

Stock Code 3518

Paragon Technologies Co., Ltd.

**2018 Annual Meeting of
Shareholders**

Meeting Handbook

Date: June 21, 2018

Place: No.68, Wen 21st St., Guishan Dist., Taoyuan City 333,
Taiwan (R.O.C.) (Lotus Hall, 2nd Floor, Fullon Hotel Linkou)

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Paragon Technologies Co., Ltd.

Procedure for the 2018 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson's Remarks
3. Report Items
4. Proposals
5. Discussion and Elections
6. Questions and Motions
7. Adjournment

Paragon Technologies Co., Ltd.

Agenda for the 2018 Annual Meeting of Shareholders

Time: 9:00 a.m., Thursday, June 21, 2018

Place: No.68, Wen 21st St., Guishan Dist., Taoyuan City 333, Taiwan (R.O.C.) (Lotus Hall, 2nd Floor, Fullon Hotel Linkou)

1. Call the Meeting to Order (Number of shares reported on attendance)
2. Chairperson's Remarks
3. Report Items
 - (1) 2017 Business Report
 - (2) Audit Committee's Review Report on the 2017 Financial Statements
 - (3) The Status of Endorsement and Guarantee for 2017
 - (4) Establishment of Regulation for Transferring Treasury Stock to Employees
 - (5) Implementation Report on Treasury Stock Buyback
4. Proposals
 - (1) 2017 Business Report and Financial Statements
 - (2) 2017 Deficit Compensation
5. Discussion and Elections
 - (1) Amendment to Certain Articles of the Company's Operational Procedures for Endorsements and Guarantees
 - (2) Amendment to Certain Articles of the Company's Operational Procedures for Loaning of Company Funds
 - (3) Re-election of the Company's Directors
 - (4) Release from the Prohibition of New Directors and Their Representatives against Participation in Competitive Business
6. Questions and Motions
7. Adjournment

Report Items

1. 2017 Business Report for Examination

Explanation: The 2017 business report is attached on p.8 of the handbook.

2. Audit Committee's Review Report on the 2017 Financial Statements for Examination

Explanation: The 2017 Audit Committee's review report is attached on p. 9 of the handbook.

3. 2017 Status Report on Endorsement and Guarantee for Examination

Explanation: The Company's status of endorsement and guarantee by December 31, 2017 is attached as p.10 of the handbook.

4. Establishment of Regulation for 2017 Transferring Treasury Stock to Employees for Examination

Explanation: 2017 transferring treasury stock to employees is attached on pp.11-12 of the handbook.

5. Implementation Report on Treasury Stock Buyback for Examination

Explanation: 1. According to Financial Supervisory Commission's regulation of "The Company's Shares Buyback by Listed Companies and OTC Companies"

2. The Company's implementation report on shares buyback is as follows:

Issue of Buyback	The Fourth Time	The Seventh Time
Purpose of the Buyback	Shares Transferred to Employees	Shares Transferred to Employees
Buyback Period	2014.08.20~2014.10.19	2017.5.16~2017.7.10
Buyback Range Price	NT\$31.40 to NT\$98.50	NT\$13.37 to NT\$31.74
Type and Number of Buyback Shares	600,000 shares	1,610,000 shares
Amount of Buyback Shares	NT\$ 29,566,417	NT\$ 34,650,781
Number of Cancelled and Transferred Shares	600,000 shares	0
Cumulative Number of the Company's Shares	0 share	1,610,000 shares
Ratio of Cumulative Number of the Company's Shares of the Total Issued Shares (%)	0%	1.99%

Proposals

Case 1: (Proposed by the Board)

Proposal: Adoption of the 2017 Business Report and Financial Statements

Explanation: 1. The Company's 2017 financial statements were audited by CPA, Chen Hui Ming and Chi Rui Quan, of Deloitte Touche Tohmatsu Limited and unqualified opinion audit report was provided.

2. The above-mentioned financial statements along with business reports were audited by Audit Committee and resolved and approved by the Board are attached as p.8 and pp.13-34 of the manual.

Resolution:

Case 2: (Proposed by the Board)

Proposal: Adoption of the Proposal for 2017 Deficit Compensation

Explanation:

Paragon Technologies Co., Ltd.
2017 Deficit Compensation Statement
Unit: NTD

Items	Amount
Beginning Accumulated Deficit	0
Less: Actuarial (Losses) Gains Included in Retained Earnings	(368,676)
Less: 2017 After-tax Net Loss	(243,116,379)
Closing Accumulated Deficit Yet to Be Compensated	(243,485,055)
Items Yet to Be Compensated:	
Add: Legal Surplus Reserves Compensating for Deficit	92,117,430
Closing Accumulated Deficit	(151,367,625)

Chairman: Chen Zai Pu Manager: Wang Jia Yeh Accounting Supervisor: Liu Ming Yi

Resolution:

Discussion and Elections

Case 1: (Proposed by the Board)

Proposal: Amendment to Certain Articles of the Company's Operational Procedures for Endorsements and Guarantees for Resolution

Explanation: 1. Amendment to Certain Articles of the Company's Operational Procedures for Endorsements and Guarantees to Meet the Company's Operational Needs and the Table of Articles Before and After Amendment are attached as p.35 of the manual.

2. Articles Before Amendment are attached on pp.38-41 of the handbook.

Resolution:

Case 2: (Proposed by the Board)

Proposal: Amendment to Certain Articles of the Company's Operational Procedures for Loaning of Company Funds for Resolution

Explanation: 1. Amendment to Certain Articles of the Company's Operational Procedures for Loaning of Company Funds to Meet the Company's Operational Needs and the Table of Articles Before and After Amendment are attached as pp.36-37 of the manual.

2. Articles Before Amendment are attached on pp.42-45 of the handbook.

Resolution:

Case 3: (Proposed by the Board)

Proposal: Re-election of the Company's Directors

Explanation: 1. The tenure of the current director expired on June 17, 2018. The re-election shall be approached according to the laws at the Annual Meeting of Shareholders this time.

2. According to the Corporate Charter, 11 directors (including 3 independent directors) shall be elected at the Annual Meeting of Shareholders. Independent directors shall be elected from the nomination list for a 3-year term from June 21, 2018 to June 20, 2021. The tenure of the original director will expire at the end of the Annual Meeting of Shareholders this time.

3. This election is based on the Company's "The Selection Process of Directors". Please refer to pp.48-49 of the manual.

4. The name list of independent director candidates has already been reviewed and approved by the Board on May 9, 2018.

Relevant information is as follows:

Independent Director Candidates	1	2	3
Name	Chang Tzuh Sin	Pan Fu Jen	Hsu Jui Tsan
Shareholding	0	0	0
Education Background	Bachelor's Degree in Department of	Master's Degree (Department of	University of Leicester

	Automatic Control Engineering at Feng Chia University	Management Science) at National Chiao Tung University College of Management	Master's Degree in Information and Communications Engineering
Experience	Consultant of Wistron Corporation Chairman of Prosmart Company Limited	Manager of Yulon General Motors Ltd. Chairman of Yuchia Motor Co., Ltd.	Senior Manager of Foxconn Technology Group General Manager of Tension Steel Industries Co., Ltd.
Present Position	Consultant of Wistron Corporation Independent Director of Paragon Technologies Co., Ltd.	Independent Director of Paragon Technologies Co., Ltd.	Independent Director of Paragon Technologies Co., Ltd.

5. Please vote.

Results of the Election:

Case 4: (Proposed by the Board)

Proposal: Release from the Prohibition of New Directors and Their Representatives against Participation in Competitive Business for Resolution

Explanation: 1. According to Article 209 of the Company Act, "A director who acts for himself/herself or for others within the scope of the company's business shall explain the important contents of the actions towards Shareholder Meetings and obtain permission."
2. According to the Company Act, release from the prohibition of the Company's new directors and their representatives against participation in competitive business is proposed.

Resolution:

Questions and Motions

Adjournment

Attachment 1

Business Report

Reasons for the weakened performance of the Group in 2017 as compared to 2016 were as follows: (1) As we gradually shifted our target market from the US aftermarket to China, the revenue on wheel coating products fell by approximately 25% to NT\$90,599 thousand as compared to that in 2016. (2) With the rising popularity to adopt metal casings and the growing tendency towards in-house manufacturing as a result of the Red Supply Chain, the revenue on Electro-Magnetic interference (EMI) PVD shielding products also experienced a downturn of 21% in 2017, coming to NT\$569,404 thousand. 2017 had been a year of strategic realignment for the Group in terms its operation, and although times were tough, we managed not only to remain footed in our already well-established markets, but also to eagerly explore the domestic market and brand manufacturing in Mainland China. Whether it's extending the application of aesthetic technology from wheels to other automobile parts and metal products, or, with the NB market as the stepping stone, propelling into the territories of NB metal casings coating and 3C aesthetic coating, our management shall endeavor to make easy the transition process by stepping up the business remodeling, as well as to - in the light of existing sputtering technology - remain devoted to the research and development of new technologies and production processes.

A review of the Group's operations during 2017, and the results of those operations, is as follows:

Paragon Technologies posted revenue of NT\$10,508,000 on the company level and NT\$663,925 thousand on the consolidated level, with loss after tax being NT\$243,117 thousand and after-tax loss per share NT\$3.09. Shareholders equity was NT\$2,027 thousand, while net value per share was NT\$25.10.

The shipments of NB products in 2018 are expected to maintain the 150-million-unit level, according to market forecasts. To reach that mark more effort is needed in finding our way into the supply chain of brand manufacturing in China, apart from merely securing orders from existing Taiwan client base. And to accommodate to the need of our clients we shall expand on the functionality of our aesthetic-functional coating technology for 3C products to include, for example, anti-reflective coating, anti-fingerprint coating, and Aurora Ion Plating, etc. Besides, we also plan to fully utilize our production capacity by gradually reallocating idling resources from the production of EMI products to aesthetic coating, and to explore new ways of applying the aesthetic technology on other 3C products by taking advantage of the solid foundation of our already fruitful EMI business. By achieving all these our goal is to provide our customers a more heterogeneous mix of products and services, thereby diversifying the risk as posed by the over-reliance on a small number clients and markets and, ultimately, resulting in better performance.

Given our over-reliance on the North-American Aftermarket for the wheel coating products in the past, any great policy changes concerning the US-China trade relation are likely to pose significant threat on our operations. To mitigate such risk we had started taking measures in fine-tuning the structures of our markets and products during 2017. Based on existing metal sputtering technology we had come up with something called "Multi-Layered Ion Sputtering", a state-of-the-art sputtering technology that is truly one of its kind, and during TAIPEI AMPA 2018 we had proudly introduced 6 of its variants - namely, Platinum, Enamel, Nickel Alloy, Chrome Alloy, Cold Metal, Bright

Metal - for the first time to the world. Such a diverse set of services and products allows us to adapt promptly to different types of markets and bring better services and innovations to our customers, thus strengthening our competitiveness. We have also started planning on setting up multi-layered ion sputtering plant in Taiwan towards the end of 2017. Equipped with small-scale yet highly flexible production capacity, along with research and development capability, the plant accommodates to the needs of Taiwanese clients and serves as the base of surface treatment technology for automobile components.

In regards to research and development, it should be emphasized that the Chinese government's attitude towards environmental protection is increasingly stringent, and that the government of Kunshan had ordered 270 companies to suspend operations should no longer be disregarded as some stand-alone event; rather, it should be seen as the forboding sign of a ill-fate that is now faced by such eco-unfriendly manufacturing processes as electroplating, anodizing, etc. - technologies that are doomed to dwindle or fade out completely. That said, eco-friendliness has always been the core value of the Group when it comes to its production process. Through development of recycling materials, advancement of sputtering technologies and sustained optimization of the integrated manufacturing processes, the Group has made it one of its primary goals to apply the most eco-friendly sputtering technology on automobile parts and other products.

All things considered, we believe that the future for the Group is a bright one and the road we take is the right one - one that leads to success and prosperity. On behalf of the Group, I would like to express our most sincere gratitude to all our shareholders for the long-term trust and support given, and it is our hope to continue to be trusted and supported by you.

