

Stock Code 3518

Paragon Technologies Co., Ltd.

2019 Annual Meeting of Shareholders

Meeting Handbook

Date: June 24, 2019

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

Table of Contents

Chapter 1	Meeting Procedures	2
Chapter 2	Meeting Agenda	3
Chapter 3	Report Items	4
Chapter 4	Proposals	5
Chapter 5	Discussions and Elections	6
Chapter 6	Questions and Motions	7
Chapter 7	Attachments	
	I. 2018 Business Report	8
	II. 2018 Audit Committee's Review Report	10
	III. 2018 Endorsement / Guarantees Provided	11
	IV. Independent Auditor's Report and 2018 Financial Statements	12
	V. Contrast Table for the Amended Articles of the "Acquisition and Disposal of Assets Procedures"	31
	VI. Contrast Table for the Amended Articles of the "Procedures for Endorsement & Guarantees"	72
	VII. Contrast Table for the Amended Articles of the "Operational Procedures for Loaning of Funds to Others"	79
	VIII. Acquisition and Disposal of Assets Procedures (Before Amendment)	88
	IX. Endorsements/Guarantees Operational Procedures (Before Amendment)	105
	X. Procedures Governing Loaning of Funds (Before Amendment)	110
	XI. Rules and Procedures for Shareholders' Meeting	115
	XII. Articles of Association	119
	XIII. Shareholding Conditions of the Directors	124

Paragon Technologies Co., Ltd.

Procedure for the 2019 Annual Meeting of Shareholders

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Report Items
- IV. Proposals
- V. Discussions
- VI. Questions and Motions
- VII. Adjournment

Paragon Technologies Co., Ltd.

Agenda for the 2018 Annual Meeting of Shareholders

Time: 9:00 a.m., Monday, June 24, 2019

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

- I. Call the Meeting to Order (Number of shares reported on attendance)
- II. Chairman's Remarks
- III. Report Items
 - (I) 2018 Business Report
 - (II) Audit Committee's Review Report on the 2018 Financial Statements
 - (III) Report on the Company's Accumulated Losses Reaching One-Half of Paid-in Capital
 - (IV) The Status of Endorsement and Guarantees for 2018
 - (V) Implementation Report on Treasury Stock Buyback
- IV. Proposals
 - (I) 2018 Business Report and Financial Statements
 - (II) 2018 Deficit Compensation
- V. Discussions
 - (I) Amendment to Certain Articles of the Company's Procedures for Acquisition and Disposal of Assets
 - (II) Amendment to Certain Articles of the Company's Operational Procedures for Endorsements and Guarantees
 - (III) Amendment to Certain Articles of the Company's Operational Procedures for Loaning of Funds to Others
- VI. Questions and Motions
- VII. Adjournment

Report Items

I. 2018 Business Report for Examination

Explanation: The 2018 business report is attached on p.7 of the handbook.

II. Audit Committee's Review Report on the 2018 Financial Statements for Examination

Explanation: The 2018 Audit Committee's review report is attached on p.8 of the handbook.

III. Report on the Company's accumulated losses reaching one-half of paid-in capital for Examination.

Explanation:

1. The Company's deficit yet to be compensated in 2018 was NT\$489,795,912, reaching one-half of the paid-in capital, which shall be reported at the most recent shareholders' meeting in accordance with Article 211 of the Company Act.
2. After the resolution of the 2018 Deficit Compensation has been passed by the Shareholders' Meeting, there is no accumulated losses reaching one-half of paid-in capital of the Company.

IV. 2018 Status Report on Endorsement and Guarantees for Examination

Explanation: The Company's status of Endorsements and Guarantees by December 31, 2018 is attached on p.9 of the handbook.

V. 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 Seventh Time
Purpose of the Buyback	Shares Transferred to Employees
Buyback Period	106.5.16~106.7.10
Buyback Range Price	NT\$13.37 to NT\$31.74
Type and Number of Buyback Shares	1,610,000 shares
Amount of Buyback Shares	NT\$ 34,650,781
Number of Cancelled and Transferred Shares	0
Cumulative Number of the Company's Shares	1,610,000 shares
Ratio of Cumulative Number of the Company's Shares of the Total Issued Shares (%)	1.99%

Proposals

Case 1: (Proposed by the Board)

Proposal: Adoption of the 2018 Business Report and Financial Statements

Explanation:

1. The Company's 2018 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 audited by Audit Committee and resolved and approved by the Board are attached on p.7 and p.10-30 of the handbook.

Resolution:

Case 2: (Proposed by the Board)

Proposal: Adoption of the Proposal for 2018 Deficit Compensation

Explanation:

1. The accumulated deficit of the Company at the beginning of the period was NT\$151,367,625 less the actuarial (loss) gain included in retained earnings of NT\$ 119,505 and less the net loss in 2018 of NT\$ 338,308,782 is the accumulated deficit yet to be compensated at the end of the period of NT\$ 489,795,912. With deficit compensated by the special reserve of NT\$60,379,101 and capital reserve - stock premium of NT\$429,416,811, the accumulated deficit at the end of the period is NT\$ 0.
2. The Company's 2018 Deficit Compensation Statement is as follows:

Paragon Technologies Co., Ltd. Deficit Compensation Statement 2018

Unit: NTD\$

Items	Amount
Beginning Accumulated Deficit	(151,367,625)
Less: Actuarial (Losses) Gains Included in Retained Earnings	(119,505)
Less: 2018 After-tax Net Loss	(338,308,782)
Closing Accumulated Deficit Yet to Be Compensated	(489,795,912)
Items Yet to Be Compensated:	
Plus: Special reserve	60,379,101
Plus: Additional paid-in capital - stock premium	429,416,811
Closing Accumulated Deficit	0

Chairman: Chen Zai Pu

Manager: Wang Hsiao Long

Accounting Supervisor: Liu
Ming Yi

Resolution:

Discussions

Case 1: (Proposed by the Board)

Proposal: Amendment to Certain Articles of the Company's Procedures for Acquisition and Disposal of Assets for Resolution

Explanation:

1. In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410725 of the Financial Supervisory Commission. Table of Articles Before and After Amendments for Acquisition and Disposal of Assets Procedures is attached on pp. 31-42 of the handbook.
2. Articles Before Amendment for Acquisition and Disposal of Assets Procedures is attached on pp. 49-61 of the handbook.

Resolution:

Case 2: (Proposed by the Board)

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

Explanation:

1. In line with articles amended and issued per 7 March 2019 Order No. Financial-Supervisory-Securities-Auditing-1080304826 of the Financial Supervisory Commission. Table of Articles Before and After Amendments for Operational Procedures for Endorsements and Guarantees is attached on pp. 43-45 of the handbook.
2. Articles Before Amendment for Operational Procedures for Endorsements and Guarantees is attached on pp. 62-65 of the handbook.

Resolution:

Case 3: (Proposed by the Board)

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

Explanation:

1. In line with articles amended and issued per 7 March 2019 Order No. Financial-Supervisory-Securities-Auditing-1080304826 of the Financial Supervisory Commission. Table of Articles Before and After Amendments for Operational Procedures for Loaning of Company Funds to Others is attached on pp. 46-48 of the handbook.
2. Articles Before Amendment for Operational Procedures for Loaning of Funds to Others is attached on pp. 66-69 of the handbook.

Resolution:

Questions and Motions

Adjournment

[Attachment 1]

Business Report

The main reason for the operation of Paragon in 2016 was (1) as the market strategy adjusted our focus on the market in the PRC. In the course of business transfer, the Group has gradually shifted its business from the post-sale market in the United States, and the revenue from the external coating products of the automobile wheel in the market was gradually reduced by approximately 25% from 2016. (2) In the NB-on-NB business, due to the increase in the proportion of metal casing in the financial institution and the increase in the self-manufacturing ratio of red supply chain in Mainland China, the NB-POLY balance of the year was approximately NT\$569,404,000 in 2017, representing a decrease of approximately 21% from 2016. In 2017, the Group has been making strategic adjustments in the current year, although it was a difficult environment in the industry, it was more active than that in the current market, although it was still in the difficult environment, it also actively explored domestic demand for domestic market and the Chinese brand. It was also actively expanded the domestic market and the Chinese brand. It was also actively expanded the domestic market and the Chinese brand. It was also actively developed the domestic market and the Chinese brand. It was also developed into the market for the interior function of the automotive. It was also developed into the market for the interior function of the automotive. It was also developed into the new product and developed the new product.

The report of the 2017 operations is as follows:

The revenue of the Company's individual statements of the Company for 2017 was NT\$10,508,000; the consolidated revenue of the Group was NT\$663,925,000; net income after tax was NT\$243,117,000; net loss per share was NT\$2.09, and the net worth per share was NT\$25.10.

In the future, the market conditions of NB industry will remain at a rate of approximately 150 million. In addition to the stable growth of the existing Taiwanese factory, we will strive to expand the existing product and supply chain in the PRC. In addition, the Company will strive to expand the product's brand name in the PRC, and gradually expand the product-oriented function of the Group's brand and the market in the future, and will further expand the production capacity of the existing EMI to the market. The Company will also make further improvement in the future operational performance.

In the automotive wheel-off product, the Group will focus on the post-sales market in North America after considering the excessive trade policy in the past. If the major trade policy changes in the United States, it will be exposed to a significant impact on the market and the product structure in the future, and hence, we have gradually adjusted the market and product structure in the future, so we have started to gradually adjust the market and product structure in 2017. Under the original metal shooting technology, the Group will develop a new generation of innovative and innovative technology, which is a new and innovative "multi-layer embedded technology" technology, and we have launched six different types of molecular laser technology in the Taipei International Automotive Parts Show, which are in the process of launching a series of new and <unk> technology in the international automotive parts and components, which can be used to provide customers with better services and the need for innovative products, so as to provide customers with better services and the product technologies in the market. We started to launch a

multi-layer molecular laser production capacity in Taiwan at the end of 2017. The factory has a highly flexible production capacity and R&D innovation capabilities. We will also serve as the research and development base for interior and external decorative accessories for interior and exterior interior accessories.

In terms of research and development, the Company has been working on the environmental protection and environmental protection project, and has required a total of 270 suppliers from Kunshan Government to work on the environment. The Company has been required to be eliminated from the project. The Company will be able to be eliminated in the production process of the environment. The Company will be able to be eliminated in the production process of the environmental friendly production process. The Company will continue to be able to achieve the core value of the environmental friendly production process. The Company will continue to be able to achieve the core value of the environmental protection process.

The future trend is conducive to the wave of Paragon, we believe we will go out on the right road. On behalf of the Company, I would like to express my sincere gratitude to our shareholders for their long-term support and trust, and to continue to offer encouragement to the Group.

Chairman Chen Zai Pu General Manager Wang Hsiao Long, Accounting Supervisor: Liu Ming Yi

[Attachment 2]

Paragon Technologies Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared the 2018 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

2019 Annual Meeting of Shareholders

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

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Attachment 3

Paragon Technologies Co., Ltd. and its Subsidiaries

Endorsements/Guarantees Provided

For the Year Ended December 31, 2018

Unit: Unless Specified Otherwise

Amount in Thousands of New Taiwan Dollars

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 A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Company Name	Relationship (Note 2)											
0	Paragon Technologies Co., Ltd.	MACRO SIGHT INTERNATIONAL CO., LTD.	(2)	\$ 830,330	\$ 157,87 USD 5,100	\$ 156,647 USD5,100	\$ 35,20	\$ -	9.43%	\$ 830,330	Y	N	N	
1	Paragon (Kunshan) Technology Co., Ltd.	Paragon Optoelectronics Technologies Company Limited (Zhejiang)	(3)	213,176 RMB 47,669	93,72 RMB 20,000	89,440 RMB20,000	84,74 RMB 18,950	89,440 RMB20,000	5.39%	213,716 RMB47,669	N	N	Y	
2	Bo Ting Optoelectronics Technologies Company Limited (Suzhou)	Paragon Optoelectronics Technologies Company Limited (Zhejiang)	(3)	401,966 RMB89,885	259,37 RMB58,000	259,376 RMB58,000	243,72 RMB54,500	259,376 RMB58,000	15.62%	401,966 RMB89,885	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 7 types of companies to which the Company may provide endorsement/guarantee:

- (1) Companies with which the Company does business.
- (2) Companies in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) Companies that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- (4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- (5) Companies in same type of business or 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) Companies with all capital contributing shareholders making endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of guarantee 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 single affiliate, the threshold shall be 50%. 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

Independent Auditor's Report

To Paragon Technologies Company Limited,

Opinion

We have audited the consolidated financial statements of Paragon Technologies Co., Ltd. and its subsidiaries (collectively referred as "the Group" hereafter), which comprise the consolidated balance sheets as of 31 December, 2018 and 2017, 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, 2018, 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 Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). 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, 2018. 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, 2018 are as follows:

Impairment of property, plant and equipment

Explanation

As of December 31, 2018, the carrying amount of the property, plant and equipment was NT\$683,627 thousand (after deducting NT\$110,456 thousand of accumulated depreciation), which represented 29% 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 14.

