

# **BizLink Holding Inc.**

## **2019 Annual Shareholders' Meeting Minutes**

Time and Date: 9:00 A.M., June 21<sup>th</sup> (Thr.), 2019

Place: B2 Meeting Room, Building A, No.726, Zhongzheng Rd., Zhonghe Dist., New Taipei City.

Quorum: The shareholding of present and proxy shareholders was 87,861,836 shares, representing 74.13% of the 118,517,407 total issued shares.

Chairman: Hwa Tse Liang, the chairman of the Board of Directors

Recorder: Rachel Lin

Attendance of directors: Director Inru Kuo 、 Director Chien Hua Teng 、 Director 、 Independent Director Jr Wen Huang

### **I. Commencement**

The aggregate shareholding of the shareholders and proxies present constituted a quorum. The Chairman called the meeting to order.

### **II. Opening speech of the Chairman (Omitted)**

### **III. Company Reports**

No. 1: Reviewing 2018 Business Reports.

Explanation: The 2018 Business Report is attached as Attachment I.

No 2: Reviewing the audit committee's review report on the 2018 financial statements.

Explanation: Audit committee's review report on the financial statements is attached as Attachment II.

No. 3: Reviewing endorsements and guarantees provided by the Company and its subsidiaries in 2018.

Explanation: The status of the endorsements and guarantees provided is attached as Attachment III.

No. 4: To report the second unsecured overseas convertible bonds issuance

Explanation:

1. BizLink's Board approved on the Issuance of US\$ 100 million Unsecured Overseas Convertible Bonds on September 20, 2017, par value US\$250 thousand, coupon rate 0% with 5-year issuance period and granted by the Financial Supervisory Commission on November 28, 2017.
2. Please go to Attachment IV for the issue price, conditions and related details of the Issuance approved on February 1<sup>st</sup>, 2018
3. 2018 Ex-dividend adjustment conversion price is NTD 309.3. 0 share was transferred to common shares as of March 31, 2019.

No. 5: To report 2018 employees' profit-sharing bonus and directors' compensation.

Explanation:

1. The Board of Directors resolved on March 14, 2019 that 2018 employees' profit-sharing bonus of NTD 64,639,560 (US\$ 2,144,160) and directors' compensation of NTD 9,044,040 (US\$ 300,000) are to be distributed in cash.
2. The Board's proposed profit allocation to employees and to the Board differs from the estimated amount spent listed on our income statement by USD199 thousand. Any actual discrepancy incurred after the actual distribution will be recorded as changes in accounting estimates and adjusted in the 2019 income statement.

#### **IV. Proposals**

(Proposed by the Board of Directors)

No. 1: Adoption of 2018 Financial Statements. Please proceed for approval.

Explanation:

1. Our 2018 consolidated financial statements (including balance sheet, statement of income, statement of changes in equity, cash flow statement) were audited by independent CPAs Mr. Jung-Cheng Chen, and Cheng-Chuan Yu of Deloitte & Touche in Taiwan and the audited financial report is completed herein for review.
2. 2018 Financial Statements have been approved by the board members and reviewed by the audit committee.
3. Please see Attachment V for the above statements.

Resolution: Approved and acknowledged as proposed by the Board of Directors through voting. Voting rights for approval totaled 85,335,572 representing 97.12% of the total present shares, voting rights for rejection numbered 3,115 and voting rights for abstention numbered 2,523,149. Total votes numbered 87,861,836.

(Proposed by the Board of Directors)

No. 2: Adoption of the proposal for distribution of 2018 profits. Please proceed for approval.

Explanation:

1. The proposal for the distribution of 2018 profits has been adopted in accordance with the Memorandum and Articles of Association Article #34.1 and #34.2.
2. We propose a cash distribution of NT\$ 888,880,553 for common shareholders. According to the number of floating shares as of end 2017, the cash dividend per share is NT\$ 7.5 (or 0.244180). Cash dividend less than NT\$ 1 shall be accumulated and recorded as other income for the Company. If the total number of floating shares differs from those as of end 2018 owing to the execution of employee warrants or conversion of convertible bonds, we will ask the Board, through the authority of the shareholders' meeting, to adjust the distribution ratio based on the originally proposed figures.
3. Please see Attachment VI for 2018 Earnings Distribution.

Resolution: Approved and acknowledged as proposed by the Board of Directors through voting. Voting rights for approval totaled 85,620,704 representing 97.44% of the total present shares, voting rights for rejection numbered 3,300, and voting rights for abstention numbered 2,237,832. Total votes numbered 87,861,836.

## V. Discussion

(Proposed by the Board of Directors)

No. 1: Amendment to the "Procedures for Acquisition or Disposal of Assets". Please proceed for approval.

Explanation: Due to the business needs of the Group, we propose to make amendment to the "Procedures for Acquisition or Disposal of Assets."

Resolution: Approved and acknowledged as proposed by the Board of Directors through voting. Voting rights for approval totaled 64,110,856 representing 72.96% of the total present shares, voting rights for rejection numbered 21,432,263, and voting rights for abstention numbered 2,318,717. Total votes numbered 87,861,836.

(Proposed by the Board of Directors)

No. 2: Amendment to the "Procedures for Lending Funds to Other Parties". Please proceed for approval.

Explanation: Due to the business needs of the Group, we propose to make amendment to the "Procedures for Lending Funds to Other Parties."

Resolution: Approved and acknowledged as proposed by the Board of Directors through voting. Voting rights for approval totaled 85,434,634 representing 97.23% of the total

present shares, voting rights for rejection numbered 186,956, and voting rights for abstention numbered 2,240,246. Total votes numbered 87,861,836.

(Proposed by the Board of Directors)

No. 3: Amendment to the “Procedures for Endorsement and Guarantees”. Please proceed for approval.

Explanation: Due to the business needs of the Group, we propose to make amendment to the “Procedures for Endorsement and Guarantees.”

Resolution: Approved and acknowledged as proposed by the Board of Directors through voting. Voting rights for approval totaled 85,437,048 representing 97.24% of the total present shares, voting rights for rejection numbered 186,956, and voting rights for abstention numbered 2,237,832. Total votes numbered 87,861,836.

(Proposed by the Board of Directors)

No. 4: Amendment to the Company's Memorandum and Articles of Association. Please proceed for approval.

Explanation: 1. We propose to amend the Company's Memorandum and Articles of Association to comply with the letter, Taiwan Security Shang Erh Tzu # 1071703794, issued by the Taiwan Exchange on November 30, 2018 regarding the “Check list of protection of rights of shareholders in foreign issuer's country of registration” and “Legal check list for foreign issuer who applies for a primary exchange listing for its stock”.

2. Please go to Attachment X in the Chinese version of the Handbook for a comparison of the changes for both Chinese and English versions (please see p.85~97).

3. Please go to Appendix V in the Chinese version of the Handbook (p.125~158) for the Memorandum and Articles of Association before the amendment.

Resolution: Approved and acknowledged as proposed by the Board of Directors through voting. Voting rights for approval totaled 85,620,784 representing 97.44% of the total present shares, voting rights for rejection numbered 3,220, and voting rights for abstention numbered 2,237,832. Total votes numbered 87,861,836.