Chairperson: Chen Zai Pu General Manager: Wang Jia Yeh Accountanting Supervisor: Liu Ming Yi

Attachment 2

Paragon Technologies Company Limited

Audit Committee's Review Report

The Board of Directors has prepared the 2017 Consolidated and Individual Financial Statements of Paragon Technologies Company Limited. The CPA firm, Deloitte & Touche, was retained to audit the Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Paragon Technologies Company Limited. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

2018 Annual Meeting of Shareholders

Paragon Technologies Company Limited
Chairman of the Audit Committee: Chang Tzuh Sin

March 27, 2018

Attachment 3

Paragon Technologies Company Limited
Endorsements/Guarantees Provided
For the Year Ended December 31, 2017

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Endorsement/Guarantee Provider	Endorsed/Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for this Period	Balance of Outstanding Guarantee by the End of this Period	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Company Name	Relationship (Note 2)											
0	Paragon Technologies Company Limited	MACRO SIGHT INTERNATIONAL CO., LTD.	(2)	\$ 810,797	\$ 385,240 USD9,100 and TWD100,000	\$ 151,776 USD5,100	\$ 35,750	\$ -	7.49%	\$ 1,013,496	Y	N	N	
		Paragon Optoelectronics Technologies Company Limited (Zhejiang)	(3)	810,797	94,035 USD3,000	- USD-	- USD-	-	-	1,013,496	Y	N	Y	
1	Bo Ting Optoelectronics Technologies Company Limited (Suzhou)	Paragon Optoelectronics Technologies Company Limited (Zhejiang)	(3)	373,198 RMB81,752	183,440 RMB40,000	182,600 RMB40,000	177,807 RMB38,950	182,600 RMB40,000	9.01%	466,497 RMB102,190	N	N	Y	

Note 1: explanations are as follows:

- (1) For the issuer, fill in 0.
- (2) Starting with number 1, investee companies are numbered and listed in ascending order.

Note 2: Listed below are the 6 types of companies to which the Company may provide endorsement/guarantee:

- (1) Companies with which the Company conducts business.
- (2) Subsidiaries in which the Company directly and indirectly holds more than 50% of the common stocks.
- (3) Investee companies in which the Company and its subsidiaries collectively hold more than 50% of the common stocks .
- (4) The parent company which holds, directly or indirectly through a subsidiary, more than 50% of its outstanding common stocks
- (5) Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- (6) Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

Note 3: The total amount of gurantee provided by the Company shall not exceed 50% of the Company's net worth as stated in its latest financial statements. The aggregate amount of endorsement/guarantee provided by the Company to any single entity shall not exceed 20% of the Company's net worth as stated in its latest financial statements; for overseas entity, the threshold shall be 40%. As for endorsement/guarantee arising from business dealings with the entity, its amount shall not exceed the amount of either purchase or sales (whichever is greater) with the entity during the most recent year.

Attachment 4

**Paragon Technologies Company Limited
The 2017 Measures for Transferring the Buyback Stocks to
the Employees**

Article 1: Objective

To motivate employees and deepen their loyalty, Measures on transferring buyback shares to the employees are set forth in accordance with subparagraph 1 of paragraph 1 of Article 28-2 of the Securities and Exchange Act and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by Financial Supervisory Commission. . The Company shall buy back and transfer the stocks to employees in such a way that is specified by the Measures, except as other relevant laws and regulations say otherwise.

Article 2: Types of stocks to be transferred; details on the rights and restrictions attached to those stocks

The stocks to be transferred to employees are common stocks, which carry the same rights and obligations as do those currently traded in the open market, except as the Measures or other relevant laws and regulations say otherwise.

Article 3: Transfer period

Buyback stocks shall be, in one or multiple times, transferred to employees within three years after the execution of the buyback, as required by the Measures.

Article 4: Eligible persons

This transfer targets employees of the Company or any of its Subsidiaries, provided that their employment begins before the Offering Day. Employee whose employment terminates before the end of the Offering Period loses his or her right to subscribe.

A "Subsidiary" (as mentioned in the Measures) shall be defined as any company in which the Company holds more than 50% of voting shares, whether directly or indirectly.

In determining the proportion and number of stocks to be awarded to an employee, such factors as the employee's position, duties, salary, years of service, performance, contribution to the company, etc. shall be considered. The eligibility of the employee and the number of stocks to be awarded to him/her shall be reviewed and approved by the Company's Chairman, after considering the prevailing regulations of the time, as well as the Company's operational needs and its plans and strategies for business development.

Article 5: Methodology for calculating the number of stocks to be transferred

Besides the employee's position, performance, years of service and salary, other factors including the total amount of buyback stocks held by the Company on the Offering Day; the ceiling on the number of stocks that can be subscribed by an individual employee, etc. shall also be considered by when determining the actual number of stocks to be awarded.

Article 6: Procedures on transferring the buyback stocks to employees include:

1. Acquiring treasury stocks according to the Board's resolutions, announcements and declarations.
2. Deciding on such matters as the number of stocks to be transferred each time; date of the Offering Day; payment period; rights and restrictions attached to the stocks, etc. Board authorizes the Chairperson to make and subsequently announce such decisions.
3. Registering the transfer of the stocks after verifying the actual number of stocks subscribed.
4. Employee who fails to pay for the subscription within the payment period is deemed to have given up his/her claims on the subscription; and In the event of under-subscription the Chairperson shall invite other employees to subscribe.

Article 7: Price per share transferred

In every transfer the price of the stocks being transferred shall equal to the stocks' average buyback price. However, if the value of the Company's issued common stocks happens to increase before the transfer, the price of the stocks to be transferred shall be adjusted in proportion to the increase.

Article 8: Rights and obligations after the transfer

The buyback stocks, unless otherwise specified, shall carry the same rights and obligations as do the original stocks after the registration of the transfer

is completed

Article 9: Other matters relating to the rights and obligations of the Company and its employees

Employees eligible to the transfer shall become ineligible in any one of the following situations:

1. They are on leave without pay and fail to resume work within the transfer period.
2. Their employments terminate after the Measures are set forth, whether due to death or other reasons.
3. They fail to enroll for the transfer within the transfer period.

Article 10: The Measures shall be effective after being resolved and approved by the Board. Any revisions on the Measures shall also be resolved and approved by the Board.

Article 11: The Measures, as well as any changes made thereto, shall be reported at Annual Meeting of Shareholders.

Attachment 5

Independent Auditor's Report

To Paragon Technologies Company Limited,

Opinion

We have audited the consolidated financial statements of Paragon Technologies Company Limited and its subsidiaries (collectively referred as “the Group” hereafter), which comprise the consolidated balance sheets as of 31 December, 2017 and 2016, the consolidated statements of comprehensive income, changes in equity and cash flow for the years then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. 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 the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 for the year ended December 31, 2017. These items have been covered in the verification process of the overall consolidated financial statements and the audit opinions; hence, the CPA shall not express separate opinions on these items.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2017 are as follows:

Valuation of allowances for doubtful debts

Explanations on key audit matters

As of December 31, 2017, the net book value of the Group's account receivables was NT\$325,746 thousand (after deduction for NT\$19,043 thousand of allowance for doubtful debt), including NT\$29,629 thousand past due and impaired. For details, please see notes 4, 5 and 9.

Management estimates the allowances for doubtful debts by evaluating the payment records and late payment history of the customers, which involves significant degree of judgement. As a result, we identified the valuation of allowances for doubtful debts as a key audit matter.

We selected individual balances of significant amounts and with which tested the reasonableness of the provision of allowances for doubtful debts. Other audit procedures performed included:

1. Recalculating the amount of allowances for doubtful debts by first understanding the management's policy on providing allowances for doubtful debts, and then examining the ageing of outstanding account receivables;
2. Evaluating the reasonableness of allowances of doubtful debts by comparing the changes in the ageing of the outstanding balances and the percentage of allowances provided, as compared to last year;
3. Examining the Group's handling of overdue payments and their collectibility, in turn determining whether allowances for doubtful debts were sufficient

Impairment of property, plant and equipment

Explanations on key audit matters

As of December 31, 2017, the carrying amount of the property, plant and equipment was NT\$873,738 thousand (after deducting NT\$99,685 thousand of

accumulated depreciation), which represented 34% of the total assets and was hence considered to be significant. For details of the account policies governing the valuation of impairment of assets and its disclosures, please see notes 4, 5 and 12.

The Group's main businesses include sputtering services for EMI-related electronic components, manufacturing of wheel coating products and the research, development and trading of machinery equipment and parts. In 2017, the Group undertook to expand the market for their wheel coating products. However, sales faltered during the early stages of the expansion, causing the management to anticipate that the property, plant and equipment shall generate less future cash flow - to such an extent that their recoverable amount exceeds their carrying amount. Because of that, the Group recognized impairment loss of NT\$6,799 thousand during the year 2017.

As the income from the wheel coating business remained unstable, the management was unable to reasonably measure the value-in-use of the property, plant and equipment when determining the recoverable amount of same; instead, the fair value less costs to sell was adopted, with highly professional third-party expert's opinion being the basis of the future cash flow estimates. For such reasons, we identified the valuation of impairment on the property, plant and equipment as one of the key audit matters.

The audit procedures performed included:

1. Understanding how management evaluates and approves the valuation of impairment on property, plant and equipment.
2. Evaluating the education background of the third party expert and determining whether appropriate assumptions and techniques were used by the third party expert in estimating the fair value of the property, plant and equipment, with the help of our in-house consultants.
3. Selecting and testing one input that concerned the information of the transaction and the third party company, and tracing the input to the source or external evidence, with the help of our in-house consultant.

Other Items

We have audited the individual financial statements of the Group as of and for the years 2017 and 2016, and have issued the auditor's report without qualified opinion.

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

The responsibilities of the management are to prepare the consolidated financial statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission with effective dates, as well as to maintain necessary internal controls that 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, the 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.

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 that includes our opinion. 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. There may still be material misstatements due to fraud or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the consolidated financial statements, they shall be deemed as material.

As part of an audit in accordance with the Generally Accepted Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also executed the following tasks:

1. Identify and assess the risks of material misstatement within the consolidated

financial statements, whether due to fraud or error; design and execute counter-measures in response to those risks; and obtain sufficient and appropriate audit evidence 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 controls 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 controls.
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 are of the opinion 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 relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and execution of the group audit, and for forming the audit opinion.

We communicate with those charged with governance regarding the planned

scope and timing of the audit and significant audit findings, including significant deficiencies identified in the 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 2017 consolidated financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report unless law or regulation precludes public 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 Tohmatsu
CPA CHEN, HUI-MING

CPA CHIH, JUI-CHUAN

Securities and Futures Bureau Approval
Document No.
Tai-Cai-Zheng-6 No. 0920123784

Financial Supervisory Commission Approval
Document No.
FSC Approval No. 1060023872

March 27, 2018

Paragon Technologies Company Limited and its Subsidiaries

CONSOLIDATED BALANCE SHEETS

for the Years Ended December 31, 2017 and 2016

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2017		December 31, 2016	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4, 6 and 31)	\$ 518,188	20	\$ 690,074	24
1110	Financial assets at fair value through profit or loss (Notes 4, 7 and 31)	354,244	14	173,478	6
1147	Investment in debt instruments with no active market - current (Notes 4, 8, 31 and 33)	91,300	4	216,999	8
1150	Notes receivable, net (Notes 4, 5, 9 and 31)	7,234	-	9,840	-
1170	Accounts receivable, net (Notes 4, 5, 9 and 31)	325,746	13	413,862	14
1200	Other receivables (Notes 4, 5 and 31)	6,827	-	8,867	-
1220	Current tax assets (Notes 4 and 24)	6,529	-	7,329	-
130X	Inventories (Notes 4 and 10)	14,332	1	13,648	1
1429	Prepaid expenses (Note 15)	39,892	2	41,298	2
1412	Prepaid rent (Note 4 and 14)	2,041	-	1,700	-
1470	Other current assets (Note 15)	2,499	-	3,004	-
11XX	Total current assets	<u>1,368,832</u>	<u>54</u>	<u>1,580,099</u>	<u>55</u>
	NONCURRENT ASSETS				
1546	Investment in debt instruments with no active market - noncurrent (Notes 4, 8, 31 and 33)	91,300	4	1,477	-
1600	Property, plant and equipment (Notes 4, 5 and 12)	873,738	34	1,035,589	35
1780	Intangible assets (Notes 4 and 13)	1,180	-	2,063	-
1840	Deferred tax assets (Notes 4 and 24)	96,181	4	114,366	4
1915	Prepayments for equipment (Note 15)	7,241	-	21,570	1
1920	Refundable deposits (Notes 15, 31, 33 and 34)	36,762	1	57,924	2
1985	Long-term prepaid rent (Notes 4 and 14)	78,248	3	81,192	3
1990	Other noncurrent assets (Note 15)	3,450	-	3,450	-
15XX	Total noncurrent assets	<u>1,188,100</u>	<u>46</u>	<u>1,317,631</u>	<u>45</u>
1XXX	TOTAL	<u>\$ 2,556,932</u>	<u>100</u>	<u>\$ 2,897,730</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 4, 16, 31 and 33)	\$ 293,424	11	\$ 279,475	10
2150	Notes payable (Notes 17 and 31)	25	-	25	-
2170	Accounts payable (Notes 17 and 31)	14,797	1	16,026	-
2200	Other payable (Notes 18 and 31)	148,187	6	145,681	5
2230	Income tax payable (Notes 4 and 24)	3,553	-	4,140	-
2250	Provisions (Notes 4, 5 and 19)	42,968	2	55,507	2
2399	Other current liabilities (Notes 18 and 31)	364	-	329	-
21XX	Total Current Liabilities	<u>503,318</u>	<u>20</u>	<u>501,183</u>	<u>17</u>
	NONCURRENT LIABILITIES				
2550	Provisions - noncurrent portion (Notes 4, 5 and 19)	14,995	1	35,884	1
2630	Long-term deferred income (Notes 18 and 27)	9,614	-	10,085	1
2640	Net defined benefit liability - noncurrent portion (Notes 4 and 21)	1,914	-	1,393	-
2670	Other noncurrent liabilities (Note 18 and 31)	91	-	92	-
25XX	Total noncurrent liabilities	<u>26,614</u>	<u>1</u>	<u>47,454</u>	<u>2</u>
2XXX	Total liabilities	<u>529,932</u>	<u>21</u>	<u>548,637</u>	<u>19</u>
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 20, 21 and 26)				
	Capital Stock				
3110	Common stocks	807,522	32	807,072	28
3200	Capital surplus	1,437,214	56	1,485,367	51
	Retained earnings				
3310	Legal reserve	92,118	4	365,001	13
3320	Special reserve	60,379	2	60,379	2
3350	Unappropriated retained earnings	(243,484)	(10)	(272,883)	(10)
3300	Total Retained Earnings	(90,987)	(4)	152,497	5
3500	Treasury stock	(34,651)	(1)	(29,566)	(1)
3400	Others	(92,106)	(4)	(66,277)	(2)
31XX	Equity attributable to shareholders of the parent	2,026,992	79	2,349,093	81
36XX	NONCONTROLLING INTERESTS	8	-	-	-
3XXX	Total equity	<u>2,027,000</u>	<u>79</u>	<u>2,349,093</u>	<u>81</u>
	TOTAL	<u>\$ 2,556,932</u>	<u>100</u>	<u>\$ 2,897,730</u>	<u>100</u>