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 2018, the Group undertook to expand the market for their wheel coating products. However, sales faltered during the early stages of the expansion and some EMI equipment was idle as operation adjustment, 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\$12,543 thousand during the year 2018.

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. Testing the sample of the input value information with the assistance of the financial adviser of the firm to verify the correctness of the input value in the expert report.

Other Items

We have audited the individual financial statements of the Group as of and for the years 2018 and 2017, 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 Paragon Technologies Co., Ltd. and its subsidiaries' 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 Paragon Technologies Company Limited and its subsidiaries 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 Paragon Technologies Co., Ltd. and its subsidiaries' 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 audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. 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.

We have exercised professional judgment and maintained professional skepticism while abiding by GAAS in our audit. We also:

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.

The CPA's communications with the organization include the scope of planned auditing, the timeframe and material findings (including significant deviations identified in the internal control during auditing operations).

We have also provided the statement pertaining to our accounting firm's personnel under governance of independence to the governance unit, and communicated with governance unit over relations and other items (including relevant protective measures) that could affect the CPA's independence.

From the matters communicated with those charged with governance, we determine the key audit matters of the 2018 consolidated financial statements of Paragon Technologies Co., Ltd. and its subsidiaries. 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

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Paragon Technologies Co., Ltd. and its subsidiaries
CONSOLIDATED BALANCE SHEETS
for the Years Ended December 31, 2018 and 2017

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
Current Assets					
1100	Cash and cash equivalents (Notes 4, 6 and 33)	\$ 539,130	23	\$ 518,188	20
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7 and 33)	31,304	1	354,244	14
1136	Financial assets at amortized cost - current (Notes 4, 8, 33 and 35)	335,094	14	-	-
1147	Investment in debt instruments with no active market - current (Notes 4, 9, 33 and 35)	-	-	91,300	4
1150	Notes receivable, net (Notes 4, 10 and 33)	9,168	-	7,234	-
1170	Accounts receivable, net (Notes 4, 10 and 33)	280,420	12	325,746	13
1200	Other receivables (Notes 4, 10 and 33)	11,986	1	6,827	-
1220	Current income tax assets (Notes 4 and 26)	362	-	6,529	-
130X	Inventories (Notes 4 and 11)	8,298	-	14,332	1
1429	Prepayments (Note 17)	11,815	1	39,892	2
1412	Prepaid rent (Notes 4 and 16)	1,555	-	2,041	-
1470	Other current assets (Note 17)	1,816	-	2,499	-
11XX	Total current assets	<u>1,230,948</u>	<u>52</u>	<u>1,368,832</u>	<u>54</u>
Non-current Assets					
1535	Financial assets at amortized cost - non-current (Notes 4, 8, 33 and 35)	259,376	11	-	-
1546	Investment in debt instruments with no active market - noncurrent (Notes 4, 9, 33 and 35)	-	-	91,300	4
1550	Investment accounted for using equity method (Notes 4 and 13)	4,599	-	-	-
1600	Property, plant and equipment (Notes 4, 5 and 14)	683,627	29	873,738	34
1780	Intangible Assets (Notes 4 and 15)	773	-	1,180	-
1840	Deferred tax assets (Notes 4 and 26)	88,986	4	96,181	4
1915	Prepayments for equipment (Note 17)	2,126	-	7,241	-
1920	Refundable deposits (Notes 17, 33 and 36)	13,535	1	36,762	1
1985	Long-term prepaid rent (Notes 4 and 16)	75,394	3	78,248	3
1990	Other non-current assets (Note 17)	3,450	-	3,450	-
15XX	Total noncurrent assets	<u>1,131,866</u>	<u>48</u>	<u>1,188,100</u>	<u>46</u>
1XXX	Total Assets	<u>\$ 2,362,814</u>	<u>100</u>	<u>\$ 2,556,932</u>	<u>100</u>
Liabilities and equities					
Current liabilities					
2100	Short-term loans (Notes 4, 18, 33, and 35)	\$ 473,562	20	\$ 293,424	11
2150	Notes payable (Notes 19 and 33)	-	-	25	-
2170	Accounts payable (Notes 19 and 33)	7,911	-	14,797	1
2200	Other Payable (Note 20 and 33)	116,595	5	148,187	6
2230	Current income tax liabilities (Notes 4 and 26)	10,600	1	3,553	-
2250	Provision - current (Notes 4 and 21)	70,719	3	42,968	2
2399	Other current liabilities (Notes 20 and 33)	423	-	364	-
21XX	Total Current Liabilities	<u>679,810</u>	<u>29</u>	<u>503,318</u>	<u>20</u>
Noncurrent Liabilities					
2550	Provision - non-current (Notes 4 and 21)	11,105	1	14,995	1
2630	Long-term deferred income (Notes 20 and 29)	9,069	-	9,614	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 22)	2,073	-	1,914	-
2670	Other non-current liabilities (Note 20)	89	-	91	-
25XX	Total noncurrent liabilities	<u>22,336</u>	<u>1</u>	<u>26,614</u>	<u>1</u>
2XXX	Total Liabilities	<u>702,146</u>	<u>30</u>	<u>529,932</u>	<u>21</u>
Equity attributable to owners of the Company (Notes 4, 23 and 28)					
Capital Stock					
3110	Common stocks	807,522	34	807,522	32
3200	Capital surplus	1,437,214	61	1,437,214	56
Retained earnings					
3310	Legal reserve	-	-	92,118	4
3320	Special reserve	60,379	3	60,379	2
3350	Unappropriated retained earnings	(489,793)	(21)	(243,484)	(10)
3300	Total	(429,414)	(18)	(90,987)	(4)
3500	Treasury stock	(34,651)	(2)	(34,651)	(1)
3400	Others	(120,010)	(5)	(92,106)	(4)
31XX	Equity attributable to shareholders of the parent	1,660,661	70	2,026,992	79
36XX	Noncontrolling interests	7	-	8	-
3XXX	Total equity	<u>1,660,668</u>	<u>70</u>	<u>2,027,000</u>	<u>79</u>
Total Liabilities and Equity					
		<u>\$ 2,362,814</u>	<u>100</u>	<u>\$ 2,556,932</u>	<u>100</u>

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

Chairman: Chen Zai Pu

Manager: Wang Xiao Long

Accounting Supervisor: Liu Ming Yi

Paragon Technologies Co., Ltd. and its Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2018 and 2017

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

Code		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 24 and 40)	\$ 576,456	100	\$ 663,925	100
5000	Operating costs (Note 11 and 25)	(561,454)	(97)	(632,245)	(96)
5950	Gross Profit	<u>15,002</u>	<u>3</u>	<u>31,680</u>	<u>4</u>
	Operating expenses (Note 22, 25 and 34)				
6100	Marketing	(52,031)	(9)	(17,221)	(3)
6200	Management and general expenses	(201,380)	(35)	(171,838)	(26)
6300	Research and development	(43,876)	(8)	(36,654)	(5)
6000	Total operating expenses	(297,287)	(52)	(225,713)	(34)
6900	Loss from operations (Net operating loss)	(282,285)	(49)	(194,033)	(30)
	Non-operating income and expenses (Notes 4, 13, 14, 17, 25, 36, and 38)				
7010	Other income	22,381	4	15,256	2
7020	Other gains and losses	(25,609)	(5)	(13,684)	(2)
7050	Finance costs	(13,244)	(2)	(9,486)	(1)
7060	Recognized share of the profit and loss of the affiliated enterprises and joint ventures using equity method	(401)	-	-	-
7000	Total non-operating income and expenses	(16,873)	(3)	(7,914)	(1)
7900	Net loss before tax	(299,158)	(52)	(201,947)	(31)
7950	Income tax expense (Notes 4 and 26)	(39,150)	(7)	(41,170)	(6)
8200	Net Loss	(338,308)	(59)	(243,117)	(37)

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Code		2018		2017	
		Amount	%	Amount	%
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Notes 4, 22 and 26)	(\$ 196)	-	(\$ 444)	-
8349	Income tax benefit related to items that will not be reclassified subsequently (Notes 4 and 26)	76	-	75	-
	Sub-total	(120)	-	(369)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations (Notes 4 and 23)	(39,041)	(7)	(31,119)	(5)
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, 23 and 26)	11,137	2	5,290	1
	Sub-total	(27,904)	(5)	(25,829)	(4)
8300	Other comprehensive loss for the year, net of income tax	(28,024)	(5)	(26,198)	(4)
8500	Total comprehensive income (loss) for the year	(\$ 366,332)	(64)	(\$ 269,315)	(41)
	Net loss attributable to:				
8610	Shareholders of the parent	(\$ 338,307)	(59)	(\$ 243,115)	(37)
8620	Non-controlling Interests	(1)	-	(2)	-
8600		(\$ 338,308)	(59)	(\$ 243,117)	(37)
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the parent	(\$ 366,331)	(64)	(\$ 269,313)	(41)
8720	Non-controlling Interests	(1)	-	(2)	-
8700		(\$ 366,332)	(64)	(\$ 269,315)	(41)
	Loss per share (Note 27) from continuing business				
9710	Basic	(\$ 4.27)		(\$ 3.09)	
9810	Diluted	(\$ 4.27)		(\$ 3.09)	

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

Chairman: Chen Zai Pu

Manager: Wang Hsiao Long

Accounting Supervisor: Liu Ming Yi

Paragon Technologies Co., Ltd. and its subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2018 and 2017

Unit: NT\$ thousand, unless otherwise stated

Equity Attributable to Shareholders of the Parent											
Code		Capital stock		Retained earnings			Foreign Currency Translation Reserve BALANCE, DECEMBER 31, 2016 Exchange difference	Treasury stock	Non-controlling Interests (Note 21)	Total Equity	
		Stocks (In Thousands)	Amount	Capital surplus	Legal surplus	Special reserve					Accumulated deficit
A1	Balance as of January 1, 2017	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 loss in 2017, net of income tax	-	-	-	-	-	(369)	(25,829)	-	-	(26,198)
D5	Total comprehensive 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
B13	Loss offset by legal reserve	-	-	-	(92,118)	-	92,118	-	-	-	-
D1	Total net loss in 2018	-	-	-	-	-	(338,307)	-	-	(1)	(338,308)
D3	Other comprehensive income (loss) in 2018	-	-	-	-	-	(120)	(27,904)	-	-	(28,024)
D5	Total comprehensive income (loss) in 2018	-	-	-	-	-	(338,427)	(27,904)	-	(1)	(366,332)
Z1	Balance at December 31, 2018	80,752	\$ 807,522	\$ 1,437,214	\$ -	\$ 60,379	(\$ 489,793)	(\$ 120,010)	(\$ 34,651)	\$ 7	\$ 1,660,668

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

Chairman: Chen Zai Pu

Manager: Wang Hsiao Long

Accounting Supervisor: Liu Ming Yi

Paragon Technologies Co., Ltd. and its Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2018 and 2017

Unit: NT\$ thousand

Code		2018	2017
	Cash flows from operating activities		
A10,000	Loss before income tax	(\$ 299,158)	(\$ 201,947)
A20,010	Adjustments for:		
A20,100	Depreciation expense	185,023	191,504
A20,200	Amortization expense	757	1,141
A29,900	Amortization for prepaid rents	1,744	1,942
A20300	Expected reversal gain on credit	(4,130)	-
A20300	Allowance for (reversal gain on) doubtful debts	-	(65)
A20400	Net gain recognized on financial assets and liabilities measured at fair value through profit or loss	(9,274)	(13,629)
A21200	Interest income	(22,381)	(15,256)
A23500	Loss on impairment of refundable deposits	21,101	20,726
A20900	Financial costs	13,244	9,486
A22300	Share of profits (losses) of associates accounted for using equity method	401	-
A29900	Amortization on realized long-term deferred income	(356)	(353)
A23700	Allowance for inventories	-	924
A23800	Gain on reversal of allowance for inventories	(186)	-
A22500	Loss on disposal of property, plant and equipment	4,262	302
A23700	Impairment loss recognized on property, plant and equipment	12,543	6,799
A24100	Loss (gain) on foreign exchange	3,343	2,674
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(1,934)	2,606
A31150	Accounts receivable	49,726	88,321
A31180	Other receivables	706	2,914
A31200	Inventory	6,221	(1,621)
A31230	Prepayments	28,077	1,406
A31240	Other current assets	683	505
A32130	Notes payable	(25)	-
A32150	Accounts payable	(6,886)	(1,229)
A32180	Other Payables	(23,110)	701
A32200	Provision	23,861	(33,428)
A32230	Other current liabilities	59	35
A32240	Net defined benefit liabilities	(37)	77
A33000	Cash generated from (used in) operations	(15,726)	64,535
A33100	Interest received	16,516	14,382

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Code		2018	2017
A33300	Interest paid	(\$ 13,220)	(\$ 9,099)
A33500	Income Tax Paid	(7,575)	(17,522)
AAAA	Net cash generated by (used in) operating activities	(20,005)	52,296
	Cash flow from investment activities		
B00100	Acquisition of financial assets at fair value through profit or loss	(775,892)	(1,740,715)
B00200	Disposal of financial assets at fair value through profit or loss	1,106,432	1,571,810
B00040	Acquisition of financial assets at amortized cost	(1,026,465)	-
B00050	Disposal of financial assets at amortized cost	610,875	-
B00600	Investment in debt instruments with no active market	-	(45,650)
B00700	Proceeds from disposal of debt instruments with no active market	-	81,526
B01800	Disposition of long-term investment in shares through equity method	(5,000)	-
B02700	Acquisition of property, plant and equipment	(22,879)	(14,094)
B02800	Disposal of property, plant and equipment	3,796	-
B03800	Refundable deposits refunded	2,126	436
B04500	Acquisition of intangible assets	(363)	(289)
B07100	Increase in prepaid expenses for equipment	(14,937)	(22,614)
BBBB	Net cash outflow from investing activities	(122,307)	(169,590)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	176,795	11,275
C03100	Decrease in guarantee deposits	(2)	(1)
C04500	Distribution of cash dividends	-	(40,054)
C05800	Increase in noncontrolling interests	-	10
C04900	Buyback of treasury stocks	-	(34,651)
C04800	Proceeds received from employees exercising stock options	-	21,917
CCCC	Net cash inflow (outflow) from financing activities	176,793	(41,504)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(13,539)	(13,088)
EEEE	Increase (decrease) in cash and cash equivalents	20,942	(171,886)
E00100	Cash and cash equivalents at beginning of year	518,188	690,074
E00200	Cash and cash equivalents at end of year	\$ 539,130	\$ 518,188

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

Chairman: Chen Zai Pu

Manager: Wang Hsiao Long

Accounting Supervisor: Liu Ming Yi

CPA's Audit Report

To Paragon Technologies Co., Ltd.

