



Stock Code : 3088

AXIOMTEK CO., LTD.

Handbook for the 2022 Annual Meeting of Shareholders (Translation)

Meeting Time : May 24th, 2022

Meeting Venue : 8F., No.55, Nanxing Road, Xizhi District,
New Taipei City, Taiwan

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AXIOMTEK CO., LTD.
2022 Annual Meeting of Shareholders

PART ONE – MEETING AGENDA

Meeting time: 9:00 a.m., May 24th (Tuesday), 2022

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

Meeting Method: Physical Shareholders Meeting

1. Call Meeting to Order (and declaration of the number of shares of shareholders in attendance)
2. Chairman’s Address
3. Reports Items
 - (1) 2021 Business Report.
 - (2) 2021 Consent Report of Audit Committee.
 - (3) 2021 Report of Remuneration Distribution to Employees and Directors.
 - (4) 2021 Profit Distribution of Cash Dividend Report.
 - (5) 2021 Report of Remuneration Paid to Directors.
 - (6) The Status of the First Domestic Unsecured Convertible Corporate Bonds Conversion.
4. Proposals and Acknowledgement
 - (1) 2021 Business Report and Financial Statements.
 - (2) 2021 Profit Distribution.
5. Discussion Items
 - (1) Revision of partial Articles in the “Operating Procedures for Acquisition and Disposal of Assets”.
 - (2) Release of the Prohibition on Directors from Participation in Competitive Business.
6. Extemporaneous Motions
7. Adjournment

I. Reports Items

(I) 2021 Business Report

- Explanation:

The 2021 Business Report is attached as P.7 ~ P.11, ATTACHMENT I.

(II) 2021 Consent Report of Audit Committee

- Explanation:

The 2021 Consent Report of Audit Committee is attached as P.12, ATTACHMENT II.

(III) 2021 Report of Remuneration Distribution to Employees and Directors

- Explanation:

1. Pursuant to Article 27 of the Articles of Incorporation of the Company: This Company shall set aside 1%-20% as employees' remuneration and the percentage lower than 2% as directors' remuneration if the Company has profit (means the pre-tax income before deduction of the employees' and directors' remuneration) in the current year.
2. The Board of Directors of the Company had approved to allocate TWD 44,755,000 as the remuneration to employees and TWD 4,633,000 as the remuneration to the directors for the year 2021, where all remuneration shall be paid in cash. (hereinafter all monetary unit will be TWD)
3. The above-mentioned remuneration to employees and to directors had been expensed for the year 2021, the amount of the expenditures is consistent with that of the remuneration allocation agreed by the Board of Directors.
4. The proposal has been approved by the Remuneration Committee and passed by the resolution of the Board of Directors.

(IV) 2021 Report of Profit Distribution of Cash Dividend

- Explanation:

1. According to the 27-1 of the Article of Incorporation of the Company, the Board of Directors is authorized to distribute dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.
2. 2021 profit distribution of cash dividend totaling in TWD 275,117,576, or TWD 3.05 per share. The Chairman of the Board of Directors is authorized to determine the record

- date, payment date and other relevant matters for the distribution of the cash dividend.
3. If there is any change in the number of common shares of the Company which consequently leads to a change in the dividend distribution ratio, the Chairman of the Board of Directors is authorized to adjust the dividend distribution ratio based on the actual shares outstanding on the record date for distribution.
 4. The 2021 net income shall be distributed with higher priority this time.
 5. Regarding the cash dividend distribution this time, the cash dividend is to be calculated to the integral number with all decimals truncated. And all the truncated decimals from all distorted figures are accumulated to a summation amount which will then be adjusted among shareholders - in the order of decimal of each cash dividend amount from big to small as well as in the order of account number from the top to the bottom - until the total amount of cash dividend actually paid out can match that in the book.

(V) 2021 Report of Remuneration Paid to Directors.

● Explanation:

1. According to the Company's profitability, the investment and contribution of each director to the Company's affairs, the Chairman of the board will propose a remuneration proposal, which will be approved by the Remuneration Committee and passed by the Board of Directors.
2. Information on Directors' remuneration, including remuneration policy, content and amount of individual remuneration, etc., please refer to P.13 ~ P.14, ATTACHMENT III.

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

● Explanation:

Particulars about the issuance and conversion of the convertible corporate bonds are as follows:

1. The aggregate amount of issuance: The face value of each convertible corporate bond was set to be TWD 100,000 even sold at the full price where totally 4,200 convertible corporate bonds were issued this time totaling in TWD 420 million even.
2. Coupon rate/yield to maturity: Annual coupon rate was set to be 0%.
3. Issuance period: The maturity period was set to be five years from December 13th, 2016 (the issuance date) to December 13th, 2021(the maturity date).
4. Conversion status: As of December 13th, 2021, totally 4,177 of the convertible corporate bonds had been converted to 9,316,450 common shares of the Company by the

bondholders. There were totally 23 of the convertible corporate bonds due but not been converted, and the principal of TWD 2,300,000 was repaid in cash on December 24th, 2021.

II. Proposals and Acknowledgement

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

- Subject:

2021 Business Report and Financial Statements.

- Explanation:

1. 2021 Business Report and Financial Statements (including Parent Company Only and Consolidated Financial Statements) of the Company had been passed by the Audit Committee and the Board of Directors where the Financial Statements had been audited by CPA Feng, Ming-Juan and Wu, Han-Chi of PricewaterhouseCoopers Taiwan. The Audit Committee had also issued a written Consent Report incorporating 2021 Business Report, Financial Statements along with 2021 Profit Distribution.
2. For details, please refer to ATTACHMENT I for 2021 Business Report (P.7 ~ P.11). ATTACHMENT IV for 2021 Independent Auditors' Report and Parent Company Only Financial Statements (P.15 ~ P.25), and ATTACHMENT V for 2021 Independent Auditors' Report and Consolidated Financial Statements (P.26 ~ P.36).
3. Please kindly acknowledge this proposal.

- Resolutions:

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

- Subject:

2021 Profit Distribution.

- Explanation:

1. The 2021 Profit Distribution Table is attached as P.37, ATTACHMENT VI.
2. For 2021, the beginning retained earnings of the Company is TWD 659,533,513, less remeasurement of defined benefit plans recognized in retained earnings of TWD 4,332,593, and unappropriated retained earnings after adjustment is TWD 655,200,920, plus 2021 net income of TWD 390,914,946, and set aside legal reserve of TWD 38,658,235, and accrue special reserve of TWD 37,652,256, the total unappropriated retained earnings is TWD 969,805,375, 2021 profit distribution of cash dividend totaling in TWD 275,117,576. The Company shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of

directors.

【TWD 969,805,375 =

TWD 659,533,513 - 4,332,593 + 390,914,946 - (390,914,946 - 4,332,593) x 10% - 37,652,256】

3. The 2021 net income shall be distributed with higher priority this time.

4. Please kindly acknowledge this proposal.

- Resolutions:

III. Discussion Items

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

- Subject:

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

- Explanation:

1. In order to comply with the articles modifications of “Operating Procedures for Acquisition and Disposal of Assets by Public Companies”, the Company hereby proposes to amend the partial Articles in “Operating Procedures for Acquisition and Disposal of Assets”. Please refer to ATTACHMENT VII for Comparison Table for Articles in the “Operating Procedures for Acquisition and Disposal of Assets” (before and after Revision). (P.38 ~ P.46)

2. Please kindly discuss this proposal.

- Resolutions:

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

- Subject:

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

- Explanation:

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

2. In order to take advantage of the specialty and relevant experience of the directors of the Company, hereby it is proposed – according to the provision mentioned above - to add a new clause which is to release the prohibition on directors from participation in

competitive business, hereby propose for getting approval of Shareholders' Meeting.

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

Title	Name	Concurrent Positions in Other Companies
Director	Tsai, Shih-Yang	Chairman of Smart Management Consulting Co., Ltd. Chairman of Fudi Investment Co., Ltd. Chairman of Junzhuang Comprehensive Development Co., Ltd. Director of JAYA Networks Corp. Director of Legendaire Technology Co., Ltd. Supervisor of Winmate Inc. Chief Consultant of Global Talentrepreneur Innovation & Collaboration Association. (New) Supervisor of Advantech Equipment Corp. (New)

4. Please kindly discuss this proposal.

- Resolutions:

IV. Extemporary Motions

PART TWO – ATTACHMENTS

(ATTACHMENT I)

AXIOMTEK CO., LTD.

2021 Business Report

In 2021, the annual operating revenue of Axiomtek Co., Ltd. (hereinafter referred to as "the Company") had reached TWD 3.664 billion - a 18.77% increase in comparison with TWD 3.085 billion in 2020.

With the trend of AI artificial intelligence, edge computing, machine vision deep learning, Internet of Things, blockchain, and 5G innovative application, digital transformation and industrial horizontal and vertical integration and diversified development have become inevitable. The new generation of industrial transformation will bring about the growth of global business, improve production efficiency and value chain for vertical industries such as smart manufacturing, smart city, retail, energy, and healthcare. These new technologies will accelerate innovation, improve people's life, and lead enterprises towards the next wave of growth momentum. The company will continue to develop the edge computing platform, cooperate with technology partners to build an ecosystem where both hardware and software techniques, and plan for the sustainable development of enterprises. The Company operating performance in 2021 and business plan for 2022 are illustrated as follows:

I. Operating Performance in 2021:

(I) Outcome of business plan implementation:

In 2021, out of the Company's operating revenue of TWD 3.664 billion, we generated a total net income of TWD 391 million, a total comprehensive income of TWD 349 million and after-tax earnings per share of TWD 4.57.

(II) Budget implementation:

Since the Company did not disclose the financial budget for 2021, we are not obliged to report on budgetary implementation.