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

Chairperson: Chen Zai Pu

Manager: Wang Jia Yeh

Accounting Supervisor: Liu Ming Yi

Paragon Technologies Company Limited and its Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2017 and 2016

(In Thousands of New Taiwan Dollars, Except for Loss per Share in New Taiwan Dollar)

CODE		2017		2016	
		AMOUNT	%	AMOUNT	%
4000	Revenue (Notes 4, 5, 22 and 38)	\$ 663,925	100	\$ 841,754	100
5000	Operating cost (Notes 10 and 13)	(632,245)	(96)	(700,309)	(83)
5950	Gross profit	<u>31,680</u>	<u>4</u>	<u>141,445</u>	<u>17</u>
	Operating expenses (Notes 20, 23, 26 and 32)				
6100	Marketing	(17,221)	(3)	(107,504)	(13)
6200	Management and general expenses	(171,838)	(26)	(275,339)	(33)
6300	Research and development expenses	(36,654)	(5)	(40,659)	(5)
6000	Total operating expenses	(225,713)	(34)	(423,502)	(51)
6900	Loss from operations	(194,033)	(30)	(282,057)	(34)
	Non-operating income and expenses (Notes 12, 15, 23, 27 and 34)				
7010	Other income	15,256	2	39,450	5
7020	Other gains and losses	(13,684)	(2)	(109,622)	(13)
7050	Finance costs	(9,486)	(1)	(9,556)	(1)
7000	Total non-operating income and expenses	(7,914)	(1)	(79,728)	(9)
7900	Net loss before tax	(201,947)	(31)	(361,785)	(43)
7950	Income tax expense (Note 4 and 24)	(41,170)	(6)	(54,333)	(6)
8200	Net loss	(243,117)	(37)	(416,118)	(49)

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CODE		2017		2016	
		AMOUNT	%	AMOUNT	%
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation (Notes 4, 20 and 24)	(\$ 444)	-	\$ 922	-
8349	Income tax benefit related to items that will not be reclassified subsequently (Notes 4 and 24)	<u>75</u>	<u>-</u>	<u>(157)</u>	<u>-</u>
	Subtotal	<u>(369)</u>	<u>-</u>	<u>765</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations (Notes 4 and 21)	(31,119)	(5)	(220,854)	(26)
8362	Unrealized profit or loss on available-for-sale financial assets	-	-	-	-
8399	Income tax expense related to items that may be reclassified subsequently (Notes 4, 21 and 24)	<u>5,290</u>	<u>1</u>	<u>37,545</u>	<u>4</u>
	Subtotal	<u>(25,829)</u>	<u>(4)</u>	<u>(183,309)</u>	<u>(22)</u>
8300	Other comprehensive income or loss (after tax)	<u>(26,198)</u>	<u>(4)</u>	<u>(182,544)</u>	<u>(22)</u>
8500	Total comprehensive income (loss) for the year	<u>(\$ 269,315)</u>	<u>(41)</u>	<u>(\$ 598,662)</u>	<u>(71)</u>
	Net loss attributable to:				
8610	Shareholders of the parent	(\$ 243,115)	(37)	(\$ 416,118)	(49)
8620	Noncontrolling interests	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>(\$ 243,117)</u>	<u>(37)</u>	<u>(\$ 416,118)</u>	<u>(49)</u>

	Total comprehensive income				
	(loss) attributable to:				
8710	Shareholders of the parent	(\$ 269,313)	(41)	(\$ 598,662)	(71)
8720	Noncontrolling interests	(<u>2</u>)	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>(\$ 269,315)</u>	<u>(41)</u>	<u>(\$ 598,662)</u>	<u>(71)</u>

	Loss per share (Note 25)		
	from continuing business		
9710	Basic earnings per share	(\$ <u>3.09</u>)	(\$ <u>5.09</u>)
9810	Diluted earnings per share	(\$ <u>3.09</u>)	(\$ <u>5.09</u>)

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

Chairperson: Chen Zai Pu Manager: Wang Jia Yeh Accounting Supervisor: Liu Ming Yi

Paragon Technologies Company Limited and its Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December, 2017 & 2016

(In Thousands of New Taiwan Dollars unless otherwise specified)

		Equity Attributable to Shareholders of the Parent						Foreign Currency Translation Reserve	Treasury stock	Noncontrolling interests (Note 21)	Total Equity
		Capital Stock			Retained Earnings						
COD	E	Stocks (In Thousands)	Amount	Capital surplus	Legal reserve	Special reserve	Accumulated loss				
A1		86,707	\$ 867,072	\$ 1,655,259	\$ 365,001	\$ 60,379	\$ 142,874	\$ 117,032	(\$ 29,566)	\$ -	\$ 3,178,051
C15	Other changes in capital surplus: Distribution of cash dividend from capital surplus	-	-	(83,607)	-	-	-	-	-	-	(83,607)
C15	Net loss in 2016	-	-	-	-	-	(416,118)	-	-	-	(416,118)
D3	Other comprehensive income (loss) in 2016	-	-	-	-	-	765	(183,309)	-	-	(182,544)
D5	Total comprehensive income (loss) in 2016	-	-	-	-	-	(415,353)	(183,309)	-	-	(598,662)
L1	Buyback of treasury stocks	-	-	-	-	-	-	-	(149,040)	-	(149,040)
L3	Disposal of treasury stocks	(6,000)	(60,000)	(88,636)	-	-	(404)	-	149,040	-	-
N1	Share-based payment - employee stock option	-	-	2,351	-	-	-	-	-	-	2,351
Z1	BALANCE, DECEMBER 31, 2016	80,707	807,072	1,485,367	365,001	60,379	(272,883)	(66,277)	(29,566)	-	2,349,093
B13	Loss offset by legal reserve	-	-	-	(272,883)	-	272,883	-	-	-	-
C15	Other changes in capital surplus: Distribution of cash dividend from capital surplus	-	-	(40,054)	-	-	-	-	-	-	(40,054)
D1	Net loss in 2017	-	-	-	-	-	(243,115)	-	-	(2)	(243,117)
D3	Other comprehensive income (loss) in 2016	-	-	-	-	-	(369)	(25,829)	-	-	(26,198)
D5	Total comprehensive income (loss) in 2017	-	-	-	-	-	(243,484)	(25,829)	-	(2)	(269,315)
L1	Buyback of treasury stocks	-	-	-	-	-	-	-	(34,651)	-	(34,651)
L3	Disposal of treasury stocks	(600)	(6,000)	(23,566)	-	-	-	-	29,566	-	-
N1	Common stocks issued under employee stock scheme	645	6,450	15,467	-	-	-	-	-	-	21,917
M7	From share of changes in equities of subsidiaries	-	-	-	-	-	-	-	-	10	10
Z1	BALANCE, DECEMBER 31, 2017	80,752	\$ 807,522	\$ 1,437,214	\$ 92,118	\$ 60,379	(\$ 243,484)	(\$ 92,106)	(\$ 34,651)	\$ 8	\$ 2,027,000

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

Chairperson: Chen Zai Pu

Manager: Wang Jia Yeh

Accounting Supervisor: Liu Ming Yi

Paragon Technologies Company Limited and its Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
January 1 to December 31, 2017 and 2016
(In Thousands of New Taiwan Dollars)

CODE		2017	2016
	Cash flows from operating activities		
A10000	Loss before income tax	(\$ 201,947)	(\$ 361,785)
A20010	Adjustments for:		
A20100	Depreciation expense	191,504	233,833
A20200	Amortization expense	1,141	1,061
A29900	Amortization for prepaid rents	1,942	1,951
A20300	Allowance for (reversal gain on) doubtful debts	(65)	46,071
A20400	Net gain recognized on financial assets and liabilities measured at fair value through profit or loss	(13,629)	(7,085)
A21200	Interest income	(15,256)	(19,279)
A23500	Loss on impairment of refundable deposits	20,726	-
A20900	Finance costs	9,486	9,556
A29900	Amortization on realized long-term deferred income	(353)	(380)
A23700	Allowance for inventories	924	-
A23800	Gain on reversal of allowance for inventories	-	(6,469)
A22500	Loss on disposal of property, plant and equipment	302	18,620
A23700	Impairment loss recognized on property, plant and equipment	6,799	87,286
A24100	Loss (gain) on foreign exchange	2,674	(9,350)
A21900	Compensation Costs of Employee Stock Options	-	2,351
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	2,606	24,868
A31150	Accounts receivable	88,321	120,069
A31180	Other receivables	2,914	(356)
A31200	Inventory	(1,621)	10,065
A31230	Prepayments	1,406	23,551
A31240	Other current assets	505	4,023
A32110	Held-for-trading financial liabilities	-	(3,695)
A32150	Accounts payable	(1,229)	(9,515)
A32180	Other Payables	701	(58,564)
A32200	Provision	(33,428)	27,802
A32230	Other current liabilities	35	(237)
A32240	Net defined benefit liabilities	77	421
A33000	Cash generated from operations	64,535	134,813

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CODE		2017	2016
A33100	Interest received	\$ 14,382	\$ 20,891
A33300	Interest paid	(9,099)	(9,311)
A33500	Income Tax Paid	(17,522)	(20,274)
AAAA	Net cash generated by operating activities	<u>52,296</u>	<u>126,119</u>
	Cash flow from investment activities		
B00100	Acquisition of financial assets initially recognized at fair value through profit/loss	(1,740,715)	(1,673,374)
B00200	Disposal of financial assets initially recognized at fair value through profit/loss	1,571,810	1,507,003
B00600	Investment in debt instruments with no active market	(45,650)	(240,084)
B00700	Proceeds from disposal of debt instruments with no active market	81,526	600,486
B02700	Acquisition of property, plant and equipment	(14,094)	(27,561)
B02800	Disposal of property, plant and equipment	-	155
B03800	Refundable deposits refunded	436	4,181
B04500	Acquisition of intangible assets	(289)	(328)
B07100	Increase in prepaid expenses for equipment	(22,614)	(17,522)
BBBB	Net cash used in (generated by) investing activities	<u>(169,590)</u>	<u>152,956</u>
	Cash flows from financing activities		
C00100	Increase in short-term loans	11,275	-
C00200	Decrease in short-term loans	-	(51,748)
C03100	Decrease in guarantee deposits	(1)	(8)
C04500	Distribution of cash dividends	(40,054)	(83,607)
C05800	Increase in noncontrolling interests	10	-
C04900	Buyback of treasury stocks	(34,651)	(149,040)
C04800	Proceeds received from employees exercising stock options	<u>21,917</u>	<u>-</u>
CCCC	Net cash used in financing activities	<u>(41,504)</u>	<u>(284,403)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>(13,088)</u>	<u>(86,475)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(171,886)	(91,803)

E00100	Cash and cash equivalents at beginning of year	<u>690,074</u>	<u>781,877</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 518,188</u>	<u>\$ 690,074</u>

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

Chairperson: Chen Zai Pu Manager: Wang Jia Yeh Accounting Supervisor: Liu Ming Yi

Independent Auditor's Report

To Paragon Technologies Company Limited,

Opinion

We have audited the parent company only financial statements of Paragon Technologies Company Limited ("the Company"), which comprise the parent company only balance sheets as at 31 December, 2017 and 2016, the parent company only statements of comprehensive income, changes in equity and cash flow for the years then ended, as well as notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the parent company only financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 parent company only financial statements for the year ended December 31, 2017. These items have been covered in the verification process of the overall parent company only financial statements and the audit opinions; hence, the CPA shall not express separate opinions on these items.

