely : (1) regular meetings and (2) special meetings. Regular meetings shall be convened by the Board of Directors within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China when necessary.

Article 12

If a shareholder is unable to attend a meeting, he/she may appoint a representative by issuing a power of attorney printed by the Corporation with the scope of authorization specified and signed or sealed to attend and to exercise on his/her behalf, all rights at the meeting. In accordance with Article 177 of the Company Law of the Republic of China, regarding to the issue of Power of Attorney would be follow the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies”.

Article 13

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

Article 14

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

Article 15

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

Article 16

The shareholders’ meeting shall be presided over by the Chairman of the Board of Directors of the Corporation. In his absence, Chairman should appoint one of the Board of Directors as his

representative to preside the meeting, or one of the Directors shall be elected among Directors if Chairman does not appoint anyone. If the meeting is convened by the outsider of the Board of Directors, the convener should preside the meeting; when there are more than 2 conveners, conveners should elect one among conveners to preside the meeting.

Article 17

The resolutions of the shareholders' meeting shall be recorded in the minutes, and handle in accordance with the regulations of Article 183 of the Company Act of the Republic of China.

Section IV-Directors and the Audit Committee

Article 18

The Corporation shall have seven to nine Directors. Directors should be elected by Shareholders' meeting, the term of office for Directors shall be three (3) years, and all Directors shall be eligible for re-election. All directors of the proportion of the total shareholding of the Corporation shall be governed by the provisions of the securities regulatory authorities. The Corporation reserves the right to purchase Liability Insurance for the Directors according to his function and the compensation liability the Directors might take in accordance with the Law as the Director conducting his business.

Article 18-1

The Corporation must have at least three independent directors in accordance with the regulations of Article 14-2 of the Securities Exchange Act of the Republic of China, and no less than one-fifth of total number of directors. The independent directors shall be elected by adopting candidates' nomination system, and will be elected by the shareholders' meeting according to the list of candidates for independent directors.

Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Security Competent Authority.

Article 19

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

Article 20

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

Article 21

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

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

general standard of the similar industry standard.

Article 22

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

Article 23

Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting. A Director may, by written authorization, appoint another Director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such meeting, but no Director may act as proxy for more than one other Director.

Article 24

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

Article 24-1

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

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

Section V-Management of the Corporation

Article 25

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

Section VI-Accounting

Article 26

At the close of each fiscal year, the Board of Directors shall prepare the following statements and records and shall forward the same to the general meeting of shareholders for its ratification:

1. Business Report;
2. Financial Statement; and
3. The surplus earning distribution or loss off-setting proposals.

Article 27

When allocating the net profits for each fiscal year, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. The Corporation would set aside or fund another sum as special reserve, plus Accumulated Retained Earnings of preceding fiscal year, the Corporation would reserve partial of surplus for allocation according to the following principal:

1. 1% to 20% as bonus to employees of the Corporation;
2. The remuneration of Directors could not be higher than 2%
3. The rest of the net profits as the bonus to shareholders.

The Corporation may issue stock bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors. The Proposal of Distribution in the preceding Paragraph shall be proposed by the meeting of the Board of Directors and provide the proposal to shareholders' meeting to get resolution.

Article 27-1

The industry where the Corporation in is in the growth phase of life cycle, for coordinating the whole environment and the industry growing characters, also considering the plan of cash flow of the Corporation to maintain the stable development of EPS (Earning Per Share) for achieving the management target of the Corporation, the stock Dividends of Share Allocations will not be higher than 80% of the Total Dividends.

Section VII-Supplementary Provisions

Article 28

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

Article 29

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

The first Amendment was approved on January 7, 1993;

The second Amendment was made on October 1, 1993;

The third Amendment was made on May 24, 1997;

The fourth Amendment was made on August 15, 1997;
The fifth Amendment was made on September 5, 1997;
The sixth Amendment was made on June 20, 1998;
The seventh Amendment was made on June 12, 1999;
The eighth Amendment was made on June 24, 2000;
The ninth Amendment was made on June 16, 2001;
The tenth Amendment was made on March 5, 2002;
The eleventh Amendment was made on June 25, 2002;
The twelfth Amendment was made on June 30, 2003;
The thirteen Amendment was made on May 24, 2004;
The fourteen Amendment was made on June 24, 2005;
The fifteen Amendment was made on June 9, 2006;
The sixteen Amendment was made on June 25, 2007;
The seventeen Amendment was made on June 6, 2008;
The eighteen Amendment was made on June 22, 2009;
The nineteen Amendment was made on June 17, 2010;
The twenty Amendment was made on June 24, 2011;
The twenty-first Amendment was made on June 18, 2012;
The twenty-two Amendment was made on June 3, 2015.