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, 2018 and 2017, 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 above give a true and fair view of the financial position of Paragon Technologies Co., Ltd. as at December 31, 2018 and 2017, and of its financial performance and its cash flows from January 1 to December 31, 2018 and 2017 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for (audit) opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). 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 of Paragon Technologies Co., Ltd. for the year ended December 31, 2018. 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 of Paragon Technologies Co., Ltd. in 2018 are as follows:

Key Audit Matters relating to the Subsidiaries' financial statements

Explanation

As at 31 December, 2018, Paragon Technologies Co., Ltd.'s investments accounted for using equity method were NT\$1,531,623 thousand, accounting for 88% of the 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 of Paragon Technologies Co., Ltd. For details, please see notes 4 and 9 of the parent company only financial statements.

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

Corresponding Audit procedures performed

We have understood Paragon Technologies Co., Ltd.'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 major Subsidiaries' financial statements:

Impairment of Subsidiaries' property, plant and equipment

The main businesses of its subsidiaries 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 2018, the sales faltered during the early stages of the expansion of manufacturing of wheel coating and some EMI equipment was idle as operation adjustment, 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 is less than their book value. Because of that, its subsidiaries recognized impairment loss of NT\$12,543 thousand during 2018.

As the income from the wheel coating business remained unstable, the management was unable to reasonably evaluate the recoverable amount of the property, plant and equipment by the value-in-use model; 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 of its subsidiaries 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. Testing the sample of the input value information with the assistance of the financial adviser of the firm to verify the correctness of the input value in the expert report.

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, 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 Paragon Technologies Co., Ltd.'s ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 Paragon Technologies Co., Ltd.'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 individual audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. 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.

We have exercised professional judgment and maintained professional skepticism while abiding by GAAS in our 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.

The CPA's communications with the organization include the scope of planned auditing, the timeframe and material findings (including significant deviations identified in the internal control during auditing operations).

We have also provided the statement pertaining to our accounting firm's personnel under governance of independence to the governance unit, and communicated with governance unit over relations and other items (including relevant protective measures) that could affect the CPA's independence.

From the matters communicated with those charged with governance, we determine the key audit matters of the 2018 parent company only financial statements of Paragon Technologies Co., Ltd. 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

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Paragon Technologies Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2018 and 2017

Unit: NT\$ thousand

Code	Assets	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, and 27)	\$ 83,774	5	\$ 97,524	5
1170	Accounts receivable (Notes 3, 7 and 27)	254	-	-	-
1210	Other Receivables - Related Parties (Notes 4, 7, 27 and 28)	48,173	3	29,673	1
1200	Other receivables (Notes 4, 7 and 27)	107	-	83	-
1220	Current income tax assets (Notes 4 and 21)	362	-	6,529	-
130X	Inventories (Notes 4 and 8)	453	-	859	-
1410	Prepayments (Note 12)	4,278	-	2,894	-
1470	Other current assets (Note 12)	317	-	308	-
11XX	Total current assets	<u>137,718</u>	<u>8</u>	<u>137,870</u>	<u>6</u>
	Non-current assets				
1550	Investment accounted for using equity method (Notes 4, 9 and 28)	1,531,623	85	1,881,196	88
1600	Property, plant and equipment (Notes 4, 10, 20 and 28)	49,429	3	39,125	2
1780	Intangible assets (Notes 4 and 11)	127	-	96	-
1840	Deferred income tax assets (Notes 4 and 21)	75,903	4	69,313	3
1915	Prepayments for equipment (Note 12)	1,080	-	4,278	-
1920	Refundable deposits (Note 12 and 27)	4,162	-	6,181	1
1990	Other non-current assets (Note 12)	3,450	-	3,450	-
15XX	Total non-current assets	<u>1,665,774</u>	<u>92</u>	<u>2,003,639</u>	<u>94</u>
1XXX	Total assets	<u>\$ 1,803,492</u>	<u>100</u>	<u>\$ 2,141,509</u>	<u>100</u>
	Liabilities and equities				
	Current liabilities				
2100	Short-term loans (Notes 13 and 27)	\$ 110,000	6	\$ 80,000	4
2150	Notes payable (Notes 14 and 27)	-	-	25	-
2170	Accounts payable (Notes 14 and 27)	1,456	-	304	-
2219	Other payables (Notes 15 and 27)	27,778	2	30,998	1
2399	Other current liabilities (Note 15)	364	-	351	-
21XX	Total current liabilities	<u>139,598</u>	<u>8</u>	<u>111,678</u>	<u>5</u>
	Non-current liabilities				
2550	Provisions – non-current (Notes 4 and 16)	1,160	-	925	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 17)	2,073	-	1,914	-
25XX	Total non-current liabilities	<u>3,233</u>	<u>-</u>	<u>2,839</u>	<u>-</u>
2XXX	Total liabilities	<u>142,831</u>	<u>8</u>	<u>114,517</u>	<u>5</u>
	Equity (Notes 4, 17, 18 and 23)				
	Capital stock				
3110	Ordinary capital stock	807,522	45	807,522	38
3200	Capital surplus	1,437,214	80	1,437,214	67
	Reserved earnings				
3310	Legal surplus	-	-	92,118	4
3320	Special reserve	60,379	3	60,379	3
3350	Retained earnings	(489,793)	(27)	(243,484)	(11)
3300	Total retained earnings	(429,414)	(24)	(90,987)	(4)
3400	Other equities	(120,010)	(7)	(92,106)	(4)
3500	Treasury stock	(34,651)	(2)	(34,651)	(2)
3XXX	Total equities	<u>1,660,661</u>	<u>92</u>	<u>2,026,992</u>	<u>95</u>
	Total liabilities and equities	<u>\$ 1,803,492</u>	<u>100</u>	<u>\$ 2,141,509</u>	<u>100</u>

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

Chairman: Chen Zai Pu

Manager: Wang Hsiao Long

Accounting Supervisor: Liu Ming Yi

Paragon Technologies Co., Ltd.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2018 and 2017

Unit: Thousand NT\$ (except loss per share in yuan)

Code		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 19 and 28)	\$ 4,146	100	\$ 10,508	100
5000	Operating costs (Notes 4, 8 and 20)	(1,209)	(29)	(5,002)	(48)
5900	Operating margin	2,937	71	5,506	52
5910	Unrealized profits on subsidiaries, affiliated companies and joint ventures (Note 28)	-	-	(528)	(5)
5920	Realized profits on subsidiaries, affiliated companies and joint ventures (Note 28)	<u>71,713</u>	<u>1,730</u>	<u>80,957</u>	<u>770</u>
5950	REALIZED GROSS PROFIT	<u>74,650</u>	<u>1,801</u>	<u>85,935</u>	<u>817</u>
	Operating expenses (Note 17, 20, 23 and 28)				
6100	Selling expense	(68)	(2)	(734)	(7)
6200	General and administrative	(77,658)	(1,873)	(80,410)	(765)
6300	Research and development	(34,531)	(833)	(22,998)	(219)
6000	Total operating expenses	(<u>112,257</u>)	(<u>2,708</u>)	(<u>104,142</u>)	(<u>991</u>)
6900	Loss from operations (Net operating loss)	(<u>37,607</u>)	(<u>907</u>)	(<u>18,207</u>)	(<u>174</u>)
	Non-operating income and expenses (Notes 9, 20 and 28)				
7010	Other income	28,854	696	31,759	302
7020	Other gains and losses	(695)	(17)	(4,145)	(39)
7050	Financial costs	(1,558)	(37)	(1,306)	(12)
7070	Share of profits of subsidiaries, associates and joint ventures	(<u>315,330</u>)	(<u>7,606</u>)	(<u>228,493</u>)	(<u>2,175</u>)
7000	Non-operating income and expenses	(<u>288,729</u>)	(<u>6,964</u>)	(<u>202,185</u>)	(<u>1,924</u>)

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Code		2018		2017	
		Amount	%	Amount	%
7900	Continuing Operating Loss before Tax	(\$ 326,336)	(7,871)	(\$ 220,392)	(2,098)
7950	Income tax expense (Notes 4 and 21)	(<u>11,971</u>)	(<u>289</u>)	(<u>22,723</u>)	(<u>216</u>)
8200	Net loss	(<u>338,307</u>)	(<u>8,160</u>)	(<u>243,115</u>)	(<u>2,314</u>)
	Other comprehensive income (loss) (Notes 4, 17, 18 and 21)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	(196)	(5)	(444)	(4)
8349	Income tax benefit related to items that will not be reclassified subsequently	<u>76</u>	<u>2</u>	<u>75</u>	<u>1</u>
8310		(<u>120</u>)	(<u>3</u>)	(<u>369</u>)	(<u>3</u>)
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	(39,041)	(942)	(31,119)	(296)
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>11,137</u>	<u>269</u>	<u>5,290</u>	<u>50</u>
8360		(<u>27,904</u>)	(<u>673</u>)	(<u>25,829</u>)	(<u>246</u>)
8300	Other comprehensive loss for the year, net of income tax	(<u>28,024</u>)	(<u>676</u>)	(<u>26,198</u>)	(<u>249</u>)
8500	Total comprehensive income (loss) for the year	(<u>\$ 366,331</u>)	(<u>8,836</u>)	(<u>\$ 269,313</u>)	(<u>2,563</u>)
	Loss per share (Note 22) from continuing business				
9710	Basic	(<u>\$ 4.27</u>)		(<u>\$ 3.09</u>)	
9810	Diluted	(<u>\$ 4.27</u>)		(<u>\$ 3.09</u>)	

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

Chairman: Chen Zai Pu

Manager: Wang Hsiao Long

Accounting Supervisor: Liu Ming Yi

Paragon Technologies Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2018 and 2017

Unit: NT\$ thousand, unless otherwise stated

Code		Capital stock		Retained earnings			Other Equity	Treasury stock	Total equities	
		Stocks (In Thousands)	Amount	Capital surplus	Legal surplus	Special reserve	Accumulated deficit			Foreign operation Translation of the financial statements Exchange difference
A1	Balance as of January 1, 2017	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)	-	-	(243,115)
D3	Other comprehensive loss in 2017, 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 as of December 31, 2017	80,752	807,522	1,437,214	92,118	60,379	(243,484)	(92,106)	(34,651)	2,026,992
B13	Loss offset by legal reserve	-	-	-	(92,118)	-	92,118	-	-	-
D1	Total net loss in 2018	-	-	-	-	-	(338,307)	-	-	(338,307)
D3	Other comprehensive income (loss) in 2018	-	-	-	-	-	(120)	(27,904)	-	(28,024)
D5	Total comprehensive income (loss) in 2018	-	-	-	-	-	(338,427)	(27,904)	-	(366,331)
Z1	Balance as of December 31, 2018	<u>80,752</u>	<u>\$ 807,522</u>	<u>\$ 1,437,214</u>	<u>\$ -</u>	<u>\$ 60,379</u>	<u>(\$ 489,793)</u>	<u>(\$ 120,010)</u>	<u>(\$ 34,651)</u>	<u>\$ 1,660,661</u>

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

Chairman: Chen Zai Pu

Manager: Wang Hsiao Long

Accounting Supervisor: Liu Ming Yi

Paragon Technologies Co., Ltd.