Key audit matters for the parent company only financial statements for the year ended December 31, 2017 are as follows:

Key Audit Matters relating to the Subsidiaries' financial statements

Explanations of key audit matters

As at 31 December, 2017, the Company's investments accounted for using equity method amounted to NT\$1,881,196 thousand. Considering the amount represented 88% of the Company's total assets, we have also taken into account the key audit matters identified in the Subsidiaries' financial statements when dealing with those identified in the parent company only financial statements. For details, please see notes 4 and 10 of the parent company only financial statements.

As the amount is substantial on the consolidated level, any misstatements in the Subsidiaries' financial statements that fail to reflect the Subsidiaries' operations for the year, or any miscalculations of their profits and loss, shall lead to an inaccurate amount of investments accounted for using equity method.

Corresponding Audit procedures performed

We have understood the Company's controls over the operations and financial performances of its Subsidiaries, and have performed the following audit procedures on the key audit matters regarding the Subsidiaries' financial statements:

1. Subsidiaries' valuations of allowances for doubtful debts

Management estimates the allowances for doubtful debts by evaluating the payment records and late payment history of the customers, which involves significant degree of judgement. As a result, we identified the valuation of allowances for doubtful debts as a key audit matter.

We selected individual balances of significant amounts and with which tested the reasonableness of the provision of allowances for doubtful debts. Other audit procedures performed included:

- (1) Recalculating the amount of allowances for doubtful debts by first understanding the management's policy on providing allowances for doubtful debts, and then examining the ageing of outstanding account receivables;
- (2) Evaluating the reasonableness of allowances of doubtful debts by comparing the changes in the ageing of the outstanding balances and the percentage of allowances with last year;
- (3) Examining the Group's handling of overdue payments and their collectibility, in turn determining whether allowances for doubtful debts were sufficient

2. Impairment of property, plant and equipment

The Subsidiaries' main businesses include sputtering services for EMI-related electronic components, manufacturing of wheel coating products and the research, development and trading of machinery equipments and parts. In 2017, the Subsidiaries undertook to expand the market for their wheel coating products. However, sales faltered during the early stages of the expansion, causing the management to anticipate that the property, plant and equipment shall generate less

future cash flow - to such an extent that their recoverable amount exceeds their carrying amount. Because of that, the Group recognised impairment loss of NT\$ 6,799 thousand during the year 2017.

As the income from the wheel coating business remained unstable, the management was unable to reasonably measure the value-in-use of the property, plant and equipment when determining the recoverable amount of same; instead, the fair value less costs to sell was adopted, with highly professional third-party expert's opinion being the basis of the future cash flow estimates. For such reasons, we identified the valuation of impairment on the property, plant and equipment as one of the key audit matters.

The audit procedures performed included:

- (1) Understanding how management evaluates and approves the valuation of impairment on property, plant and equipment.
- (2) Evaluating the education background of the third party expert and determining whether appropriate assumptions and techniques were used by the third party expert in estimating the fair value of the property, plant and equipment, with the help of our in-house consultants.
- (3) Selecting and testing one input that concerned the information of the transaction and the third party company, and tracing the input to the source or external evidence, with the help of our in-house consultant.

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

The responsibilities of the management are to prepare the parent company only financial statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission with effective dates, as well as to maintain necessary internal controls that 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 the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. There may still be material misstatements due to fraud or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the parent financial statements, they shall be deemed as material.

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 within the parent company only financial statements, whether due to fraud or error; design and execute counter-measures in response to those risks; and obtain sufficient and appropriate audit evidence 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 controls 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 controls.
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 are of the opinion 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 relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 execution of the parent company only audit, and for forming the audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including significant deficiencies identified in the 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 have described the these matters in our auditor's report unless law or regulation precludes public 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 Tohmatsu

CPA CHEN, HUI-MING

CPA CHIH, JUI-CHUAN

Securities and Futures Bureau Approval
Document No.

Tai-Cai-Zheng-6 No. 0920123784

Financial Supervisory Commission Approval
Document No.

FSC Approval No. 1060023872

March 27, 2018

Paragon Technologies Company Limited
PARENT COMPANY ONLY BALANCE SHEETS
for the Years Ended December 31, 2017 and 2016

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2017		December 31, 2016	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4, 6 and 28)	\$ 97,524	5	\$ 147,412	6
1147	Investment in debt instruments with no active market - current (Notes 4, 7 and 33)	-	-	46,170	2
1180	Accounts receivable - related parties (Notes 4, 5, 8, 28 and 29)	-	-	10,811	1
1210	Other receivables - related parties (Notes 4, 5, 8, 28 and 29)	29,673	1	-	-
1200	Other receivables (Notes 4, 5, 8 and 28)	83	-	807	-
1220	Current tax assets (Notes 4 and 22)	6,529	-	6,610	-
130X	Inventories (Notes 4 and 9)	859	-	1,317	-
1410	Prepaid expenses (Note 13)	2,894	-	1,941	-
1470	Other current assets (Note 13)	308	-	499	-
11XX	Total current assets	<u>137,870</u>	<u>6</u>	<u>215,567</u>	<u>9</u>
	NONCURRENT ASSETS				
1550	Investments accounted for using equity method (Notes 4, 10 and 29)	1,881,196	88	2,136,695	86
1600	Property, plant and equipment (Notes 4, 5, 11, 21 and 29)	39,125	2	50,233	2
1780	Intangible assets (Notes 4 and 12)	96	-	219	-
1840	Deferred tax assets (Notes 4 and 22)	69,313	3	78,518	3
1915	Prepayments for equipment (Note 13)	4,278	-	-	-
1920	Refundable deposits (Notes 13 and 28)	6,181	1	5,372	-
1990	Other noncurrent assets (Note 13)	3,450	-	3,450	-
15XX	Total noncurrent assets	<u>2,003,639</u>	<u>94</u>	<u>2,274,487</u>	<u>91</u>
1XXX	TOTAL	<u>\$ 2,141,509</u>	<u>100</u>	<u>\$ 2,490,054</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 14 and 28)	\$ 80,000	4	\$ 110,000	5
2150	Notes payable (Notes 15 and 28)	25	-	25	-
2170	Accounts payable (Notes 15 and 28)	304	-	1,672	-
2219	Other payable (Notes 16 and 28)	30,998	1	26,815	1
2399	Other current liabilities (Notes 16)	351	-	329	-
21XX	Total Current Liabilities	<u>111,678</u>	<u>5</u>	<u>138,841</u>	<u>6</u>
	NONCURRENT LIABILITIES				
2550	Provisions - noncurrent portion (Notes 4 and 17)	925	-	727	-
2640	Net defined benefit liability - noncurrent portion (Notes 4 and 18)	1,914	-	1,393	-
25XX	Total noncurrent liabilities	<u>2,839</u>	<u>-</u>	<u>2,120</u>	<u>-</u>
2XXX	Total liabilities	<u>114,517</u>	<u>5</u>	<u>140,961</u>	<u>6</u>
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 18, 19 and 24)				
	Capital Stock				
3110	Common stocks	807,522	38	807,072	32
3200	Capital surplus	1,437,214	67	1,485,367	60
	Retained earnings				
3310	Legal reserve	92,118	4	365,001	15
3320	Special reserve	60,379	3	60,379	2
3350	Unappropriated retained earnings	(243,484)	(11)	(272,883)	(11)
3300	Total	(90,987)	(4)	152,497	6
3400	Others	(92,106)	(4)	(66,277)	(3)
3500	Treasury stock	(34,651)	(2)	(29,566)	(1)
31XX	Equity attributable to shareholders of the parent	<u>2,026,992</u>	<u>95</u>	<u>2,349,093</u>	<u>94</u>
31XX	Total equity	<u>2,026,992</u>	<u>95</u>	<u>2,349,093</u>	<u>94</u>
	TOTAL	<u>\$ 2,141,509</u>	<u>100</u>	<u>\$ 2,490,054</u>	<u>100</u>

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

Chairperson: Chen Zai Pu

Manager: Wang Jia Yeh

Accounting Supervisor: Liu Ming Yi

Paragon Technologies Company Limited
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
January 1 to December 31, 2017 and 2016

(In Thousands of New Taiwan Dollars, Except for Loss per Share in New Taiwan Dollar)

CODE		2017		2016	
		AMOUNT	%	AMOUNT	%
4000	Revenue (Notes 4, 20 and 29)	\$ 10,508	100	\$ 12,498	100
5000	Operating cost (Notes 9 and 21)	(5,002)	(48)	(19)	-
5900	Gross profit	5,506	52	12,479	100
5910	Unrealized gross profit on sales to subsidiaries, associates and joint ventures (Note 29)	(528)	(5)	-	-
5920	Realized gross profit on sales to subsidiaries, associates and joint ventures (Note 29)	80,957	770	109,785	879
5950	Realized gross profit	85,935	817	122,264	979
	Operating expenses (Notes 18, 21, 24 and 29)				
6100	Marketing	(734)	(7)	(36)	-
6200	General and administrative	(80,410)	(765)	(83,078)	(665)
6300	Research and development	(22,998)	(219)	(26,859)	(215)
6000	Total operating expenses	(104,142)	(991)	(109,973)	(880)
6900	Income (loss) from operations	(18,207)	(174)	12,291	99
	Non-operating income and expenses (Notes 10, 21 and 29)				
7010	Other income	31,759	302	26,447	212
7020	Other gains and losses	(4,145)	(39)	(7,066)	(57)
7050	Finance costs	(1,306)	(12)	(576)	(5)
7070	Share of profits of subsidiaries, associates and joint ventures	(228,493)	(2,175)	(417,358)	(3,339)
7000	Total non-operating income and expenses	(202,185)	(1,924)	(398,553)	(3,189)

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<u>CODE</u>		<u>2017</u>		<u>2016</u>	
		<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
7900	Continuing Operating Loss before Tax	(\$ 220,392)	(2,098)	(\$ 386,262)	(3,090)
7950	Income tax expense (Notes 4 and 22)	(<u>22,723</u>)	(<u>216</u>)	(<u>29,856</u>)	(<u>239</u>)
8200	Net loss	(<u>243,115</u>)	(<u>2,314</u>)	(<u>416,118</u>)	(<u>3,329</u>)
	Other comprehensive income (loss) (Notes 4, 18, 19 and 22)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	(444)	(4)	922	7
8349	Income tax benefit related to items that will not be reclassified subsequently	<u>75</u>	<u>1</u>	(<u>157</u>)	(<u>1</u>)
8310		(<u>369</u>)	(<u>3</u>)	<u>765</u>	<u>6</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	(31,119)	(296)	(220,854)	(1,767)
8380	Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures Accounted for Using Equity Method	-	-	-	-
8399	Income tax expense related to items that may be reclassified subsequently	<u>5,290</u>	<u>50</u>	<u>37,545</u>	<u>300</u>
8360		(<u>25,829</u>)	(<u>246</u>)	(<u>183,309</u>)	(<u>1,467</u>)

8300	Other comprehensive loss for the year, net of income tax	(<u>26,198</u>)	(<u>249</u>)	(<u>182,544</u>)	(<u>1,461</u>)
8500	Total comprehensive income (loss) for the year	(<u>\$ 269,313</u>)	(<u>2,563</u>)	(<u>\$ 598,662</u>)	(<u>4,790</u>)
	Loss per share (Note 23) from continuing business				
9710	Basic earnings per share	(<u>\$ 3.09</u>)		(<u>\$ 5.09</u>)	<u>\$ -</u>
9810	Diluted earnings per share	(<u>\$ 3.09</u>)		(<u>\$ 5.09</u>)	<u>\$ -</u>

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

Chairperson: Chen Zai Pu Manager: Wang Jia Yeh Accounting Supervisor: Liu Ming Yi

Paragon Technologies Company Limited
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December, 2017 & 2016

(In Thousands of New Taiwan Dollars, unless otherwise specified)