(Proposed by the Board of Directors)

No. 5: Issuance of new common shares for cash and/or issue new common shares for cash to sponsor the GDRs Offering. Please vote.

Explanation: To cover the needs for production expansion, investment capital, running capital, overseas materials purchase, bank repayments, future development and

competitiveness upgrade, it is proposed to authorize the Board of Director to conduct a capital increase by issuing no more than 20 million shares of common stocks in the domestic market or via depositary receipt offerings. The offer can be issued together, separately or through different tranches based on the market condition. Please refer below for the issue details:

I. Domestic issue of new common shares for a cash capital increase:

It is proposed to authorize the Board of Director by the Shareholders' Meeting to proceed by adopting book building or by public subscription in accordance with Article 28-1 under the Securities and Exchange Act.

- (I) When adopting book building: To comply with Article 267 under the Company Act, there shall be 10% to 15% of such new shares reserved for subscription by employees of the Company. For the remaining portion (85% to 90%), as prescribed in Article 28-1 under the Securities and Exchange Act, the original shareholders shall first surrender the rights to priority subscription via shareholder resolution and agree to place the issue by adopting book building for public offerings. In case of an employee under-subscription, the Chairman will be authorized to place the shortage portion to the specific parties based on the issuing price and handle the matter according to the guidelines under "Taiwan Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms".

The issuing price shall not be less than 90 percent of the simple average closing price of the Company's common on a chosen day from one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends (or capital reduction) at the time of filing to the Financial Supervisory Commission and registering the book-building agreement and underwriting contract to the Taiwan Securities Association, as described under "Self-Regulating Rule for Underwriter to Counsel the Offering and Issuance of Convertible Bonds by the Issuer, Promulgated by the Taipei Securities Dealers Association" ("Self-Regulating Rule" hereafter). It is proposed to authorize the Chairman by the Board to determine the actual issue price with the underwriter's suggestion based on the results of book building and market conditions after the book building period.

- (II) In case of a public subscription:

Other than 10% to 15% allocation for employee subscription as prescribed in Article 267 under the Company Act, 10% of the new shares issued will be publicly underwritten as prescribed in Article 28-1 under Securities and Exchange Act, and the remaining portion (75%~80%) will be allocated proportionally to the original shareholders based on the percentage holding shown on the record on the subscription date. In case of an under-subscription,

the Chairman will be authorized to place the shortage to the specific parties based on the issuing price. The price will be determined in accordance with the “Self-Regulating Rule” and shall be no less than 70 percent of the simple average closing price (after adjustment for any distribution of stock dividends) of the common shares of the Company on a chosen day from one, three, or five business days before filing to Financial Supervisory Commission and five trading days prior to the Ex-Rights Date.

- II. Explanatory Note for issue new commons shares for cash capital through DR offering:
- (I) Other than the 10% to 15% allocation for employee subscription as prescribed in Article 267 under the Company Act. For the remaining 85% to 90%, as prescribed in Article 28-1 under the Securities and Exchange Act, the rights to priority subscription of the original shareholders shall be first surrendered via a shareholder resolution, and the portion will be issued through DR offering. In case of an employee under-subscription, the Chairman shall be authorized to place the shortage portion to the specific parties based on the issuing price or to place the portion through the underlying DR offering and handle the matter according to the guidelines under the “Taiwan Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms”.
- (II) The issuing price for the new common shares for cash capital through DR offering shall be determined based on the international practice under the premise that it will not affect the rights of original shareholders. It is proposed to authorize the Board to determine the final issuing price with the underwriter. The means to determine the final price shall be in compliance with all related regulations:
1. The price will be determined in accordance with the “Self-Regulating Rule” and shall not be less than 90 percent of either the closing price of the Company’s common shares from Taipei Exchange on the day of price determination or the simple average closing price on a chosen day from one, three or five business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends (or capital reduction). All regulations shall be followed when adjusting the means for determining the price, even when there’s a change of laws. Under the consideration for short-term share price fluctuations, it is proposed to authorize the Chairman to make the final decision for the issuing price, within the range described above, based on international practice and after taking into account global capital market conditions, share price in the domestic market, the results of book building, together with suggestions from the underwriter.

2. We believe the issuance should not cause material impact to the rights of original shareholders. The maximum equity dilution will reach 14.43% if the limit of 20 million shares is fully issued through overseas DR offerings. All shareholders shall be rewarded as soon as the projected benefits from the capital increase are realized. Moreover, the price of DR is determined based on a fair market price closely linked to the common share price of the Company from the Taiwan Exchange. Any shareholder can purchase shares from the Taiwan stock market with a price close to the DR issuing price without bearing the currency or liquidity risks.
- III. Should any revision to major matters regarding DR offering, such as the issuing terms and conditions, the issuing price, the issuing shares, the issuing dollar amount, the use of fund, the project progress and the expected efficacy, be made due to a competent authority or a change of laws or the objective circumstance, it shall be fully authorized for the Board of Directors to deal with.
- IV. If the limit of 20 million shares mentioned above is fully issued, it will account for 14.43% of total outstanding shares. As the capital raised through this offering will be used to replenish the operating capital, purchase overseas materials, repay loans, acquire machinery facilities and investment or prepare for future operations expansion, we expect it will eventually add value to our equity and cause a limited dilution effect to the current shareholders.
- V. Rights and obligations of common stocks through this issued are generally the same as common stocks issued previously by the Company.

Resolution: Approved and acknowledged as proposed by the Board of Directors through voting. Voting rights for approval totaled 84,528,004 representing 96.20% of the total present shares, voting rights for rejection numbered 1,096,000, and voting rights for abstention numbered 2,237,832. Total votes numbered 87,861,836.

## **VI. Elections**

(Proposed by the Board of Directors)

No. 1: By-election of the Independent Director. Please proceed for election.

Explanation: 1. As the term of the current board will end on June 20, 2021, we propose to by-elect 1 independent director according to the Memorandum and Articles of Association Article #27.3 in the 2019 general shareholders' meeting. For the election of the independent director, we will adopt the candidate nomination system in accordance with the Memorandum and Articles of Association Article #27.3. The tenure for the board is from June 21, 2019 to June 20, 2021.

2. Please go to Attachment VII for the director candidates' information.

Election Results:

The list of the newly elected directors with votes received follows:

<b>Title</b>	<b>ID Number</b>	<b>Name</b>	<b>Votes Received</b>	<b>Note</b>
Independent Director	C12030****	Chin-Teh Hsu	71,090,746	Elected

**VII. Other Discussions**

(Proposed by the Board of Directors)

No. 1: Proposal for the cancellation of the prohibition on directors or their representatives from participation in competing businesses. Please proceed for discussion.

Explanation: 1. According to the Memorandum and Articles of Association Article #30.4 “A director who does anything for himself on behalf of another person that is within the scope of the Company's business, shall reveal to the shareholders' meeting the essence of such practice and receive special approval”.

2. We propose to cancel the prohibition on new directors or their representatives who invest or operate any business that is within the scope of the Company's business or serves as a director or manager for such a business. Please go to Attachment VIII (p.34) for reference. provided no interests of the Company would be compromised.

