

Stock Code 3518

Paragon Technologies Co., Ltd

Annual Shareholders' Meeting 2022

Meeting Handbook

D a t e : J u n e 8 , 2 0 2 2

Place: No. 1, Sec. 1, Wenhua 3rd Rd., Linkou Dist., New Taipei City (Four Points By Sheraton Linkou 2F Cloud Banquet Hall)

Shareholders' meeting will be held physically.

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2022 Annual Shareholders' Meeting of Paragon Technologies Co., Ltd.

Meeting Procedures

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

2022 Annual Shareholders' Meeting of Paragon Technologies Co., Ltd. Meeting Agenda

Time: 9:00 a.m., Wednesday, June 8, 2022

Place: No. 1, Sec. 1, Wenhua 3rd Rd., Linkou Dist., New Taipei City

Four Points By Sheraton Linkou 2F Cloud Banquet Hall

Shareholders' meeting will be held physically.

I.Call the Meeting to Order (Number of shares reported on attendance)

II.Chair's Remarks

III.Report Items

(I)2021 Business Report

(II)Audit Committee's Review Report of 2021 Financial Statements

(III)Report of the Company's Distribution of Compensation to its
Employees and Directors in 2021

(IV)2021 Status Report on Endorsement and Guarantee for
Examination

(V)Implementation Report on Treasury Stock Buyback

IV.Proposals

(I)2021 Business Report and Financial Statements

(II)2021 Earnings Distribution Plan

V.Discussions

(I)Distribution of Cash from Capital Surplus of the Company

(II)Amendment to Certain Articles of the Company's "Articles of
Incorporation"

(III)Amendment to Certain Articles of the Company's "Procedures for
Acquisition and Disposal of Assets"

(IV)Proposal for carrying out a cash capital increase through an issue
of new ordinary shares either by public offering or private placement
or both.

VI.Extempore Motions

VII.Adjournment

Report Items

I. 2021 Business Report

Description: 2021 Business Report (Please refer to p.11-12 of the handbook.)

II. Audit Committee's Review Report on the 2021 Financial Statements

Description: Audit Committee's Review Report (Please refer to p.13 of the handbook.)

III. Report of the Company's Distribution of Compensation to its Employees and Directors in 2021

Explanation:

(I) According to Article 27 of the Company's Articles of Incorporation and the resolution of the Board of Directors and the Remuneration Committee, the remuneration to employees for 2021 amounted to NT\$3,303,953, and the remuneration to Directors amounted to NT\$825,988.

(II) The total amount of employees' and Directors' remuneration allocated was paid in cash, which was consistent with the number of expenses recognized in 2021.

IV. 2021 Status Report on Endorsement and Guarantees for Examination

Explanation: The Company's status of endorsement and guarantee by December 31, 2021 is attached as p.13 of the handbook.

V. Implementation Report on Treasury Stock Buyback for Examination

Explanation:

(I) According to Financial Supervisory Commission's regulation of "The Company's Shares Buyback by Listed Companies and OTC Companies"

(II) 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	2017.5.16~2017.7.10
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
Ratio of quantity repurchased to scheduled quantity of repurchase	53.67%
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 of Directors)

Proposal: Adoption of the 2021 Business Report and Financial Statements

Explanation:

- I. The Company's 2021 financial statements were audited by CPA, Weng Bo Ren and Chih Jui Chuan, of Deloitte Touche Tohmatsu Limited, and an unqualified opinion audit report was provided.
- II. The above-mentioned financial statements along with business reports were audited by Audit Committee and resolved and approved by the Board of Directors are attached as p.11-12 and p.16-35 of the handbook.

Resolution:

Case 2: (Proposed by the Board of Directors)

Proposal: Adoption of the Company's 2021 Earnings Distribution Plan

Explanation:

- I. The Company's beginning unappropriated earnings were NT\$0. After adding the retained earnings due to the addition of the actuarial losses and gains of NT\$42,246 and the income after tax in 2021 of NT\$41,257,176, and deducting the provision of legal reserve of NT\$4,129,942 and the provision for statutory special reserve of NT\$37,169,480, the closing unappropriated earnings is NT\$0.
- II. The Company's 2021 Earnings Distribution Plan is as follows:

Paragon Technologies Co., Ltd. Earnings Distribution Plan 2021

Unit: NTD

Items	Amount
Unappropriated Earnings at the Beginning of the Period	0
Plus: Retained Earnings due to the Addition of the Actuarial Losses and Gains	42,246
Plus: 2021 Income	41,257,176
Minus: Provision of Legal Reserve (10%)	(4,129,942)
Minus: Provision for Statutory Special Reserve	(37,169,480)
Retained Earnings available for Distribution	0
Unappropriated Earnings at the End of the Period	0

Chairman: Chen Zai Pu

General Manager: Wang
Hsiao Lung

Accounting Supervisor: Liu
Ming Yi

Resolution:

Discussions

Case 1: (Proposed by the Board of Directors)

Proposal: Distribution of Cash from Capital Surplus of the Company

Explanation:

- I. The Company intends to allocate NT\$79,142,230 from capital surplus in excess of the premium arising from the issue of shares at par to shareholders whose names appear on the register of members on the record date for distribution of \$1 in cash per share.
- II. The distribution of cash from the capital surplus is calculated as “rounded down to the New Taiwan Dollar”, with the aggregate amount of fractional amounts less than NT\$1, adjusted from big to small decimal figures and from the account number sequence to total distribution. After the approval of the general shareholders’ meeting, the Chairman is authorized to set a distribution date.
- III. Thereafter, if the number of outstanding shares is affected as a result of the changes in the Company’s share capital, leading to a change in shareholder’s distribution ratios, it is proposed that the shareholders’ meeting shall authorize the Chairman to make relevant adjustments.