COD E		Capital Stock		Retained earnings			Other Equity		Treasury stock	Total Equity
		Stocks (In Thousands)	Amount	Capital surplus	Legal reserve	Special reserve	Accumulated loss	Foreign Translation Reserve		
A1	BALANCE, JANUARY 1, 2016	86,707	\$ 867,072	\$ 1,655,259	\$ 365,001	\$ 60,379	\$ 142,874	\$ 117,032	(\$ 29,566)	\$ 3,178,051
	Other changes in capital surplus:									
C15	Distribution of cash dividend from capital surplus	-	-	(83,607)	-	-	-	-	-	(83,607)
D3	Net loss in 2016	-	-	-	-	-	(416,118)	-	-	(416,118)
D5	Other comprehensive income (loss) in 2016, net of income tax	-	-	-	-	-	765	(183,309)	-	(182,544)
D5	Total comprehensive loss in 2016	-	-	-	-	-	(415,353)	(183,309)	-	(598,662)
L1	Buyback of treasury stocks	-	-	-	-	-	-	-	(149,040)	(149,040)
L3	Disposal of treasury stocks	(6,000)	(60,000)	(88,636)	-	-	(404)	-	149,040	-
N1	Share-based payment - employee stock option	-	-	2,351	-	-	-	-	-	2,351
Z1	BALANCE, DECEMBER 31, 2016	80,707	807,072	1,485,367	365,001	60,379	(272,883)	(66,277)	(29,566)	2,349,093
B13	Loss offset by legal reserve	-	-	-	(272,883)	-	272,883	-	-	-
	Other changes in capital surplus:									
C15	Distribution of cash dividend from capital surplus	-	-	(40,054)	-	-	-	-	-	(40,054)
D1	Net loss in 2017	-	-	-	-	-	(243,115)	-	-	(243,115)
D3	Other comprehensive loss in 2016, net of income tax	-	-	-	-	-	(369)	(25,829)	-	(26,198)
D5	Total comprehensive loss in 2017	-	-	-	-	-	(243,484)	(25,829)	-	(269,313)
L1	Buyback of treasury stocks	-	-	-	-	-	-	-	(34,651)	(34,651)
L3	Disposal of treasury stocks	(600)	(6,000)	(23,566)	-	-	-	-	29,566	-
N1	Common stocks issued under employee stock scheme	645	6,450	15,467	-	-	-	-	-	21,917
Z1	BALANCE, DECEMBER 31, 2017	80,752	\$ 807,522	\$ 1,437,214	\$ 92,118	\$ 60,379	(\$ 243,484)	(\$ 92,106)	(\$ 34,651)	\$ 2,026,992

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

Chairperson: Chen Zai Pu

Manager: Wang Jia Yeh

Accounting Supervisor: Liu Ming Yi

Paragon Technologies Company Limited
PARENT ONLY COMPANY STATEMENTS OF CASH FLOWS
For the years ended 31 December, 2017 & 2016
(In Thousands of New Taiwan Dollars)

CODE		2017	2016
	Cash flows from operating activities		
A10000	Loss before income tax	(\$ 220,392)	(\$ 386,262)
A20010	Adjustments for:		
A20100	Depreciation expense	16,169	19,468
A20200	Amortization expense	412	109
A20900	Finance costs	1,306	576
A22400	Share of Profit or Loss of Subsidiaries, Associates & Joint Ventures Accounted for Using Equity Method	228,493	417,358
A21200	Interest income	(2,059)	(3,329)
A23800	Gain on reversal of allowance for inventories	(18)	(13)
A22500	Loss on disposal of property, plant and equipment	-	77
A21900	Compensation Costs of Employee Stock Options	-	2,351
A24000	Realized gross profit on sales to subsidiaries, associates and joint ventures	(80,957)	(109,785)
A23900	Unrealized gross profit on sales to subsidiaries, associates and joint ventures	528	-
A30000	Changes in operating assets and liabilities		
A31130	Accounts receivable - related parties	10,811	44,792
A31180	Other receivables	37	5
A31190	Other receivables - related parties	(29,673)	41,808
A31200	Inventory	476	(1,304)
A31230	Prepayments	(953)	(722)
A31240	Other current assets	191	(249)
A32150	Accounts payable	(1,368)	1,364
A32180	Other Payables	720	1,881
A32200	Provision	198	94
A32230	Other current liabilities	22	(191)
A32240	Net defined benefit liabilities	77	421
A33000	Cash generated from (used in) operations	(75,980)	28,449
A33100	Interest received	2,746	2,606
A33300	Interest paid	(1,327)	(485)
A33500	Income Tax Paid	(8,072)	(15,588)
AAAA	Net cash generated by (used in) operating activities	(82,633)	14,982

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<u>CODE</u>		<u>2017</u>	<u>2016</u>
	Cash flow from investment activities		
B00600	Investment in debt instruments with no active market	\$ -	(\$ 13,345)
B00700	Proceeds from disposal of debt instruments with no active market	46,170	-
B07600	Dividends received from Subsidiaries, Joint Ventures and Associates	76,316	147,611
B02700	Acquisition of property, plant and equipment	(1,577)	(56,862)
B02800	Disposal of property, plant and equipment	-	462
B04500	Acquisition of intangible assets	(289)	(328)
B03700	Refundable deposits paid	(809)	-
B07100	Increase in prepaid expenses for equipment	(<u>4,278</u>)	<u>-</u>
BBBB	Net cash used in (generated by) investing activities	<u>115,533</u>	<u>77,538</u>
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	110,000
C00200	Decrease in short-term loans	(30,000)	-
C04500	Distribution of cash dividends	(40,054)	(83,607)
C04800	Proceeds received from employees exercising stock options	21,917	-
C04900	Buyback of treasury stocks	(<u>34,651</u>)	(<u>149,040</u>)
CCCC	Net cash used in financing activities	(<u>82,788</u>)	(<u>122,647</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(49,888)	(30,127)
E00100	Cash and cash equivalents, beginning of year	<u>147,412</u>	<u>177,539</u>
E00200	Cash and cash equivalents, end of year	<u>\$ 97,524</u>	<u>\$ 147,412</u>

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

Chairperson: Chen Zai Pu Manager: Wang Jia Yeh Accounting Supervisor: Liu Ming Yi

Paragon Technologies Company Limited
Contrast Table for the Amended Articles of the "Procedures for Endorsement & Guarantee"

Article	Articles after the amendment	Articles before the amendment	Description of amendment
Article 5	<p>The amount of endorsement/guarantee that can be provided by the Group is subject to the following limits:</p> <ol style="list-style-type: none"> 1. The maximum amount of endorsement/guarantee that can be provided by the Company: The total amount of endorsement/guarantee provided by the Company shall not exceed 50% the Company's net worth as stated in the latest financial statements. The aggregate amount of endorsement/guarantee provided by the Company to any single entity shall not exceed 20% of the Company's net worth as stated in its latest financial statement; for overseas entity, the threshold shall be <u>50%</u>. As for endorsement/guarantee arising from business dealings with the entity, its amount shall not exceed the amount of either purchase or sales (whichever is greater) with the entity during the most recent year. 2. The amount of endorsement/guarantee that can be provided by the Group: The total amount of endorsement/guarantee provided by the Group shall not exceed 50% the Company's net worth as stated in the latest financial statements The aggregate amount of endorsement/guarantee provided by the Group to any single entity shall not exceed 20% of the Group's net worth as stated in its latest financial statements; for overseas entity, the threshold shall be <u>50%</u>. As for endorsement/guarantee arising from business dealings with the entity, its amount shall not exceed the amount of either purchase or sales (whichever is greater) with the 	<p>The amount of endorsement/guarantee that can be provided by the Group is subject to the following limits:</p> <ol style="list-style-type: none"> 1. The maximum amount of endorsement/guarantee that can be provided by the Company: The total amount of endorsement/guarantee provided by the Company shall not exceed 50% the Company's net worth as stated in the latest financial statements. The aggregate amount of endorsement/guarantee provided by the Company to any single entity shall not exceed 20% of the Company's net worth as stated in its latest financial statements; for overseas entity, the threshold shall be <u>40%</u>. As for endorsement/guarantee arising from business dealings with the entity, its amount shall not exceed the amount of either purchase or sales (whichever is greater) with the entity during the most recent year. 2. The amount of endorsement/guarantee that can be provided by the Group: The total amount of endorsement/guarantee provided by the Group shall not exceed 50% the Company's net worth as stated in the latest financial statements The aggregate amount of endorsement/guarantee provided by the Group to any single entity shall not exceed 20% of the Group's net worth as stated in its latest financial statements; for overseas entity, the threshold shall be <u>40%</u>. As for endorsement/guarantee arising from business dealings with the entity, its amount shall not exceed the amount of either purchase or 	To align with the Group's operational needs

Article	Articles after the amendment	Articles before the amendment	Description of amendment
	entity during the most recent year.	sales (whichever is greater) with the entity during the most recent year.	

Attachment 7

Contrast Table for the Amended Articles of the "Operational Procedures for Loaning Funds to Others"

Articles	Articles after the amendment	Articles before the amendment	Explanations
Article 4	<p>Limit and evaluation standard of loaning funds to others</p> <p>1. For a company or firm which has business dealings with the Company, the single amount lent shall be limited to the total amount of trading between both parties, and the total amount lent shall be limited to 20% of the Company's net worth. Business dealings between both parties refer to the amount of purchase or sales in recent one year, whichever is higher.</p> <p>2. For a company or firm which has a need of short-term financing, the single amount lent shall be limited to 20% of the Company's net worth, and the total amount lent shall be limited to 40% of the Company's net worth.</p> <p>For loaning funds between the Company and foreign company holding 100% voting shares, it is not limited by the subparagraph 2, paragraph 1 of this Article, but single amount lent shall be limited to <u>60%</u> of the Company's net worth, and the total amount lent shall be limited to <u>80%</u> of the Company's net worth.</p>	<p>Limit and evaluation standard of loaning funds to others</p> <p>1. For a company or firm which has business dealings with the Company, the single amount lent shall be limited to the total amount of trading between both parties, and the total amount lent shall be limited to 20% of the Company's net worth. Business dealings between both parties refer to the amount of purchase or sale in recent one year, whichever is higher.</p> <p>2. For a company or firm which has a need of short-term financing, the single amount lent shall be limited to 20% of the Company's net worth, and the total amount lent shall be limited to 40% of the Company's net worth.</p> <p>For loaning funds between the Company and foreign company holding 100% voting shares, it is not limited by the subparagraph 2, paragraph 1 of this Article, but single amount lent shall be limited to <u>40%</u> of the Company's net worth, and the total amount lent shall be limited to <u>60%</u> of the Company's net worth.</p>	To align with the Group's operational needs

Articles	Articles after the amendment	Articles before the amendment	Explanations
Article 5	<p>Financing fund duration and interest calculation ways</p> <p>1. Duration: every single short-term financing fund loan duration shall not exceed one year from the date of lending. For loaning funds between the Company and foreign company holding 100% voting shares, the loaning duration shall take one year as principle, and <u>if necessary shall be limited to three years.</u></p> <p>2. Interest rate: shall not be lower than the <u>one-year deposit interest rate of the Bank of Taiwan.</u> The loan interest calculation and collection of the Company follows the principle of paying interest once a month.</p> <p>In case of special circumstances, the interest rate of a loan may be adjusted after the approval of the Board of Directors according to real situations.</p>	<p>Financing fund duration and interest calculation ways</p> <p>1. Duration: every single short-term financing fund loan duration shall not exceed one year from the date of lending. For loaning funds between the Company and foreign company holding 100% voting shares, the loaning duration shall take one year as principle, and <u>in case of special circumstances, shall not be limited to the above after the approval from the Board of Directors.</u></p> <p>2. Interest rate: shall not be lower than the <u>highest interest rate of short-term loan from financial institutions.</u> The loan interest calculation and collection of the Company follows the principle of paying interest once a month.</p> <p>In case of special circumstances, the interest rate of a loan may be adjusted after the approval of the Board of Directors according to real situations.</p>	<p>To align with the Group's operational needs</p>

Attachment 8

Paragon Technology Co., Ltd.

Document No.	MO-2-020	Document Name	Endorsements/Guarantees Operation Procedures				
Formulating Department	Auditing Office	Date of Formulation	2015.03.25	Version	H	Page Number	1/4
<p>Article 1: Objective This operation procedures is formulated, to enhance management of endorsement/guarantee and lower operation risks. For any unspecified issues, the provisions in other relevant laws and decrees shall be followed.</p> <p>Article 2: Legal Compliance This operation procedures is formulated in accordance with Article 36-1 of Securities Exchange Act as well as the provisions of "Loaning Fund and Endorsements/Guarantees Handling Norms of Public Companies" by Financial Supervisory Commission, Executive Yuan (hereinafter referred to as the "FSC").</p> <p>Article 3: Endorsement/Guarantee Subjects The external endorsement and guarantee subjects of the Company are as follows: 一、 A company having business relations with the Company. 二、 A company in which the Company directly and indirectly holds more than 50% of the voting shares. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees, and the amount of endorsements/guarantees may not exceed 10% of the Company's net worth. However, endorsement/guarantee among companies in which the Company holds, directly or indirectly, the 100% voting shares, will not be limited to the above. Endorsement/guarantee made by all contributing shareholders for the invested company according to their shareholding ratio due to joint investment relationship with the Company will not be limited to the above restriction, but instead they have to make external endorsements/guarantees. Capital contribution referred to in the preceding paragraph 3 of this Article shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares. "Subsidiary" and "parent company" referred to in this Article shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where a company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>Article 4: Scope of Endorsement/Guarantee I. Financing endorsement/guarantee: refers to endorsement/guarantee of discount financing for the purpose of financing for other companies, as well as drawing for financing of the Company to non-financial guarantor. II. Customs duty endorsement/guarantee, means an endorsement or guarantee for the company itself or another company with respect to customs duty matters. III. Other endorsement/guarantee, means endorsements or guarantees beyond the scope of the above two subparagraphs. IV. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Procedures.</p>							

Article 5: Endorsement/Guarantee Limit of the Company and Its Subsidiaries

I. Endorsement/guarantee limit of the Company:

The total amount of external endorsement/guarantee of the Company shall not exceed 50% of net worth. The cumulative amount for single enterprise endorsement/guarantee shall not exceed 20% of net worth, or 40% of net worth only for overseas single affiliated company; if endorsement/guarantee is made for business relations, it shall not exceed the total transaction amount in recent one year with the Company (purchase or sale between the two parties, whichever is higher).