(III) Financial income, expenditures and profitability:

Item		2021	2020
Financial Structure (%)	Debt to assets ratio	36.69	29.14
	Long-term capital to property, plant and equipment ratio	214.36	279.25
Solvency (%)	Current ratio	136.71	177.46
	Quick ratio	74.75	127.07
	Interest earned ratio (times)	11,946.13	6,210.01
Profitability	Return on assets (%)	9.19	8.28
	Return on equity (%)	13.69	11.72
	Income before tax to paid-in capital (%)	49.12	45.19
	Profit ratio (%)	10.67	9.94
	Earnings per share (TWD)	4.57	3.73

(IV) Research and development status:

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

1. Optimize automation applications by providing edge computing platforms with machine vision capabilities, incorporating core technologies across vision, video, and autonomous robotics to provide a comprehensive suite of AIoT(Artificial Intelligence of Things) industrial automation solutions.
2. Develop dedicated edge computing systems for outdoor facilities, obtain professional certification, and provide smart city, intelligent transportation, smart energy solutions in collaboration with technology partners.
3. Continue to cultivate the smart retail, smart medical, and gaming industry, providing partners with exclusive, customized and flexible value-added services.
4. Continue to develop hardware application platforms and expand IT and OT network security supply chains for cybersecurity enhancement; meanwhile invest in new technology research and development as well as software and hardware integration with modular design.

II. Summary Business Plan for 2022:

(I) Business objective:

1. Stay focused on the integration of AI and IoT (AIoT) and the technology and products pertaining to Industrial 4.0. Continue to invest in factory automation, smart transportation, smart energy, transportation, medical, and smart retail.

2. Provide comprehensive product lines and customized service to targeted vertical application markets.
3. Establish alliances with strategic partners, integrating software and hardware to enhance product value, enabling long-term development and sustainability for the business.
4. Set up Axiomtek European Headquarters and focus on expanding design engineering service centers, service centers overseas, foster closer relationships with customers across the global sales network and establish global sales partnerships.
5. Pay close attention to organizational development, corporate ESG (environment, social, and governance) mission, and long-term talent development plans.

(II) Production and sales policy:

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

III. The Company's Development Strategy:

(I) Sales strategy:

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

integrated digital marketing to enhance customer experience.

(II) Product technology:

1. Edge Computing Platforms: Industrial and embedded computing systems & touchscreen panel computers strive for professional certification in modular design and applications for targeted verticals. Adopt industrial aesthetic design, focus on user experience, and progress towards machine vision, smart energy, autonomous robotics, AI and IoT application markets.
2. Network application hardware platforms: target IT and OT network security application markets, develop edge computing servers, remote monitoring technology IPMI(Intelligent Platform Management Interface) and high-speed Ethernet modules, and build the infrastructure for SDN(Software-Defined Networking) network security.
3. Medical computers and high computing PC: Provide a certified embedded computer system platform, a high-performance medical computing platform, etc., comply with rigorous specifications, and combine with the customer's IT architecture to create a smart medical & healthcare environment.
4. Smart retail platforms and computers: Adopt modular design to develop specialized computers, digital signage players and self-service kiosks, while also providing professional customization and system integration services.
5. Gaming industry-specific computer platforms: Develop Video Mixer technology and Player Tracking System (PTS) platform for gaming machines; cultivate our vertical expertise and integration capabilities.
6. Embedded boards and SoM computer modules: Continue to develop next-generation modular products and step-up Design-in customization services to explore new opportunities in related applications.

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

In the global economic environment, the coronavirus epidemic will change the business model of the world. The scale of 5G, artificial intelligence IoT, and edge computing applications for vertical markets will continue to expand, while globally, longer-term infrastructural plans will be formulated to meet this trend. The Company will continue to develop its capability and capacity, focus on vertical applications markets, and build its core competitiveness on differentiation and innovation by bringing together future wireless communications, AI, IoT, machine vision, deep learning, robotics applications and other development trends. Meanwhile, the emerging waves of AIoT, Internet of everything and smart data have significantly accelerated the evolution and automation of intelligent verticals. Besides launching related products to fulfill the growing needs, the Company will

put more effort in enhancing software and hardware integration capabilities, in the meantime collaborating with strategic partners to drive sales growth through a diversified product portfolio with value-added services.

Looking forward to the future, the Company will continue to deepen localization and deep cultivation operations, move design engineering support & service to the front line. The Company will build up local Design Engineering Service (DES) team to provide exclusive services with zero-time difference; and cooperate with partners such as Key Accounts, Domain-Focused SI, and Channel Partners. The Company's strong organizational structure and clear development directives, coupled with a well-managed global presence and strong branding, is well-positioned to fuel the growth engine and drive the growth of the Company's profitability and revenue.

Yang, Yu-Te, Chairman

Huang, Jui-Nan, President

Hsu, Chin-Chuan,
Principal Accounting Officer

AXIOMTEK CO., LTD.

(ATTACHMENT II)

2021 Consent Report of Audit Committee

To 2022 Annual Meeting of Shareholders of
AXIOMTEK CO., LTD.

Date: February 25th, 2022

Consented by the Audit Committee, 2021 Business Report, Financial Statements and profit distribution proposals have also been resolved by the Board of Directors of the Company where the financial statements have been completely audited and subsequently a Unqualified Opinion Independent Auditors' Report has been issued by CPA Feng, Ming-Chuan and Wu, Han-Chi of PricewaterhouseCoopers Taiwan which has been entrusted by the Board of Directors.

In compliance with the provisions of relevant laws and regulations, the abovementioned 2021 Business Report, Financial Statements and Profit Distribution proposals are being reported and presented herewith for review in order to comply with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

Chang, Jen-Chih
Convener of Audit Committee
AXIOMTEK CO., LTD.

(ATTACHMENT III)

Unit: Thousand shares/NT\$ Thousand

Title	Name	Remuneration to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Remuneration from ventures other than subsidiaries or from the parent company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Directors Compensation (C) (Note 3)		Allowance (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	Cash	Stock	Cash	Stock	The Company	Companies in the Consolidated Financial Statements (Note 7)	
Chairman	Yang, Yu-Te	0	0	0	0	1,041	1,041	45	45	0.28%	0.28%	6,589	6,589	0	0	0	0	0	0	1.96%	1.96%	None
Director	Advantech Co., Ltd.	0	0	0	0	558	558	0	0	0.14%	0.14%	0	0	0	0	0	0	0	0	0.14%	0.14%	None
	Representative: Liu, Wei-Ting	0	0	0	0	0	0	45	45	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	None
Director	Tsai, Shih-Yang	0	0	0	0	558	558	45	45	0.15%	0.15%	0	0	0	0	0	0	0	0	0.15%	0.15%	None
Director	Huang, Jui-Nan	0	0	0	0	558	558	45	45	0.15%	0.15%	7,145	7,145	108	108	0	0	0	0	2.01%	2.01%	None
Independent Director	Lin, Yih-Jong	0	0	0	0	649	649	45	45	0.18%	0.18%	0	0	0	0	0	0	0	0	0.18%	0.18%	None
Independent Director	Chang, Jen-Chih	0	0	0	0	634	634	45	45	0.17%	0.17%	0	0	0	0	0	0	0	0	0.17%	0.17%	None
Independent Director	Yu, Chwo-Ming (Note 13)	0	0	0	0	309	309	25	25	0.09%	0.09%	0	0	0	0	0	0	0	0	0.09%	0.09%	None
Independent Director	Shon, Zheng-Yi (Note 14)	0	0	0	0	324	324	20	20	0.09%	0.09%	0	0	0	0	0	0	0	0	0.09%	0.09%	None

1. The policies, systems, standards, and structure of Independent Directors' remuneration, and describe the correlation with the amount of remuneration according to the responsibilities, risks, and investment time:
The Company mainly distributes the remuneration of directors in accordance with the "Operating Procedures for Performance Evaluation of Board of Directors" and "Directors' Remuneration Distribution Method". According to Articles of Incorporation, if the Company is profitable in the current year (means the Pre-tax Income before deduction of the employees' and Directors' compensation) in the current year. Directors' payout should be no more than 2%. The remuneration of directors in the preceding paragraphs only can receive the profit in the form of cash. The proportion and amount of directors' remuneration allocation each year are proposed by the Remuneration Committee based on the Company's operating performance, business risks, development trends and reference to industry standards, and 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. The distribution of remuneration for directors and independent directors is first based on the directors' attendance at the shareholders' meeting, the degree of participation in the Company's operations, and the evaluation of the value of their contribution. The distribution of reasonable remuneration is given priority, and the weighted calculation is based on the content of positions and functional committee members. In general, directors' remuneration is evaluated according to the performance of the responsibilities, risks, and time invested, and the rationality of the remuneration has been evaluated by the Nomination Committee, reviewed by the Remuneration Committee, and passed by the Board of Directors. Relevant laws and regulations review the remuneration system in a timely manner to implement corporate governance, and expect to make the distribution of remuneration for directors transparent, rational and institutionalized.

2. Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services to all the companies in the financial report in the most recent year (such as serving as a non-employee consultant for the parent company, all companies and investment enterprises in the consolidated financial statements): TWD\$0

3. Severance Pay is the contribute labor pension funds paid on a monthly basis according to the law.

Note 1: The names of Directors shall be listed separately (the institutional shareholder and its representative should be illustrated separately), and Directors and Independent Directors shall be listed separately, and the various payment amounts shall be disclosed in a collective manner.

Note 2: Refers to remuneration in the past year for the Directors (including Director's salaries, additional fees, severance pay, various bonuses, incentive payouts etc.)

Note 3: Director's remuneration for the past year, approved by the Board.

Note 4: Director's operating expenses in the past year (includes transportation, special fees, various allowances, lodging, allotted vehicles, other amenities etc.) In the case of the provision of housing, cars and other means of transport or exclusive payments, the nature and cost of the assets provided, rental at actual or at a fair market price, fuel and other payments should be disclosed. Where a driver is assigned, include the payment made by the Company that is not already included in the remuneration.

Note 5: Remuneration for Directors who are also employees (includes Presidents, Vice Presidents, other managers, and employees) including salaries, job add-on, severance pay, various bonuses, incentive payouts, transportation expenses, special skills fees, various allowances, lodging, allotted vehicles and other amenities. In the case of the provision of housing, cars and other means of transport or exclusive payments, the nature and cost of the assets provided, rental at actual or at a fair market price, fuel and other payments should be disclosed. Where a driver is assigned, include the payment made by the Company that is not already included in the remuneration. Per IFRS 2 the salary expenses recognized in the "Share-based payment", including the acquisition of employee stock option certificates, restricted shares, and participation in cash increase subscription shares, shall also be included in the remuneration.