Resolution:

Case 2: (Proposed by the Board of Directors)

Proposal: Amendment to Certain Articles of the Company's "Articles of Incorporation"

Explanation:

- I. In accordance with the Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1090150022 which is dated March 31, 2021, and Article 241 of the Company Act, amendments to certain articles of the Company's "Articles of Incorporation" were made. Please refer to p.36-38 of the handbook for the contrast table for the amended articles.
- II. Please refer to p.48-53 of the handbook for the "Articles of Incorporation" before the amendment.

Resolution:

Case 3: (Proposed by the Board of Directors)

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

Explanation:

- I. In accordance with the Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1110380465 which is dated January 28, 2022, and to meet the Company's operational needs, amendments to certain articles of the Company's "Procedures for Acquisition and Disposal of Assets" were made. Please refer to p.39-47 of the handbook for the contrast table for the amended articles.
- II. Please refer to p.54-73 of the handbook for Articles Before Amendment for the "Procedures for Acquisition and Disposal of Assets".

Resolution:

Case 4: (Proposed by the Board of Directors)

Proposal: Carrying out a cash capital increase through an issue of new ordinary shares either by public offering or private placement or both.

Explanation:

- I. In order to replenish working capital, improve the financial structure, or support other capital needs for the Company's long-term development, the Company will seek opportunities for diversified operation and industry strategic cooperation in order to expand the Company's scale of future operation and create long-term shareholders' value. It is proposed that no more than 12,000,000 shares of NT\$10 each will be issued by way of public offering or private placement as and when required by the market environment and the need of the Company, and that the shareholders' meeting authorizes the Board of Directors to handle the matter in stages within one year from the date of the resolution of the shareholders' meeting.
- II. It is proposed that the Board of Directors be authorized at the general shareholders' meeting to do so either in one of the following manner and principle or both:
 - (I) If carrying out a cash capital increase through new ordinary share issuance by public offering:
 1. The par value is NT\$10 per share. The actual issue price will be determined in accordance with the relevant provisions of the "Rules Governing Self-discipline of Offering and Issuance of Securities by Members of the Taiwan Securities Association." and based on the market conditions at the time of issuance, the Chairman and the securities underwriters will be authorized to mutually agree upon and submit to the competent authority for approval before issue.
 2. In addition to 10% to 15% of the total number of shares issued for capital increase retained by employees at the issue price pursuant to Paragraph 1 of Article 267 of the Company Law, the Company intends to authorize the Board of Directors to proceed by either of the two methods listed:
 - (1) In accordance with the provisions of Article 28-1 of the "Securities and Exchange Act", the remaining 85% to 90% of the shares are fully allocated for external public underwriting by way of price inquiry circle purchase. If the employees have insufficient subscriptions, the Chairman is authorized to contact specified parties to subscribe at the issue price.
 - (2) In accordance with Paragraph 2, Article 28-1 of the "Securities and Exchange Act", other than the provision for public underwriting of 10% of the total number of issued shares, the remaining 75% to 80% were subscribed by the original shareholders in proportion to their shareholdings as recorded in the register of members on the record date. If the employees and the original shareholders have waived the subscription or if the subscription is insufficient, the Chairman shall be authorized to contact specified parties at the

issue price.

- (II) If carrying out a cash capital increase through new ordinary share issuance by private placement:
1. Basis and reasonableness of the private placement price:
 - (1) The reference price for the subscription price for the private placement of ordinary shares shall be the higher of the following two calculations: the simple average closing price of the ordinary shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction; the simple average closing price of the ordinary shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
 - (2) The subscription price for the private placement of ordinary shares shall be subject to the approval of the Board of Directors at the shareholders' meeting to authorize the Board of Directors, in accordance with the above provisions, to set the private placement price no less than 80% of the Reference Price, subject to the future engagement with specific individuals and market conditions.
 - (3) The subscription price for the aforesaid private placement ordinary shares shall be set with reference to the Company's operating performance, future prospects, and recent share prices respectively, as well as the restriction on transfer of the private placement marketable securities for three years from the date of delivery, and is therefore reasonable.
 2. Selection of specific individuals:
 - (1) The targets of the private placement are limited to the specific persons who meet the requirements of Article 43-6 of the "Securities and Exchange Act" and are required to be strategic investors, with priority given to those who will benefit the long-term development and competitiveness of the Company and the existing shareholders' equity.
 - (2) The purpose, necessity, and estimated benefit of selecting strategic investors is to respond to the needs of the Company's operation development, and it is intended that the strategic investors will directly or indirectly assist the Company in finance, business, production, technology, procurement, management, strategic development, etc., so as to strengthen the Company's competitiveness and enhance the operational efficiency and long-term development, which shall benefit shareholders' equity.

- (3) The Company currently does not have a specific person who has been consulted about relevant matters. It is purposed that the Board of Directors is authorized to deal with such matters at its full discretion.
3. Necessary reasons for carrying out private placement, amount, purposes of funding, and estimated benefits:
- (1) Reasons for not adopting a public offering: In view of the current capital market conditions and in order to grasp the timeliness and feasibility of the capital raised so as to obtain the necessary funds within the shortest possible period of time for achieving the purpose of attracting strategic investors and limiting the transfer of private equity shares, it is more likely to ensure the long-term cooperation relationship between the Company and the strategic investors.
- (2) Private placement limit, use of funds, and estimated benefits: It is proposed that within the amount of 12,000,000 ordinary shares, the Board of Directors be authorized to issue four batches within one year from the date of the shareholders' meeting resolution. The funds from this private placement of ordinary shares will be used to replenish working capital and improve the financial structure of the Company in order to meet the needs of the long-term development of the Company. The estimated benefits are to enhance the operating competitiveness of the Company, strengthen the overall financial structure, and enhance the operating efficiency, which is beneficial to shareholders' equity. The use of the private placement funds and the estimated benefits are as follows:

Number of Issuance	Estimated Issuance Amount	Use of funds	Estimated Benefits
First Issuance	3,000,000 shares	To replenish working capital and improve the financial structure of the Company in response to the long-term development of the Company.	In order to enhance the Company's operational competitiveness, strengthen the overall financial structure, and improve operational efficiency, which is beneficial to shareholders' equity.
Second Issuance	3,000,000 shares		
Thrid Issuance	3,000,000 shares		
Fourth Issuance	3,000,000 shares		
For the aforesaid estimated issuance amount of the first and fourth issuance, the number of private placement shares may be adjusted depending on the actual issue status. At each actual exercise, the number of shares remaining previously and/or the number of shares to be issued subsequently shall be in full or in part, but the			

total number of shares to be issued shall not exceed 12,000,000 shares.

4. The number of private shares so introduced does not result in changes in the Company's operating rights.
 5. The rights and obligations of the private placement of ordinary shares are the same as the ordinary shares the Company already issued. However, within three years after the delivery of the privately placed securities, the securities are not resellable unless under the circumstances listed in accordance with the provisions of Article 43-8 of the "Securities and Exchange Act". The Company intends to obtain a letter of approval in compliance with the listing standards issued by the Taiwan Stock Exchange in accordance with the relevant laws and regulations after three years since the delivery of the privately placed securities, and submit the registration statement to the competent authority for approval to apply for listing.
- III. For newly issued ordinary shares, if calculated based on the cap of 12,000,000 shares, the dilution ratio to the original shareholders' equity is up to 15.16%, which is calculated based on the company's outstanding ordinary shares so far. In view of the fact that the funds are to be used for the development of strategic alliances or to replenish working capital, the benefits of the funds will benefit shareholders' equities, the proposed issuance of new shares will not result in material dilution of the original shareholders' equity.
 - IV. In relation to the issuance or private placement conditions, capital utilization plan, planned use of funds, estimated progress, estimated benefits, and other related matters of this fundraising, it is proposed that the shareholders' meeting shall authorize the Board of Directors to formulate, adjust and deal with it in its absolute discretion based on the actual needs of the Company, market conditions, and relevant laws. The Board of Directors will be authorized to handle in its absolute discretion subject to the prevailing market conditions and the laws and regulations if the amendment is needed as advised by the competent authority or due to operational evaluation and objective changes in the future.
 - V. In order to complete the financing plan, it is proposed to authorize the Chairman or his designated person to sign on behalf of the Company all covenants or documents in relation to the issuance of this private placement of ordinary shares and handle all necessary works and other miscellaneous matters.

Resolution:

Extempore Motions

Adjournment

Attachment 1

Business Report

Although the global vaccination rate is up to 50%, the pandemic situation is still grim. The result of many countries' lifting lockdown is ushering in the peak of the pandemic. Facing an ever-changing operating environment in 2021, in addition to the impact of the pandemic, industries also encountered issues such as component shortages, power restrictions in China, traffic jams at ports, shortage of shipping containers, etc. Enterprises have to face ongoing supply problems and rising freight and manufacturing costs. However, even under this severe condition, 246.1 million notebook units were shipped worldwide in 2021, with an annual growth rate of 19.4%, hitting an all-time high. Driven by the growing demand for notebooks, the Company's consolidated revenue grew by 16.87% in 2021, and the net profit after tax was NT\$41,256 thousand. The report on the operations in 2021 and the business plan for 2022 are described as follows:

I. 2021 Business Report

(I) Operating Results

The consolidated revenue of the Company for 2021 is NT\$800,103 thousand, with a growth rate of 16.87% compared to that of NT\$684,598 thousand in 2020; the net profit is NT\$60,614 thousand, with a growth rate of 488.65% compared to that of NT\$10,297 thousand in 2020; net loss after tax is NT\$41,256 thousand; profit after tax per share is NT\$0.52; shareholders' equity is NT\$1,416,828 thousand, and the book value per share is NT\$17.90.

(II) Budget Execution: The Company has not disclosed the financial forecast and therefore no budget achievement.

(III) Analysis of finance income, expenses and profitability:

	2021	2020
Earnings per share (NT\$)	0.52	(0.71)
Net profit margin (%)	7.58	1.5
Net margin (%)	5.16	(8.17)
Equity return ratio (%)	2.95	(4.00)
Return on assets (%)	2.54	(1.95)

(IV) Research and development status: R&D expenses invested in 2021 amounted to NT\$38,607 thousand, accounting for 4.83% of the consolidated revenue.

II. 2022 Business Plan

Looking forward to 2022, the demand for notebooks decrease due to the slowdown of the stay-at-home economy trend. In the first half of the year, the supply chain will also be affected drastically by the outbreak of pandemics in China and the war between Russia and Ukraine. In the face of the threats to the global economy arising from the continuous increase in freight charges, raw materials, energy costs, and high inflation, central banks of various countries have begun adjusting their previously loose monetary policies to increasing interest rates. These variables that are unfavorable to the development of the industry further test the adaptability of enterprise management. Facing the future, Paragon Technologies needs to reduce the risks of a single industry or product by diversifying its operations.