II. Overall endorsement/guarantee limit of the Company:

The total amount of overall external endorsement/guarantee of the Company and its subsidiaries shall not exceed 50% of net worth of the Company. The cumulative amount for single enterprise endorsement/guarantee shall not exceed 20% of net worth,

Paragon Technology Co., Ltd.

Document No.	MO-2-020	Document Name	Endorsement/Guarantee Operation Procedures				
Formulating Department	Auditing Office	Date of Formulation	2015.03.25	Version	H	Page Number	2/4

except that the cumulative amount for overseas single affiliated company endorsement/guarantee shall not exceed 40% of net worth; if endorsement/guarantee is made for business relations, it shall not exceed the total transaction amount in recent one year with the Company (purchase or sale between the two parties, whichever is higher).

Article 6: Hierarchy of Decision-making Authority and Delegation

The endorsement/guarantee matters of the Company shall only be handled after resolution of the Board of Directors. However, to cater to the need of being time efficient, the Board of Directors can authorize the Chairman to make decision upon cases within 10% of net worth, followed by reporting the cases to the Board of Directors for subsequent confirmation.

Endorsement/guarantee by subsidiaries in which the Company directly or indirectly holds 90% or more voting shares shall be handled after it is reported to the Board of Directors for resolution; endorsement/guarantee by companies in which the Company directly or indirectly holds 100% voting shares is not limited to the above.

Where the Company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons therefor shall be included in the minutes of the meeting of Board of Directors.

Article 7: Endorsement/Guarantee Operation Procedures

- I. When the endorsed/guaranteed enterprise needs to use the endorsed/guaranteed amount within limit, it shall provide basic materials and financial materials, and fill in application to the financial office of the Company for application; whereby the financial office shall evaluate in detail and carry out credit investigation. Evaluation items include necessity and reasonability, endorsement/guarantee for business relations, whether endorsement/guarantee amount and business dealings amount are balanced, operation risks to the Company, financial status, influence upon shareholders equity, whether collaterals are obtained and their valuation, etc. The above credit investigation will not be carried out only for endorsement/guarantee of subsidiaries in which the Company directly or indirectly holds 100% voting shares.
- II. The handling staff at financial office of the Company collate the previous relevant materials and evaluation results. If the cumulative balance upon endorsement/guarantee has not exceeded 10% of net worth, then they shall present them to the Chairman for comments, followed by reporting to the Board of Directors for subsequent confirmation; or otherwise, they shall be presented to the Board of Directors for approval and handled accordingly.
- III. The memorandum book concerning endorsement/guarantee matters at the financial office shall record in detail endorsement/guarantee subject, date, matters undergoing careful evaluation according to the procedures, collaterals content and valuation as well as conditions and date for releasing endorsement/guarantee responsibility, for checking.
- IV. When the endorsed/guaranteed enterprise pays back, the materials therefor shall be presented to the Company, so as to release its responsibility, and also recorded on the memorandum book.
- V. The financial office shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial

reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and reports.

Article 8: Chop Keeping and Procedures

Special chop for endorsement/guarantee is a corporate stamp applied from and registered at Ministry of Economy, which is kept by special staff with permission from the Board of Directors, and the same applies upon variation; upon making endorsement/guarantee, vouchers shall be stamped or issued according to company operation procedures; when the Company is making guarantee for a foreign company, the guarantee shall be signed by the authorized staff himself or herself designated by the Board of Directors.

Paragon Technology Co., Ltd.

Document No.	MO-2-020	Document Name	Endorsements/Guarantees Operation Procedures				
Formulating Department	Auditing Office	Date of Formulation	2015.03.25	Version	H	Page Number	3/4

Article 9: Matters to be Noted Involving Endorsement/Guarantee

- I. The internal auditor of the Company shall at least quarterly audit the procedures concerning endorsement and guarantee and the execution status, and prepare written record accordingly. If material violation is found, they shall immediately notify the audit committee in writing.
- II. If the Company undergoes variation for some situations, leading to non-conformity to these Procedures or relevant norms or amount limit of endorsement/guarantee subjects, it shall formulate improvement plan, present it to the audit committee and then complete the improvement within stipulated time.
- III. Where the Company needs to exceed the limits prescribed in these Procedures to satisfy its business requirements, and where the conditions prescribed in these Procedures are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend these Procedures accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where the Company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons therefor shall be included in the minutes of the board of directors' meeting.

Article 10: Announcement and Declaration

The Company shall handle relevant announcement matters concerning endorsement/guarantee in accordance with the standards set out in "Loading Fund and Endorsements/Guarantees Handling Norms of Public Companies" by Financial Supervisory Commission. "Date of occurrence" referred to in the Procedures shall mean the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Article 11: Management of Subsidiaries

- I. If the subsidiaries of the Company intends to make endorsement/guarantee for others, the Company shall order the subsidiaries to formulate endorsement/guarantee operation procedures in accordance with these Procedures or relevant norms, and handle it accordingly.
- II. Subsidiaries shall prepare the endorsement/guarantee detailed statement for others in last month on the 10th day (excluding) of every month, and present to the Company.
- III. The internal auditor of the subsidiaries shall at least quarterly audit the procedures concerning endorsement and guarantee and the execution status, and prepare written record accordingly. If material violation is found, they shall immediately notify the Company's audit unit in writing. The later shall submit the written documents to the audit committee.
- IV. The auditor of the Company shall also get to know the execution status of endorsement/guarantee for others in subsidiaries when going them for verification in accordance with annual auditing plan; if there is negligence, they shall follow up for improvement, and make follow-up reports to the general manager.

Article 12: Penalties

When relevant staff violates these Procedures and relevant laws and decrees, they will be reported for performance evaluation in accordance with employees reward and punishment management method and employees manual, and penalty will be imposed according to seriousness of the case.

Article 13: If the endorsement/guarantee subjects of the Company or subsidiaries are subsidiaries with net worth lower than half of the actual paid-in capital, they shall specify following management and control measures; if the shares of subsidiaries have no par value or the par value per share is not NT\$10, the paid-in capital shall be calculated according to relevant provisions in the way of capital plus capital reserve minus issuance premium

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Article 14: Implementation and Amendment

These Procedures, after being passed by the audit committee, shall be presented to the Board of Directors for resolution, and implemented after reporting to the shareholders' meeting for assent. If audit committee is established in accordance with law, matters that should be confirmed by supervisors, shall be firstly permitted by half or more members of the audit committee, and then presented at the Board of Directors for resolution. If the matters are not permitted by half or more members of the audit committee, then the permission of two thirds or more directors must be obtained for implementation and then recorded as resolution of audit committee in the minutes of Board of Directors. When the Company submits the Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons therefor shall be included in the minutes of the board of director meeting, and the same procedure applies for amendment.

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Document No.	MO-2-021	Document Name	Procedures Governing Loaning of Funds				
Formulating Department	Auditing Office	Date of Formulation	2015.03.25	version	H	Page Number	1/4
<p>Article 1: Objective In order to strengthen the management of fund loaning and reduce business risks, special operating procedures have been established. For any unspecified issues, the provisions in other relevant laws and decrees shall be followed.</p> <p>Article 2: Legal Compliance This operation procedures is formulated in accordance with Article 36-1 of Securities Exchange Act as well as the provisions of "Loaning Fund and Endorsements/Guarantees Handling Norms of Public Companies" by Financial Supervisory Commission, Executive Yuan (hereinafter referred to as the "FSC").</p> <p>Article 3: Object of Lending of Funds The company's fund loans and objects must not be loaned to shareholders or anyone other than the following requirements.</p> <ul style="list-style-type: none"> 一、 A company or firm that has business transactions. 二、 A company or firm, where short-term financing is necessary. The term "short-term" referred to in the preceding paragraph shall mean one year or one operating cycle (whichever is longer). The need for short-term financing referred to the following <ul style="list-style-type: none"> (1) Short-term financing for the need of business in a company in which the Company holds directly or indirectly over 50% voting shares. (2) A company or firm having a need of short-term financing due to the purchase of materials or operating turnover. <p>The restriction in Paragraph 1, Subparagraph 2 shall not apply to inter-company loans of funds, between foreign companies in which the Company holds directly or indirectly 100% of the voting shares.</p> <p>"Subsidiary" and "parent company" referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where a company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>Article 4: Limits and Evaluation Standards for Loaning Funds to Others</p> <p>I. For a company or firm which has business dealings with the Company, the amount lent to the single company or firm shall be limited to the total amount of trading between both parties, and the total loaning amount shall be limited to 20% of the Company's net worth. Business dealings between both parties refers to the amount of purchase or sales in recent one year, whichever is higher.</p> <p>II. For a company or firm which has a need of short-term financing, the single amount lent shall be limited to 20% of the Company's net worth, and the total amount lent shall be limited to 40% of the Company's net worth.</p> <p>For loaning funds between the Company and foreign company holding 100% voting shares, it is not limited by the subparagraph 2, paragraph 1 of this Article, but single amount lent shall be limited to 40% of the Company's net worth, and the total amount lent shall be limited to 60% of the Company's net worth.</p> <p>Article 5: Duration and Interest Rates of Financing</p> <p>I. Duration: every single short-term financing fund loan duration shall not exceed one year</p>							

from the date of lending. For loaning funds between the Company and foreign company holding 100% voting shares, the loaning duration shall take one year as principle, and in case of special circumstances, shall not be limited to the above after the approval from the Board of Directors.

II. Interest rate: shall not be lower than the highest interest rate of short-term loan from financial institutions. The loan interest calculation and collection of the Company follows the principle of paying interest once a month.

In case of special circumstances, the interest rate of a loan may be adjusted after the approval of the Board of Directors according to real situations.

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Document No.	MO-2-021	Document Name	Procedures Governing Loaning of Funds				
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<p>Article 6: Application Procedures</p> <p>I. Application Procedures</p> <ol style="list-style-type: none"> 1. The borrower shall provide basic information and financial information, fill in the application form, describe the use of the funds, the duration and amount of the loan, and present it to the financial department of the Company. 2. If the Company is engaged in fund loaning due to business relations, its financial department staff should assess whether the amount of the loan is equal to the amount of the business transaction; if short-term financing is needed, the reasons and circumstances of the loan and capital should be cited, credit investigation conducted and the relevant information and proposed loan conditions submitted to the head of the unit and general manager of the financial department followed by resolution by the Board of Directors. 3. Where the Company has established the position of independent director, when it loans funds to others, it shall take each independent director's opinions into full consideration; independent directors' opinions specifically expressing assent or dissent and the reasons therefor shall be included in the minutes of the Board of Directors meeting. <p>II. Credit Investigation</p> <ol style="list-style-type: none"> 1. For the initial borrower, the borrower should provide basic information and financial information in order to facilitate the credit investigation. 2. If it is a continuous borrower, in principle, when the renewed loan is submitted, the credit investigation will be re-processed. If it is a major or emergency event, it will be handled at any time depending on the actual needs. 3. If the borrower is in good financial condition and the annual financial statements are used to request the accountant to complete the financing visa, the investigation report that has not exceeded one year may be used, and the accountant in the same period shall check the visa report as a reference for the loan. 4. When the Company conducts a credit investigation on the borrower, it should also assess the impact of the fund loan on the Company's operational risk, financial status and shareholders' equity. 5. However, for subsidiaries in which the Company directly or indirectly holds 100% of the voting rights, the above credit investigation shall not be carried out for loaning funds and guarantee. <p>III. Loan Approval and Notice</p> <ol style="list-style-type: none"> 1. After the credit investigation and assessment, the Board of Directors decides not to propose a loaning case, and the handling staff should reply to the borrower as soon as possible on the grounds of refusal. 2. After the credit investigation and assessment, the Board of Directors decides to approve the loaning case. The handling staff should inform the borrower as soon as possible, detailing the loan conditions of the Company, including the limit, duration, interest rate, collateral and guarantor, etc., and ask the borrower to complete the signing procedures within the deadline. <p>IV. Contract Signing and Identity Verification</p> <ol style="list-style-type: none"> 1. The case of loan and credit shall be prepared by the handling staff and the contractual procedures shall be conducted after review by the supervisor. 2. The provisions of a loan contract shall be consistent with the terms and conditions of 							

the ratified loan. After the borrower and the guarantor sign in the loan contract, the responsible employee shall perform the identity verification.