Note 6: Past year's remuneration (including stock and cash) approved by the Board of Directors to Directors also serving as employees (includes the President, Vice Presidents, other managers, and employees). If an estimate is not available, compute using the previous year's actual payouts and complete Table 1-3.

Note 7: All categories of remuneration paid to the Directors by the companies (including this Company) listed in the consolidated report, must be disclosed.

Note 8: Total remuneration paid to each Director must be disclosed in the appropriate range against the Name of Director.

Note 9: All categories of remuneration paid to the Directors by the companies (including this Company) listed in the consolidated report, must be disclosed in the appropriate range against the Name of Director.

Note 10: Net profit after tax refers to the past year's net profit after tax. Per the international financial reporting standards, net profit after tax refers to the net profit after tax of the parent company or individual companies in the past year.

Note 11: a. State clearly the remuneration amount paid to the Director by reinvested businesses other than subsidiary or parent company (Fill in "None" if not in the case).

b. if the Director has received remuneration from reinvested businesses other than subsidiary or parent company, please specify the amount received in the relevant ranges tabled and denote these as "Parent company and all reinvested businesses".

c. Remuneration here refers to any fees, compensation (including the remuneration for employees, Directors, and supervisors) and reimbursement for expenses incurred while executing their duties in the appointments held by Directors, supervisors or Presidents in reinvested businesses other than subsidiary or parent company.

Note 12: The Company established the Audit Committee on June 3, 2015 to replace the role of the supervisor.

Note 13: Newly elected on July 5, 2021.

Note 14: Resigned on July 5, 2021.

* The remuneration disclosed in the table differs from the concept of income defined according to Income Tax Law, therefore, the table is for the purpose of information disclosure instead of tax levy.

(ATTACHMENT IV)

2021 Independent Auditors' Report

(Parent Company Only Financial Statements)

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

Opinion

We have audited the accompanying parent company only balance sheets of AXIOMTEK CO., LTD. (hereinafter referred to as "Axiomtek" or "the Company") as at December 31, 2021 and 2020, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in order to comply with the Regulations Governing the Preparations of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the parent company only financial statements for the year ended December 31, 2021

are stated as follows:

Cut off of Operating Revenue

Description

Please refer to Note 4(31) for accounting policy on revenue recognition and Note 6(20) for details of operating revenue.

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

How our audit addressed the matter

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

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

Allowance for Inventory Valuation Losses

Description

Please refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses and Note 6(3) for details of inventories. As at December 31, 2021, the Company's inventories and allowance for inventory valuation losses amounted to NT\$991,383 thousand and NT\$49,000 thousand, respectively.

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

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

How our audit addressed the matter

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

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

Other Matter- Audit by the Other Independent Accountants

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under the equity method amounted to NT \$211,830 thousand and NT \$225,960 thousand, constituting 4.36% and 6.08% of total assets as of December 31, 2021 and 2020, respectively, and other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to NT\$9,581 thousand and NT\$14,207 thousand, constituting 2.75% and 4.83% of total comprehensive income for the years ended December 31, 2021 and 2020, respectively. The financial statements of these investments accounted for under the equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

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

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

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

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

(III)

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

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

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

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

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

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

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

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

Feng, Ming-Chuan
Wu, Han-Chi

for and on behalf of PricewaterhouseCoopers, Taiwan February 25, 2022

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 607,232	12	\$ 667,964	18
1150	Notes receivable	6(2) and 12(2)	5,566	-	2,948	-
1170	Accounts receivable	6(2) and 12(2)	124,776	3	76,643	2
1180	Accounts receivable – related parties	6(2),7 and 12(2)	385,570	8	272,299	8
1200	Other receivables		29,774	1	11,345	-
1210	Other receivables – related parties	7	-	-	84,350	2
1220	Current income tax assets		46	-	703	-
130X	Inventories	6(3)	942,383	19	431,345	12
1410	Prepayments		13,896	-	11,590	-
1470	Other current assets		595	-	770	-
11XX	Total current assets		<u>2,109,838</u>	<u>43</u>	<u>1,559,957</u>	<u>42</u>
Non-current assets						
1550	Investments accounted for under equity method	6(4)	1,048,731	22	946,692	26
1600	Property, plant and equipment	6(5)	1,548,362	32	1,016,340	27
1755	Use rights assets	6(6)	22,680	-	31,716	1
1760	Investment property	6(8)	38,479	1	85,193	2
1780	Intangible assets	6(9)	27,891	1	21,236	1
1840	Deferred income tax assets	6(27)	60,791	1	50,913	1
1920	Refundable deposits		5,575	-	5,087	-
15XX	Total non-current assets		<u>2,752,509</u>	<u>57</u>	<u>2,157,177</u>	<u>58</u>
1XXX	Total Assets		<u>\$ 4,862,347</u>	<u>100</u>	<u>\$ 3,717,134</u>	<u>100</u>

(Continued)

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 374,000	8	\$ -	-
2130	Contract liabilities - current	6(20)	76,162	2	29,684	1
2150	Notes payables		675	-	997	-
2170	Accounts payable		681,480	14	221,384	6
2180	Accounts payable – related parties	7	11,348	-	7,398	-
2200	Other payables	6(11)	288,208	6	238,859	7
2230	Current income tax liabilities		93,353	2	75,605	2
2280	Lease liabilities-current portion		15,799	-	14,571	-
2310	Advance receipts		84	-	12,816	-
2320	Current portion of long-term borrowings	6(13)	-	-	275,884	8
2399	Other current liabilities		2,207	-	1,830	-
21XX	Total current liabilities		<u>1,543,316</u>	<u>32</u>	<u>879,028</u>	<u>24</u>
Non-current liabilities						
2560	Income tax liabilities- non current		30,677	1	15,423	-
2570	Deferred income tax liabilities	6(27)	155,892	3	126,713	3
2580	Lease liabilities-non current		6,968	-	17,565	1
2640	Accrued pension liabilities	6(14)	46,458	1	43,864	1
2645	Guarantee deposit received		763	-	763	-
25XX	Total non-current liabilities		<u>240,758</u>	<u>5</u>	<u>204,328</u>	<u>5</u>
2XXX	Total liabilities		<u>1,784,074</u>	<u>37</u>	<u>1,083,356</u>	<u>29</u>
Equity attributable to shareholders of the parent						
Share capital						
3110	Ordinary shares	6(16)	884,829	18	825,953	22
3140	Advance receipts for share capital	6(16)	75,094	2	23,897	1
Capital surplus						
3200	Capital surplus	6(17)	533,041	11	330,595	8
Retained earnings						
3310	Legal reserve	6(18)	576,846	12	546,178	15
3320	Special reserve		38,974	1	26,633	1
3350	Unappropriated retained earnings		1,046,116	21	919,497	25
Other equity						
3400	Other equity	6(19)	(76,627)	(2)	(38,975)	(1)
3XXX	Total equity		<u>3,078,273</u>	<u>63</u>	<u>2,633,778</u>	<u>71</u>
Significant commitment and contingent item						
	Significant events after the balance sheet date	9				
3X2X	Total Liabilities and Equity		<u>\$ 4,862,347</u>	<u>100</u>	<u>\$ 3,717,134</u>	<u>100</u>

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Items	Notes	Year ended December 31			
		2021		2020	
		Amount	%	Amount	%
4000 Operating revenue	6(20) and 7	\$ 3,663,800	100	\$ 3,084,802	100
5000 Operating costs	6(3), (25) and (26)	(2,686,465)	(73)	(2,158,795)	(70)
5900 Gross profit		977,335	27	926,007	30
5910 Unrealized gain from sale	6(4)	(81,600)	(2)	(87,278)	(3)
5920 Realized gain from sale		87,278	2	86,299	3
5950 Net gross profit		983,013	27	925,028	30
Operating expenses	6(25) and (26)				
6100 Selling expenses		(94,773)	(3)	(99,841)	(3)
6200 General and administrative expenses		(154,088)	(4)	(118,660)	(4)
6300 Research and development expenses		(485,292)	(13)	(420,549)	(14)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(3)	-	140	-
6000 Total operating expenses		(734,156)	(20)	(638,910)	(21)
6900 Operating profit		248,857	7	286,118	9
Non-operating income and expenses					
7100 Interest income	6(21) and 7	2,203	-	7,127	-
7010 Other income	6(22)	12,921	-	15,982	-
7020 Other gains and losses	6(23)	66,904	2	(44,730)	(1)
7050 Finance costs	6(24)	(3,980)	-	(6,286)	-
7070 Share of profit of associates and joint ventures accounted for under equity method	6(4)	144,571	4	125,864	4
7000 Total non-operating income and expenses		222,619	6	97,957	3
7900 Profit before income tax		471,476	13	384,075	12
7950 Income tax expenses	6(27)	(80,561)	(2)	(77,477)	(2)
8200 Net Income		\$ 390,915	11	\$ 306,598	10
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plan	6(14)	(\$ 3,986)	-	\$ 95	-
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(4)	(1,144)	-	-	-
8349 Income tax relating to components of other comprehensive income	6(27)	797	-	(19)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(47,065)	(1)	(15,427)	-
8399 Income tax relating to the components of other comprehensive income	6(27)	9,413	-	3,085	-
8300 Other comprehensive income (loss) for the year		(\$ 41,985)	(1)	(\$ 12,266)	-
8500 Total Comprehensive Income		\$ 348,930	10	\$ 294,332	10
9750 Basic earnings per share	6(28)	\$ 4.57		\$ 3.73	
9850 Diluted earnings per share	6(28)	\$ 4.30		\$ 3.43	