PARENT ONLY COMPANY STATEMENTS OF CASH FLOWS

January 1 to December 31, 2018 and 2017

Unit: thousand NT\$

Code		2018	2017
	Cash flows from operating activities		
A10000	Loss before income tax	(\$ 326,336)	(\$ 220,392)
A20010	Adjustments for:		
A20100	Depreciation expense	16,796	16,169
A20200	Amortization expense	309	412
A20900	Financial costs	1,558	1,306
A22400	Share of Profit or Loss of Subsidiaries, Associates & Joint Ventures Accounted for Using Equity Method	315,330	228,493
A21200	Interest income	(1,157)	(2,059)
A23800	(Gain) loss on inventories	113	(18)
A24000	REALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	(71,713)	(80,957)
A23900	UNREALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	-	528
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(254)	-
A31160	Accounts receivable - related parties	-	10,811
A31180	Other receivables	(54)	37
A31190	Other receivables - related parties	2,030	(29,673)
A31200	Inventory	293	476
A31230	Prepayments	(1,384)	(953)
A31240	Other current assets	(9)	191
A32130	Notes payable	(25)	-
A32150	Accounts payable	1,152	(1,368)
A32180	Other Payables	1,104	720
A32200	Provision	235	198
A32230	Other current liabilities	13	22
A32240	Net defined benefit liabilities-non-current	(37)	77
A33000	Cash outflow from operations	(62,036)	(75,980)
A33100	Interest received	1,187	2,746
A33300	Interest paid	(1,582)	(1,327)
A33500	Income Tax Paid	(1,181)	(8,072)
AAAA	Net cash outflow from operating activities	(63,612)	(82,633)

(Continued on next page)

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<u>Code</u>		<u>2018</u>	<u>2017</u>
	Cash flow from investment activities		
B00700	Proceeds from disposal of debt instruments with no active market	\$ -	\$ 46,170
B01800	Disposition of long-term investment in shares through equity method	(5,000)	-
B07600	Dividends received from Subsidiaries, Joint Ventures and Associates	51,385	76,316
B02700	Acquisition of property, plant and equipment	(15,567)	(1,577)
B04500	Acquisition of intangible assets	(340)	(289)
B03700	Decrease (increase) in refundable deposits	2,019	(809)
B07100	Increase in prepaid expenses for equipment	(<u>12,635</u>)	(<u>4,278</u>)
BBBB	Net cash used in (generated by) investing activities	<u>19,862</u>	<u>115,533</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	30,000	-
C00200	Decrease in short-term loans	-	(30,000)
C04500	Distribution of cash dividends	-	(40,054)
C04800	Proceeds received from employees exercising stock options	-	21,917
C04900	Buyback of treasury stocks	<u>-</u>	(<u>34,651</u>)
CCCC	Net cash inflow (outflow) from financing activities	<u>30,000</u>	(<u>82,788</u>)
EEEE	Decrease in cash and cash equivalents	(13,750)	(49,888)
E00100	Balance of Cash and Cash Equivalents, Beginning of Year	<u>97,524</u>	<u>147,412</u>
E00200	Balance of Cash and Cash Equivalents, Beginning of Year	<u>\$ 83,774</u>	<u>\$ 97,524</u>

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

Chairman: Chen Zai Pu

Manager: Wang Hsiao Long

Accounting Supervisor: Liu Ming
Yi

Attachment 5

Paragon Technologies Co., Ltd.

Contrast Table for the Amended Articles of the Acquisition and Disposal of Assets Procedures

Original Article	Articles after the amendment	Articles before the amendment	Explanations
Article 3	<p>Scope of Assets</p> <p>I. Marketable securities: including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>III. Memberships</p> <p>IV. Intangible assets: including patents, copyrights, trademarks and franchise rights, and</p>	<p>Scope of Assets</p> <p>I. Marketable securities: including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property, land use rights and construction enterprise inventory) and equipment.</p> <p>III. Memberships</p> <p>IV. Intangible assets: including patents, copyrights, trademarks and franchise</p>	<p>In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.</p>

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>other intangible assets.</p> <p>V. <u>Right-of-use assets.</u></p> <p>VI. <u>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</u></p> <p>VII. <u>Derivatives.</u></p> <p>VIII. <u>Assets acquired or disposed of in connection with mergers, demerger, acquisitions or transfer of shares in accordance with law.</u></p> <p>IX. <u>Other major assets.</u></p>	<p>rights, and other intangible assets.</p> <p>V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>VI. Derivatives</p> <p>VII. Assets acquired or disposed of in connection with mergers, demerger, acquisitions or transfer of shares in accordance with law.</p> <p>VIII. Other major assets.</p>	
Article 4	<p>Definition</p> <p>I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices</p>	<p>Definition</p> <p>I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The forward</p>	<p>In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.</p>

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the</p>	<p>contracts described above do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (distribution) contracts.</p> <p>II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>V. Date of occurrence: Refers to the date of</p>	<p>therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act.</p> <p>III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>VI. Mainland China Area Investment: Refers to investment in the Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or</p>	<p>authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>VI. Mainland China Area Investment: Refers to investment in the Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>VII. The term "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction, and the proposed part is exempted from the calculation.</p> <p>VIII. "The most recent financial statement" refers to the most recent</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>Technical Cooperation in the Mainland Area.</p> <p>VII. The term "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction, and the proposed part is exempted from the calculation.</p> <p>VIII. "The most recent financial statement" refers to the most recent parent company only or individual financial reports prepared by a CPA prior to the acquisition or disposal of assets by the Company in accordance with the Securities Issuers' Financial Report Preparing Standards.</p> <p>IX. The calculation of 10 percent of total assets as required by the total assets in the most recent parent company only</p>	<p>parent company only or individual financial reports prepared by a CPA prior to the acquisition or disposal of assets by the Company in accordance with the Securities Issuers' Financial Report Preparing Standards.</p> <p>IX. The calculation of 10 percent of total assets as required by the total assets in the most recent parent company only or individual financial reports specified by the Securities Issuers' Financial Report Preparing Standards.</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>or individual financial reports specified by the Securities Issuers' Financial Report Preparing Standards.</p>		
Article 6	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for</u></p>	<p>Any professional appraisers and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, shall not be a related party of other party of the transaction.</p>	<p>In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.</p>

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p><u>fraud, breach of trust, embezzlement, forgery of documents, or occupational crime.</u> <u>However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>II. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>III. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the</u></p>		

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>following:</p> <p>I. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>II. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p>III. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used.</u></p>		

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p><u>the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p>IV. <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		
Article 7	<p>Procedures for the Acquisition and Disposal of Assets</p> <p>(III) The Company's acquisition or disposal of assets shall be resolved by the Audit Committee and the Board of Directors pursuant to the procedures determined or other provisions of laws. If there is a dissent</p>	<p>Procedures for the Acquisition and Disposal of Assets</p> <p>(III) The Company's acquisition or disposal of assets shall be resolved by the Audit Committee and the Board of Directors pursuant to the procedures determined or other provisions of laws. If there is a dissent and a</p>	<p>In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.</p>

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>and a record or written declaration of the directors, the Company shall also report the directors' dissents to shareholder meeting for discussion. When the acquisition or disposal of transaction in assets is submitted for discussion by the Board of Directors, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>IV. Appraisal Report on Real Property or Equipment In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction</p>	<p>record or written declaration of the directors, the Company shall also report the directors' dissents to shareholder meeting for discussion. When the acquisition or disposal of transaction in assets is submitted for discussion by the Board of Directors, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>IV. Appraisal Report on Real Property or Equipment In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference</p>	<p>paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) If a limited price, specific price or special price has to be adopted as the basis of transaction under extraordinary circumstances, the transaction shall require the approval of the Board of Directors by resolution and the same procedure shall apply if the transaction terms should become different in the</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>The remaining articles not amended are omitted here</p>	<p>future.</p> <p>The remaining articles not amended are omitted here</p>	
Article 9	<p>Related Party Transaction Processing Procedures</p> <p>II. Appraisal and operating procedures When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use</p>	<p>Related Party Transaction Processing Procedures</p> <p>II. Appraisal and operating procedures When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20</p>	<p>In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.</p>

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(I) The purpose,</p>	<p>percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(I) The purpose, necessity and anticipated benefits of acquisition or disposal of assets.</p> <p>(II) The reason for choosing a</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>necessity and anticipated benefits of acquisition or disposal of assets.</p> <p>(II) The reason for choosing a related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraph (1) and (4) of Paragraph 3 under this Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash</p>	<p>related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraph (1) and (4) of Paragraph 3 under this Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein of the Guidelines Governing the Acquisition and Disposal of Assets by</p>	<p>utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 30, paragraph 2 herein of the Guidelines Governing the Acquisition and Disposal of Assets by Public Companies, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>Public Companies, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p>	<p>need not be counted toward the transaction amount.</p>	
	<p>With respect to the types of transactions listed below, when to be conducted between the Company or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may delegate the Board Chairman to decide such matters when the transaction is</p>	<p>With respect to acquisition and disposal of equipment for operation use between the Company and its subsidiaries, the Company's Board of Directors may delegate the Board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting. When any matter is</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p><u>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p><u>II. Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>When any matter is submitted for discussion by the Board of Directors in accordance with the preceding stipulation, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be</p>	<p>submitted for discussion by the Board of Directors in accordance with the preceding stipulation, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>III. Evaluation of the reasonableness of transaction costs</p> <p>(I) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>recorded in the minutes of the Board of Directors meeting.</p> <p>III. Evaluation of the reasonableness of transaction costs</p> <p>(I) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases 	<p>and the costs to be duly borne by the buyer.</p> <p>"Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <ol style="list-style-type: none"> 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by 	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of</p>	<p>the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(II) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) When the</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) When the Company acquires real property or right-of-use assets thereof from a related party, appraise the costs of the property or right-of-use assets in accordance with Subparagraph (1) and (2) of</p>	<p>Company acquires real property from a related party, appraise the costs of the real property in accordance with Subparagraph (1) and (2) of Paragraph 3 in this Article, and engage a CPA to check the appraisal and render a specific opinion.</p> <p>(IV) The Company shall comply with Subparagraph (5) of Paragraph 3 in this Article where the real property that the Company acquires from the related party is appraised lower than the transaction price pursuant to Subparagraph (1) and (2) of Paragraph 3 in this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>Paragraph 3 in this Article, and engage a CPA to check the appraisal and render a specific opinion.</p> <p>(IV) The Company shall comply with Subparagraph (5) of Paragraph 3 in this Article where the real property that the Company acquires from the related party is appraised lower than the transaction price pursuant to Subparagraph (1) and (2) of Paragraph 3 in this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party</p>	<p>appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the Related Party's construction division over the most recent three years or</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced</p>	<p>the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(3) <u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after</u></p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed</p>	<p><u>calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>2. Where the Company acquiring real estate from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value;</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year</p>	<p>transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>(V) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken. For the Company that has set aside a special reserve under the equity method, the preceding paragraph may not utilize the special reserve until it has</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(V) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken: For the Company that has set aside a special reserve under the equity method, the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have</p>	<p>recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment</p>	<p>the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>2. Actions taken in Subparagraph (5)-1 and 2 of Paragraph 3 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the Company's Annual Report and Statutory Prospectus.</p> <p>(VI) Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 1 and Paragraph 2 of the preceding article, and the preceding Paragraph 3 (1), (2) and (3) do not apply:</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>2. Actions taken in Subparagraph (5)-1 and 2 of Paragraph 3 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the Company's Annual Report and Statutory Prospectus.</p> <p>(VI) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in</p>	<p>1. The related party acquires real property through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>(VII) When the Company obtains real property from a related party, it shall also comply with this Article if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>accordance with Paragraph 1 and Paragraph 2 of the preceding article, and the preceding Paragraph 3 (1), (2) and (3) do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or 	<p>The remaining articles not amended are omitted here</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>on rented land.</p> <p>4. <u>The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> <p>(VII) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with this Article if there is other evidence indicating that the acquisition was not an arms length transaction.</p> <p>The remaining articles not amended are omitted here</p>		
Article 10	<p>Procedures for Acquisition or Disposal of Memberships or Intangible Assets</p> <p>4. Expert assessment</p>	<p>Procedures for Acquisition or Disposal of Memberships or Intangible Assets</p> <p>4. Expert assessment</p>	<p>In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.</p>