According to the research of TrendForce, notebook shipments in 2021 hit an all-time high of 246.1 million units, which was driven by the pandemic. However, with the global vaccinated population reaching 50%, the associated demand due to the pandemic is expected to gradually reduce. TrendForce estimates that the annual volume of notebook shipments will slightly decrease by 3.3% to 237.9 million units in 2022. Although the short-term market is sensitive to the future demand for notebooks and the supply chain is exposed to many uncertainties in the future, such as the impact on operations due to the pandemic in China, power shortages, and supply interruptions. Compared to the companies in the same industry, the Company has faster adaptability. The Company can quickly and flexibly adjust local production capacity and stable supply to meet customer needs, and continue to provide customers with high value-added services and quality. The Company is a reliable partner for customers and has been recognized by many customers as an excellent supplier many times. We will look at the operating outlook positively and plan positive growth goals, strengthening the leading position of existing products and technologies. In the future, the Company will continue to expand the breadth of application of appearance products and the production capacity of AF coating products. It is expected that the revenue share of appearance products will continue to increase in 2022, which will bring growth momentum to the Company's operations in 2022.

In terms of car rim cosmetic products, due to the impact of the pandemics, foreign customers have been cautious in the development of new products, resulting in a significant delay in the promotion of rim cosmetic products. Having taken into account the significant impact of the division on the overall operation, we have cooperated with the local government to complete the disposal of its factory in Kangshan Industrial Park in 2021, reduce its operating scale to reduce costs, and improve operating performance. Appearance technology has been extended to develop automotive interior and 3C product appearance coating technology to expand the application range of appearance products.

In terms of research and development, the Company adheres to the core values of "environmental protection, innovation, and professional" and focuses on the development of environmentally-friendly materials, the improvement of coating technology, and design capabilities combining equipment and manufacturing processes. In the future, the Company will focus on the research and development of environmental-friendly manufacturing process technology and combine the innovative technology of function and cosmetic coating. In addition to emphasizing the connection between products and market demand, the Company also increases future core competency through integrating the front and back processes and cooperating with different industries.

On behalf of the Group, I would like to express our most sincere gratitude to all our shareholders for the long-term trust and support given, and it is our hope to continue to be trusted and supported by you.

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 2021 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 Earnings Distribution Plan 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

The Company's 2022 Annual Shareholders' Meeting

Paragon Technologies Co., Ltd.

Convener of the Audit Committee: Hsu Jui
Tsan

Dated: March 28, 2022

Attachment 3

Paragon Technologies Co., Ltd. and its Subsidiaries

Endorsements and Guarantees Provided

January 1 to December 31, 2021

Unit: In Thousands of New Taiwan Dollars unless Specified Otherwise

No. (Notes 1)	Endorsement/Guarantee Provider	Endorsed/Guaranteed Party		To single entity Endorsements/Guarantees Quota (Notes 3)	Maximum Guarantee Amount Balance on Guarantee	Endorsements/Guarantees - Ending Balance on Guarantee	Amount Actually Drawn	Secured with Collateral Amount of Endorsements/Guarantees	Ratio of Accumulated Endorsements/Guarantees to Net Equity per Latest Financial Statements (%)	Endorsements/Guarantees Limit of Endorsements/Guarantees (Notes 3)	Endorsements/Guarantees Provided by the Parent Company	Endorsements/Guarantees Provided by A Subsidiary	Endorsements/Guarantees Provided to Subsidiaries in Mainland China	Notes
		Company Name	Relationship (Notes 2)											
0	Paragon Technologies Co., Ltd.	MACRO SIGHT INTERNATIONAL CO., LTD.	(2)	\$ 708,414	\$187,752 USD5,100 and EUR 1,250	\$ 180,318 USD 5,100 EUR 1,250	\$ 9,788	\$ -	12.73%	\$ 708,414	Y	N	N	
0	Paragon Technologies Co., Ltd.	Paragon (Neijiang) Optoelectronics Technologies Company Limited	(2)	708,414	21,920 RMB5,000	21,720 RMB 5,000		-	1.53%	708,414	Y	N	Y	
2	Bo Ting (Suzhou) Optoelectronics Technologies Company Limited	Zhejiang Junsheng Optoelectronics Technologies Company Limited	(4)	261,632 RMB 60,228	87,680 RMB20,000	-	RMB-	RMB-	-	261,632 RMB 60,228	N	N	Y	
2	Bo Ting (Suzhou) Optoelectronics Technologies Company Limited	Bo Ting (Jiangsu) Optoelectronics Technologies Company Limited	(4)	261,632 RMB 60,228	87,680 RMB20,000	86,880 RMB 20,000	76,020 RMB17,500	86,880 RMB 20,000	6.13%	261,632 RMB 60,228	N	N	Y	
3	Paragon (Chongqing) Optoelectronics Technologies Company Limited	Paragon (Neijiang) Optoelectronics Technologies Company Limited	(4)	47,496 RMB 10,934	43,840 RMB10,000	-	RMB-	RMB -	-	47,496 RMB 10,934	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 endorsements/guarantees:

- (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 endorsements/guarantees 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 endorsements/guarantees 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 Company Limited and its subsidiaries (collectively referred as “the Group” hereafter), which comprise the consolidated balance sheets as of 31 December, 2020 and 2021, 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, 2021, 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 for 2020 and 2021 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 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, 2021. These items have been covered in the verification process of the overall consolidated financial statements and the audit opinions; hence, we shall not express separate opinions on these items.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2021 are as follows:

Impairment of property, plant, and equipment and right-of-use assets

Key audit matters

As at December 31, 2021, the carrying amount of the Property, Plant, and Equipment and Right-of-Use Assets was NT\$295,699 thousand, which represented 16% of the total assets and was hence considered to be significant. For details of the account policies governing the valuation of impairment of assets and its disclosures, please see notes 4, 5 and 12.

In 2021, the Company's subsidiary - Zhejiang Junsheng Optoelectronics Technologies Company Limited - undertook to expand the market for their wheel coating products. However, sales faltered during the expansion, causing the management to anticipate that the economic benefits of property, plant, and equipment and right-of-use assets shall decrease in the future - to such an extent that their recoverable amount exceeds their carrying amount. Because of that, the Group recognized an impairment loss of NT\$15,203 thousand during the year 2021.