AXIOMTEK CO., LTD.
Rules of Procedures for Shareholders' Meeting

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

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

Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Article 26-1 and 43-6 of the Securities and Exchange Act shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation for discussion at a regular shareholders' meeting, but only can submit 1 proposal for the discussion, the proposal will not be included in the motion for discussion if the proposal is over 1 item. 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.

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

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

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

5. The venue for a shareholders' meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
6. The Corporation shall furnish the shareholders' meeting notice with the time and venue for signing in.

The aforementioned time for signing in shall be at least 30 minutes before the shareholder

meeting starts. There shall be signs to direct shareholders to proceed to the venue for signing in and personnel who are suitable in charge.

Shareholders or their proxies (collectively, “shareholders”) shall submit Notice of attendance when signing in. Shareholders shall attend a shareholder meeting on the basis of the attendance card or other supporting document, The Corporation could not require the shareholder add any other certified documents on the attendance unconditionally. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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

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

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

The board of director who serve as chair shall be in his post for more than 6 months and familiar with the Corporation’s financials and operations. The same applies to the director who serve as chair and who represents a corporation.

When the shareholders’ meeting is convened by the board of directors, chairman shall serve as chair in the meeting, and there shall have majority of the member of directors and at least 1 member of each Functional Committee to attend the meeting, and the attendance shall be recorded on the resolution of shareholders’ meeting.

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

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

8. The Corporation shall record the proceedings of a shareholders’ meeting in their entirety, meeting procedure, voting procedure in audio or video continuing during the meeting.

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

9. Attendance at shareholders’ meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the Notice of attendance handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

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

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

10. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

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

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

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

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

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

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

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

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

12. Voting at shareholders' meeting shall be calculated based the number of shares.
With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Corporation, that

shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

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

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

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

When the Corporation holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be established in accordance 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 Corporation shall avoid the situation of providing the proposal for the motion and the modification for the agenda item.

When shareholder exercises voting rights by written consent or electronic means in accordance with the preceding paragraph, the intention shall be delivered to the Corporation before 2 days before the date of the shareholders' meeting, when the intention repeat, the one received earliest shall prevail unless a declaration is made to cancel the previous intention.

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

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

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

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

Vote counting shall be conducted in public at the place of the shareholders' meeting, and voting results shall be reported on-site immediately and recorded in writing.

14. The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Corporation, and the voting results shall be announced on-site immediately.

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

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

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

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

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

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

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

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

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

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

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

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

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

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

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

AXIOMTEK CO., LTD.

Shareholding of All Directors

I. According to the calculation by 『Rules and Review Procedures for Directors and Supervisor Share Ownership Ratios at Public Companies』, the overall shareholding by directors are as follow:

(i) The common shares issued by the Corporation is 79,031,034 shares, the whole directors shall at least hold 10% of total number in accordance with the regulation, the whole directors shall at least hold 7,903,103 shares ; the Corporation already set up the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Law, it shall be constituted by all independent directors. The Audit Committee and the members are responsible for exercising the duties obtained by the Company Act, the Securities and Exchange Law and the related to the regulations for the duties of Supervisors, therefore, the shares for the supervisors will not be applied.

(ii) The Corporation elects 3 Independent Directors at the same time, and the Shares held by Independent Directors are not counted towards the shares held by all directors, so the percentage for the shares lower down to 80%, the shares held by whole directors is 6,322,482 shares.

II. As of April 2, 2016 (book closure date), the shareholding of all directors on the shareholders' registry was as follows:

Position	Name	Representative	Current shareholding	
			shares	Shareholding ratio %
Chairman	Yang, Yu-Te		543,512	0.69
Director	Advantech Co., Ltd.	Liu, Wei-Ting	20,537,984	25.99
Director	Huang, Ming-Ta		140,119	0.18
Director	Tsai,Shih-Yang		100,000	0.13
Independent Director	Liu, Chun-Lian		0	0
Independent Director	Chou, Chih-Chen		0	0
Independent Director	Lin, Yih-Jong		0	0
The Total Shareholding of All Directors			21,321,615	26.98

III. The combined shareholding of all directors on the book closure date is satisfied the requirements of the regulations by law.