V. Collateral Value Evaluation and Rights Setting

In case of a loan guarantee case, the borrower shall provide the collateral and complete the procedures for setting up the pledge or mortgage rights setting. The Company shall also evaluate the value of the collateral to ensure the Company's claims.

VI. Insurance

1. Except for land and securities, fire and relevant insurances shall be purchased, based on the principle of the insurance amount not lower than the collateral, and the insurance policy shall indicate the Company as the beneficiary. Name of Subject Matter on Insurance Policy,

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<p>the conditions like quantity, storage location, insurance conditions, and insurance approvals should be consistent with those of the Company's original nuclear loan.</p> <p>2. The responsible employee shall notify the borrower of policy renewal before the insurance expires.</p> <p>VII. Appropriation</p> <p>The loan conditions are approved and the contract is signed by the borrower to complete the registration of guarantee quality mortgage, etc.</p> <p>Once the check is correct, the funds can be appropriated.</p> <p>Article 7: Repayment</p> <p>After the loan has been allocated, the financial, business, and credit status of the borrower and the guarantor must be often paid attention to. If there is a provision of a security product, attention shall be paid to whether there is any change in the value of the security, and the borrower should be notified one month before the loan expires to repay the principal and interest during the period.</p> <ol style="list-style-type: none"> 1. When a borrower repays loans upon maturity, interests accrued shall be computed first. After the interests and principal are paid off altogether, the Company may cancel certificates of the obligatory claim, such as promissory notes and certificate of indebtedness, and then return them to the borrower. 2. If a borrower applies for the cancellation of mortgage, the Company shall first check whether there is a loan balance and then decide whether to cancel or not. <p>Article 8: Registration and Safeguarding of Cases</p> <ol style="list-style-type: none"> 1. The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, fund loaning date, and matters to be carefully evaluated according to the regulations. 2. An employee in charge of handling loaning cases shall, after the loan is appropriated, organize certificates of the obligatory claim, such as certificates of indebtedness and promissory notes, and certificates of collateral, insurance policies and correspondences in an orderly fashion for the case conducted by himself/herself, place them in a safekeeping bag, mark the contents of goods under custody and the name of the client outside the bag, and then submit such to be inspected by the supervisor of financial department. The bag shall be sealed after an inspection and affixed with the seals of the employee in charge and the supervisor on the edge of opening, and be kept under custody after an entry is recorded in the registry book for goods under custody. <p>Article 9: Noteworthy Matters Concerning Handling Loaning Funds to Others</p> <ol style="list-style-type: none"> 1. Before the Company loans funds to others, it should carefully assess whether it meets the requirements of these Procedures and submit it after submitting the assessment results to the Board of Directors for resolution. It must not authorize other people to decide. The loaning funds between the Company and its subsidiaries, or between subsidiaries, shall be submitted for a resolution to the Board of Directors pursuant to previous Subparagraph in the preceding paragraph, and the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. 							

The "certain monetary limit" referred to in the preceding paragraph shall be in compliance with Paragraph 2, Article 4. In addition, the authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth of the lending company in the most current financial statements.

2. The Company's internal auditors shall audit the Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the members of the audit committee in writing of any material violation found, if any.
3. If, as a result of a change in circumstances, an entity to which a fund is lent does not meet the requirements of the Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the audit committee, and shall complete the rectification according to the schedule set out in the plan.
4. The handling staff shall prepare a memorandum book for the previous month and prepare a checklist for other persons before the 10th day of each month, and submit it for review level by level.
5. The Company shall evaluate the status of its loaning of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

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Article 10: Procedures for Controlling Loans Lent by Subsidiaries

- I. If a subsidiary of the Company intends to lend the funds to others, the Company shall order the subsidiary to work out the operating procedures for loaning of funds to others in accordance with these procedures or the relevant rules and regulations, and shall proceed in accordance with the prescribed operating procedures.
- II. The subsidiary company shall, before the 10th day of each month (excluding), compile and submit to the Company a copy of the funds loaned to other persons in the preceding month for reference.
- III. The internal auditor of the subsidiaries shall at least quarterly audit the procedures concerning loans lent to others and the execution status, and prepare written record accordingly. If material violation is found, they shall immediately notify the Company's audit unit in writing. The later shall submit the written documents to the audit committee.
- IV. When the auditor of the Company carries out the audit according to the annual audit plan to the subsidiary company, he/she shall also understand the operating procedure and execution of the subsidiary's funds loaned to others, and shall continuously follow up on the improvement of the company if there is any missing matter found, and shall make a follow-up report to the General Manager.

Article 11: Information Disclosure

The Company shall handle the relevant announcement matters in accordance with the announcement standards stipulated in the "Guidelines for Handling the Loan of Funds and Endorsement & Guarantee of Public Issuance Companies" issued by the Financial Supervisory Commission.

Article 12: Penalties

When the Company's management and in-charge persons violate the Procedures, they would be submitted for performance review in accordance with the Company's Employees' Rewards and Penalties Management Procedures and employee manuals, and be penalized depending on the severity of the case.

Article 13: Implementation and amendment

These Procedures shall be submitted to the board of directors for resolution after being approved by the audit committee, and submitted for the approval of the shareholders' meeting before implementation. If the audit committee has been established in accordance with the law, the auditor shall acknowledge the matter in accordance with the regulations. The matter shall first be agreed by more than half of all members of the audit committee and proposed for resolution of the board of directors. If the above is not agreed by more than half of all members of the audit committee, it may be agreed by more than two-thirds of all directors, and the resolution of the audit committee shall be stated in the proceedings of the board of directors. The same applies at the time of amendment. When the Company submits the Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of director meeting.

Paragon Technology Co., Ltd

Rules and Procedures of Shareholders' Meeting

Article 1: The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law and regulation, shall be as provided in these Rules.

Article 2: The Company shall indicate on the meeting notice the check-in time and location and other things to note.

The check-in time described in the preceding paragraph shall be at least 30 minutes before the meeting begins. The check-in counter shall be precisely indicated and enough competent personnel shall be assigned to help shareholders check in.

Shareholders or proxies attending the shareholders' meeting shall sign in. The check-in procedure shall be replaced by the submission of a sign-in card, and the number of attending shares shall be calculated according to the submitted sign-in cards.

Shareholders shall attend Shareholders' Meetings based on attendance cards, sign-in cards, or other certificates of attendance. Attending shareholders or proxies shall bring identification documents for verification.

Article 3: The attendance and voting of the annual general shareholders' meeting shall be calculated based on the number of shares they represent.

Article 4: Shareholders' meeting shall convene at the Company's registered office or a place convenient to attend and suitable for meeting; the meeting shall be called no earlier than 9 a.m. and no later than 3 p.m.

Article 5: When shareholders' meeting is convened by the board of directors, chairman of the board is the chair of the meeting. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board shall designate one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.

When the vice chairman acting on behalf of the chair or electing the chair from managing directors or directors, those who have held the positions for six months or longer and understand the financial and business operations of the Company shall be considered with priority. The same shall be true for a representative of a juristic person director that serves as the chairperson. For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting. However, if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among eligible persons.

Article 6: The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting.

Article 7: The Company shall establish uninterrupted audio and video recordings of the entire process of shareholder check-in, meeting proceedings, and voting and ballot counting.

The aforementioned video shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the records shall be retained until the conclusion of the litigation.

Article 8: At the time of the meeting, the chair shall declare the meeting begins immediately. In the absence of a majority of the shareholders representing the total number of shares issued, the chair may announce postponement of the meeting time, provided that only two postponements may be made and total delay time shall not exceed 1 hour. When two such postponements are made and the shares in present still cannot represent sufficient outstanding shares but more than one-third of the total issued shares are in attendance, tentative resolutions may be made pursuant to Paragraph 1 of Article 175 of the Company Act. 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 9: If a shareholders' meeting is convened by the board of directors, the board of directors shall decide the proceedings and the meeting shall be conducted accordingly; no changes may be made except with the 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 chairman shall not adjourn the meeting without a resolution before the conclusion of the proceedings (including provisional motions) for the first two items. If the chairman violates meeting rules and announces the meeting adjourned, the attending shareholders can vote on choosing another chairman and continue the meeting if the vote passes majority pursuant to Article 182-1 of the Company Act.

After the meeting has adjourned, the shareholders may not appoint another chair and continue the meeting either at the same or a different venue.

Article 10: 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.

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.

Article 11: Unless the chairman consents, each shareholder shall make no more than two speeches for an agenda item, and each speech shall not exceed five minutes. If a shareholder's speech violates the provisions of the preceding paragraph or goes beyond the scope of the topic, the Chairman may stop him from speaking, and the Chairman may discontinue his speech if the speaker continues to violate.

Article 12: When appointing a legal person to attend an annual general shareholders' meeting, such legal person may only designate one person as representative. 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.

Article 13: In the wake of shareholder's speech, the chairperson of the meeting may answer in person or designate relevant personnel to answer.

Article 14: When the chair at the meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

Vote counting for voting on motions or elections shall be conducted at an open space in the shareholder meeting venue and the results, including weights, shall be announced immediately after counting and recorded.

Article 15: When a proposal comes to a vote, personnel of vote monitoring and counting is appointed by the chair, provided that personnel of vote monitoring shall be shareholders. The result of voting shall be reported on the spot and prepared in the minutes.

Article 16: During meeting proceedings, the chairman may declare a break according to his or her judgment.

Article 17: Shareholders shall be entitled to one vote for each share held, except where shareholders are restricted or prohibited from exercising voting rights.

Except as otherwise provided in the Company Act and in the Company's Articles of Association, the resolution of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

A motion shall be deemed to be passed after the Chair consults all attending shareholders who have no dissent, and its effect shall be the same as that of the voting.

Article 18: In the event amendments or substitutions are provided for in the same proposal, the meeting chairperson may decide the order of the vote including the original proposal. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 19: The meeting chairperson may command picket (or security personnel) to maintain order of meeting place. The picket (or security personnel) shall wear armbands with "picket" when maintaining order.

Article 20: Resolutions adopted at a shareholders' meeting 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 shareholders of the Company within twenty (20) days after the close of the meeting. Such distribution may be effected by means of a public notice.

Article 21: These rules shall take effect after approval by the shareholders' meeting and the same procedure shall apply when they are amended.

Attachment 11

Paragon Technologies Co., Ltd

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<p>Article 1: For the fairness, impartiality and openness in the selection of directors, these procedures are laid down in accordance with the provisions of Articles 21 and 41 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".</p> <p>Article 2: Except as otherwise provided by law or by the Articles of Incorporation, elections of the Company's directors shall be conducted in accordance with these Procedures.</p> <p>Article 3: The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. Each Board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:</p> <ol style="list-style-type: none"> 1. The ability to make judgments about operations. 2. Accounting and financial analysis ability. 3. Business management ability. 4. Crisis management skills. 5. Knowledge of the industry. 6. An international market perspective. 7. Leadership ability. 8. Decision-making ability. <p>Article 4: The qualifications of independent directors of the Company shall be governed by the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Offering Companies.</p> <p>Article 5: Elections of the Company's independent directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.</p> <p>Article 6: The Company shall adopt a cumulative voting method with open ballots to elect the directors. The number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.</p> <p>Article 7: The Board of Directors shall prepare ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.</p>							

Article 8: The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. In the election of directors of this Company, candidates who acquire more votes should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

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<p>Article 9: Before the election begins, the Chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before the voting commences.</p> <p>Article 10: If a candidate is a shareholder, the voter shall enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a government organization or corporate shareholder, the name of the government organization or corporate shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the government organization or corporate shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered.</p> <p>Article 11: A ballot is invalid under any of the following circumstances:</p> <ul style="list-style-type: none"> 一、 The ballot was not prepared by the Board of Directors. 二、 A blank ballot is placed in the ballot box. 三、 The writing is unclear and indecipherable or has been altered. 四、 The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match. 五、 Other words or marks are entered in addition to the candidate's account name (full name) or shareholder account number (or identity card number) and the number of voting rights allotted. 六、 The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual. <p>Article 12: The counting of votes for the resolution of the shareholders' meeting shall be publicly disclosed in the shareholders' meeting room. After the counting of the votes has been completed, the scrutineers shall check the total amount of the valid and invalid tickets, and then count the numbers of valid votes, invalid votes and their voting rights, and then enter in the record table and submit to the Chairman on the spot to declare the list of elected directors and their elected weights.</p> <p>Article 13: This rule shall be implemented after approval by the shareholder's meeting. Same for any revisions.</p>							

Attachment 12

Articles of Association of Paragon Technologies Co., Ltd.