Resolution: Approved and acknowledged as proposed by the Board of Directors through voting. Voting rights for approval totaled 82,364,689 representing 93.74% of the total present shares, voting rights for rejection numbered 189,055, and voting rights for abstention numbered 5,308,092. Total votes numbered 87,861,836.

**VIII. Motions: None**

**IX. Adjournment**

There being no other business and special motion, upon a motion duly made and seconded, the meeting was adjourned at 9:22A.M.

Chairman: Hwa Tse Liang

Recorder: Rachel Lin



## 2018 Business Report

Dear Sir/Madam,

The Company hereby reports 2018 operating results and provides the following business plan summary for 2019:

### Financial Performance

In 2018, both revenues and profits of the Company significantly grew. The cumulative consolidated revenue for 2018 totaled NT\$21,309,240,000, an increase of 37.14% year-on-year, and net profit increased by 17.98%, with earnings per share after tax (attributed to owners of the Company) reaching NT\$11.86.

### Company Development

In 2018, the global economy faced several challenges, from high costs of key components at the beginning of the year, and sudden changes in exchange rates and fluctuations in copper prices from the first quarter on due to the China-US trade conflict in the second quarter; in particular, the China-US trade conflict impacted the global economy far and wide. New challenges constantly emerged, and some even occurred concurrently. The Company's 2018 revenue continued to hit a record high due to continuous productivity improvements in response to external uncertainties. Net profit rebounded in the second half of the year due to such efforts, which were aided by steady prices of raw materials and of key components as well as gradually stabilizing exchange rates. In the face of an ever-changing environment, the Company quickly adjusted its business strategy, identified solutions, and carefully implemented expansion plans to overcome any possible economic turmoil through strategic utilization of resources and built up sufficient funds.

Last year, the U.S. adopted a tariff policy on almost every category of commodities, which prompted China to initiate trade negotiations to resolve the escalating trade gap. As our products manufactured in China for export to the U.S. were also affected by the increased tariffs, the Company planned to relocate its production capacity to areas outside of China. Our team made quick adjustments, and joined forces with Taiwan's production partners to complete preparations for the mass production of specific products at the end of last year. To respond to the needs of our customers, we also transferred part of the production capacity to Malaysia, and expanded the capacity in Mexico as a reserve measure.

In 2018, IT wire and cable revenues continued to grow; in particular, customers heaped praise on our cable docking products, showing that the Company led in the technology of imaging IC, firmware, wires and cables, and connectors. Today, USB-C is becoming the mainstream specification for notebooks, tablets, and their peripherals. The trend of lightweight products continues to drive the demand for external applications. The growth in electrical vehicle (EV) cable and wire harnesses was also rapid as EV customers broke through production bottlenecks. Shipments of EV cable and wire harnesses rose quarter by quarter. As customers increased their production capacity, we expect to supply more EV cable and wire harnesses in the future. In industrial applications, the demand for wires and cables for medical and semiconductor equipment continued to grow. The future shows strong promise for the Company.

The local Electrical Appliances Business Unit team took a series of measures to improve business performance. Under existing capacity constraints, the Company chose customer orders that yielded higher returns and optimized the product portfolio over the past year. We built a PVC compound production line in Slovakia based on our experience of plants in China to encourage the plant in Eastern Europe to increasing internal sourcing for raw material to control costs. We plan to gradually introduce new products in Europe, such as automotive cable and wire harnesses, medical cables, and industrial wires and cables, at our new plant in Serbia, which was inaugurated in 2018. We also expect to seize opportunities in Europe by developing localized products and offering a local one-stop service for mass production. Looking back, the Company gradually realized that the goals set at the time of acquisition are slowly coming to fruition. We hope to see the Electrical Appliances Business Unit achieve even more synergy in the future.

## **Corporate Sustainability**

In 2018, the Company published its first corporate sustainability report, which included the essentials of the Company's decision-making process, and demonstrated the Company's efforts and achievements in economic, environmental and social sustainability.

In environmental protection, the Company made great progress with suppliers in energy-saving and pollution reduction measures, including those for greenhouse gas, waste, and carbon, as well as logistics control. The Company will continue to strengthen controls to reduce its environmental footprint.

In ethical corporate management, the Company was listed in the Top 50 in Taiwan's Top 2000 Survey conducted by the CommonWealth Magazine, and also won the best supplier award from global brands. The Company was included in TWSE's CG 100 Index by the Taiwan Stock Exchange Corporation for two consecutive years for its outstanding ethical corporate practices.

## **Development Highlights in 2018**

### Transformation to a Global Company

As a diversified organization, the Company aims to manufacture products in-line with local needs to capture the global market through our tightly-knit operations in Asia, America, and Europe from sales and marketing to research and development. Our ultimate goal is to transform from a multi-national company to a global company where regional business units support and cooperate with each other to achieve a common goal.

As the Company's production lines expanded in response to the growth in revenue, the Company continued to upgrade towards automation as well as improve the overall quality of our production facilities to the levels of the world's leading manufacturers. A lean global team, the capacity for in-depth research and development, and advanced manufacturing of high-quality products are the key drivers to the Company's continuous growth.

### Continuous Improvement in Forward-looking Applications

The Company continued to develop diversified products and applications. In the future, 5G will help to realize the Internet of Things (IoT) and more powerful cloud storage via wider bandwidth; high-speed data transmission wire and cable harness demand are expected to increase significantly. The Company continued to develop active fiber optic cables and direct attach copper cables to meet future demand for cloud storage. In motor vehicles, the Company developed electrical vehicle supply equipment (EVSE) and automotive accessories, both of which are sold through several channels in the U.S. In addition to wires and cables, the Company applied wireless technology to video signals, mobile phone charging, and IoT. High current connection modules were applied to EVs and energy storage devices; the Company began developing products for more forward-looking applications, such as self-driving vehicles for logistics and transportation, virtual reality (VR) or augmented reality (AR), etc. In medical equipment, the Company focused on more applications for Category 2 cables. In industrial applications, the Company gradually saw order activity from green energy equipment and engineering vehicles.

### Production Site Planning

In response to our continued revenue growth, we plan to expand production capacity in China, Malaysia, Mexico, and Serbia. In addition, we set high-quality management goals this year to maintain the Company's excellent global production quality, which is tightly aligned with each region.

### More Strategic Investments and Business Partnerships

We adopted prudent investment strategies. As products are becoming more intelligent and sophisticated, we collaborated with high-quality technical partners to develop more advanced products to secure the Company's future market share. The Company and our technical partners can shorten the time to market with mutual investment or strategic cooperation; this alliance will enable both parties to enjoy a bigger slice of the market through an expanded production capacity and enhanced technology capability.

## **Future Prospects**

The Company is cautiously optimistic about our outlook in 2019. The challenges faced and adjustments made in 2018 strengthened our global operations and finances. Uncertainties arising from the China-US trade conflict along with slowing demand for automotive and semiconductor applications. Economic research institutions, such as the International Monetary Fund (IMF), have a conservative economic outlook for 2019; however, the Company hopes that new fields, such as EV and smart applications, will grow uninterrupted.