Management assessed the recoverable amount of the above property, plant and equipment and right-of-use assets based on the fair value less costs of disposal model with reference to the opinion derived from an expert's report, which involved a high level of professional judgement including the methods used and key assumptions parameters used in the valuation and therefore classified the impairment assessment of property, plant and equipment and right-of-use assets as a key audit matter.

Our major audit procedures are as follows:

1. Understanding how management evaluates and approves the valuation of impairment on property, plant, and equipment and right-of-use assets.
2. We evaluated the professional experience, competence, and independence of the independent valuation experts appointed by the management and verified their qualifications of the independent valuation experts. Our financial advisor assisted to evaluate if the methodology and assumptions used in the valuation of fair values used by the independent valuation expert are proper.
3. Our financial advisor assisted in confirming the rationality of the valuation parameters used by the independent valuation experts by sampling the evaluation parameters used by independent evaluation experts are compared and verified with historical data or external information.

Other Items

We have audited the individual financial statements of the Group as of and for the years 2021 and 2020, and have issued the auditor's report without qualified opinion. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The responsibilities of the management are to prepare the consolidated financial statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC

Interpretations (SIC) endorsed by the Financial Supervisory Commission with effective dates, as well as to maintain necessary internal controls that enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement within the consolidated financial statements, whether due to fraud or error; design and execute countermeasures in response to those risks; obtain sufficient and appropriate audit evidence to provide a basis for an audit 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 the disclosures, 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 those matters that were of most significance in the audit of the 2021 consolidated financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report unless law or regulation precludes public or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu
CPA Weng Bo Ren

CPA Chih Jui Chuan

Financial Supervisory Commission
Approval Document No.
FSC Approval No. 1010028123

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

March 28, 2022

CONSOLIDATED BALANCE SHEETS

December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

CODE	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4, 6 and 32)	\$ 722,658	39	\$ 673,153	31
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	197,652	11	7,441	-
1150	Notes receivable, net (Notes 4, 9, 23 and 32)	-	-	2,278	-
1170	Accounts receivable, net (Notes 4, 9, 23 and 32)	458,936	24	434,891	20
1200	Other receivables (Notes 4, 9 and 32)	1,533	-	25,104	1
1220	Current income tax assets (Notes 4 and 25)	52	-	90	-
130X	Inventories (Notes 4 and 10)	3,733	-	9,987	-
1429	Prepayments (Notes 16)	19,000	1	13,752	1
1470	Other current assets (Notes 16)	2,202	-	1,099	-
11XX	Total current assets	1,405,766	75	1,167,795	53
	Non-current Assets				
1535	Financial assets at amortized cost - non-current (Notes 4, 8, 32 and 34)	-	-	253,866	12
1550	Investments accounted for using equity method (Notes 4 and 12)	238	-	1,763	-
1600	Real Estate, plants, and equipment (Notes 4, 13 and 34)	247,720	13	434,597	20
1755	Right-of-use asset (Notes 4 and 14)	47,979	3	98,859	5
1780	Intangible Assets (Notes 4 and 15)	638	-	353	-
1840	Deferred tax assets (Notes 4 and 25)	68,337	4	73,380	3
1915	Prepayments (Notes 16)	195	-	3,878	-
1920	Refundable deposits (Notes 16, 32 and 34)	103,504	5	156,327	7
1990	Other noncurrent assets (Notes 16)	3,450	-	3,450	-
15XX	Total noncurrent assets	472,061	25	1,026,473	47
1XXX	Total	\$1,877,827	100	\$2,194,268	100
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 4, 17, 32, and 34)	\$ 80,000	4	\$ 377,729	17
2170	Accounts payable (Notes 18 and 32)	7,654	-	7,280	-
2200	Other accounts payables (Notes 19 and 32)	161,796	9	145,031	7
2230	Current income tax liabilities (Notes 4 and 25)	11,184	1	14,035	1
2250	Liabilities provision – current (Notes 4 and 20)	2,633	-	921	-
2280	Lease liabilities - current (Notes 4, 14 and 32)	14,280	1	14,480	1
2320	Current portion of long-term loans payable (Notes 17, 32 and 34)	94,091	5	67,912	3
2399	Other current liabilities (Notes 19)	397	-	2,996	-
21XX	Total Current Liabilities	372,035	20	630,384	29
	NONCURRENT LIABILITIES				
2540	Long-term loans (Notes 17, 32 and 34)	77,693	4	157,606	7
2550	Liabilities provision – non-current (Notes 4 and 20)	1,979	-	3,243	-
2580	Lease liabilities - non-current (Notes 4, 14 and 32)	4,026	-	13,545	1
2630	Long-term deferred income (Notes 19 and 29)	4,243	1	8,400	-
2670	Other non-current liabilities (Notes 19 and 32)	87	-	88	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	936	-	1,234	-
25XX	Total noncurrent liabilities	88,964	5	184,116	8
2XXX	Total liabilities	460,999	25	814,500	37
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 22, 27 and 28)				
	Capital Stock				
3110	Ordinary capital stock	807,522	43	807,522	37
3200	Capital surplus	759,327	40	810,542	37
	Retained earnings				
3350	Unappropriated retained earnings (losses to be offset)	41,298	2	(55,645)	(2)
3300	Total Retained Earnings	41,298	2	(55,645)	(2)
3400	Others	(156,668)	(8)	(148,000)	(7)
3500	Treasury stock	(34,651)	(2)	(34,651)	(2)
31XX	Equity attributable to shareholders of the parent	1,416,828	75	1,379,768	63
3XXX	Total equity	1,416,828	75	1,379,768	63
Total		\$1,877,827	100	\$2,194,268	100