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>opinion of memberships or intangible assets</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>opinion of memberships or intangible assets</p> <p>Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>The remaining articles not amended are omitted here</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	The remaining articles not amended are omitted here		
Article 10-1	The calculation of the transaction amounts referred to in the Articles7, Articles8 and Articles10 shall be done in accordance with Article 31, paragraph 2 of the Guidelines Governing the Acquisition and Disposal of Assets by Public Companies herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	The calculation of the transaction amounts referred to in the Articles7, Articles8 and Articles10 shall be done in accordance with Article 30, paragraph 2 of the Guidelines Governing the Acquisition and Disposal of Assets by Public Companies herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.
Article 12	Procedures for Acquisition or Disposal of Derivatives IV. Regular evaluation methods (I) The Board of Directors shall delegate the senior management personnel to pay continuous attention to monitor and evaluate whether the	Procedures for Acquisition or Disposal of Derivatives IV. Regular evaluation methods (I) The Board of Directors shall delegate the senior management personnel to pay continuous attention to monitor and evaluate whether the trading of	In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>trading of derivatives are conducted in accordance with the procedures adopted by the Company and whether the risk undertaken is within the company's permitted scope of tolerance. When irregular circumstances are found in the market price assessment reports, (if the holding position has been damaged beyond the limits), appropriate measures shall be adopted and a report immediately made to the Board of Directors</p> <p>(II) Positions held in derivatives trading shall be assessed at least once weekly, but the hedging trades held for business needs shall be assessed twice a month. The evaluation report shall be remitted to senior managers authorized by</p>	<p>derivatives are conducted in accordance with the procedures adopted by the Company and whether the risk undertaken is within the company's permitted scope of tolerance. When irregular circumstances are found in the market price assessment reports, (if the holding position has been damaged beyond the limits), appropriate measures shall be adopted and a report immediately made to the Board of Directors</p> <p>(II) Positions held in derivatives trading shall be assessed at least once weekly, but the hedging trades held for business needs shall be assessed twice a month. The evaluation report shall be submitted to senior managers authorized by the Board of Directors.</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>the Board of Directors.</p> <p>V. When engaging in derivatives trading, the Board of Directors shall, according to the supervision and management principle (1), designate the senior management to pay continuous attention to monitoring and controlling derivatives trading risk. The management principles are as follows:</p> <ol style="list-style-type: none"> 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the Company. 2. When irregular circumstances 	<p>V. When engaging in derivatives trading, the Board of Directors shall, according to the supervision and management principle (1), designate the senior management to pay continuous attention to monitoring and controlling derivatives trading risk. The management principles are as follows:</p> <ol style="list-style-type: none"> 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading drawn up by the Company. 2. When irregular circumstances are found in the course of supervising trading and 	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>are found in the course of supervising trading and profit-loss circumstances , appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>(II) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.</p> <p>(III) The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle</p>	<p>profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>(II) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.</p> <p>(III) The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p> <p>(IV) The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Paragraph 4 (2) and Paragraph 5(1) and (2) of this article shall be recorded in detail in the log book.</p> <p>The remaining articles not amended are omitted here</p>	<p>Trading.</p> <p>(IV) The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Paragraph 4 (2) and Paragraph 5(1) and (2) of this article shall be recorded in detail in the log book.</p> <p>The remaining articles not amended are omitted here</p>	
Article 13	<p>Procedures for merger, demerger, acquisition or transfer of shares</p> <p>3. Important documents and minute books: Including plan of</p>	<p>Procedures for merger, demerger, acquisition or transfer of shares</p> <p>3. Important documents and minute books: Including plan of</p>	<p>In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.</p>

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>merger, demerger, acquisition or transfer of shares, letter of intent or memo, important contracts and minutes of board meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or</p>	<p>merger, demerger, acquisition or transfer of shares, letter of intent or memo, important contracts and minutes of board meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of this article.</p> <p>The remaining articles not amended are omitted here</p>	<p>nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of Paragraph 2 (1).</p> <p>The remaining articles not amended are omitted here</p>	
Article 14	<p>Information Disclosure Procedures</p> <p>The Company shall handle relevant matters, in respect of the acquisition or disposal of assets, in accordance with Article 31 and Article 32 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued by FSC.</p>	<p>Information Disclosure Procedures</p> <p>The Company shall handle relevant matters, in respect of the acquisition or disposal of assets, in accordance with Article 30 and Article 31 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued by FSC.</p>	<p>In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.</p>
Article 15	<p>The Company's subsidiaries shall comply with the following provisions:</p> <p>I. The subsidiary shall also establish Procedures for Acquisition or</p>	<p>The Company's subsidiaries shall comply with the following provisions:</p> <p>I. The subsidiary shall also establish Procedures for Acquisition or</p>	<p>In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410 725 of the Financial Supervisory Commission.</p>

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>Disposal of Assets in accordance with the regulations of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>II. If a subsidiary is a non-public company, and the assets acquired or disposed of reach the disclosure standard as stipulated in Article 31 and 32 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company shall also handle the disclosure matters on behalf of its subsidiary.</p> <p>III. In the subsidiary's disclosure standards, the company's paid-in capital or total assets are based on the Company's paid-in capital or total assets.</p>	<p>Disposal of Assets in accordance with the regulations of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>II. If a subsidiary is a non-public company, and the assets acquired or disposed of reach the disclosure standard as stipulated in Article 30 and 31 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company shall also handle the disclosure matters on behalf of its subsidiary.</p> <p>III. In the subsidiary's disclosure standards, "amounting to 20% of the Company's paid-in capital or 10% of the total assets" is based on the Company's paid-in capital or total assets.</p>	
Article 17	Implementation and Amendment The Company's	Implementation and Amendment The Company's	In line with articles amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Auditing-10703410

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p>Procedures for Acquisition or Disposal of Assets shall be submitted to the Board of Directors for resolution after approval by the Audit Committee, and implemented with the consent of the Board of Directors. This applies to amendment. If any director expresses dissent and has a record or a written declaration, the Company shall report the director's dissent to the shareholders' meeting for discussion. When the procedure is submitted for discussion by the Board of Directors in accordance with the preceding paragraph, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board Meeting.</p> <p><u>The Company shall formulate or amend the procedures for acquisition or disposal of assets upon the consent of more than half of all Audit Committee members, and submit it to the</u></p>	<p>Procedures for Acquisition or Disposal of Assets shall be submitted to the Board of Directors for resolution after approval by the Audit Committee, and implemented with the consent of the Board of Directors. This applies to amendment. If any director expresses dissent and has a record or a written declaration, the Company shall report the director's dissent to the shareholders' meeting for discussion. When the procedure is submitted for discussion by the Board of Directors in accordance with the preceding paragraph, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board Meeting.</p>	<p>725 of the Financial Supervisory Commission.</p>

Original Article	Articles after the amendment	Articles before the amendment	Explanations
	<p><u>Board of Directors for resolution.</u></p> <p><u>A consent of more than two-thirds of all directors is required without the consent of more than half of all Audit Committee members, and the resolution of the Audit Committee shall be recorded in the minutes of the Board Meeting.</u></p> <p><u>The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</u></p>		

Attachment 6

Paragon Technologies Co., Ltd. Contrast Table for the Amended Articles of the "Procedures for Endorsement & Guarantee"

Articles	Articles after the amendment	Articles before the amendment	Explanation
Article 2	<p>Legal Compliance</p> <p>This operation procedures is formulated in accordance with Article 36-1 of Securities Exchange Act as well as the provisions of "Loaning of Fund and Endorsements/Guarantees Handling Norms of Public Companies" by Financial Supervisory Commission (hereinafter referred to as the "FSC"), and handled in accordance with the operation procedures determined.</p>	<p>Legal Compliance</p> <p>This operation procedures is formulated in accordance with Article 36-1 of Securities Exchange Act as well as the provisions of "Loaning of Fund and Endorsements/Guarantees Handling Norms of Public Companies" by Financial Supervisory Commission (hereinafter referred to as the "FSC").</p>	<p>In line with articles amended and issued Order No. Financial-Supervisory-Securities-Auditing-1080 304826 of the Financial Supervisory Commission.</p>
Article 6	<p>Hierarchy of Decision-making and Delegation of Authority</p> <p>The Company's external endorsement & guarantee shall be done upon the approval of the Board of Directors.</p> <p>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.</p> <p>Endorsement/guarantee by subsidiaries in</p>	<p>Hierarchy of Decision-making and Delegation of Authority</p> <p>The Company's external endorsement & guarantee shall be done upon the approval of the Board of Directors.</p> <p>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.</p> <p>Endorsement/guarantee by subsidiaries in</p>	<p>In line with articles amended and issued Order No. Financial-Supervisory-Securities-Auditing-1080 304826 of the Financial Supervisory Commission.</p>

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p>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.</p> <p>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; If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.</p>	<p>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.</p> <p>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 therefore shall be included in the minutes of the meeting of Board of Directors.</p>	
Article 9	<p>Notes for Endorsement and Guarantee</p> <p>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</p>	<p>Notes for Endorsement and Guarantee</p> <p>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</p>	<p>In line with articles amended and issued Order No. Financial-Supervisory-Securities-Auditing-1080 304826 of the Financial Supervisory Commission.</p>

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p>committee in writing.</p> <p>II. If, as a result of a change in circumstances, an entity to endorsement and guarantee does not meet the requirements of the Procedures or related standards or the amount 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.</p> <p>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</p>	<p>committee in writing.</p> <p>II. If, as a result of a change in circumstances, an entity to endorsement and guarantee does not meet the requirements of the Procedures or related standards or the amount 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.</p> <p>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</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p>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 participates in the discussion of the Board of Directors in the preceding paragraph, it shall take into full consideration each independent director's opinions; If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.</p> <p>IV. <u>The Company has established the position of independent director, and the matters notified to supervisor pursuant to Article 15-2 or 18-2 of the processing standards shall be notified to the independent directors in</u></p>	<p>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 participates in the discussion of the Board of Directors in the preceding paragraph, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons therefore shall be included in the minutes of the board of directors' meeting.</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p><u>writing; the rectification plan notified to supervisor pursuant to Article 16 or 20 shall be sent to the independent directors.</u></p> <p><u>The Company has established the position of Audit Committee, and the regulations for supervisor prepared pursuant to Article 15, 16, 18 and 20 shall apply to the Audit Committee.</u></p>		
Article 10	<p>Time and content of declaration reported</p> <p>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, date of Board of Directors' resolutions, or other dates that can confirm the counterpart and monetary amount of the endorsements / guarantees, whichever date is earlier.</p>	<p>Time and content of declaration reported</p> <p>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 transaction 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.</p>	<p>In line with articles amended and issued Order No. Financial-Supervisory-Securities-Auditing-1080 304826 of the Financial Supervisory Commission.</p>
Article 14	<p>Implementation and Amendment</p> <p>These Procedures shall be submitted to the board of directors</p>	<p>Implementation and Amendment</p> <p>These Procedures shall be submitted to the board of directors</p>	<p>In line with articles amended and issued Order No. Financial-Supervisory-Securities-Auditing-1080 304826 of the Financial Supervisory Commission.</p>

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p>for resolution after 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 supervisor 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. 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; If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting, and the same procedure applies for</p>	<p>for resolution after 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 supervisor 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. 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 therefore shall be included in the minutes of the board of director meeting, and the same</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanation
	amendment.	procedure applies for amendment.	

Attachment 7

Paragon Technologies Co., Ltd.

Contrast Table of Amendments for the Operational Procedures for Loaning Funds to Others

Articles	Articles after the amendment	Articles before the amendment	Explanation
Article 2	<p>Legal Compliance</p> <p>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 (hereinafter referred to as the "FSC"), and handled in accordance with the operation procedures determined.</p>	<p>Legal Compliance</p> <p>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 (hereinafter referred to as the "FSC").</p>	<p>In line with articles amended and issued Order No. Financial-Supervisory-Securities-Auditing-1080304826 of the Financial Supervisory Commission.</p>
Article 3	<p>Object of Lending of Funds</p> <p>The company's funds must not be loaned to shareholders or anyone other than the following requirements.</p> <p>A company or firm that has business transactions.</p> <p>A company or firm, where short-term financing is necessary. The term "short-term" referred to in the preceding paragraph shall</p>	<p>Object of Lending of Funds</p> <p>The company's funds must not be loaned to shareholders or anyone other than the following requirements.</p> <p>A company or firm that has business transactions.</p> <p>A company or firm, where short-term financing is necessary. The term "short-term" referred to in the preceding paragraph shall</p>	<p>In line with articles amended and issued Order No. Financial-Supervisory-Securities-Auditing-1080304826 of the Financial Supervisory Commission.</p>

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p>mean one year or one operating cycle (whichever is longer). The need for short-term financing referred to the following</p> <p>(I) Short-term financing for the need of business in a company in which the Company holds directly or indirectly over 50% voting shares.</p> <p>(II) A company or firm having a need of short-term financing due to the purchase of materials or operating turnover.</p> <p>The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares</p> <p><u>However, the Company shall set up the total loans and the limits on individual objects, and shall also specify the duration of the fund loan.</u></p> <p>Subsidiary and parent company</p>	<p>mean one year or one operating cycle (whichever is longer). The need for short-term financing referred to the following</p> <p>(I) Short-term financing for the need of business in a company in which the Company holds directly or indirectly over 50% voting shares.</p> <p>(II) A company or firm having a need of short-term financing due to the purchase of materials or operating turnover.</p> <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.</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p>referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>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>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>	
Article 9	<p>Noteworthy Matters Concerning Handling Loaning Funds to Others</p> <p>I. 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.</p>	<p>Noteworthy Matters Concerning Handling Loaning Funds to Others</p> <p>I. 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</p>	<p>In line with articles amended and issued Order No. Financial-Supervisory-Securities-Auditing-1080304826 of the Financial Supervisory Commission.</p>