Change brings in new challenges as well as new opportunities. Management sincerely thanks all shareholders for the continued support, and gives credit to our employees for the achievements and efforts made throughout 2018. The Company will continue to develop forward-looking applications with customers, integrate internal and external resources, and strive towards adding the world's leading brand customers as our best partners to create value for both customers and our shareholders, and ultimately achieve corporate sustainability.

**BIZLINK HOLDING INC.**

Chairman Hwa-Tse Liang

Chief Executive Officer Chien-Hua Teng

Chief Financial Officer Shiou-Lin Chen

## **Audit Committee Report**

The Board of Directors of Bizlink Holding Inc. has submitted the Company's 2018 business report, financial statements, and earnings appropriation proposal to the Audit Committee. The CPA firm, Deloitte & Touche, was retained to audit the financial statements and has issued an audit report accordingly. The business report, financial statements, and earnings appropriation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

**BizLink Holding Inc.**

Independent director,                      Ming Chun, Chen

Independent director,                      Jr Wen, Huang

March 14, 2019

## Endorsement and Guarantee Provided

2018/12/31

<b>Bank</b>	<b>Name of Endorsement/ Guarantee Provider</b>	<b>Name (Guaranteed Party)</b>	<b>Ending Balance</b>
HSBC	BIZLINK HOLDING INC.	BIZLINK (BVI) CORP.	US\$14,000,000
CTBC	BIZLINK HOLDING INC.	BIZLINK (BVI) CORP.	US\$15,000,000
CTBC -USA	BIZLINK HOLDING INC.	BIZLINK TECHNOLOGY INC.	US\$5,000,000
HSBC	BIZLINK HOLDING INC.	BIZLINK TECHNOLOGY (S.E.A.) SDN. BHD	MYR\$1,000,000
FIRST BANK	BIZLINK HOLDING INC.	BIZLINK (BVI) CORP.	US\$16,000,000
CATHAY UNITED	BIZLINK HOLDING INC.	BIZLINK (BVI) CORP.	US\$15,000,000
Note 1	BIZLINK HOLDING INC.	BIZLINK (BVI) CORP.	US\$1,510,000
E.SUN	BIZLINK HOLDING INC.	BIZLINK (BVI) CORP.	US\$7,000,000
E.SUN	BIZLINK HOLDING INC.	BIZLINK INTERNATIONAL CORP.	NT\$30,000,000
E.SUN	BIZLINK HOLDING INC.	BIZLINK (BVI) CORP.TAIWAN BRANCH	US\$2,000,000
HSBC-China	BIZLINK HOLDING INC.	BIZLINK TECHNOLOGY (XIAMEN) LTD. 、 BIZLINK TECHNOLOGY (CHANGZHOU) LTD. 、 BIZLINK (KUNSHAN) CO., LTD. 、 XIANG YAO ELECTRONICS (SHENZHEN) CO., LTD.	CNY178,000,000
Note 2	BIZLINK HOLDING INC.	BIZLINK (BVI) CORP.	US\$2,000,000
CTBC -USA	BIZLINK TECHNOLOGY INC.	BIZLINK TECH, INC.	US\$2,000,000

Note 3	BIZLINK (BVI) CORP.	BIZLINK TECHNOLOGY (SERBIA) D.O.O.	EUR350,000.00
Note 4	BIZLINK (BVI) CORP.	BIZLINK TECHNOLOGY (SERBIA) D.O.O.	EUR 613,440
FUBON	BIZLINK INTERNATIONAL CORP. ∙ BIZLINK HOLDING INC.	BIZLINK (BVI) CORP.	US\$15,000,000
CITI	BIZLINK HOLDING INC. ∙ BIZLINK INTERNATIONAL CORP. ∙ BIZLINK (BVI) CORP.	BIZLINK INTERNATIONAL CORP. ∙ BIZLINK HOLDING INC.	US\$10,000,000
CITI	BIZLINK HOLDING INC. ∙ BIZLINK INTERNATIONAL CORP. ∙ BIZLINK (BVI) CORP.	BIZLINK TECHNOLOGY (CHANGZHOU) LTD.	US\$10,000,000
CITI	BIZLINK HOLDING INC. ∙ BIZLINK INTERNATIONAL CORP. ∙ BIZLINK (BVI) CORP.	BIZLINK TECHNOLOGY (SLOVAKIA) S.R.O.	US\$10,000,000
<b>Total</b>			<b>US\$124,510,000</b>
			<b>MYR1,000,000</b>
			<b>NT\$30,000,000</b>
			<b>CNY178,000,000</b>
			<b>EUR4,113,440</b>

Note 1 to 4 : Service Assurance

## Financing Provided

2018/12/31

Financing Company	Counter party	Financing Limit Resolved by the Board	Actual Financing Limit Provided	Interest Rate	Financing Amount Drawn
BIZLINK HOLDING INC.	BIZLINK (BVI) COPR.	US\$80,000,000	US\$65,600,000	-	Drawing in process
BIZLINK (BVI) COPR.	BIZLINK INTERNATIONAL CORP.	US\$10,000,000	US\$2,950,000	0%	Un-drawn balance
BIZLINK (BVI) COPR.	BIZLINK HOLDING INC.	US\$35,000,000	US\$0	0%	Un-drawn balance
BIZLINK (BVI) COPR.	BIZLINK TECHNOLOGY (SLOVAKIA) S.R.O.	EUR13,500,000	EUR0		Drawing in process
OPTIWORKS (SHANGHAI) CO., LTD.	OPTIWORKS (KUNSHAN) CO., LTD.	CNY8,000,000	CNY8,000,000	4.35%	Drawing in process
OPTIWORKS (SHANGHAI) CO., LTD.	OPTIWORKS (KUNSHAN) CO., LTD.	CNY15,000,000	CNY15,000,000	4.35%	Drawing in process
OPTIWORKS (SHANGHAI) CO., LTD.	BIZLINK TECHNOLOGY (CHANGZHOU) LTD.	CNY8,000,000	CNY8,000,000	4.35%	Drawing in process
OPTIWORKS (SHANGHAI) CO., LTD.	TERALUX TECHNOLOGY (KUNSHAN) CO LTD.	CNY12,000,000	CNY12,000,000	4.35%	Drawing in process
BIZLINK (KUNSHAN) CO.	BIZLINK TECHNOLOGY (CHANGZHOU) LTD.	CNY10,500,000	CNY10,500,000	4.35%	Drawing in process
BIZLINK (KUNSHAN) CO.	BIZLINK TECHNOLOGY (CHANGZHOU) LTD.	CNY10,000,000	CNY10,000,000	4.35%	Drawing in process
BIZLINK ELECTRONICS (XIAMEN) CO., LTD.	BIZLINK TECHNOLOGY (CHANGZHOU) LTD.	CNY10,700,000	CNY10,700,000	4.35%	Drawing in process
BIZLINK ELECTRONICS (XIAMEN) CO., LTD.	BIZLINK TECHNOLOGY (CHANGZHOU) LTD.	CNY10,000,000	CNY10,000,000	4.35%	Drawing in process
HUA ZHAN ELECTRONICS (SHENZHEN) CO., LTD.	BIZLINK TECHNOLOGY (CHANGZHOU) LTD.	CNY27,500,000	CNY27,500,000	4.35%	Drawing in process
BIZLINK TECHNOLOGY (BELGIUM) NV	BIZLINK TECHNOLOGY (SLOVAKIA) S.R.O.	EUR5,000,000	EUR4,768,427	0.673% ~0688%	Drawing in process
BIZLINK TECHNOLOGY (SLOVAKIA) S.R.O.	BIZLINK TECHNOLOGY (SERBIA) D.O.O.	EUR1,000,000	EUR1,000,000	0.684%	Drawing in process
BIZLINK TECHNOLOGY (XIAMEN) LTD.	BIZLINK TECHNOLOGY (CHANGZHOU) LTD.	CNY25,000,000	CNY25,000,000	4.35%	Drawing in process
Total		US\$125,000,000	US\$68,550,000		
		CNY136,700,000	CNY136,700,000		
		EUR19,500,000	EUR5,768,427		