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, 2021 and 2020

Unit: Thousand NTD, except for earnings (losses) per share in NTD

CODE		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 23 and 39)	\$ 800,103	100	\$ 684,598	100
5000	Operating cost (Notes 4, 10 and 24)	(508,203)	(64)	(461,032)	(67)
5950	Operating margin	291,900	36	223,566	33
	Operating expenses (Note 24)				
6100	Selling expense	(32,455)	(4)	(21,214)	(3)
6200	Management and general expenses	(160,224)	(20)	(153,224)	(22)
6300	Research and development expenses	(38,607)	(5)	(38,831)	(6)
6000	Total operating expenses	(231,286)	(29)	(213,269)	(31)
6900	Income from operations	60,614	7	10,297	2
	Non-operating income and expenses (Notes 12, 13, 19, 24, 28 and 29)				
7100	Interest income	14,401	2	17,583	3
7010	Other income	6,846	1	3,847	-
7020	Other gains and losses	38,387	5	(15,130)	(2)
7050	Financial costs	(13,033)	(2)	(17,516)	(3)
7060	Recognized share of the profit and loss of the affiliated enterprises and joint ventures using equity method	(1,525)	-	(1,544)	-
7000	Total non-operating income and expenses	45,076	6	(12,760)	(2)
7900	Net profit (loss) before tax	105,690	13	(2,463)	-
7950	Income tax expense (Notes 4 and 25)	(64,434)	(8)	(53,477)	(8)
8200	Net profit (loss) for the year	41,256	5	(55,940)	(8)

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COD E		2021		2020	
		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 and 21)	\$ 53	-	\$ 369	-
8349	Income tax related to items that will be reclassified (Notes 4 and 25)	(11)	-	(74)	-
	Subtotal	42	-	295	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of financial statements of foreign operations (Notes 4 and 22)	(10,835)	(1)	23,969	4
8399	Income tax related to items that will be reclassified (Notes 4, 22 and 25)	2,167	-	(4,794)	(1)
	Subtotal	(8,668)	(1)	19,175	3
8300	Other comprehensive loss for the year, net of income tax	(8,626)	(1)	19,470	3
8500	Total comprehensive income (loss) for the year	\$ 32,630	4	(\$ 36,470)	(5)
	Net profit (loss) attributable to:				
8610	Shareholders of the parent	\$ 41,256	5	(\$ 55,940)	(8)
8620	NONCONTROLLING INTERESTS	-	-	-	-
8600		\$ 41,256	5	(\$ 55,940)	(8)
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the parent	\$ 32,630	4	(\$ 36,470)	(5)
8720	NONCONTROLLING INTERESTS	-	-	-	-
8700		\$ 32,630	4	(\$ 36,470)	(5)
	Earnings (losses) per share (Note 26) from continuing business				
9710	Basic Earnings Per Share	\$ 0.52		(\$ 0.71)	
9810	Diluted Earnings Per Share	\$ 0.52		(\$ 0.71)	

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 CHANGES IN EQUITY

January 1 to December 31, 2021 and 2020

Unit: Thousand NTD, unless otherwise stated

COD E		Equity Attributable to Shareholders of the Parent							NONCONTRO LLING INTERESTS (Note 22)	Total Equity
		Capital Stock		Capital surplus	Unappropriated r e t a i n e d e a r n i n g s (losses to be offset)	Foreign operation Translation of the financial statements Exchange difference	Treasury stock	Total		
		Shares (In Thousands)	Amount							
A1	Balance, January 1, 2020	80,752	\$ 807,522	\$ 1,007,800	(\$ 197,258)	(\$ 167,175)	(\$ 34,651)	\$ 1,416,238	\$ 6	\$ 1,416,244
C11	Compensation for deficit from paid-in capital reserve	-	-	(197,258)	197,258	-	-	-	-	-
D1	Total Net Loss in 2020	-	-	-	(55,940)	-	-	(55,940)	(6)	(55,946)
D3	Other comprehensive income (loss) (net of tax) in 2020	-	-	-	295	19,175	-	19,470	-	19,470
D5	Total comprehensive income in 2020	-	-	-	(55,645)	19,175	-	(36,470)	(6)	(36,476)
Z1	Balance, December 31, 2020	80,752	807,522	810,542	(55,645)	(148,000)	(34,651)	1,379,768	-	1,379,768
N1	Share-based payments	-	-	4,430	-	-	-	4,430	-	4,430
C11	Compensation for deficit from paid-in capital reserve	-	-	(55,645)	55,645	-	-	-	-	-
D1	Total net profit in 2021	-	-	-	41,256	-	-	41,256	-	41,256
D3	Other comprehensive income (loss) in 2021	-	-	-	42	(8,668)	-	(8,626)	-	(8,626)
D5	Total comprehensive income in 2021	-	-	-	41,298	(8,668)	-	32,630	-	32,630
Z1	Balance, December 31, 2021	80,752	\$ 807,522	\$ 759,327	\$ 41,298	(\$ 156,668)	(\$ 34,651)	\$ 1,416,828	\$ -	\$ 1,416,828