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p>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.</p> <p>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</p>	<p>people to decide.</p> <p>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.</p> <p>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</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p>shall not exceed 10% of the net worth of the lending company in the most current financial statements.</p> <p>II. 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.</p> <p>III. 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</p>	<p>subsidiaries to any single entity shall not exceed 10% of the net worth of the lending company in the most current financial statements.</p> <p>II. 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.</p> <p>III. 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</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p>according to the schedule set out in the plan.</p> <p>IV. 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.</p> <p>V. 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.</p> <p>VI. <u>In addition to engaging in the short-term financing in accordance with relevant regulations, the Company shall also enhance</u></p>	<p>plans to the Audit Committee, and shall complete the rectification according to the schedule set out in the plan.</p> <p>IV. 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.</p> <p>V. 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.</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p><u>risk assessment and formulate loan limits for those that are not guaranteed and the same industry, the same related companies or group companies.</u></p> <p><u>VII. The Company has established the position of independent director, and the matters notified to supervisor pursuant to Article 15-2 or 18-2 of the processing standards shall be notified to the independent directors in writing; the rectification plan notified to supervisor pursuant to Article 16 or 20 shall be sent to the independent directors.</u></p> <p><u>The Company has established the position of Audit Committee, and the regulations for supervisor prepared pursuant to Article 15, 16, 18 and 20 shall apply to the Audit Committee.</u></p>		

Articles	Articles after the amendment	Articles before the amendment	Explanation
Article 13	<p>Implementation and Amendment</p> <p>These Procedures shall be submitted to the board of directors for resolution after 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 procedure is submitted for</p>	<p>Implementation and Amendment</p> <p>These Procedures shall be submitted to the board of directors for resolution after 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</p>	<p>In line with articles amended and issued Order No. Financial-Supervisory-Securities-Auditing-1080304826 of the Financial Supervisory Commission.</p>

Articles	Articles after the amendment	Articles before the amendment	Explanation
	<p>discussion by the Board of Directors in accordance with the preceding paragraph, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board Meeting.</p> <p><u>The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</u></p>	<p>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.</p>	

Attachment 8

Paragon Technologies Co., Ltd.

Document No.	MO-2-019	Document Name	Procedures for Acquisition and Disposal of Assets				
Formulating Department	Auditing Office	Date of Formulation	2017.03.17	Version	H	Page Number	1/13
<p>Article 1: Objective</p> <p>These procedures are hereby formulated to safeguard assets and disclose information.</p>							
<p>Article 2: Legal Compliance</p> <p>The Procedures are formulated according to Article 36 (1) of the Securities and Exchange Act and Regulations Governing the Acquisition and Disposal of Assets by Public Companies by the Financial Supervisory Commission (hereinafter referred to as the FSC).</p>							
<p>Article 3: Scope of Assets</p> <ol style="list-style-type: none"> I. Marketable securities: including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities and asset-backed securities. II. Real property (including land, houses and buildings, investment property, land use rights and construction enterprise inventory) and equipment. III. Memberships IV. Intangible assets: including patents, copyrights, trademarks and franchise rights, and other intangible assets. V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). VI. Derivatives VII. Assets acquired or disposed of in connection with mergers, demerger, acquisitions or transfer of shares in accordance with law. VIII. Other major assets. 							
<p>Article 4: Definition</p> <ol style="list-style-type: none"> I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The forward contracts described above do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (distribution) contracts. II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act. III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. IV. Professional appraiser: Refers to a real property appraiser or other person duly 							

authorized by law to engage in the value appraisal of real property or equipment.

- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China Area Investment: Refers to investment in the Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. The term "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction, and the proposed part is exempted from the calculation.
- VIII. "The most recent financial statement" refers to the most recent parent company only or individual financial reports prepared by a CPA prior to the acquisition or disposal of assets by the Company in accordance with the Securities Issuers' Financial Report Preparing Standards.
- IX. The calculation of 10 percent of total assets as required by the total assets in the most recent parent company only or individual financial reports specified by the Securities Issuers' Financial Report Preparing Standards.

Article 5: Limits on investment in non-operating real property and marketable securities

The followings are the limits on the above assets that the Company and its subsidiaries acquire individually:

- I. Investment limit of the Company:
 - (I) The total amount of investment in real property for non-operating purposes shall not be higher than 15% of the net worth of the Company.
 - (II) The total amount of investment in marketable securities shall not be higher than 70% of the net worth of the Company; the total amount of investment in individual marketable securities shall not be higher than 30% of the net worth of the Company.
- II. Investment limit of individual subsidiaries
 - (I) The total amount of investment in real property for non-operating purposes shall not be higher than 15% of the net worth of the Company.
 - (II) The total amount of investment in marketable securities shall not be higher than 70% of the net worth of the Company; the total amount of investment in individual marketable securities shall not be higher than 30% of the net worth of the Company.

The net worth refers to those set out in the Company's latest financial statements.

The calculation of the total investment in these marketable securities is based on the original investment cost.

Article 6: Any professional appraisers and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, shall not be a related party of other party of the transaction.

Article 7: Procedures for Handling Acquisition and Disposal of Real Property and Equipment

- I. Appraisal and operating procedures
The Company shall acquire or dispose of real property and equipment in

accordance with the internal control system of the Company and the cycle operation of fixed assets

II. Decision-making Procedures for Transaction Terms and Authorized Limits

(I) In acquiring or disposing of real property, the Company shall take publicly-announced current value, appraisal value and real transaction price of nearby real property into consideration for the transaction terms and price. The above information shall be compiled into an analysis report and submitted to the Chairman. For transaction whose amount is no more than NT\$ 30 million, the transaction shall be submitted for the Chairman for approval and submitted to the most recent Board meeting on an after-event basis. For those that exceed NT\$ 30 million, the transaction shall not proceed unless approval from the Board meeting has been received.

(II) Acquisition or disposal of equipment shall be conducted in one of the forms of inquiry, price comparison, price negotiation or tendering manner. If the amount is no more than NT\$ 30 million (inclusive), it shall be approved by the authorized person. If the amount exceeds NT\$10 million, it shall be submitted to the Board of Directors for approval. After the approval of the Chairman is submitted, the matter shall be submitted to the Board of Directors for approval.

(III) The Company's acquisition or disposal of assets shall be resolved by the Audit Committee and the Board of Directors pursuant to the procedures determined or other provisions of laws. If there is a dissent and a record or written declaration of the directors, the Company shall also report the directors' dissents to shareholder meeting for discussion. When the acquisition or disposal of transaction in assets is submitted for discussion by the Board of Directors, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

III. Implementing Unit

Acquisition or disposal of real property or equipment of the Company shall be implemented by the user department and management department upon the approval pursuant to the preceding delegation of authority.

IV. Appraisal Report on Property or Equipment

In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

(I) When a limited price, specific price or special price must be used as reference for the trading price due to special circumstances, such trading shall be submitted to the Board for approval. The above procedures shall apply for any changes to the trading terms in the future.

(II) Where the transaction amount is more than NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.

(III) If any of the following circumstances occurs to the appraisal result of the professional appraiser, in addition to the appraisal result of the assets acquired higher than the transaction amount or the assets disposed of lower than the transaction amount, the CPA shall comply with Rule No. 20 of the Auditing Standard bulletin announced by Accounting Research and

Development Foundation (hereinafter referred to as ARDF), and express specific opinions on the causes of discrepancy and the propriety of the transaction price:

1. The discrepancy between the appraisal results and the transaction amount is 20% or more of the transaction amount.
2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, if the publicly announced present value of the same period is applied and the past six months have not elapsed, the original professional appraiser may issue an opinion.

(V) Where the Company acquires or disposes of assets through auction procedures, the documentary evidence issued by the court may be substituted for the appraisal report or CPA's opinion.

Article 8: Procedures for Acquisition or Disposal of Investment in marketable securities

I. Appraisal and operating procedures

The Company's purchase and sales of the marketable securities shall be conducted in accordance with the internal control system of the Company and the cycle operation of investment.

II. Decision-making Procedures for Transaction Terms and Authorized Limits

(I) Financial assets measured at fair value and included as profit and loss at fair value changed, financial assets measured at cost and long-term equity investment by using equity method shall be reasonably appraise in accordance with generally accepted accounting principles. All vouchers of marketable securities shall be kept in the safe deposit box by the Finance Department after registration.

(II) Financial assets measured at fair value and included as profit and loss at fair value changed, financial assets measured at cost and long-term equity investment by using equity method shall be reasonably appraise in accordance with generally accepted accounting principles. For acquisition and disposal of marketable securities, the Company shall obtain the most recent financial statements of the subject company which are audited and approved by CPA prior to the date of occurrence. The transaction amount reaching 20% of the Company's paid-in capital or NT\$ 300 million or more shall require a CPA's opinion on the reasonableness of the transaction prices before the date of occurrence. If an expert report is required, the CPA shall comply with the Rule No. 20 of the Auditing Standard bulletin announced by the ARDF. However, this restriction does not apply to any quoted prices in an active market where the marketable securities is or as otherwise provided by the Financial Supervisory Commission.

(III) The Company's acquisition or disposal of assets shall be approved by the Audit Committee and the Board of Directors pursuant to the procedures adopted by the Audit Committee and the Board of Directors. If Directors present dissent, they shall be recorded and declared in a written manner. The Company shall also report the directors' meeting information to the shareholders' meeting for discussion. When the acquisition or disposal of transaction in assets is submitted for discussion by the Board of Directors, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of

Directors meeting.

III. Implementing Unit

Investment in marketable securities of the Company shall be implemented by the financial unit upon the approval pursuant to the preceding delegation of authority.

IV. Where the Company acquires or disposes of marketable securities through auction procedures, the documentary evidence issued by the court may be substituted for the CPA's opinion.

Article 9: Related Party Transaction Processing Procedures

I. For acquisition or disposal of assets from or to related parties, in addition to the procedures for acquisition of real property pursuant to Article 7, when the transaction amount reaches 10% or more of the Company's paid-in capital, the appraisal report issued by the professional appraiser or the CPA's opinion shall be obtained pursuant to the preceding paragraph.

The calculation of the transaction amount mentioned in the preceding paragraph shall be conducted in accordance with Article 10-1. The relevant resolution procedures and evaluation on the reasonableness of transaction terms shall be handled in accordance with the following provisions. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

II. Appraisal and operating procedures

When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- (I) The purpose, necessity and anticipated benefits of acquisition or disposal of assets.
- (II) The reason for choosing a related party as a transaction counterparty.
- (III) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraph (1) and (4) of Paragraph 3 under this Article.
- (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 30, paragraph 2 herein of the Guidelines Governing the Acquisition and Disposal of Assets by Public

Companies, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to acquisition and disposal of equipment for operation use between the Company and its subsidiaries, the Company's Board of Directors may delegate the Board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.

When any matter is submitted for discussion by the Board of Directors in accordance with the preceding stipulation, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

III. Assessment of the reasonableness of transaction costs

(I) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

(II) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

(III) When the Company acquires real property from a related party, appraise the costs of the real property in accordance with Subparagraph (1) and (2) of Paragraph 3 in this Article, and engage a CPA to check the appraisal and render a specific opinion.

(IV) The Company shall comply with Subparagraph (5) of Paragraph 3 in this Article where the real property that the Company acquires from the related party is appraised lower than the transaction price pursuant to Subparagraph (1) and (2) of Paragraph 3 in this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the

means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - (3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
2. Where the Company acquiring real estate from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.
- (V) When the Company acquires real property from a related party, and the results are appraised lower than the transaction price pursuant to this Article 3 (1), (2) and (4), the following matters shall be done. For the Company that has set aside a special reserve under the equity method, the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.

2. Actions taken in Subparagraph (5)-1 and 2 of Paragraph 3 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the Company's Annual Report and Statutory Prospectus.

(VI) The Company shall acquire real property from related parties according to the evaluation and operation procedures in Subparagraph 1 and 2 in any of the following circumstances, and this does not apply to the evaluation on reasonableness of transaction costs in Paragraph 3 (1), (2) and (3):

1. The related party acquires real property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

(VII) When the Company obtains real property from a related party, it shall also comply with Paragraph 3 (5) if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 10: Procedures for Acquisition or Disposal of Memberships or Intangible Assets

I. Appraisal and operating procedures

The Company's acquisition and disposal of memberships or intangible assets shall be conducted in accordance with the internal control system of the Company and the cycle operation of fixed assets.

II. Decision-making Procedures for Transaction Terms and Authorized Limits

(I) In acquiring or disposing of membership, market fair value shall be taken into consideration while deciding on transaction terms and transaction prices. An analysis report shall be submitted to the Chairman. For transaction amount lower than 1% of the Company's paid-in capital or less than NT\$10 million, approval from the Chairman is required and shall be reported to the most recent Board meeting on an after-event basis. For transaction exceeding NT\$ 10 million, approval from the Board meeting shall be obtained prior to executions.