## Publication and Issuance Status of the 2<sup>nd</sup> Overseas Convertible Bond

### 1. Issuance Conditions and Relevant Information

Total Amounts Of Issuance:	US\$ 100,000 thousand
Bonds Categorization, per Denomination:	Unsecured Convertible Bonds, US\$ 250,000.
Issue price:	100% of the face value.
Date Of Issuance:	February 1, 2018.
Date Of Maturity:	5 years, from February 1, 2018 to February 1, 2023.
Raised Bonds Interest Rates:	Annual rates of 0%.
Raised Bonds Repayment Methods and Deadlines:	In addition to early redemption, buy back and cancellation, and exercising conversion rights, purchasers will have the option of redeeming the Company's bonds on their maturity date February 1, 2023, for 102.52% of the bonds' original face value.
Conversion Price:	The conversion price of the bonds is NT\$ 320 per share. (Conversion rate applied was US\$: NT\$ = 1:29.075).
Funding Plans:	Support for overseas purchases and repayment of borrowings in foreign currency
Impact on Shareholders' Equity:	Conversion of the Overseas Convertible Bonds to ordinary shares at the time of issuance, if all converted, would result in a dilution ratio of original shareholders' equity of around 7.12%. Impact would be limited.
Issuance and Transaction Location:	On the date of issuance, the bonds were listed for trading on the Singapore Exchange.

## 2. Projects, Progress and Expected Benefits

Unit: NT\$ Thousand

Projects	Estimated Planned Completion Date	Total Capital Required	Expansion Plans				
			2018				2019
			Q1	Q2	Q3	Q4	Q1
Overseas purchases	First quarter of 2019	2,430,000	—	607,500	607,500	607,500	607,500
Repayment of borrowings in foreign currency	First quarter of 2018	570,000	570,000	—	—	—	—
Total		3,000,000	570,000	607,500	607,500	607,500	607,500
Projected benefits generated		Repayment of foreign currency loans: adjust the long term and short term debt structure and enhance repayment ability. Total projected interest saving per year is NT\$ 9,900~11,730 thousand.					

## 3. Financing Plans and Execution Status

Unit: NT\$ Thousand

Plan(s)	Status of Implementation		As of March 31, 2019	Reasons for Any Deviations from the Planned Schedule and Improvement Action
Overseas purchases	Amount drawn	Projection	2,430,000	Completed drawn as planned.
		Actual	2,430,000	
	Implementation (%)	Projection	100.00	
		Actual	100.00	
Repayment of borrowings in foreign currency	Amount drawn	Projection	570,000	Completed drawn as planned.
		Actual	570,000	
	Implementation (%)	Projection	100.00	
		Actual	100.00	
Total	Amount drawn	Projection	300,000	—
		Actual	300,000	
	Implementation (%)	Projection	100.00	
		Actual	100.00	

## Report of Independent Accountants

To BIZLINK HOLDING INC.

### Auditor's Opinion

We have audited the accompanying balance sheets of BIZLINK HOLDING INC. (the "Company") as of December 31, 2018 and 2017, and the related statements of Consolidated Income Statement, Statement of Stockholders' Equity and Statements of Cash Flows for the years then ended.

In our opinion, the accompanying consolidated financial statements accurately present, in all material respects, the Company's consolidated financial position, its consolidated financial performance, and its consolidated cash flows as of December 31, 2018 and of 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis of Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of BIZLINK HOLDING INC. and its subsidiaries (or the Group) in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Group's consolidated financial statements for the fiscal year of 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the fiscal year of 2018 are stated as follows:

#### Occurrence and Authenticity of Revenue from Major Customers

A sizeable portion of the Company's consolidated operating revenue comes from a small number of customers. There was a significant revenue increase from 2017 to

2018. The top 20 revenue-contributing customers whose sales increased by over 20% accounted for 44% of consolidated operating revenue. Therefore, we identified this group of top 20 revenue-contributing customers whose sales rose by more than 20% as a key audit matter.

In response, we performed the following audit procedures:

1. We understood the sales transaction internal controls over the top 20 revenue-contributing customers whose sales increased by more than 20% and assessed the effectiveness of the design and implementation thereof.
2. We examined the Company's background checks performed on the top 20 revenue-contributing customers whose sales increased by more than 20% and evaluated whether the transaction amounts and customer credit limits granted were reasonably compatible with the respective customers' sizes.
3. We performed substantive testing on the transactions with the top 20 revenue-contributing customers whose sales increased by more than 20% by inspecting third-party shipping documents, the customers' receipts of delivery and hub warehouse pull report in order to verify the occurrence of the transactions.
4. We have reviewed if there was significant sales return and allowance after December 31, 2018 from top 20 revenue-contributing customers whose sales increased by more than 20% in order to verify the authenticity of consolidated operating revenue.

Impairments on tangible assets, intangible assets and goodwill from the acquisition of the home appliances division.

During 2017, BizLink acquired Leoni AG Electrical Appliance Assemblies business group ("BizLink Home Appliances Division"). As of the acquisition date, BizLink has obtained property, plant and equipment, intangible assets and goodwill in a total amount of NT\$1,229,022 thousand, as disclosed in Note 32 of the consolidated financial statements. As of December 31, 2018, the book values of property, plant and equipment, intangible assets and goodwill of BizLink Home Appliances Divisions were NT\$608,347 thousand, NT\$256,027 thousand and NT\$391,792 thousand, respectively.

The assumptions made in the forecasts for BizLink Home Appliance Division's future cash flows might be subjective and contain a high degree of uncertainty. This may significantly impact the aforementioned amount of recoverable assets and goodwill, which could then impact their estimated year-end impairment amounts. Therefore, we identified this impairment assessment of the tangible and intangible assets and goodwill from the Company's BizLink Home Appliance Division acquisition as a key audit matter.

Regarding the accounting policies for the impairment of tangible and intangible assets and goodwill, refer to Notes 4 (k) and 4 (m) of the consolidated financial statements. As for the related accounting estimations and uncertainty of assumptions, refer to Note 5 of the consolidated financial statements.

In response, we performed the following audit procedures:

1. We acquired evaluation reports issued by the Company to assess the process and basis of management's forecasted sales growth rate and profit margins for the future

operating cash flows and whether they considered the current operating conditions, historical trends, industry-specific situation, etc., and were updated in due course.