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Share capital			Retained earnings			Other equity	Total equity
		Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	
<u>Year 2020</u>									
Balance at January 1, 2020		\$ 803,954	\$ 60,957	\$ 245,919	\$ 500,481	\$ 4,231	\$ 1,008,490	(\$ 26,633)	\$ 2,597,399
Profit for the year		-	-	-	-	-	306,598	-	306,598
Other comprehensive income (loss) for the year		-	-	-	-	-	76	(12,342)	(12,266)
Total comprehensive income		-	-	-	-	-	306,674	(12,342)	294,332
Appropriations of 2019 earnings									
Legal reserve	6(18)	-	-	-	45,697	-	(45,697)	-	-
Reversal of special reserve	6(18)	-	-	-	-	22,402	(22,402)	-	-
Cash dividends	6(18)	-	-	-	-	-	(327,568)	-	(327,568)
Share-based payments		3,850	1,552	7,605	-	-	-	-	13,007
Compensation cost of share-based payments	6(15)	-	-	7,814	-	-	-	-	7,814
Conversion of convertible bonds		18,149	(38,612)	69,257	-	-	-	-	48,794
Balance at December 31, 2020		\$ 825,953	\$ 23,897	\$ 330,595	\$ 546,178	\$ 26,633	\$ 919,497	(\$ 38,975)	\$ 2,633,778
<u>Year 2021</u>									
Balance at January 1, 2021		\$ 825,953	\$ 23,897	\$ 330,595	\$ 546,178	\$ 26,633	\$ 919,497	(\$ 38,975)	\$ 2,633,778
Profit for the year		-	-	-	-	-	390,915	-	390,915
Other comprehensive income (loss) for the year		-	-	-	-	-	(4,333)	(37,652)	(41,985)
Total comprehensive income		-	-	-	-	-	386,582	(37,652)	348,930
Appropriations of 2020 earnings									
Legal reserve	6(18)	-	-	-	30,668	-	(30,668)	-	-
Special reserve	6(18)	-	-	-	-	12,341	(12,341)	-	-
Cash dividends	6(18)	-	-	-	-	-	(216,954)	-	(216,954)
Share-based payments		6,690	(2,463)	15,655	-	-	-	-	19,882
Compensation cost of share-based payments	6(15)	-	-	16,023	-	-	-	-	16,023
Conversion of convertible bonds		52,186	53,660	170,768	-	-	-	-	276,614
Balance at December 31, 2021		\$ 884,829	\$ 75,094	\$ 533,041	\$ 576,846	\$ 38,974	\$ 1,046,116	(\$ 76,627)	\$ 3,078,273

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 471,476	\$ 384,075
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5), (6) and (25)	62,179	69,806
Depreciation from investment Property	6(8) and (23)	541	1,048
Amortization	6(9) and (25)	12,049	7,798
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	3 (	140)
Interest expense	6(24)	3,980	6,286
Interest income	6(21)	(2,203 ) (	7,127)
Compensation cost of share-based payments	6(15) and (26)	12,912	6,236
Share of profit of associates and joint ventures accounted for under equity method	6(4)	(144,571 ) (	125,864)
Loss (gain) on disposal of property, plant and equipment	6(23)	(120 ) (	167)
Gain on disposal of investments	6(23)	(295 ) (	204)
Gain on disposal of investment assets	6(23)	(78,854)	-
Impairment loss on investments accounted for using equity method	6(23)	-	9,596
Unrealized profit from sales		(5,678)	979
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		295	204
Notes receivable		(2,618)	3,733
Accounts receivable (including related parties)		(161,407)	184,631
Other receivables (including related parties)		(15,469)	4,314
Inventories		(511,038)	13,018
Prepayments		(2,306 ) (	2,521)
Other current assets		175 (	174)
Changes in liabilities relating to operating activities			
Contract liabilities		46,478	12,087
Notes payables		(322)	322
Accounts payable (including related parties)		464,046 (	67,087)
Other payables		45,374	4,857
Advance receipts		-	12,345
Other current assets		(12,354)	152
Accrued pension liabilities		(1,392 ) (	1,150)
Cash inflow generated from operations		180,881	517,053
Receipt of interest		2,352	8,274
Payment of interest		(874 ) (	1,241)
Payment of income tax		(17,390 ) (	9,273)
Net cash flows provided by operating activities		164,969	514,813

(Continued)

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Other receivables (including related parties)		(37,131)	37,932
Proceeds from disposal of investments for under equity method	6(29)	(19,446)	(36,539)
Proceeds from disposal of property, plant and equipment		171	48
Proceeds from disposal of investment properties		-	151,728
Acquisition of intangible assets	6(9)	(9,387)	(3,757)
Increase in refundable deposits		(217)	(513)
Net cash flows provided by (used in) investing activities		(66,010)	59,080
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short -term borrowings		963,000	553,000
Redemption of short -term borrowings		(1,065,000)	(504,000)
Increase (decrease) in refundable deposits		160	(299)
Payment of cash dividends	6(18)	(327,568)	(298,784)
Proceeds from exercise of employee stock options	6(15)	13,007	3,622
Repayment of lease principal		(16,478)	(14,182)
Net cash flows provided by (used in) financing activities		(432,879)	(260,643)
Increase (Decrease) in cash and cash equivalents		15,924	(82,777)
Cash and cash equivalents at beginning of year		652,040	734,817
Cash and cash equivalents at end of year		\$ 667,964	\$ 652,040

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

(ATTACHMENT V)

2021 Independent Auditors' Report

(Consolidated Financial Statements)

Opinion

We have audited the accompanying consolidated balance sheets of AXIOMTEK CO., LTD. and its subsidiaries (hereinafter referred to as “the Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended In order to comply with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters on the Consolidated Financial Statements for the year ended December 31, 2021 are stated as follows:

Cut-off of Operating Revenue

Description

Please refer to Note 4(32) for accounting policy on revenue recognition and Note 6(23) for details of operating revenue.

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

How our audit addressed the matter

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

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

Allowance for Inventory Valuation Losses

Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses and Note 6(3) for details of inventories. As at December 31, 2021, the Group's inventories and allowance for inventory valuation losses amounted to NT\$1,573,137 thousand and NT\$61,653 thousand, respectively.

The Group is primarily engaged in the research and development, manufacturing and sales of industrial

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

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

How our audit addressed the matter

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

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

Other Matter – Audits of Other Independent Accountants

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$303,234 thousand and NT\$357,925 thousand, constituting 5.68% and 8.85% of consolidated total assets as of December 31, 2021 and 2020, respectively, and operating revenue of NT\$417,138 and NT\$517,111 thousand, constituting 8.23% and 11.23% of consolidated total operating revenue for the years ended December 31, 2021 and 2020, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the accounts included in the financial statements relative to these subsidiaries, is based solely on the audit reports of the other independent accountants.

Other Matter – Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the Parent Company Only Financial Statements of AXIOMTEK CO., LTD. as of and for the years ended December 31, 2021 and 2020.

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

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

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

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Feng, Ming-Chuan

Wu, Han-Chi

for and on behalf of PricewaterhouseCoopers, Taiwan February 25, 2022

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 943,871	18	\$ 907,789	23
1150	Notes receivable	6(2) and 12(2)	19,898	-	18,824	1
1170	Accounts receivable	6(2) and 12(2)	745,599	14	702,733	17
1200	Other receivables		29,785	1	11,360	-
1220	Current income tax assets		401	-	1,381	-
130X	Inventories	6(3)	1,511,484	28	818,841	20
1410	Prepayments		23,221	-	37,904	1
1470	Other current assets		834	-	2,615	-
11XX	Total current assets		<u>3,275,093</u>	<u>61</u>	<u>2,501,447</u>	<u>62</u>
Non-current assets						
1550	Investments accounted for under equity method	6(4)	20,982	1	25,945	1
1600	Property, plant and equipment	6(5) and 8	1,670,465	31	1,144,409	28
1755	Right-of-use assets	6(6)	127,737	2	98,458	2
1760	Investment property	6(8)	38,479	1	85,193	2
1780	Intangible assets	6(9)(10)	114,769	2	113,714	3
1840	Deferred income tax assets	6(30)	78,938	2	65,210	2
1990	Other non-current assets		9,228	-	9,141	-
15XX	Total non-current assets		<u>2,060,598</u>	<u>39</u>	<u>1,542,070</u>	<u>38</u>
1XXX	Total Assets		<u>\$ 5,335,691</u>	<u>100</u>	<u>\$ 4,043,517</u>	<u>100</u>

(Continued)

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 374,000	7	\$ -	-
2130	Contract liabilities - current	6(23)	92,336	2	37,249	1
2150	Notes payables		675	-	997	-
2170	Accounts payable	6(14)	828,310	15	318,697	8
2180	Accounts payable – related parties	7	6,813	-	4,640	-
2200	Other payables	6(12)	419,448	8	325,696	8
2230	Current income tax liabilities		94,855	2	81,882	2
2250	Provisions for liabilities - current		1,152	-	939	-
2280	Current lease liabilities		37,570	1	31,834	1
2320	Current portion of long-term borrowings	6(15)(16)	1,411	-	278,732	7
2399	Other current liabilities		6,963	-	19,475	-
21XX	Total current liabilities		<u>1,863,533</u>	<u>35</u>	<u>1,100,141</u>	<u>27</u>
Non-current liabilities						
2540	Long-term borrowings	6(16) and 8	53,606	1	38,685	1
2560	Non-current income tax liabilities		30,677	-	15,423	1
2570	Deferred income tax liabilities	6(30)	160,410	3	131,848	3
2580	Non-current lease liabilities		92,880	2	68,468	2
2600	Other non-current liabilities	6(17)	56,312	1	55,174	1
25XX	Total non-current liabilities		<u>393,885</u>	<u>7</u>	<u>309,598</u>	<u>8</u>
2XXX	Total liabilities		<u>2,257,418</u>	<u>42</u>	<u>1,409,739</u>	<u>35</u>
Equity attributable to shareholders of the parent						
Share capital						
3110	Ordinary shares	6(19)	884,829	17	825,953	20
3140	Advance receipts for share capital		75,094	1	23,897	1
Capital surplus						
3200	Capital surplus	6(20)	533,041	10	330,595	8
Retained earnings						
3310	Legal reserve	6(21)	576,846	11	546,178	13
3320	Special reserve		38,974	1	26,633	1
3350	Unappropriated retained earnings		1,046,116	20	919,497	23
Other equity						
3400	Other equity	6(22)	(76,627)	(2)	(38,975)	(1)
31XX	Total equity attributable to shareholders of the parent		<u>3,078,273</u>	<u>58</u>	<u>2,633,778</u>	<u>65</u>
3XXX	Total equity		<u>3,078,273</u>	<u>58</u>	<u>2,633,778</u>	<u>65</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant after the balance sheet date						
3X2X	Total Liabilities and Equity	11	<u>\$ 5,335,691</u>	<u>100</u>	<u>\$ 4,043,517</u>	<u>100</u>