(II) In acquiring or disposing of intangible assets, expert assessment report or market fair value shall be taken into consideration while deciding on transaction terms and transaction prices. An analysis report shall be submitted to the Chairman. For transaction amount lower than 10% of the Company's paid-in capital or less than NT\$20 million, approval from the Chairman is required and shall be reported to the most recent Board meeting on an after-event basis. For transaction exceeding NT\$ 20 million, approval from the Board meeting shall be obtained prior to executions.

(III) The Company's acquisition or disposal of assets shall be resolved by the Audit Committee and the Board of Directors pursuant to the procedures determined or other provisions of laws. If there is a dissent and a record or written declaration of the directors, the Company shall also report the directors' dissents to shareholder meeting for discussion. When the acquisition or disposal of transaction in assets is submitted for discussion by the Board of Directors as required, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be

recorded in the minutes of the Board of Directors meeting.

III. Implementing Unit

The Company's acquisition or disposal of memberships or intangible assets shall be implemented by user department and Finance Department or Administrative Department upon the approval pursuant to the preceding delegation of authority.

IV. Expert assessment opinion of memberships or intangible assets

Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 10-1: The calculation of the transaction amounts referred to in the Articles 7, Articles 8 and Articles 10 of Article 10-1 shall be done in accordance with Article 31, paragraph 2 of the Guidelines Governing the Acquisition and Disposal of Assets by Public Companies herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 11: Procedures for Acquisition or Disposal of Claims of Financial Institutions

In principle, the Company does not engage in acquisition or disposal of claims of financial institutions. If the Company desires to engage in the acquisition or disposal of claims of financial institutions hereafter, it will be submitted to the Board of Directors for approval before formulation of the evaluation and operating procedures.

Article 12: Procedures for Acquisition or Disposal of Derivatives

I. Trading Principles and Policies

(I) Trading type

Derivatives that the Company engages in refers to the transaction contract (such as forward contracts, options, futures, interest rates or foreign exchange rates, exchange, and the combined contracts involving the products aforementioned) with value deriving from assets, interest rates, foreign exchange rates, indexes or other interest.

(II) Operation (Hedging) Strategy

The Company engages in derivatives, which are classified as hedging transactions and non-hedging transactions. Hedging trades are trading with the purpose of avoiding or reducing risks but not creating profits; non-hedging trades are to establish a new position combining assets, liabilities or investment portfolio, with an expectation of gaining profit as market fluctuations in the future.

In engaging in derivatives trading, the Company shall take hedging trades primary, supplemented by the non-hedging trades. The hedging trades are mainly to avoid the risks arising from the Company's business operations. Currency held must be in line with the foreign currency needs of the Company's actual import/export transactions. In the principle of automatically evening up the Company's overall internal positions (foreign currency income and expenses only), it is to reduce the Company's overall foreign exchange risk and save the cost of foreign exchange. In pudding time, for the purpose of seeking financial operation profits beyond normal

operation, the non-hedging trades are required to gain price difference from product trading, but the risk assumption limits set out by the Company in advance shall prevail, and the maximum loss limit set out shall be used for control.

(III) Segregation of Authority

1. Finance Department

(1) Trading personnel

- A. Responsible for the formulation of the Company's financial product transaction strategy.
- B. Trading personnel shall regularly calculate positions every two weeks, collect market information, make trend judgment and risk assessment, and formulate operational strategies as basis for transactions upon approval of delegation of authority.
- C. Execute transaction under licensing authority and established strategies.
- D. If there is a significant change in the financial market and the judgment of trading personnel does not apply to the established strategies, the Company shall make an appraisal report at any time, and then formulate new strategies as basis for transactions upon approval of delegation of authority.

(2) Accounting personnel

- A. Execute transaction confirmation.
- B. Review whether the transaction is based on the licensing authority and the established strategies.
- C. Conduct valuation monthly and submit the appraisal report to the highest supervisor of the financial department.
- D. Accounting affairs.
- E. Report and announcement in accordance with the regulations of the Financial Supervisory Commission.

(3) Delivery personnel: Execution of delivery tasks.

(4) Delegation of authority of derivatives

A. Hedging operation

Authorized Signatory	Total unsettled amount
Financial Officer	Below US\$2M (inclusive)
General Manager	Below US\$5M (inclusive)
Chairman of the Board	Above US\$5M

B. Non-hedging operations

Authorized Signatory	Total unsettled amount
Financial Officer	Below US\$ (inclusive)2M
General Manager	Below US\$ (inclusive)5M
Chairman	Below US\$ (inclusive)5M

- (5) The Company's acquisition or disposal of assets shall be resolved by the Audit Committee and the Board of Directors pursuant to the procedures determined or other provisions of laws. If there is a dissent and a record or written declaration of the directors, the Company shall also report the directors' dissents to shareholder meeting for discussion. When the acquisition or disposal of transaction in assets is submitted for discussion by the Board of Directors as required, the Company shall take into full

consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

2. Audit Department

Responsible for understanding the propriety of internal control of derivatives trading and reviewing the compliance of transaction department with operating procedures, and analyzing the transaction cycle, preparing the audit report, and reporting any material deficiency to the Board of Directors.

(IV) Performance evaluation

1. Hedging trades

(1) The Company's exchange rate costs at the book value and the profit and loss generated between the derivatives trades shall be the basis of performance appraisal.

(2) To fully control and express the evaluation risk of trading, the Company adopts monthly evaluation method to evaluate profit and loss.

(3) The Finance Department shall provide the foreign exchange evaluation and the trend of foreign exchange market and the market analysis for the general manager as the management reference and direction.

2. Non-hedging trades

The performance appraisal is based on the actual profit and loss and the position preparation statement is provided for the management regularly for reference.

(V) Total contract amount and loss limit

1. Total contract amount

(1) Hedging trades

A. Trading's with the purpose of avoiding foreign exchange risks: Total contract amount shall not exceed the total import and export amount of the current year.

B. Trading with the purpose of avoiding interest rate risk: The total contract amount shall not exceed the total liabilities.

(2) Non-hedging trades

The unsettled balance shall not exceed US\$10 million.

2. Loss limits

(1) Hedging trades

The purpose of hedging trades is to avoid risk, so there is no need for setting up a loss limit. However, if there is a 10% or more of price difference loss between the price and the market price, the Chairman shall be reported to determine whether the loss needs to be stopped or not based on the needs of the operation position and the expected financial market conditions.

(2) Non-hedging trades

After the position is established, stop-loss points shall be established to prevent excess losses, and the stop-loss points shall not exceed

10% of the total trade amount. The Chairman of the Board shall be reported while reaching the stop-loss points to determine to continue to or stop the trades, and it shall be reported to the Board of Directors. Total accumulated losses or individual trade contract

loss shall not exceed 1% of the Company's paid-in capital.

II. Risk management measures

(I) Credit risk management:

Due to changes in various factors, the market is prone to operational risks of derivatives. Therefore, the market risk management shall be conducted in accordance with the following principles:

1. Trading object: reputable domestic and foreign financial institutions.
2. Trading products: Limited to the products provided by reputable domestic and foreign financial institutions.
3. Trading amount: Trade amount not offset in the same transaction shall be limited to 10% of the total authorized amount, but the approval of the General Manager shall not apply to this.

(II) Market Risk Management:

The public foreign exchange transaction market provided by banks dominated, with no consideration of the futures market.

(III) Liquidity Risk Management:

To ensure the market liquidity, the financial products with high liquidity (which can be squared off on the market at any time) shall be selected. The financial institutions involving in a transaction are required to have sufficient information and ability to conduct a transaction on any market at any time.

(IV) Cash Flow Risk Management

To ensure the stability of turnover of working capital of the Company, the Company shall use its own funds only for derivatives trading, and the fund needs for cash income and expenditure forecasts in the next three months shall be considered for its operation amounts.

(V) Operational Risk Management

1. The Company's authorized limits, operating procedures and included internal audit shall be indeed followed to avoid operational risks.
2. The trading personnel engaging in derivatives trades shall not hold the position of operating personnel for confirmation and delivery concurrently.
3. Risk measurement, monitoring and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph is and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
4. Positions held in derivatives trades shall be assessed at least once weekly, but the hedging trades for business needs shall be assessed at least twice a month. The appraisal report shall be submitted to senior management authorized by the Board of Directors.

(VI) Product Risk Management

Internal traders shall have a complete and accurate professional knowledge for financial products and require banks to fully disclose risks to avoid the risks of misusing financial products.

(VII) Legal Risk Management:

To prevent legal risks, any document signed with a financial institution shall be inspected by a foreign exchange department and legal department or legal consulting experts prior to official signing.

III. Internal Audit System

- (I) The internal auditor shall regularly review the appropriateness of the internal control of derivatives trades, and verify the compliance of the

transaction department with the procedures for derivatives trades on a monthly basis and analyze the transaction cycle, prepare an audit report, and notify the Audit Committee the major violations in writing.

- (II) Internal auditors shall submit the audit report and the annual inspection to the FSC prior to the end of February in the next year, and report the rectification of abnormalities to SFC prior to the end of May in the next year at latest.

IV. Regular evaluation methods

- (I) The Board of Directors shall delegate the senior management to regularly monitor and evaluate whether the transaction of derivative products is conducted in accordance with the procedures adopted by the Company. If the risk is found to be intolerable or the appraisal report on market price is abnormal (if the holding position has been damaged beyond the limits), the Board of Directors shall be immediately reported to take countermeasure.
- (II) Positions held in derivative product transaction shall be assessed at least once weekly, but the hedging transaction for business needs shall be assessed twice a month. The appraisal report shall be submitted to senior managers authorized by the Board of Directors.

V. When engaging in derivatives trades, the Board of Directors' supervision and management principle

- (I) The Board of Directors shall designate the senior management to supervise and control the risk of derivatives trades at any time. The management principle is as follows:
 - I. Periodically evaluate whether the risk management measures currently taken are appropriate and faithfully implemented according to this guideline and the procedures for engaging in derivatives trades adopted by the Company.
 - II. When supervising the transaction and profit and loss status, if any abnormalities are found, necessary response measures shall be taken and reported immediately to the Board of Directors. The independent directors shall also be present at the Board Meeting and express opinions.
- (II) Regularly evaluate whether the performance of derivatives trades meets the established operational strategies and whether the risks are within the scope of tolerance.
- (III) When engaging in derivatives trades, the Company shall delegate the related personnel to handle it as required by the procedures for derivatives trades, and report it to the most recent Board Meeting.
- (IV) When engaging in derivatives trades, the Company shall establish a memorandum book involving the type and amount of derivatives trades, passing date of the Board Meeting and matters that shall be carefully evaluated pursuant to Paragraph 4 (2) and Paragraph 5 (1) and (2) for future reference.

Article 13: Procedures for merger, demerger, acquisition or transfer of shares

I. Appraisal and operating procedures

- (I) The Company shall engage a lawyer, CPA and underwriter to engage in the legal procedure schedule while handling merger, demerger, acquisition or transfer of shares, and organize the project team to perform the schedule according to the statutory procedures. Prior to convening a Board Meeting, the Company shall engage a CPA, lawyer or securities underwriter to express an opinion on the reasonableness of the share exchange ratio,

acquisition price or distribution of cash or other property of the shareholders, and submit it to the Board of Directors for deliberation and approval. However, the merge of the Company and its subsidiaries that directly or indirectly hold 100% of the total issued shares or capital of the Company or the merger of subsidiaries that directly or indirectly hold 100% of the total issued shares or capital of the Company shall be free from the above-mentioned expert's opinions on reasonableness.

- (II) The Company shall issue the unclassified document including important appointments and related matters of merger, demerger or acquisition, as well as the expert's opinions set out in Paragraph 1 (1) and the notice of shareholder meeting to the shareholders for the reference of merger, demerger or acquisition.

However, this restriction shall not apply to any merger, demerger or acquisition free from a resolution of the shareholder meeting pursuant to other laws and regulations. In addition, where the shareholder meeting of any party cannot be convoked and no resolution can be reached due to insufficient attendance and votes or other legal restrictions, the companies participating in merger, demerger or acquisition shall immediately explain the causes, the subsequent handling operations and the predicted date of the shareholder meeting.

II. Other Noteworthy Matters

- (I) Date of the Board Meeting: Companies participating in the merger, demerger or acquisition, unless otherwise provided by other laws or notified to and approved by FSC for specific factors, shall convene a Board Meeting and a shareholder meeting on the same date, and make a resolution on merger, demerger or acquisition. Companies participating in a transfer of shares, unless otherwise provided by other laws or notified to and approved by FSC for specific factors, shall convene a Board Meeting on the same date.

Companies, that are listed or have their shares traded at securities dealers, participating in merger, demerger, acquisition or transfer of shares shall prepare a complete written record of the following information and retain the information for a five years for reference:

1. Basic information of personnel: Including the person involved in the planning and implementation of the merger, demerger, acquisition or transfer of shares before the information is disclosed, the title, name and ID number (passport number for foreigners).
2. Date of important events: Including the date of signing letter of intent or memo, hiring financial or legal advisors, signing a contract, and the date of the Board Meeting.
3. Important documents and minute books: Including plan of merger, demerger, acquisition or transfer of shares, letter of intent or memo, important contracts and minutes of board meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on

an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of Paragraph 2 (1).