2. We appointed a valuation specialist from our firm to assist in evaluating whether the weighted average cost of capital used by management, including the risk-free interest rates, volatility and risk premiums, is comparable with those of BizLink Home Appliance Division's present and industry-specific situation, and we re-performed and verified the calculation.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the associated interpretations from the governing agencies endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 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 members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

## **Auditors' 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 auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 individual entity 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 for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' 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.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 14, 2019

Notice to Readers

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

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

version or any difference in the interpretation between the two versions, the Chinese independent auditors' report and consolidated financial statements version shall prevail.

**BIZLINK HOLDING INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**Years Ended December 31, 2018 & 2017**

Unit: NT\$ Thousand

Code	Asset	2017/12/31 (Audited after Measurement Period Adjustment)		Amount	%
		2018/12/31 Amount	%		
<b>Current assets</b>					
1100	Cash and cash equivalents	\$ 3,560,272	20	\$ 1,684,418	12
1110	Current financial assets at fair value through profit or loss	4,675	-	20,352	-
1147	Current bond investment without active market	-	-	36,236	-
1150	Notes receivable – un-related parties	69,267	-	178,592	1
1170	Accounts receivable – un-related parties	5,069,223	29	4,339,752	32
1200	Other receivables	104,967	1	142,882	1
1220	Current tax assets	17,720	-	8,082	-
130X	Inventories	4,457,156	25	3,240,166	24
1410	Prepayments	178,345	1	217,310	2
1476	Other current financial assets	21,128	-	19,975	-
1479	Other current assets	1,944	-	2,126	-
11XX	Total current assets	<u>13,484,697</u>	<u>76</u>	<u>9,889,891</u>	<u>72</u>
<b>Non-current assets</b>					
1517	Financial assets at fair value through other comprehensive income - non-current	382,626	2	-	-
1543	Non-current financial assets at cost	-	-	239,640	2
1550	Investments accounted for using equity method	12,584	-	18,792	-
1600	Property, plant and equipment	2,221,686	13	2,087,042	15
1760	Investment property	205,387	1	205,337	1
1805	Goodwill	393,855	2	395,860	3
1821	Other intangible assets	528,113	3	426,666	3
1840	Deferred tax assets	156,067	1	118,571	1
1980	Other non-current financial assets	183,252	1	210,970	2
1985	Long-term prepaid rents	36,728	-	38,605	-
1990	Other non-current assets	131,107	1	143,632	1
15XX	Total non-current assets	<u>4,251,405</u>	<u>24</u>	<u>3,885,115</u>	<u>28</u>
1XXX	Total assets	<u>\$ 17,736,102</u>	<u>100</u>	<u>\$ 13,775,006</u>	<u>100</u>
<b>Liabilities and Equity</b>					
<b>Current liabilities</b>					
2100	Short-term borrowings	\$ 64,500	-	\$ 905,922	6
2120	Current financial liabilities at fair value through profit or loss	6,450	-	-	-
2125	Derivative financial liability for hedging - current	3,473	-	-	-
2130	Contract liability – current	22,507	-	-	-
2150	Notes payable	133,522	1	186,066	1
2170	Accounts payable	3,831,669	22	3,248,355	24
2200	Other payables	1,096,270	6	1,072,957	8
2230	Current tax liabilities	161,464	1	133,133	1
2320	Long-term borrowings, current portion	37,713	-	125,944	1
2399	Other current liabilities	2,292	-	23,161	-
21XX	Total current liabilities	<u>5,359,860</u>	<u>30</u>	<u>5,695,538</u>	<u>41</u>
<b>Non-current liabilities</b>					
2530	Corporate bonds payable	2,891,598	16	-	-
2540	Long-term borrowings	341,348	2	404,297	3
2570	Deferred tax liabilities	56,887	1	48,998	1
2640	Accrued pension liabilities	4,341	-	4,394	-
2670	Other non-current liabilities	21,317	-	27,688	-
25XX	Total non-current liabilities	<u>3,315,491</u>	<u>19</u>	<u>485,377</u>	<u>4</u>
2XXX	Total liabilities	<u>8,675,351</u>	<u>49</u>	<u>6,180,915</u>	<u>45</u>
<b>Equity attributable to owners of parent</b>					
3110	Share capital	1,185,174	7	1,155,664	8
3200	Capital surplus	4,893,638	28	4,130,734	30
<b>Retained earnings</b>					
3310	Legal reserve	487,839	3	371,593	3
3320	Special reserve	604,558	3	304,631	2
3350	Unappropriated retained earnings	2,506,543	14	2,340,969	17
3300	Total retained earnings	<u>3,598,940</u>	<u>20</u>	<u>3,017,193</u>	<u>22</u>
3400	Other equity	( 671,797 )	( 4 )	( 709,500 )	( 5 )
31XX	Total equity attributable to owners of the BizLink	<u>9,005,955</u>	<u>51</u>	<u>7,594,091</u>	<u>55</u>
36XX	Non-controlling interests	54,796	-	-	-
3XXX	Total equity	<u>9,060,751</u>	<u>51</u>	<u>7,594,091</u>	<u>55</u>
<b>Total Liabilities and equity</b>					
		<u>\$ 17,736,102</u>	<u>100</u>	<u>\$ 13,775,006</u>	<u>100</u>



**BIZLINK HOLDING INC. AND SUBSIDIARIES**  
**Consolidated Income Statement**  
**Periods Ended Jan. 1 to December 31, 2018 & 2017**

Unit: NT\$ thousand, excepting earnings per share

Code		2018		2017 (Audited after Measurement Period Adjustments)	
		Amount	%	Amount	%
	Operating revenue				
4100	Net sales revenue	\$ 21,392,398	100	\$ 15,599,207	100
	Operating expenses				
5110	Selling expenses	<u>16,802,531</u>	<u>78</u>	<u>11,790,358</u>	<u>76</u>
5900	Gross profit (loss)	<u>4,589,867</u>	<u>22</u>	<u>3,808,849</u>	<u>24</u>
	Operating expenses				
6100	Selling expenses	883,145	4	693,751	4
6200	Administrative expenses	1,469,819	7	1,180,334	8
6300	Research and development expenses	453,840	2	383,040	2
6450	Expected credit loss reversed	( <u>5,765</u> )	-	-	-
6000	Total operating expenses	<u>2,801,039</u>	<u>13</u>	<u>2,257,125</u>	<u>14</u>
6900	Net operating income	<u>1,788,828</u>	<u>9</u>	<u>1,551,724</u>	<u>10</u>
	Non-operating income and expenses				
7010	Other income	124,782	-	67,378	-
7020	Other gains and losses	( 640)	-	( 62,347)	-
7050	Finance costs	( 51,999)	-	( 33,111)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	( <u>\$ 3,257</u> )	-	( <u>\$ 886</u> )	-
7000	Total non-operating income and expenses	<u>68,886</u>	-	( <u>28,966</u> )	-
7900	Profit (loss) from continuing operations before tax	1,857,714	9	1,522,758	10
7950	Tax expense	<u>458,125</u>	<u>2</u>	<u>342,579</u>	<u>2</u>
8200	Profit (loss) from continuing operations	<u>1,399,589</u>	<u>7</u>	<u>1,180,179</u>	<u>8</u>
	Other comprehensive income				