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2021		2020	
		Amount	%	Amount	%
4000 Operating revenue	6(23)	\$ 5,069,606	100	\$ 4,602,779	100
5000 Operating costs	6(3)(28) (29) and 7	(3,368,611)	(67)	(3,052,024)	(66)
5900 Gross profit		1,700,995	33	1,550,755	34
5910 Unrealized gain from sale	6(4)	(20)	-	(57)	-
5920 Realized gain from sale		57	-	36	-
5950 Net operating margin		1,701,032	33	1,550,734	34
Operating expenses	6(28)(29)				
6100 Selling expenses		(638,299)	(12)	(594,948)	(13)
6200 General and administrative expenses		(161,830)	(3)	(126,519)	(3)
6300 Research and development expenses		(488,175)	(10)	(422,620)	(9)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	4,278	-	(2,696)	-
6000 Total operating expenses		(1,284,026)	(25)	(1,146,783)	(25)
6900 Operating profit		417,006	8	403,951	9
Non-operating income and expenses					
7100 Interest income	6(24)	1,670	-	5,853	-
7010 Other income	6(25)	22,422	1	60,462	1
7020 Other gains and losses	6(26)	66,334	1	(46,679)	(1)
7050 Finance costs	6(27)	(7,336)	-	(9,481)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(4)	(5,000)	-	(1,604)	-
Total non-operating income and expenses		78,090	2	8,551	-
7000 Profit before income tax		495,096	10	412,502	9
7900 Income tax expenses	6(30)	(104,181)	(2)	(105,904)	(3)
7950 Net Income		\$ 390,915	8	\$ 306,598	6
8200 Other comprehensive income					
8311 Remeasurements of defined benefit plan	6(17)	(\$ 5,130)	-	\$ 95	-
8349 Income tax relating to components of other comprehensive income	6(30)	797	-	(19)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(47,065)	(1)	(15,427)	-
8399 Income tax relating to the components of other comprehensive income	6(30)	9,413	-	3,085	-
8300 Other comprehensive income (loss) for the year		(\$ 41,985)	(1)	(\$ 12,266)	-
8500 Total Comprehensive Income		\$ 348,930	7	\$ 294,332	6
Profit attributable to:					
8610 Shareholders of the parent		\$ 390,915	8	\$ 306,598	6
Total comprehensive income (loss) attributable to:					
8710 Shareholders of the parent		\$ 348,930	7	\$ 294,332	6
9750 Basic earnings per share	6(31)	\$ 4.57		\$ 3.73	
9850 Diluted earnings per share	6(31)	\$ 4.30		\$ 3.43	

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to shareholders of the parent							
		Share capital			Retained Earnings			Financial statements translation differences of foreign operations	Total
Notes	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			
Year 2020									
	\$	803,954	\$ 60,957	\$ 245,919	\$ 500,481	\$ 4,231	\$ 1,008,490	(\$ 26,633)	\$ 2,597,399
		-	-	-	-	-	306,598	-	306,598
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	-	76	(12,342)	(12,266)
Total comprehensive income		-	-	-	-	-	306,674	(12,342)	294,332
Appropriations of 2019 earnings	6(21)								
Legal reserve		-	-	-	45,697	-	(45,697)	-	-
Special reserve		-	-	-	-	22,402	(22,402)	-	-
Cash dividends		-	-	-	-	-	(327,568)	-	(327,568)
Share-based payments	6(18)	3,850	1,552	7,605	-	-	-	-	13,007
Compensation cost of share-based payments	6(18)	-	-	7,814	-	-	-	-	7,814
Conversion of convertible bonds		18,149	(38,612)	69,257	-	-	-	-	48,794
Balance at December 31, 2020		\$ 825,953	\$ 23,897	\$ 330,595	\$ 546,178	\$ 26,633	\$ 919,497	(\$ 38,975)	\$ 2,633,778
Year 2021									
Balance at January 1, 2021		\$ 825,953	\$ 23,897	\$ 330,595	\$ 546,178	\$ 26,633	\$ 919,497	(\$ 38,975)	\$ 2,633,778
Profit for the year		-	-	-	-	-	390,915	-	390,915
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	-	(4,333)	(37,652)	(41,985)
Total comprehensive income		-	-	-	-	-	386,582	(37,652)	348,930
Appropriations of 2020 earnings	6(21)								
Legal reserve		-	-	-	30,668	-	(30,668)	-	-
Special reserve		-	-	-	-	12,341	(12,341)	-	-
Cash dividends		-	-	-	-	-	(216,954)	-	(216,954)
Share-based payments	6(18)	6,690	(2,463)	15,655	-	-	-	-	19,882
Compensation cost of share-based payments	6(18)	-	-	16,023	-	-	-	-	16,023
Conversion of convertible bonds		52,186	53,660	170,768	-	-	-	-	276,614
Balance at December 31, 2021		\$ 884,829	\$ 75,094	\$ 533,041	\$ 576,846	\$ 38,974	\$ 1,046,116	(\$ 76,627)	\$ 3,078,273

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 495,096	\$ 412,502
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	(4,278)	2,696
Depreciation	6(5)(6)(28)	93,218	104,224
Depreciation from investment Property	6(8)(26)	541	1,048
Amortization	6(9)(28)	17,494	13,339
Interest income	6(24)	(1,670)	(5,853)
Share of profit of associates and joint ventures accounted for under equity method	6(4)	5,000	1,604
Loss (gain) on disposal of property, plant and equipment	6(26)	(120)	(143)
Gain on disposal of investments	6(26)	(295)	(204)
Gains on disposals of investment property	6(26)	78,854	-
Gain on lease modification	6(26)	(1)	(17)
Interest expense	6(27)	7,336	9,481
Compensation cost of share-based payments	6(18)(29)	16,023	7,814
Impairment loss on goodwill	6(9)(10)(26)	-	9,596
Unrealized profit from sales		(37)	21
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		295	204
Notes receivable		(1,074)	(2,145)
Accounts receivable (including related parties)		(38,411)	(42,968)
Other receivables		(18,573)	2,620
Inventories		(692,429)	127,882
Prepayments		14,683	(13,065)
Other current assets		1,781	201
Changes in liabilities relating to operating activities			
Contract liabilities		55,087	13,648
Notes payables		(322)	322
Accounts payable (including related parties)		511,786	(79,170)
Other payables		89,990	11,487
Other current liabilities		(12,512)	7,465
Other non-current assets		(3,993)	(108)
Cash inflow generated from operations		455,761	582,481
Receipt of interest		1,819	6,999
Payment of interest		(4,231)	(4,436)
Payment of income tax		(50,218)	(43,548)
Net cash flows provided by operating activities		403,131	541,496

(Continued)

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Years ended December 31</u>	
		<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(32)	(\$ 581,355)	(\$ 33,356)
Proceeds from disposal of property, plant and equipment		360	174
Proceeds from disposal of Investment property		125,027	-
Acquisition of intangible assets	6(9)	(18,214)	(10,301)
Decrease (Increase) in other non-current assets		<u>563</u>	<u>178</u>
Net cash flows provided by (used in) investing activities		<u>(473,619)</u>	<u>(43,305)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short -term borrowings		1,013,592	963,000
Redemption of short -term borrowings		(639,592)	(1,065,000)
Proceeds from long-term borrowings		55,771	-
Redemption of long-term borrowings		(41,021)	(2,953)
Payment of cash dividends	6(21)	(216,954)	(327,568)
Proceeds from exercise of employee stock options		19,882	13,007
Increase (decrease) in refundable deposits		-	160
Payment of lease liabilities		(39,351)	(43,011)
Proceeds from bonds payable	6(33)	<u>2,300</u>	<u>-</u>
Net cash flows provided by (used in) financing activities		<u>150,027</u>	<u>(462,365)</u>
Effects due to changes in exchange rate		<u>(43,457)</u>	<u>(10,769)</u>
Increase (Decrease) in cash and cash equivalents		36,082	25,057
Cash and cash equivalents at beginning of year		<u>907,789</u>	<u>882,732</u>
Cash and cash equivalents at end of year		<u>\$ 943,871</u>	<u>\$ 907,789</u>

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

(ATTACHMENT VI)

AXIOMTEK CO., LTD.

2021 Profit Distribution Table

Unit : TWD

Item	Amount	
	Sub-total	Total
Unappropriated retained earnings at the beginning of the term		659,533,513
Remeasurement of defined benefit plans recognized in retained earnings	(4,332,593)	
Adjusted unappropriated retained earnings		655,200,920
2021 Net income	390,914,946	
10% set aside as legal reserve	(38,658,235)	
Special reserves	(37,652,256)	
Total unappropriated retained earnings		969,805,375
Distributable item:		
Shareholders' dividend – cash (\$3.05 per share)		(275,117,576)
Unappropriated retained earnings at the end of the term		694,687,799

Note: The 2021 net income shall be distributed with higher priority this time.

Chairman : Yang, Yu-Te

President : Huang, Jui-Nan

Principal Accounting Officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.