- (II) Prior confidentiality commitments: All person participating in or understanding the merger, demerger, acquisition or transfer of shares of the Company shall issue a written confidentiality commitment and shall not disclose the content of the plan prior to the disclosure of information, and they shall not buy or sell stocks and other equity-type marketable securities of companies involving merger, demerger, acquisition or transfer of shares by themselves or in the name of others.
- (III) Principle of formulating and changing share exchange ratio or acquisition price: The Company participating in merger, demerger, acquisition or transfer of shares shall hire a CPA, lawyer or securities underwriter to express opinions on the reasonableness of share exchange ratio, acquisition price or distribution of shareholder's cash or other property prior to the Board Meeting, and submit it to the shareholder meeting. The share exchange ratio or acquisition price shall not be changed arbitrarily in principle, but the change conditions that have been stipulated in the contract and disclosed do not apply to this. Change conditions of share exchange ratio or acquisition price
 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants or other equity based marketable securities.
 2. Disposal of the Company's material assets and actions affecting the Company's financial business.
 3. Circumstances affecting the stockholders' equity or security price such as major disasters and major changes in technology.
 4. Any adjustment to treasury stock buy back for any party of the companies participating in merger, demerger, acquisition or transfer of shares.
 5. Changes in the number of entities or companies participating in merger, demerger, acquisition or transfer of shares.
 6. Other change conditions that have been stipulated in the contract and have been disclosed.
- (IV) Contract details: Except for the rights and obligations of companies participating in merger, demerger, acquisition or transfer of share, the following items shall be included in the contract of these companies:
 1. Handling of breach of contract
 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 3. The number of treasury stock that can be bought back according to law and the principle for handling by the participating companies after the base date of calculation of share exchange ratio.
 4. The method of handling changes in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution and anticipated completion date.
 6. The relevant procedures of the expected convening dates of shareholders' meeting based on laws when a plan is overdue and still

undone.

- (V) Changes in the addend of companies participating in merger, demerger, acquisition or transfer of shares: After public disclosure of the information, if any company participating in merger, demerger, acquisition or transfer of shares intends further to carry out another merger, demerger, acquisition or transfer of shares with another company, any procedure or legal action already completed for the original merger, demerger, acquisition or transfer of shares shall be carried out anew by all participating companies, with exceptions for cases where the number of participating companies is decreased, and where the shareholders' meeting has resolved to authorize the Board of Directors to alter the limits of authority, the participating company shall be exempt from re-convening of shareholders' meeting to generate another resolution.
- (VI) When a company participating in a merger, demerger, acquisition or transfer of share is not a public company, the Company shall sign an agreement with it and shall handle pursuant to Paragraph 2 (1) date of board meeting, (2) prior confidentiality commitments and (5) changes in the addend of companies participating in merger, demerger, acquisition or transfer of shares

Article 14: Information Disclosure Procedures

The Company shall handle relevant matters, in respect of the acquisition or disposal of assets, in accordance with Article 30 and Article 31 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued by FSC.

Article 15: The Company's subsidiaries shall comply with the following provisions:

- I. The subsidiary shall also establish Procedures for Acquisition or Disposal of Assets in accordance with the regulations of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
- II. If a subsidiary is a non-public company, and the assets acquired or disposed of reach the disclosure standard as stipulated in Article 30 and 31 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company shall also handle the disclosure matters on behalf of its subsidiary.
- III. In the subsidiary's disclosure standards, "amounting to 20% of the Company's paid-in capital or 10% of the total assets" is based on the Company's paid-in capital or total assets.

Article 16: Penalties

If the employees of the Company are committed to the acquisition and disposal of assets in violation of the procedure, the Company shall regularly report and assess in accordance with the personnel management regulations and the Employee's Manual of the Company and impose penalties according to the seriousness of the case.

Article 17: Implementation and Amendment

The Company's Procedures for Acquisition or Disposal of Assets shall be submitted to the Board of Directors for resolution after approval by the Audit Committee, and implemented with the consent of the Board of Directors. This applies to amendment. If any director expresses dissent and has a record or a written declaration, the Company shall report the director's dissent to the shareholders' meeting for discussion. When the procedure is submitted for discussion by the Board of Directors in accordance with the preceding paragraph, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board Meeting.

Article 18: Supplemental Provisions

Any matters not set forth in these Procedures shall be handled in accordance with the applicable laws and regulations.

Attachment 9

Paragon Technologies Co., Ltd.

Document No.	MO-2-020	Document Name	Operational Procedures for Endorsements and Guarantees				
Formulating Department	Auditing Office	Date of Formulation	2018.03.27	Version	I	Page Number	1/4
<p>Article 1: Objective</p> <p>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</p> <p>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 (hereinafter referred to as the "FSC").</p>							
<p>Article 3: Endorsement/Guarantee Subjects</p> <p>The external endorsement and guarantee subjects of the Company are as follows:</p> <ol style="list-style-type: none"> I. A company having business relations with the Company. II. A company in which the Company directly and indirectly holds more than 50% of the voting shares. <p>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.</p> <p>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.</p> <p>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.</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.</p> <p>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</p> <ol style="list-style-type: none"> 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.

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

- I. The maximum amount of endorsement/guarantee that can be provided by the Company:

The total amount of external endorsement/guarantee of the Company shall not exceed 50% of net worth. 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 50%. 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.

- 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 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 50%. 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.

Article 6: Hierarchy of Decision-making Authority and Delegation

The Company's external endorsement & guarantee shall be done upon the approval 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 therefore 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 therefore 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 issued by the company shall be signed by the authorized staff himself or herself designated by the Board of Directors.

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, as a result of a change in circumstances, an entity to endorsement and guarantee does not meet the requirements of the Procedures or related standards or the amount 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.
- 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 participates in the discussion of the Board of Directors in the preceding paragraph, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons therefore shall be included in the minutes of the board of directors' meeting.

Article 10: Time and content of declaration reported

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 transaction 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

Article 14: Implementation and Amendment

These Procedures shall be submitted to the board of directors for resolution after

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 supervisor 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. 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 therefore shall be included in the minutes of the board of director meeting, and the same procedure applies for amendment.

Attachment 10

Paragon Technologies Co., Ltd.

Document No.	MO-2-021	Document Name	Procedures Governing Loaning of Funds				
Formulating Department	Auditing Office	Date of Formulation	2018.03.27	Version	I	Page Number	1/4
<p>Article 1: Objective</p> <p>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</p> <p>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 (hereinafter referred to as the "FSC").</p>							
<p>Article 3: Object of Lending of Funds</p> <p>The company's funds must not be loaned to shareholders or anyone other than the following requirements.</p> <ol style="list-style-type: none"> I. A company or firm that has business transactions. II. 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 <ol style="list-style-type: none"> (I) Short-term financing for the need of business in a company in which the Company holds directly or indirectly over 50% voting shares. (II) 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.</p> <p>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> <ol style="list-style-type: none"> I. 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 refers to the amount of purchase or sales in recent one year, whichever is higher. 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. 							

For loaning funds between the Company and foreign company, directly and indirectly, holding 100% voting shares, it is not limited by the item 2, clause 1 of this article, but single amount lent shall be limited to 50% of the current net worth, and the total amount lent shall be limited to 80% of the current net worth.

Article 5: Duration and Interest Rates of Financing

I. 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 if necessary shall be limited to three years.

II. Interest rate: shall not be lower than the one-year deposit interest rate of the Bank of Taiwan. 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.

Article 6: Processing Procedures

I. Application Procedures

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 therefore shall be included in the minutes of the Board of Directors meeting.

II. Credit Investigation

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.

III. Loan Approval and Notice

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.

IV. Contract Signing and Identity Verification

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. The name, quantity, storage location, insurance conditions and insurance endorsement on the insurance policy are consistent with the original loan conditions of the Company.
2. The responsible employee shall notify the borrower of policy renewal before the insurance expires.

VII. Appropriation

The loan conditions are approved and the contract is signed by the borrower to complete the registration of guarantee quality mortgage, etc.

Once the check is correct, the funds can be appropriated.

Article 7: Repayment

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.

- I. 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.
- II. 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.

Article 8: Registration and Safeguarding of Cases

- I. 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.
- II. 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 be kept under custody after the both parties sign or seal on the registry book for goods under custody.

Article 9: Noteworthy Matters Concerning Handling Loaning Funds to Others

- I. 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.

- II. 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.
- III. 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.
- IV. 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.
- V. 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.

Article 10: Procedures for Controlling Loans Lent by Subsidiaries

- I. If a subsidiary of the Company intends to lend funds to others, the Company shall ask the subsidiary to formulate procedures for loaning funds to others in accordance with the Procedures or relevant standards, and handle it in accordance with the determined operational 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 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.

Attachment 11

Paragon Technologies 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 12

ARTICLES OF ASSOCIATION OF PARAGON TECHNOLOGIES CO., LTD.

Chapter 1 General

- 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 businesses are as follows:
- I. CA04010 Surface Processing
 - II. CB01010 Machinery Manufacturing.
 - III. CB01990 Other Machinery Manufacturing.
 - IV. CC01080 Electronic Components Manufacturing
 - V. F113010 Wholesale Machinery Business.
 - VI. F119010 Electronic Materials Wholesale.
 - VII. F401010 International Trade.
 - VIII. CC01040 Lighting Equipment Manufacturing.
 - IX. 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 2 Shares

- 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 3 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 4 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 5 Managerial Officer

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 6 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:

- A. Business report.
- B. Financial statements.
- C. 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.

Supplemental Provisions

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: Matters not specified in the Articles of Association shall be governed by the Company Act and relevant laws and regulations.

Article 26: The Articles of Association were established on October 17, 1995.

The 1st amendment was made on August 5, 1996.

The 2nd amendment was made on January 10, 1997.

The 3rd amendment was made on May 16, 1997.

The 4th amendment was made on June 15, 1997.

The 5th amendment was made on June 26, 1998.

The 6th amendment was made on March 5, 1999.

The 7th amendment was made on April 3, 1999.

The 8th amendment was made on March 15, 2000.

The 9th amendment was made on August 21, 2000.

The 10th amendment was made on April 4, 2001.

The 11th amendment was made on May 10, 2001.

The 12th amendment was made on November 20, 2002.

The 13th amendment was made on December 24, 2002.

The 14th amendment was made on June 30, 2004.

The 15th amendment was made on June 24, 2005.

The 16th amendment was made on March 31, 2006.

The 17th amendment was made on March 31, 2006.

The 18th amendment was made on December 22, 2006

The 19th amendment was made on May 5, 2008.

The 20th amendment was made on April 30, 2009.

The 21th amendment was made on May 20, 2010.

The 22th amendment was made in June 17, 2011.

The 23th amendment was made on June 19, 2012.

The 24th amendment was on June 18, 2015.

The 25th amendment was made on June 21, 2016.

Paragon Technologies Co., Ltd.

Chairman: Chen Zai Pu

Attachment 13

Paragon Technologies Co., Ltd. Shareholding Conditions of the Directors

- I. As of the book closure date of this regular shareholders' meeting on April 26, 2019, the paid-in capital of the Company was NT\$807,522,300 and the total number of issued shares was 80,752,230 shares.
- II. 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
- III. The Company appoints three independent directors, and shareholding ratio of all directors is lowered to 80% according to regulations except for independent directors.
- IV. The shareholding of all directors recorded in the shareholder list complied with the statutory standards.
- V. 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	Chen Zai Pu	2018.6.21	3 years	1,911,810	2.37%	1,911,810	2.37%
Director	Wang Hsiao Lung	2018.6.21	3 years	1,028,053	1.27%	1,028,053	1.27%
Director	Wang Le Qun	2018.6.21	3 years	48,000	0.06%	48,000	0.06%
Director	Lin Chi Yong	2018.6.21	3 years	738,784	0.91%	738,784	0.91%
Director	Kao Wen Hsiang	2018.6.21	3 years	1,894,142	2.35%	1,894,142	2.35%
Director	Chen Wan Te	2018.6.21	3 years	1,177,566	1.46%	1,177,566	1.46%
Director	Union Polymer International Investment Co., Ltd. Representative: Wang Jia Yeh	2018.6.21	3 years	1,505,000	1.86%	1,505,000	1.86%
Director	Union Polymer International Investment Co., Ltd. Representative: Ou Keng Tsuo	2018.6.21	3 years	1,505,000	1.86%	1,505,000	1.86%
Independent Director	Chang Tzuh Sin	2018.6.21	3 years	0	0%	0	0%
Independent Director	Pan Fu Jen	2018.6.21	3 years	0	0%	0	0%
Independent Director	Hsu Jui Tsan	2018.6.21	3 years	0	0%	0	0%
Total of all directors				8,303,355	10.28%	8,303,355	10.28%