	Items that will not be reclassified subsequently to profit or loss:				
8311	Actuarial gain and loss arising from defined benefit plans	164	-	( 435 )	-
8316	Unrealized gain on investments in equity instruments	87,182	-	-	-
8317	Gain on hedging instruments subject to basis adjustments	( 3,429 )	-	-	-
8341	Exchange differences on translation to the presentation currency	244,619	1	( 675,297 )	( 4 )
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	824	-	74	-
8310		<u>329,360</u>	<u>1</u>	<u>( 675,658 )</u>	<u>( 4 )</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	( \$ 310,089 )	( 1 )	\$ 362,848	2
8300	Other comprehensive income, net	<u>19,271</u>	<u>-</u>	<u>( 312,810 )</u>	<u>( 2 )</u>
8500	Total comprehensive income	<u>\$ 1,418,860</u>	<u>7</u>	<u>\$ 867,369</u>	<u>6</u>
	Net profit attributable to:				
8610	Owners of BizLink	\$ 1,392,311	7	\$ 1,180,179	8
8620	Non-controlling interests	<u>7,278</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>\$ 1,399,589</u>	<u>7</u>	<u>\$ 1,180,179</u>	<u>8</u>
	Total comprehensive income attributable to :				
8710	Owners of BizLink	\$ 1,411,347	7	\$ 867,369	6
8720	Non-controlling interests	<u>7,513</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>\$ 1,418,860</u>	<u>7</u>	<u>\$ 867,369</u>	<u>6</u>

	Earnings per share		
9750	Basic earnings per share	<u>\$ 11.86</u>	<u>\$ 10.84</u>
9850	Diluted earnings per share	<u>\$ 11.35</u>	<u>\$ 10.35</u>

**BIZLINK HOLDING INC. AND SUBSIDIARIES**  
**Statement of Stockholders' Equity**  
**Periods Ended Jan. 1 to December 31, 2018 & 2017**

Unit: NT\$ Thousand

		Equity Attributable to Owners of the BizLink					Other equity interest						
代 碼		Capital		Retained earnings			Exchange Differences on Translating Foreign Operations	Gain or Loss on Effective Cash Flow Hedging Instruments	Unrealized Gain (Loss) on Financial Assets	Others	Total Equity	Non-controlling interests	T o t a l E q u i t y
		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings							
A1	2017/1/1 Equity Balance	\$ 1,029,593	\$ 2,277,793	\$ 280,598	\$ 298,638	\$ 1,978,609	( \$ 304,631 )	\$ -	\$ -	( \$ 229,047 )	\$ 5,331,553	\$ -	\$ 5,331,553
	2016 earnings allocation and distribution :												
B1	Legal Reserve	-	-	90,995	-	( 90,995 )	-	-	-	-	-	-	-
B3	Special Reserve	-	-	-	5,993	( 5,993 )	-	-	-	-	-	-	-
B5	Cash dividend	-	-	-	-	( 720,715 )	-	-	-	-	( 720,715 )	-	( 720,715 )
I1	Corporate bonds converted to common shares	126,421	1,840,154	-	-	-	-	-	-	-	1,966,575	-	1,966,575
N1	Common shares issued from execution of employee stock warrants	( 350 )	12,787	-	-	245	-	-	-	136,627	149,309	-	149,309
D1	2017 Net earnings	-	-	-	-	1,180,179	-	-	-	-	1,180,179	-	1,180,179
D3	2017 Net earnings and other comprehensive income/loss	-	-	-	-	( 361 )	( 312,449 )	-	-	-	( 312,810 )	-	( 312,810 )
D5	2017 Total comprehensive income/loss	-	-	-	-	1,179,818	( 312,449 )	-	-	-	867,369	-	867,369
Z1	2017/12/31 Equity balance (Measurement Period Adjustment)	1,155,664	4,130,734	371,593	304,631	2,340,969	( 617,080 )	-	-	( 92,420 )	7,594,091	-	7,594,091
A3	Effect of retrospective application	-	-	-	-	9,292	-	-	( 44,333 )	-	( 35,041 )	-	( 35,041 )
A5	2018 BALANCE AT JANUARY 1, 2018 AS RESTATED	1,155,664	4,130,734	371,593	304,631	2,350,261	( 617,080 )	-	( 44,333 )	( 92,420 )	7,559,050	-	7,559,050
	2017 Earnings allocation and distribution :												
B1	Legal Reserve	-	-	116,246	-	( 116,246 )	-	-	-	-	-	-	-
B3	Special Reserve	-	-	-	299,927	( 299,927 )	-	-	-	-	-	-	-
B5	Cash dividend	-	-	-	-	( 809,210 )	-	-	-	-	( 809,210 )	-	( 809,210 )
M7	Change in percentage of ownership interests in subsidiaries	-	502	-	-	-	-	-	-	-	502	( 502 )	-
C1	Equity component of convertible bonds	-	169,777	-	-	-	-	-	-	-	169,777	-	169,777
E1	Issuance of common stock for cash	30,000	600,000	-	-	-	-	-	-	-	630,000	-	630,000
Q1	Disposal of investments in equity instruments	-	-	-	-	3,701	-	-	( 3,701 )	-	-	-	-
O1	Changes in non-controlling interests	-	-	-	-	( 14,821 )	-	-	-	-	( 14,821 )	47,785	32,964
N1	Stock-based payment arrangements	( 490 )	( 7,375 )	-	-	343	-	-	-	66,832	59,310	-	59,310
D1	2018 Net earnings	-	-	-	-	1,392,311	-	-	-	-	1,392,311	7,278	1,399,589
D3	2018 Net earnings and other comprehensive income/loss	-	-	-	-	131	( 65,705 )	( 2,572 )	87,182	-	19,036	235	19,271
D5	2018 Total comprehensive income/loss	-	-	-	-	1,392,442	( 65,705 )	( 2,572 )	87,182	-	1,411,347	7,513	1,418,860
Z1	2018/12/31 Equity balance	\$ 1,185,174	\$ 4,893,638	\$ 487,839	\$ 604,558	\$ 2,506,543	( \$ 682,785 )	( \$ 2,572 )	\$ 39,148	( \$ 25,588 )	\$ 9,005,955	\$ 54,796	\$ 9,060,751

**BIZLINK HOLDING INC. AND SUBSIDIARIES**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 & 2017**

<u>代 碼</u>		2018	2017 (Audited after Measurement Period Adjustment)
	Cash flows from (used in) operating activities		Unit: NT\$ thousand
A10000	Profit from continuing operations before tax	\$ 1,857,714	\$ 1,522,758
A20010	Adjustments to reconcile profit (loss)		
A20300	Expected credit loss on trade receivables reversed	( 5,765 )	-
A20300	Impairment loss recognized on trade receivables	-	12,871
A20100	Depreciation expense	334,078	273,821
A20200	Amortization expense	100,536	65,673
A29900	Amortization of prepayments for leases	1,108	1,095
A20400	Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	65,725	( 34,777 )
A20900	Financial costs	51,999	33,111
A21200	Interest income	( 39,755 )	( 17,946 )
A21900	Share-based payments	59,310	149,309
A22300	Share of Profit of Associates Accounted for Using Equity Method	3,257	886
A22500	Loss on disposal of property, plant and equipment	9,253	6,187
A22800	Loss on sale of intangible assets	152	32
A23200	Loss on sale of Investments accounted for using equity method	-	1,517
A23500	Impairment loss on financial assets	3,351	-
A23700	Allowance for inventory valuation and obsolescence losses	96,988	64,641
A24100	Net loss on currency exchange	( 33,269 )	108,444
A30000	Changes in operating assets and liabilities		
A31110	Financial assets held for trading	-	9,269
A31115	financial assets mandatorily classified	50,157	-
A31130	Notes receivable	112,928	( 172,972 )
A31150	Accounts receivable	( 568,960 )	( 1,414,515 )