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

Contents after revision	Contents before revision	Explanation
7.2.1.1.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:	7.2.1.1.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:	Act in connection with the articles modifications of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
7.2.2.1 Acquiring or disposing of securities of the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or TWD300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the	7.2.2.1 Acquiring or disposing of securities of the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or TWD300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the	

Contents after revision	Contents before revision	Explanation
<p>reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	
<p>7.2.3 Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or TWD300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>7.2.3 Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or TWD300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	
<p>7.3.2.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 7.3.7 and Article 7.3.11.</p>	<p>7.3.2.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 7.3.6 and Article 7.3.10.</p>	
<p><u>7.3.3 If the Company or its non-domestic publicly issued subsidiary has a transaction in Article 7.3.2. and the transaction amount is more than 10% of the Company's total assets, the Company shall submit the information listed in Article 7.3.2. to the shareholders' meeting for approval before signing the transaction contract and making payment. However, transactions between the Company and its</u></p>	<p>(New addition)</p>	

Contents after revision	Contents before revision	Explanation
<p><u>parent, subsidiaries, or subsidiaries each other are not subject to this limitation.</u></p>		
<p>7.3.4 The calculation of the transaction amounts referred to Article 7.3.2 and Article 7.3.3 shall be made in accordance with Article 7.2.4. herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and <u>submitted to the shareholders' meeting and Audit Committee for approval by more than half of all members</u> need not be counted toward the transaction amount.</p>	<p>7.3.3 The calculation of the transaction amounts referred to Article 7.3.2 shall be made in accordance with Article 7.6.1.5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and <u>recognized by the Audit Committee</u> need not be counted toward the transaction amount.</p>	
<p>7.3.5 With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 7.2.1.3 delegate the chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p>	<p>7.3.4 With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 7.2.1.3 delegate the chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p>	
<p>7.3.5.1 Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p>	<p>7.3.4.1 Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p>	
<p>7.3.5.2 Acquisition or disposal of real property right-of-use assets held for business use.</p>	<p>7.3.4.2 Acquisition or disposal of real property right-of-use assets held for business use.</p>	
<p>7.3.6 When a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	<p>7.3.5 When a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	

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7.3.7 The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:	7.3.6 The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:	
7.3.7.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.	7.3.6.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.	
7.3.7.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.	7.3.6.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.	
7.3.8 Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Article 7.3.7.	7.3.7 Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Article 7.3.6.	
7.3.9 The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Article 7.3.7 shall also engage a CPA to check the appraisal and render a	7.3.8 The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Article 7.3.6 shall also engage a CPA to check the appraisal and render a	

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specific opinion.	specific opinion.	
7.3.10 Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 7.3.2 and Article 7.3.7, and 7.3.8 do not apply:	7.3.9 Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 7.3.2 and Article 7.3.6, and 7.3.7 do not apply:	
7.3.10.1 The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.	7.3.9.1 The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.	
7.3.10.2 More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.	7.3.9.2 More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.	
7.3.10.3 The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.	7.3.9.3 The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.	
7.3.10.4 The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.	7.3.9.4 The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.	
7.3.11 When the results of the Company's appraisal conducted in accordance with Article 7.3.7 and 7.3.8 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 7.3.12. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have	7.3.10 When the results of the Company's appraisal conducted in accordance with Article 7.3.6 and 7.3.7 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 7.3.10, Article 7.3.11 and Article 7.3.12. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real	

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been obtained, this restriction shall not apply:	property appraiser and a CPA have been obtained, this restriction shall not apply:	
7.3.11.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:	7.3.10.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:	
7.3.11.1.1 Where undeveloped land is appraised in accordance with the means in Article 7.3.7 to 7.3.10, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.	7.3.10.1.1 Where undeveloped land is appraised in accordance with the means in Article 7.3.6 to 7.3.9, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.	
7.3.11.1.2 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.	7.3.10.1.2 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.	
7.3.11.2 Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of	7.3.10.2 Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of	

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a similar size by unrelated parties within the preceding year.	a similar size by unrelated parties within the preceding year.	
7.3.11.3 Completed transactions involving neighboring or closely valued parcels of land in Article 7.3.11.1 and 7.3.11.2 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.	7.3.10.3 Completed transactions involving neighboring or closely valued parcels of land in Article 7.3.10.1 and 7.3.10.2 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.	
7.3.12 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Article 7.3.7 and Article 7.3.11 are uniformly lower than the transaction price, the following steps shall be taken:	7.3.11 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Article 7.3.6 and Article 7.3.10 are uniformly lower than the transaction price, the following steps shall be taken:	
7.3.12.1 A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public	7.3.11.1 A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public	

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company's equity stake in the other company.	company's equity stake in the other company.	
7.3.12.2 Audit Committee shall comply with Article 218 of the Company Act.	7.3.11.2 Audit Committee shall comply with Article 218 of the Company Act.	
7.3.12.3 Actions taken pursuant to Article 7.3.12.1 and Article 7.3.12.2 shall be reported to a Shareholders' Meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.	7.3.11.3 Actions taken pursuant to Article 7.3.10.1 and Article 7.3.10.2 shall be reported to a Shareholders' Meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.	
7.3.13 The Company that has set aside a special reserve under Article 7.3.12 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent.	7.3.12 The Company that has set aside a special reserve under Article 7.3.11 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent.	
7.3.14 When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the Article 7.3.12 and Article 7.3.13 if there is other evidence indicating that the acquisition was not an arms length transaction.	7.3.13 When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the Article 7.3.11 and Article 7.3.12 if there is other evidence indicating that the acquisition was not an arms length transaction.	
7.6.1.6.1 Trading of domestic government bonds or <u>foreign bonds with a credit rating not lower than my country's sovereign rating.</u>	7.6.1.6.1 Trading of domestic government bonds.	
7.10.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-discipline regulations of their respective trade associations and the following:</u>	7.10.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:	
7.10.4.2 When <u>executing</u> a case, they shall appropriately plan and execute adequate working	7.10.4.2 When <u>examining</u> a case, they shall appropriately plan and execute adequate working	

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<p>procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p>	<p>procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p>	
<p>7.10.4.3 They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p>	<p>7.10.4.3 They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p>	
<p>7.10.4.4 They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	<p>7.10.4.4 They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate,</u> and that they have complied with applicable laws and regulations.</p>	

PART THREE – APPENDICES

(APPENDIX I)

AXIOMTEK CO., LTD.

Operating Procedures for Acquisition and Disposal of Assets (before Revision)

Article 1 Purpose

For the purpose of the Company's acquisition or disposal of assets has the standard procedure to be followed, so make this procedures.

Article 2 Scope

The Company's acquisition or Disposal of assets should be made in compliance with these Regulations; provided, where another law or regulation provides otherwise, such provisions shall govern.

Article 3 Definitions

- 3.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- 3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- 3.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 3.4 Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- 3.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- 3.6 Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

- 3.7 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- 3.8 Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4 Reference Regulations

- 4.1 Item 218 of Company Law.
- 4.2 Item 36-1 of Security and Exchange Law
- 4.3 『Operating Procedures for Acquisition and Disposal of Assets by Public Companies』 made by Financial Supervisory Commission (FSC).
- 4.4 Organizational Rules of Audit Committee.

Article 5 Duty

- 5.1 Applicant: To issue the application of acquisition or disposal of Assets.
- 5.2 Finance Department:
- 5.2.1 To evaluate the risk for acquisition or disposal of Assets.
 - 5.2.2 To establish memorandum book for recording.
 - 5.2.3 Control and manage the credit of loaning of funds and making of endorsements / guarantees.
 - 5.2.4 To provide the related information for Certified Accountants exercise the necessary audit program.
 - 5.2.5 Be responsible for the follow-up management process for executing the progress of loaning of funds and making of endorsements/guarantees.
- 5.3 Audit Department: To audit the report of acquisition or disposal of Assets by routine.
- 5.4 President: To review the evaluation report of acquisition or disposal of Assets issued by Finance Department.
- 5.5 Audit Committee: To establish and modify the procedures herein, and supervise any issue related to the acquisition or disposal of Assets.
- 5.6 Board of Directors: To make resolution for the procedures herein established or modified by Audit Committee, and to make resolution for the issue related to the acquisition or disposal of Assets.
- 5.7 Shareholders' Meeting: To approve the procedures herein recognized by Audit Committee and Board of Directors.

Article 6 Flow Chart

Not applicable.

Article 7 Procedures/Way

7.1 The Scope of Assets

- 7.1.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- 7.1.2 Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- 7.1.3 Memberships.
- 7.1.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- 7.1.5 Right-of-use assets.
- 7.1.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- 7.1.7 Derivatives.
- 7.1.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- 7.1.9 Other major assets.

7.2 Appraisal Procedures

- 7.2.1 Acquired or disposed of real property, equipment, or right-of-use assets thereof.
 - 7.2.1.1 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or TWD300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - 7.2.1.1.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent changes to the terms and conditions of the transaction.
 - 7.2.1.1.2 Where the transaction amount is TWD1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - 7.2.1.1.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - 7.2.1.1.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - 7.1.1.1.3.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- 7.2.1.2 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

- 7.2.1.3 The decision procedure for transaction condition and authorized facilities
- 7.2.1.3.1 The ability of acquiring or disposing of real property needs to be made the analysis report for the transaction condition and value to the chairman with referring to the issue of current value, assessed valuation, the real transaction value of real property nearby etc., when the transaction amount is under TWD50 millions, the report needs to be approved by the chairman and filing in the Board of Directors in the last time; when the transaction amount is higher than TWD 50 millions, the transaction need to be approved by the Board of Directors.
- 7.2.1.3.2 The ability of acquiring or disposing of other equipment should be in the way of inquiry, parity, bargain, or bidding; when the transaction amount is under TWD30 millions, it should be approved by the regulations of authorized level in the Company; when the transaction amount is higher than TWD 30 millions, it should be approved by the General manager and report to the Meeting of Boarding to get approval in advance.
- 7.2.2 Acquired or disposed of Securities
- 7.2.2.1 Acquiring or disposing of securities of the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or TWD300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- 7.2.2.2 The decision procedure for transaction condition and authorized facilities
- 7.2.2.2.1 To trade the securities in the securities exchange or the counter specially provided by securities firms, it should be analyzed and decided by the responsible unit and in accordance with the regulations of authorized level in the Company, besides, when the transaction amount is higher than TWD 50 millions, it should be approved by the Board of Directors.
- 7.2.2.2.2 To trade the securities neither in the securities exchange nor in the counter specially provided by securities firms, it should get the finance statement audited the certified account from the target company for the reference of transaction evaluation, and EPS, the ability for benefit gaining, and the future potential need to be considered, this transaction should be responsible by the related unit and in accordance with the regulations of authorized level in the Company, besides, when the transaction amount is higher than TWD 50 millions, it should be approved by the Board of Directors.
- 7.2.2.2.3 To invest the bond funds with fixed-income investments, it should authorized to the Finance Supervisor to approve it.
- 7.2.3 Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or TWD300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

- 7.2.4 The calculation of the transaction amounts referred to in the preceding three articles (7.2.1, 7.2.2, 7.2.3) shall be done in accordance with Article 7.6.1.7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
- 7.2.5 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

7.3 Related Party Transactions

- 7.3.1 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 7.2. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 7.2.4 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
- 7.3.2 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or TWD300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or redemption of domestic money market funds issued by domestic securities investment trust business, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors:
- 7.3.2.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - 7.3.2.2 The reason for choosing the related party as a trading counterparty.
 - 7.3.2.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 7.3.6 and Article 7.3.10.
 - 7.3.2.4 The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
 - 7.3.2.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - 7.3.2.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 7.3.1.
 - 7.3.2.7 Restrictive covenants and other important stipulations associated with the transaction.
- 7.3.3 The calculation of the transaction amounts referred to Article 7.3.2 shall be made in accordance with Article 7.6.1.5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Audit Committee need not be counted toward the transaction amount.
- 7.3.4 With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 7.2.1.3 delegate the chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently

- submitted to and ratified by the next Board of Directors meeting:
- 7.3.4.1 Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
 - 7.3.4.2 Acquisition or disposal of real property right-of-use assets held for business use.
 - 7.3.5 When a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
 - 7.3.6 The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 - 7.3.6.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - 7.3.6.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
 - 7.3.7 Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Article 7.3.6.
 - 7.3.8 The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Article 7.3.6 shall also engage a CPA to check the appraisal and render a specific opinion.
 - 7.3.9 Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 7.3.2 and Article 7.3.6, and 7.3.7 do not apply:
 - 7.3.9.1 The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 - 7.3.9.2 More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
 - 7.3.9.3 The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
 - 7.3.9.4 The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
 - 7.3.10 When the results of the Company's appraisal conducted in accordance with Article 7.3.6 and 7.3.7 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 7.3.10, Article 7.3.11 and Article 7.3.12. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
 - 7.3.10.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - 7.3.10.1.1 Where undeveloped land is appraised in accordance with the means in Article 7.3.6 to 7.3.9, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction

price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- 7.3.10.1.2 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- 7.3.10.2 Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
- 7.3.10.3 Completed transactions involving neighboring or closely valued parcels of land in Article 7.3.10.1 and 7.3.10.2 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- 7.3.11 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Article 7.3.6 and Article 7.3.10 are uniformly lower than the transaction price, the following steps shall be taken:
 - 7.3.11.1 A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
 - 7.3.11.2 Audit Committee shall comply with Article 218 of the Company Act.
 - 7.3.11.3 Actions taken pursuant to Article 7.3.10.1 and Article 7.3.10.2 shall be reported to a Shareholders' Meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- 7.3.12 The Company that has set aside a special reserve under Article 7.3.11 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent.
- 7.3.13 When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the Article 7.3.11 and Article 7.3.12 if there is other evidence indicating that the acquisition was not an arms length transaction.

7.4 Engaging in Derivatives Trading

7.4.1 Public companies engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:

- 7.4.1.1 Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of

- performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
- 7.4.1.2 Risk management measures.
 - 7.4.1.3 Internal audit system.
 - 7.4.1.4 Regular evaluation methods and the handling of irregular circumstances.
- 7.4.2 The Company engaging in derivatives trading shall adopt the following risk management measures:
- 7.4.2.1 Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
 - 7.4.2.2 Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
 - 7.4.2.3 Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
 - 7.4.2.4 Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.
 - 7.4.2.5 Other important risk management measures.
- 7.4.3 Where the Company engaging in derivatives trading, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:
- 7.4.3.1 Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
 - 7.4.3.2 Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
- 7.4.4 Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:
- 7.4.4.1 Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the procedures herein and the procedures for engaging in derivatives trading formulated by the company.
 - 7.4.4.2 When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where a company has Independent Directors, an independent director shall be present at the meeting and express an opinion.
- 7.4.5 The Company shall report to the soonest meeting of the Board of Directors and Audit Committee after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.
- 7.4.6 The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, and the matters required to be carefully evaluated under Article 7.4.2.4, Article 7.4.3.2 and Article 7.4.4.1 shall be recorded in detail in the log book.
- 7.4.7 The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

7.5 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

- 7.5.1 The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. But the public offering company merges its direct or indirect holding of 100% of the issued shares or total capital, or a subsidiary thereof, either directly or indirectly, of 100% of the issued shares or capital of the Company, the reasonable advice of the experts could not be obtained.
- 7.5.2 The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the Shareholders' Meeting and include it along with the expert opinion referred to Article 7.5.1 when sending shareholders notification of the Shareholders' Meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a Shareholders' Meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
- 7.5.3 Where the Shareholders' Meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the Shareholders' Meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next Shareholders' Meeting.
- 7.5.4 A company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and Shareholders' Meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the Authority is notified in advance of extraordinary circumstances and grants consent.
- 7.5.5 A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the Authority is notified in advance of extraordinary circumstances and grants consent.
- 7.5.6 When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
- 7.5.6.1 Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - 7.5.6.2 Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 - 7.5.6.3 Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- 7.5.7 When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Article 7.5.6.1 and 7.5.6.2 of the preceding paragraph to the competent authority for recordation.
- 7.5.8 Where any of the companies participating in a merger, demerger, acquisition, or transfer of

- another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of Article 7.5.6 and Article 7.5.7.
- 7.5.9 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- 7.5.10 The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
- 7.5.10.1 Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- 7.5.10.2 An action, such as a disposal of major assets, that affects the company's financial operations.
- 7.5.10.3 An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- 7.5.10.4 An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- 7.5.10.5 An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- 7.5.10.6 Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- 7.5.11 The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- 7.5.11.1 Handling of breach of contract.
- 7.5.11.2 Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- 7.5.11.3 The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- 7.5.11.4 The manner of handling changes in the number of participating entities or companies.
- 7.5.11.5 Preliminary progress schedule for plan execution, and anticipated completion date.
- 7.5.11.6 Scheduled date for convening the legally mandated Shareholders' Meeting if the plan exceeds the deadline without completion, and relevant procedures.
- 7.5.12 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's Shareholders' Meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another Shareholders' Meeting to resolve on the matter anew.
- 7.5.13 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 7.5.4, Article 7.5.9, and Article 7.5.12.

7.6 Public Disclosure of Information

7.6.1 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the Authority's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

- 7.6.1.1 Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or TWD300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.
- 7.6.1.2 Merger, demerger, acquisition, or transfer of shares.
- 7.6.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- 7.6.1.4 Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - 7.6.1.4.1 Paid-up Capital is under TWD10 billion dollars, transaction amount is over than TWD 500 million dollars.
 - 7.6.1.4.2 Paid-up Capital is over than TWD10 billion dollars, transaction amount is over than TWD 1000 million dollars.
- 7.6.1.5 Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, the amount the company expects to invest in the transaction is over than TWD500 million.
- 7.6.1.6 Except for the asset transaction stated in Article 7.6.1.1 to 7.6.1.5, Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or TWD300 million; provided, this shall not apply to the following circumstances:
 - 7.6.1.6.1 Trading of domestic government bonds.
 - 7.6.1.6.2 Trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust business.
- 7.6.1.7 The amount of transactions above shall be calculated as follows:
 - 7.6.1.7.1 The amount of any individual transaction.
 - 7.6.1.7.2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
 - 7.6.1.7.3 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
 - 7.6.1.7.4 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- 7.6.1.8 "Within the preceding year" as used in Article 7.6.1.7 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the procedures herein need not be counted toward the transaction amount.

- 7.6.1.9 The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authority by the 10th day of each month.
- 7.6.1.10 When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it within 2 days upon acknowledgment, all the items shall be again publicly announced and reported in their entirety.
- 7.6.1.11 The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.
- 7.6.2 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with Article 7.6.1, a public report of relevant information shall be made on the information reporting website designated by the competent authority within 2 days commencing immediately from the date of occurrence of the event:
 - 7.6.2.1 Change, termination, or rescission of a contract signed in regard to the original transaction.
 - 7.6.2.2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - 7.6.2.3 Change to the originally publicly announced and reported information.
- 7.7 Information required to be public announced and reported in accordance with the provisions of the related Regulations on acquisitions and disposals of assets by a subsidiary of a public company that is not itself a public company in Taiwan shall be reported by the Company.
- 7.8 The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 7.7 is subject to Article 7.6.1.
- 7.9 For the calculation of 10 percent of total assets under the procedures herein, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than TWD10, for the calculation of transaction amounts of 20 percent of paid-in capital under the procedures herein, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of the procedures herein regarding transaction amounts relative to paid-in capital of TWD10 billion, TWD20 billion of equity attributable to owners of the parent shall be substituted.
- 7.10 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
 - 7.10.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended

sentence, or since a pardon was received.

7.10.2 May not be a related party or de facto related party of any party to the transaction.

7.10.3 If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

7.10.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

7.10.4.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

7.10.4.2 When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

7.10.4.3 They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

7.10.4.4 They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

7.11 The Company that engages in any related party transaction, engages in derivatives trading, or conducts a merger, demerger, acquisition, or transfer of shares of enterprises shall, in addition to conducting such matters in compliance with Article 7.10, shall also establish related procedures in accordance with the provisions of this Procedure.

7.12 The Company shall see to it that its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets in compliance with the procedures herein.

7.13 With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, when it is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Any transaction involving major assets or derivatives in the Company shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 7.14.3.

7.14 Establishment or amendment of the procedures herein:

7.14.1 It shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution, and then to a shareholders' meeting for approval.

7.14.2 When the procedures herein are submitted for discussion by the Board of Directors pursuant to Article 7.14.1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

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

Article 8 The related documents

8.1 Documents

Engaged in derivative commodity transaction processing procedures.

8.2 Form

8.2.1 The memorandum book of Acquisition or Disposal of Assets.

8.3 Record and others

Not applicable.

AXIOMTEK CO., LTD.

Article of Incorporation

Section I-General Principles

Article 1

The Company is incorporated under the Company Act and its name shall be “Axiomtek Co., Ltd.”.

Article 2

The scope of business of the Company 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 Equipment 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 Company’s headquarter is in New Taipei City, and may setup domestic or overseas branches with the resolution of the Board of Directors.

Article 4

The Company for business needs may conduct the making of endorsement and guarantee in accordance with the “Operating Procedures of Fund Lending and Making of Endorsements and Guarantees”.

Section II – Shares

Article 5

The Company’s total capital shall be in the amount of NT\$1,600,000,000, divided into 160,000,000 shares, at a par value of Ten New Taiwan Dollars (NT\$10) each, and may be issued in installments subject to the resolution of Board of Directors.

Within the aforementioned capital, NT\$100,000,000 divided into 10,000,000 shares, with a par value of Ten New Taiwan Dollars (NT\$10) each shall be reserved for issuing employee stock options which may be issued in installments in accordance with the resolution of the Board of Directors.