Chapter I General Policies

Article 1: The Company is organized in accordance with the provisions of the Company Act and is named Paragon Technologies Co., Ltd.

Article 2: The Company's business operations are as follows:

1. CA04010 Surface Treatment Business.
2. CB01010 Machinery Manufacturing.
3. CB01990 Other Machinery Manufacturing.
4. CC01080 Electronic Components Manufacturing
5. F113010 Wholesale Machinery Business.
6. F119010 Electronic Materials Wholesale.
7. F401010 International Trade.
8. CC01040 Lighting Equipment Manufacturing.
9. ZZ99999 the Company may operate any business not prohibited or restricted by laws or regulations, except for those that require special permission.

Article 3: The Company set up its headquarters in Taoyuan City. If necessary, it may set up branch offices domestically or abroad with a resolution by the board of directors.

Article 4: The Company may, as necessary in its business, invest outside the Company, and may, by resolution of the board of directors, be a shareholder of limited liabilities of other companies. The total amount of its investment may not be restricted by the amount of investment specified in Article 13 of the Company Act.

Article 5: The Company may endorse or guarantee other companies for its business or investment relations.

Article 6: The Company makes public announcements in accordance with Article 28 of the Company Act.

Chapter II Capital Stocks

Article 7: The total capital of the Company is set at NT\$2 billion, divided into 200 million shares, and the amount per share is NT\$10. For those unissued shares, the board of directors is authorized to issue shares on a separate basis.

The amount of NT\$200 million was retained in the total amount of capital in the preceding paragraph. It is divided into 20 million shares, and the amount of NT\$10 per share is retained for the use of exercise of warrants. They may be issued on a separate basis according to the resolutions of the board of directors.

Article 8: Shares of the Company are name-bearing certificates, signed or stamped by more than three Directors, and issued in compliance with relevant laws and regulations after approval. When the Company issues new shares, it may merge and print the total number of such issues, and may also issue shares by way of exemption from printing stocks, provided that the Company shall register or keep the shares with the securities central custody institution. Its stock issuance procedures are governed by the Company Act and related laws and regulations.

Article 9: All changes made to the list of shareholders shall be halted sixty days prior to an upcoming Annual Shareholders' Meeting, thirty days prior to an Extraordinary Shareholders' Meeting, or five days prior to the base date before the Company issues dividends, bonuses, or other interests.

Article 10: Except as otherwise provided in the decree, the Company shall handle the relevant stock affairs in accordance with the provisions of "Guidance of Handling Stock Affairs by Public Offering Companies" approved and issued by the competent authority.

Chapter III Shareholders' Meeting

Article 11: Shareholders' meeting can be classified into general or provisional meeting. The general meeting is held at least once per year, convened by the board of directors according to the law and commenced within six months from the end of a fiscal year. The provisional meeting is held whenever necessary in accordance with the relevant laws and regulations. The convening procedure is handled according to the Company Act.

The Chairman of the Board of Directors shall serve as the chairman when a Shareholders' Meeting is convened by the Board of Directors. If the Chairman is absent or cannot perform his duty for any reason, the delegation process shall be carried out in accordance with Article 208 of the Company Act. 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.

Article 12: Shareholder may appoint a proxy to attend the shareholders' meeting on behalf by providing a signed and stamped letter of appointment of representation in the format provided by the Company, stating the scope of authorization. Method of attendance by proxy, besides abiding by the conditions stated in Article 177 of the Company Act, shall also follow the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" from the regulatory authority.

Article 13: Other than situations of no voting rights stipulated under Article 179-2 of the Company Act, each shareholder of the Company shall enjoy the right to one vote.

Article 14: Unless otherwise stipulated for in the Company Act, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. When the shareholders' meeting is held, with the exception of the Company Act and the Articles of Association, the Company shall follow the rules of the shareholders' meeting of the Company.

Article 15: The resolutions of shareholders' meetings shall be made into minutes and shall be handled in accordance with Article 183 of the Company Act.

Article 15-1: If the Company intends to transfer the shares of the Company to the employees at an average price lower than the actual price of shares bought back, it shall follow the regulations of the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" and obtain the approval from a shareholders' meeting representing the majority of the total number of shares issued by the shareholders, with more than two-thirds of the voting rights of the attending shareholders, and may not be filed on a provisional motion.

Chapter IV Board of Directors

Article 16: The Company has nine to eleven directors. The number of directors elected at the time is authorized by the board of directors and the term of office is three years. Those who have the capability to act shall be elected by the shareholders' meeting and may be re-elected.

During the Directors' terms, the Company may delegate the Board of Directors to purchase liability insurance for any legal indemnities they are liable to pay within the scope of its business.

Article 16-1: In accordance with the provisions of Article 14-2 of the Securities and Exchange Act, among the aforementioned directors, the number of independent directors of the Company shall not be less than three, and the method of selection and appointment shall be based on the candidate nomination system. They shall be elected by the shareholders' meeting from the list of candidates for independent directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election,

and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.

Article 16-2: The total shareholding of all directors of the Company shall be in accordance with the provisions of the securities regulatory authority.

Article 17: The board of directors shall be organized by directors. The attendance of more than two-thirds of the directors and the consent of more than half of the directors present shall be used to elect one chairman of the board of directors. In the same manner, one vice chairman shall be elected. The chairman of the board shall represent the Company externally.

Article 18: Unless otherwise provided, resolutions of a Board of Directors meeting requires presence of over half of the directors and agreed upon by over half of the directors present. Directors may appoint proxies with a letter of appointment of representation, stating the scope of authorization to entrust other directors to attend the Board of Directors. However, one proxy can only be appointed by one director. Matters related to the board of directors shall be handled in accordance with the Rules of Procedure for the Board of Directors of the Company except as otherwise provided in the Company Act and this Articles of Association.

Article 18-1: The convening of the board of directors of the Company shall notify the directors of the convening matters in writing, by e-mail or by fax seven days before the meeting.
The Company may convene the board of directors at any time in case of an emergency by written notice, e-mail or fax.

Article 19: In case the Chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, his representative shall be selected according to Article 208(3) of the Company Act.

Article 20: When the directors of the Company perform the duties of the Company, regardless of the operating profit and loss of the Company, the Company may pay compensation to them. The remuneration authorized to the board of directors shall be based on the value of the directors' participation and contribution to the Company's operations, and shall refer to the usual standards of the same companies. It shall be agreed upon within the maximum salary level stipulated in the Company's measures for the payroll approach. If the Company has a surplus, it shall distribute the remuneration according to Article 23 of the Articles of Association.

Article 20-1: The board of directors of the Company may be required to set up auditing, salary compensation committees or other functional committees for the needs of business operations. The above audit committee is composed of all independent directors and is responsible for the enforcement of supervisory powers stipulated in the Company Act, Securities Exchanges Act and other laws.

Chapter V Managers

Article 21: The Company shall have one Chief Executive Officer, one General Manager and several Deputy General Managers and Assistant Vice Presidents. The employment, dismissal and remuneration shall be done in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 22: The Company shall, at the end of each fiscal year, make the following reports by the Board of Directors and submit them to the shareholders' regular meeting for recognition:

- (1) Business report.
- (2) Financial statements.
- (3) Proposals of profit distribution or deficit compensation.

Article 23: If there is profit at the end of a fiscal year, the Company shall appropriate 1% to 10% of the profit to be employee remuneration and no more than 3% to be director remuneration. But the Company

shall reserve a portion of profit to make up for accumulated losses, if any. The decision of allocation ratio of employee remuneration, director remuneration and employee's remuneration in stock or cash shall be decided by the Board of Directors and reported to the shareholder meeting. The counterparty to whom stocks or cash are distributed to as employee's compensation in the preceding paragraph includes the employees of its subordinate companies that meet certain criteria.

If there is a surplus in the Company's total final account for the year, it shall, after first paying taxes and making up for the losses of previous years, advance 10% of its balance to be the legal surplus reserve, provided that it is exempted from further appropriation when the legal surplus reserve has reached the paid-in capital. In accordance with the business needs, decrees or regulations of the competent authority, the special surplus reserve may be allocated or reversed, and the accumulated undistributed surplus shall be added to the balance thereof, and the board of directors shall draw up a motion for the allocation of the surplus, which shall be submitted to the shareholders' meeting for decision.

The policy of dividend distribution shall be based on the most consideration of shareholders' rights and interests, taking into account the current and future domestic and foreign industry competition, investment environment and capital demand of the Company, and in the form of stock dividends or cash dividends. As the Company is currently in a growth stage, in order to consider the Company's long-term financial planning, the total amount of dividends distributed each year shall not be less than 30% of the net profit after tax for the current year. The percentage of cash dividends distributed shall not be less than 20% of total dividends.

Supplementary Articles

Article 24: When the shares of the Company are intended to be retired for public offering, a special resolution of the shareholders' meeting shall be submitted, and this clause shall not be changed during the listing period.

Article 25: The matters not specified in the Articles of Association shall be handled in accordance with the provisions of the Company Act and relevant laws and regulations.

Article 26: The Articles of Associations was established on October 17, 1995.

The first amendment was made on August 5, 1996.

The second amendment was made on January 10, 1997.

The third amendment was made on May 16, 1997.

The fourth amendment was made on June 15, 1997.

The fifth amendment was made on June 26, 1998.

The sixth amendment was made on March 5, 1999.

The seventh amendment was made on April 3, 1999.

The eighth amendment was made on March 15, 2000.

The ninth amendment was made on August 21, 2000.

The tenth amendment was made on April 4, 2001.

The eleventh amendment was made on May 10, 2001.

The twelfth amendment was made on November 20, 2002.

The thirteenth amendment was made on December 24, 2002.

The fourteenth amendment was made on June 30, 2004.

The fifteenth amendment was made on June 24, 2005.

The sixteenth amendment was made on March 31, 2006.

The seventeenth amendment was made on March 31, 2006.

The eighteenth amendment was made on December 22, 2006

The nineteenth amendment was made on May 5, 2008.
The twentieth amendment was made on April 30, 2009.
The twenty-first amendment was made on May 20, 2010.
The twenty-second amendment was made on June 17, 2011.
The twenty-third amendment was made on June 19, 2012.
The twenty-fourth amendment was on June 18, 2015.
The twenty-fifth amendment was made on June 21, 2016.

Paragon Technologies Co., Ltd
Chairperson: Chen Zai Pu

Attachment 13

Paragon Technologies Company Limited Shareholding Conditions of the Directors

- As of the book closure date of this regular shareholders' meeting on April 23, 2018, the paid-in capital of the Company was NT\$807,522,300 and the total number of issued shares was 80,752,230 shares.
- According to Article 26 of the Securities and Exchange Act, all directors should hold at least 6,460,178 shares in total as the minimum legal amount. The Company has established an audit committee in accordance with the law, and does not apply the regulation that the number of shares held by relevant supervisors shall not be less than a certain percentage
- The Company appoints three independent directors, and shareholding ratio of all directors is lowered to 80% according to regulations except for independent directors.
- The shareholding of all directors recorded in the shareholder list complied with the statutory standards.
- The details of the shareholdings of the directors are as follows:

Title	Name	Elected Date	Term	Number of shares held at the time of appointment		Shares held as recorded on the shareholder's records on the book closure date	
				Number of Shares	Ratio	Number of Shares	Ratio
Chairman of the Board	Chen Zai Pu	104.6.18	3 years	1,911,810	2.21%	1,911,810	2.37%
Director	Wang Hsiao Lung	104.6.18	3 years	1,183,053	1.37%	1,028,053	1.27%
Director	Wang Jia Yeh	104.6.18	3 years	173,144	0.20%	120,144	0.15%
Director	Lin Chi Yong	104.6.18	3 years	738,784	0.85%	738,784	0.91%
Director	Kao Wen Hsiang	104.6.18	3 years	1,894,142	2.19%	1,894,142	2.35%
Director	Chen Wan Te	104.6.18	3 years	1,177,566	1.36%	1,177,566	1.46%
Director	Wang Le Qun	104.6.18	3 years	48,000	0.06%	48,000	0.06%
Director	Union Polymer International Investment Co., Ltd. Representative: Ou Keng Tsuo	104.6.18	3 years	1,505,000	1.74%	1,505,000	1.86%
Independent Director	Chang Tzuh Sin	104.6.18	3 years	0	0%	0	0%
Independent Director	Pan Fu Jen	104.6.18	3 years	0	0%	0	0%
Independent Director	Hsu Jui Tsan	104.6.18	3 years	0	0%	0	0%
Total shares held by all directors				8,631,499	9.98%	8,423,499	10.43%