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 CASH FLOWS

January 1 to December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

CODE		2021	2020
	Cash flows from operating activities		
A10000	Net profit (loss) before tax for the year	\$ 105,690	(\$ 2,463)
A20010	Adjustments for		
A20300	Expected credit loss	3,077	1,994
A20100	Depreciation expense	88,517	106,202
A20200	Amortization expense	1,048	780
A20900	Financial costs	13,033	17,516
A20400	Net gain recognized on financial assets and liabilities measured at fair value through profit or loss	(4,299)	(1,750)
A21200	Interest income	(14,401)	(17,583)
A21900	Share-based payment costs	4,430	-
A22300	Share of profits (losses) of associates accounted for using equity method	1,525	1,544
A29900	Reverse Debt Provision	467	(9,482)
A22500	Disposal of loss of real estate, plants and equipment (profit)	(44,286)	1,214
A23100	Advance profit due to disposal of subsidiaries	-	(532)
A29900	Amortization on realized long-term deferred income	(4,058)	(513)
A23700	Loss for market price decline and obsolete and slow-moving inventories	-	362
A23800	Gain from price recovery of inventory	(831)	-
A23700	Impairment loss recognized on real estate, plants and equipment	15,203	11,273
A24100	Foreign currency (gains) losses	(1,624)	21,636
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	2,278	(2,009)
A31150	Accounts receivable	(27,077)	(123,776)
A31180	Other receivables	(885)	(51)
A31200	Inventory	7,151	(1,177)
A31230	Prepayments	(5,248)	1,780
A31240	Other current assets	(1,103)	753
A32150	Accounts payable	374	767
A32180	Other Payables	15,238	28,254
A32200	Provisions	-	(424)
A32230	Other current liabilities	(2,599)	2,112
A32240	Net defined benefit liabilities	(245)	(171)
A33000	Cash generated from operations	151,375	36,256
A33100	Interest received	38,857	7,423

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<u>CODE</u>		<u>2021</u>	<u>2020</u>
A33300	Interest paid	(\$ 12,428)	(\$ 16,556)
A33500	Income Tax Paid	(60,468)	(33,767)
AAAA	Net cash inflows (outflows) from operating activities	117,336	(6,644)
Cash flow from investment activities			
B00100	Acquisition of financial assets at fair value through profit or loss	(371,412)	(225,416)
B00200	Sale of financial assets at fair value through profit or loss	185,444	219,725
B00040	Acquisition of financial assets at amortized cost	(725,448)	(1,262,765)
B00050	Disposal of financial assets at amortized cost	977,400	1,262,765
B02600	Proceeds from disposal of right-of-use assets	38,942	-
B02700	Acquisition of real estate, plants and equipment	(21,316)	(24,809)
B02800	Disposal of real estate, plants and equipment	174,236	803
B03700	Refundable deposits paid	-	(10,225)
B03800	Refundable deposits refunded	52,823	-
B04500	Acquisition of intangible assets	(1,332)	(529)
B07100	Increase in prepaid expenses for equipment	(2,731)	(3,952)
BBBB	Net cash inflows (outflows) from investing activities	306,606	(44,403)
Cash flows from financing activities			
C00200	Decrease in short-term loans	(296,236)	(5,311)
C01600	Increase in long-term borrowings	20,000	98,521
C01700	Repayment of long-term borrowings	(73,734)	-
C03000	Increase in deposits received	-	2
C04020	Repayment of the principal amount of lease liabilities	(15,792)	(15,325)
CCCC	Net cash inflow (outflow) from financing activities	(365,762)	77,887
DDDD	Effect of exchange rate changes on cash and cash equivalents	(8,675)	12,272
EEEE	Increases in cash and cash equivalents	49,505	39,112
E00100	Cash and cash equivalents at beginning of year	673,153	634,041
E00200	Cash and cash equivalents at end of year	\$ 722,658	\$ 673,153

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

Independent Auditor's Report

To Paragon Technologies Company Limited,

Opinion

We have audited the parent company only financial statements of Paragon Technologies Company Limited (“the Company”), which comprise the parent company only balance sheets as at 31 December, 2021 and 2020, 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, 2021 and 2020, and of its financial performance and its cash flows from January 1 to December 31, 2021 and 2020 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Individual Financial Statements" section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. These items have been covered in the verification process of the overall individual financial statements and the audit opinions; hence, the CPA shall not express separate opinions on these items.

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

Key Audit Matters relating to the Subsidiaries' financial statements

Key audit matters

As of December 31, 2021, Paragon Technologies Co., Ltd.'s investments accounted for using equity method were NT\$1,334,968 thousand, accounting for 86% of the total assets. As the amount is substantial on the consolidated level, any misstatements in the subsidiaries' financial statements that fail to reflect the subsidiaries' operations for the year, or any miscalculations of

their profits and loss, shall lead to an inaccurate amount of investments accounted for using equity method.

We have taken into account the key audit matters identified in the subsidiaries' financial statements when dealing with those identified in the individual financial statements of Paragon Technologies Co., Ltd. For details, please see notes 4(6) and 9 of the individual financial statements.

Corresponding Audit procedures performed

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

Impairment of property, plant, and equipment and right-of-use assets of the Subsidiaries

In 2021, the Company's subsidiary - Zhejiang Junsheng Optoelectronics Technologies Company Limited - undertook to expand the market for their wheel coating products. However, sales faltered during the expansion, causing the management to anticipate that the property, plant, and equipment and right-of-use assets shall generate less future cash flow - to such an extent that their recoverable amount exceeds their carrying amount. Because of that, the Group recognized an impairment loss of NT\$15,203 thousand during the year 2021.

Management assessed the recoverable amount of the above property, plant and equipment and right-of-use assets based on the fair value less costs of disposal model with reference to the opinion derived from an expert's report, which involved a high level of professional judgement including the methods used and key assumptions parameters used in the valuation and therefore classified the impairment assessment of property, plant and equipment and right-of-use assets as a key audit matter.

Our major audit procedures are as follows:

1. Understanding how management evaluates and approves the valuation of impairment on property, plant, and equipment and right-of-use assets.
2. We evaluated the professional experience, competence, and independence of the independent valuation experts appointed by the management and verified their qualifications of the independent valuation experts. Our financial advisor assisted to evaluate if the methodology and assumptions used in the valuation of fair values used by the independent valuation expert are proper.
3. Our financial advisor assisted in confirming the rationality of the valuation parameters used by the independent valuation experts by sampling the evaluation parameters used by independent evaluation experts are compared and verified with historical data or external information.