Article 6

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

When the Company issuing the employee stock options at an exercise price lower than the Company's closing price on the date the issuance, it must obtain the consent of at least two-thirds of the voting rights represented at a Shareholders Meeting attended by shareholders representing a majority of the total issued shares.

Article 6-2

Qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, entitled to receive the Company's treasury stocks in accordance with the Company Act. The requirement and manner of distribution are authorized to Board of Directors for resolution.

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

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

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

Article 7

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

Article 8

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

Article 9

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

Article 10

The total investment of the Company shall not be restricted by Article 13 of the Company Act, which shall not exceed 40% of the paid-up capital of the Company.

SECTION III- Shareholders' Meeting

Article 11

Shareholders' Meeting of the Company shall be of two types, namely regular meeting and special meetings. Regular meeting shall be convened once a year by the Board of Directors in accordance with laws within six months after the close of each fiscal year. Special meetings shall be convened in accordance with laws whenever necessary.

Article 12

Shareholder who is unable to attend the Shareholders' Meeting in person may have a representative appointed to attend the meeting by issuing the power of attorney that is printed by the Company with the scope of authorization specified and then signed and sealed. The power of attorney referred to above is regulated in accordance with Article 177 of the Company Act and the "Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" published by the competent authority.

Article 13

A shareholder shall have one voting power in respect of each share in his/her/its possession. The shares shall have no voting power in accordance with the regulations of Article 179 of the Company Act.

Article 14

Resolutions at a Shareholders' Meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 15

A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than thirty (30) days prior to the scheduled meeting date. In case the Company intends to convene a special meeting of shareholders, a meeting notice shall be given to each shareholder no later than fifteen (15) days prior to the scheduled meeting date. All shareholders will be notified of the meeting date, venue and proposed matters for convening any such meeting.

Article 16

The Chairman of the Board of Directors shall be the Chairman of the Shareholders' Meeting. When the Chairman is absent for some reason, the Chairman shall appoint one of the Board of Directors as the Chairman, and when not appointed, one of the directors shall be elected as the Chairman. If a Shareholders' Meeting convened by any other person having the convening right, he/she shall act as the Chairman of that meeting provided, however, that if there are two or more persons having the convening right, the Chairman of the meeting shall be elected from among themselves.

Article 17

Resolutions adopted at a Shareholders' Meeting shall be recorded in the minutes of the meeting, and handle in accordance with the regulations of Article 183 of the Company Act.

Section IV-Directors and Functional Committees

Article 18

The Company shall have seven to nine directors. They are elected from capable candidates through a nominating system at the Shareholders' Meeting for a term of three (3) years. A director may be re-elected. The total shareholding of the Company held by all Directors shall be handled in accordance with the regulations of the security's regulatory authorities. The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

Article 18-1

The Company shall have to appoint Independent Directors at least three in number and not less than one-fifth of total number of Directors in accordance with the regulations of Article 14-2 of the Securities Exchange Act. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and appointment, and other matters for compliance with respect to Independent Directors shall be prescribed by the competent authority. Independent Directors and Directors shall be elected at the same time, but in separately calculated numbers, a candidate to whom the ballots cast represent a prevailing number of votes shall be deemed Independent Directors and Directors.

Article 19

The Board of Directors is formed by the Directors. The Chairman is elected by a majority of the attending directors at the Board meeting that is attended by two-thirds of the Directors. The Chairman of the Board of Directors shall externally represent the Company.

Article 20

In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the matter regarding the deputy of the Chairman should be handled in accordance with Article 208 of the Company Act.

Article 21

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

The Board of Directors is authorized to determine the remunerations of all Directors according to their participation and contributions to the Companies' operation and by referring to the remuneration standard adopted by other firms of the same industry.

Article 22

When the number of vacancies in the Board of Directors of the Company equals to one-third of the total number of Directors, the Board of Directors shall convene a special meeting of shareholders to elect succeeding directors to fill the vacancies within 60 days, the new Directors shall serve the remaining term of the predecessors.

Article 23

Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. In case a director appoints another director to attend a meeting of the Board of Directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy for

one other director only.

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 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 shall be kept persistently throughout the life of the Company. The attendance list bearing the signatures of Directors present at the meeting and the powers of attorney of the proxies shall be kept with the minutes of the meeting by the Company.

Article 24-1

The Board of Directors may set up a Remuneration Committee, an Audit Committee or other Functional Committees due to the needs of business operations.

The Company establishes an Audit Committee, which composes of the entire number of Independent Directors in accordance with Article 14-4 of the Securities and Exchange Act, The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, Securities and Exchange Act and other relevant regulations.

Section V-Managers

Article 25

The Company may have one or more managerial personnel. Appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act. Managerial personnel shall be empowered to manage the operation of the Company and to sign relevant business documents for the company, subject to the scope of authorization. The Company may obtain managerial liability insurance with respect to liabilities resulting from exercising their duties during their tenure.

Section VI-Accounting

Article 26

At the close of each fiscal year, the Board of Directors shall prepare Business Report, Financial Statement, and the Profit Distribution Proposal for acknowledgement in the general meeting of shareholders.

Article 27

This Company shall set aside 1%-20% as employees' remuneration and the percentage lower than 2% as directors' remuneration if the Company has profit (means the pre-tax income before deduction of the employees' and directors' remuneration) in the current year. However, the Company's accumulated deficit shall have been covered, if any (including the adjustment of unappropriated retained earnings). The Company may have the profit distributable as employees' remuneration in the preceding paragraphs distributed in the form of shares or in cash to the qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, the requirement and manner of distribution are authorized to Board of Directors for resolution. The remuneration of directors in the preceding paragraphs only can receive the profit in the form of cash.

The Company shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors for the preceding two paragraphs distributed

and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

Article 27-1

When allocating the net income for each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. The Company would set aside or fund another sum as special reserve in 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, and to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the preceding paragraphs shall follow the provisions of Article 240 of the Company Act with a resolution adopted at a meeting of shareholders.

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

Article 27-2

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

Section VII-Supplementary Provisions

Article 28

For all matters not stipulated in the Company's Articles of Incorporation, the Company Act shall govern.

Article 29

These Articles of Incorporation were established on May 8, 1990.

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 thirteenth amendment was made on May 24, 2004.

The fourteenth amendment was made on June 24, 2005.

The fifteenth amendment was made on June 9, 2006.
The sixteen amendment was made on June 25, 2007.
The seventeenth amendment was made on June 6, 2008.
The eighteenth amendment was made on June 22, 2009.
The nineteenth amendment was made on June 17, 2010.
The twentieth amendment was made on June 24, 2011.
The twenty-first amendment was made on June 18, 2012.
The twenty-second amendment was made on June 3, 2015.
The twenty-third Amendment was made on May 31, 2016.
The twenty-fourth Amendment was made on May 22, 2017.
The twenty-fifth Amendment was made on May 29, 2019.

AXIOMTEK CO., LTD.

Rules of Procedures for Shareholders' Meeting

Article 1

To establish a strong governance system and sound supervisory capabilities for the Company's Shareholders Meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".

Article 2

The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3

Unless otherwise provided by law or regulation, the Company's Shareholders' Meeting shall be convened by the Board of Directors.

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

The reasons for convening a Shareholders' Meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of Company Act, Article 26-1, Article 43-6 of Securities and Exchange Act, Article 56-1 and Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.

The convening of the Shareholders' Meeting has stated the full re-election of directors and the date of appointment. After the re-election of the Shareholders' Meeting is completed, the same meeting may not change its appointment date by provisional motion or other means.

A shareholder holding one percent (1%) or more of the total number of outstanding shares may propose to the Company a proposal for discussion at a regular Shareholders' Meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Shareholders may submit a proposed proposal for urging the Company to promote public interests or fulfill its social responsibilities, and it is limited to one only in accordance with the relevant provisions of Article 172-1 of Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular Shareholders' Meeting, the company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than 10 days.

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

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

Article 4

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

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

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

Article 5

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

Article 6

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

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

Shareholders or their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

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

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

Article 7

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

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

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

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

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

Article 8

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

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

Article 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 attendance book and sing-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

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

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

Article 10

If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Relevant motions (including temporary motions and amendments to the original motions) shall be decided on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.

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

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

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

Article 11

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

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

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

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

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

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

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

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

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

Article 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 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 Company shall avoid the situation of providing the proposal for the motion and the modification for the agenda item.

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

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

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

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

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

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

Article 14

The election of Directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the list of elected Directors and the number of elected rights, and the list of failed Directors and the number of election rights obtained.

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.

Article 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 of voting (including the weight of statistics). When there are elected directors, the

number of votes for each candidate shall be disclosed and keep it forever during the term of continuing of the Company.

Article 16

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

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

Article 17

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

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

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

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

Article 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.

Article 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.

Article 20

The amendment was made on July 5, 2021.

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

- I. As per calculation based on the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the overall shareholding by Directors is as follow:
- (I) The Company has issued 90,262,484 common shares of which 10% (i.e., 9,026,248 shares) shall be held by all Directors according to statutory requirements. Also, the Audit Committee comprising Independent Directors has been established by the Company in order to comply with Article 14.4 of the Securities and Exchange Act, responsible for the implementation of the authority of Supervisors under the provisions of the Company Act, the Securities and Exchange Act and other laws and regulations. Therefore, supervisors' shareholding requirements are not applicable.
- (II) The Company has also elected three Independent Directors; subsequently, the statutorily required number of common shares held by the Directors shall be reduced according to 80% of the abovementioned shares that shall be held by Directors. Hence, the total number of common shares held by the Directors of the Company shall come to 7,220,998 shares.
- II. As of March 26th, 2022 (book closure date), the shareholding of common shares held by all Directors in the shareholders' registry has been as follows:

Title	Name	Representative	Current Shareholding	
			Shares	Shareholding Ratio %
Chairman	Yang, Yu-Te		1,648,512	1.83
Director	Advantech Co., Ltd.	Liu, Wei-Ting	25,542,984	28.29
Director	Tsai, Shih-Yang		1,408,000	1.56
Director	Huang, Jui-Nan		0	0
Independent Director	Lin, Yih-Jong		0	0
Independent Director	Chang, Jen-Chih		0	0
Independent Director	Yu, Chwo-Ming		16,915	0.02
The Shareholding of Ordinary Shares Held by all Directors			28,616,411	31.70

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