A31160	Accounts receivable due from related parties	-	1,161
A31180	Other receivable	41,579	( 816)
A31200	Inventories	( 1,169,775)	( 1,219,374)
A31230	Prepayments	51,408	12,625
A31240	Other current assets	\$ 247	(\$ 2,175)
A32110	Financial liability held for trading	( 104,871)	-
A32125	Contract liability	( 36,738)	-
A32130	Notes payable	( 57,432)	( 59,972)
A32150	Accounts payable	463,887	1,245,322
A32180	Other payable	19,063	( 347,838)
A32210	Deferred revenue	( 7,369)	17,870
A32240	Accrued pension liabilities	111	86
A32230	Other current liabilities	( 13)	( 740)
A32990	Other operating liabilities	<u>1,626</u>	<u>9,981</u>
A33000	Cash inflow generated from operations	1,300,530	265,534
A33100	Interest received	39,755	17,946
A33300	Interest paid	( 13,802)	( 19,322)
A33500	Income taxes paid	( <u>470,306</u> )	( <u>316,734</u> )
AAAA	Net cash flows from operating activities	<u>856,177</u>	( <u>52,576</u> )

Cash flows from (used in) investing activities

B00100	Acquisition of financial asset or financial liability carrying at fair value through profit or loss	( 51,490)	( 213,894)
B00020	Proceeds from sale of financial assets	3,701	-
B00200	Disposition of financial asset or financial liability held at fair value through profit or loss	-	208,471
B00700	Proceeds on sale of debt investments with no active market	-	1,090,460
B01800	Acquisition of long-term equity investment using the equity method	-	( 20,000)
B01900	Disposition of long-term equity investment using the equity method	-	1,457
B02200	Acquisition of subsidiaries (cash deducted)	( 104,199)	( 1,059,407)
B01200	Acquisition of financial assets at cost	-	( 100,978)
B02700	Acquisition of property, plant and equipment	( 439,789)	( 290,529)
B02800	Proceeds from disposal of property, plant and equipment	39,017	9,482
B04500	Acquisition of intangible assets	( 71,834)	( 20,393)
B03700	Increase in refundable deposits	( 6,416)	( 5,059)
B03800	Decrease in refundable deposits	3,889	2,607
B06500	Increase in other financial assets	( 9,873)	( 184,055)
B06600	Decrease in other financial assets	\$ 77,211	\$ 36,174
B06700	Increase in other non-current assets	-	( 33,790)

B07100	Increase in prepayments for business facilities	( 58,736 )	( 92,108 )
BBBB	Net cash used in financing activities	( 618,519 )	( 671,562 )
	Cash flows from (used in) financing activities		
C01200	Issuing convertible bonds	2,919,500	-
C09900	Paying costs of debt issuance	( 27,221 )	-
C04600	Proceeds from issuance of common stock for cash	630,000	-
C00100	Increase in short-term loans	-	573,785
C00200	Decrease in short-term loans	( 852,359 )	-
C01600	Proceeds from long-term debt	-	153,567
C01700	Repayments of long-term debt	( 187,193 )	( 11,469 )
C03000	Increase in guarantee deposits received	-	4,181
C03100	Decrease in guarantee deposits received	( 1,382 )	-
C04500	Cash dividends paid	( 809,210 )	( 720,715 )
CCCC	Net cash used in financing activities	<u>1,672,135</u>	( 651 )
DDDD	Effect of exchange rate changes on cash and cash equivalents	( 33,939 )	( 8,332 )
EEEE	Net decrease in cash and cash equivalents	1,875,854	( 733,121 )
E00100	Cash and cash equivalents at beginning of period	<u>1,684,418</u>	<u>2,417,539</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 3,560,272</u>	<u>\$ 1,684,418</u>

BIZLINK HOLDING INC. 2018 Earnings Distribution	
Item	Amount (NT\$)
Beginning unappropriated earnings	1,097,869,654
Retrospective application of new accounting policies without restating prior financials	27,006,743
Adjustment of undistributed surplus at the beginning of the period	1,124,876,397
Adjustment of retained earnings due to investment in equity method	(14,820,756)
Appropriated retained earnings for employee compensation	131,230
Retain earning adjustment for cancellation of restricted employee stock rights	343,000
Disposal of investments in equity instruments at FVTOCI, direct transfer the accumulated profit or loss to retained earnings	3,701,385
Unappropriated earnings after adjustment	1,114,231,256
Plus: net income	1,392,309,637
Accumulative unappropriated earnings	2,506,540,893
Reserve Items	
Less: legal reserve (10%)	139,230,964
Less: Special reserves	41,651,507
Distributable net profit	2,325,658,422
Distribution	
Cash dividend – NT\$7.5 per share	888,880,553
Stock dividend - NT\$0. 0 per share	0
Ending unappropriated earnings	1,436,777,869
<p>1. The earning appropriation is based on the total outstanding shares (118,571,407 shares) as of 12/31/2018 and includes a cash dividend of NT\$ 7.5 (or US\$ 0.244180) in cash and no stock dividend. Upon the approval of the general shareholders meeting, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and ex-right date, and other relevant issues. If the total number of outstanding shares is amended due to exercise of employee stock options and convertible bonds are executed before the record day, the Board shall be authorized by the shareholders' meeting to adjust the distribution ratio according to the updated floating share number as of the record day.</p> <p>2. The functional currency of the Company is <b>US Dollars (US\$)</b>. The NT\$ chart above was converted according to IAS #21 "The Effects of Changes in Foreign Exchange Rates".</p>	

Chairman Hwa-Tse Liang

Chief Executive Officer Chien-Hua Teng

Chief Financial Officer Shiou-Lin Chen



<b>2019 Independent Director Candidate List</b>		
<b>Name</b>	<b>Shares</b>	<b>Education/ Experiences/Current Position</b>
Independent Director Chin-Teh Hsu	0	Education : Law Division of the Law Department of National Taiwan University Experience: Prosecutor of New Taipei District Prosecutors Office Attorney of De-Lun Attorneys-at-Law Current Position : Managing Attorney of De-Lun Attorneys-at-Law

Concurrent Positions Held by Independent Director Candidate

Director (Including Independent Director) Candidates and Representatives of the Legal Entity	Concurrent Positions
Chin-Teh Hsu	Supervisor of Chia Chang Co., Ltd. Director of APCB INC. Supervisor of FootPrintKu Inc.