Responsibilities of Management and Those Charged with Governance for the Individual 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 the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Individual Financial Statements

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

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

1. Identify and assess the risks of material misstatement within the individual financial statements, whether due to fraud or error; design and execute countermeasures in response to those risks; obtain sufficient and appropriate audit evidence to provide a basis for an audit 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 individual 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 individual financial statements, including the disclosures, and whether the individual 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 individual audit, and for forming the audit opinion.

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

We 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 those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We have described 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 Weng Bo Ren

CPA Chih Jui Chuan

Financial Supervisory Commission
Approval Document No.
FSC Approval No. 1010028123

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

March 28, 2022

Paragon Technologies Co., Ltd.

Individual Balance Sheets

December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

CODE	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4,6 and 26)	\$ 80,461	5	\$ 69,662	5
1150	Net notes receivable (Notes 4, 7, 20 and 26)	-	-	2	-
1170	Accounts receivable (Notes 4,7,20 and 26)	653	-	503	-
1210	Other Receivables - Related Parties (Notes 4, 7, 26 and 27)	26,064	2	19,366	1
1200	Other Accounts receivable (Notes 4, 7 and 26)	22	-	5	-
1220	Current tax assets (Notes 4 and 22)	52	-	90	-
130X	Inventories (Notes 4 and 8)	-	-	548	-
1410	Prepaid expenses (Note 13)	6,659	-	4,397	-
1470	Other current assets (Note 13)	159	-	117	-
11XX	Total current assets	114,070	7	94,690	6
	Non-current Assets				
1550	Investments accounted for using equity method (Notes 4,9 and 27)	1,335,206	86	1,322,907	86
1600	Real estate, plants, and equipment (Notes 4,10, 21 and 27)	30,444	2	37,994	3
1755	Right-of-use asset (Notes 4 and 11)	9,184	1	10,647	1
1780	Intangible assets (Notes 4 and 12)	600	-	213	-
1840	Deferred tax assets (Notes 4 and 22)	62,446	4	65,873	4
1920	Deposited Margin (Note 13 and 26)	5,122	-	5,122	-
1990	Other non-current assets (Notes 13)	3,450	-	3,450	-
15XX	Total noncurrent assets	1,446,452	93	1,446,206	94
1XXX	Total	\$ 1,560,522	100	\$ 1,540,896	100
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Bank loans (Notes 14, 24 and 26)	\$ 80,000	5	\$ 115,000	8
2170	Accounts receivable (Notes 15 and 26)	276	-	276	-
2219	Other payables (Notes 16 and 26)	35,505	2	32,081	2
2280	Lease liabilities-current (Notes 4, 11, 24 and 26)	6,003	1	6,321	-
2320	Current portion of long-term loans payable (Notes 14, 24 and 26)	3,926	-	-	-
2399	Other current liabilities (Notes 16)	340	-	307	-
21XX	Total Current Liabilities	126,050	8	153,985	10
	NONCURRENT LIABILITIES				
2540	Long-term loans (Notes 14, 24 and 26)	12,533	1	-	-
2550	Provisions - non-current portion (Notes 4 and 17)	847	-	1,407	-
2580	Lease liabilities-non-current (Notes 4, 11 and 26)	3,328	-	4,502	-
2640	Net defined benefit liability - non-current portion (Notes 4 and 18)	936	-	1,234	-
25XX	Total noncurrent liabilities	17,644	1	7,143	-
2XXX	Total liabilities	143,694	9	161,128	10
	Equity (Notes 4, 18, 19 and 24)				
	Capital Stock				
3110	Ordinary capital stock	807,522	52	807,522	53
3200	Capital surplus	759,327	49	810,542	53
	Retained earnings				
3310	Legal surplus	-	-	-	-
3320	Special reserve	-	-	-	-
3350	Unappropriated retained earnings (losses to be offset)	41,298	2	(55,645)	(4)
3300	Total Retained Earnings	41,298	2	(55,645)	(4)
3400	Others	(156,668)	(10)	(148,000)	(10)
3500	Treasury stock	(34,651)	(2)	(34,651)	(2)
3XXX	Total equity	1,416,828	91	1,379,768	90
	Total	\$ 1,560,522	100	\$ 1,540,896	100

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

Chairman: Chen Zai Pu Manager: Wang Xiao Long Accounting Supervisor: Liu Ming Yi

Paragon Technologies Co., Ltd.
Individual Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: Thousand NTD, except for earnings (losses) per share in NTD

CODE		2021		2020	
		Amount	%	Amount	%
4000	Operating Revenue (Notes 4, 20 and 27)	\$ 1,463	100	\$ 1,572	100
5000	Operating costs (Notes 4, 8 and 21)	(1,994)	(136)	(1,339)	(85)
5900	Operating margin (loss)	(531)	(36)	233	15
5920	Realized profits on subsidiaries, affiliated companies and joint ventures (Notes 4 and 27)	24,681	1,687	37,197	2,366
5950	REALIZED GROSS PROFIT	24,150	1,651	37,430	2,381
	Operating expenses (Notes 18, 21 and 27)				
6100	Selling expense	(6)	-	(5)	-
6200	General and administrative	(66,097)	(4,518)	(67,590)	(4,300)
6300	Research and development expenses	(34,315)	(2,346)	(33,343)	(2,121)
6000	Total operating expenses	(100,418)	(6,864)	(100,938)	(6,421)
6900	Loss from operations (Net operation loss)	(76,268)	(5,213)	(63,508)	(4,040)
	Non-operating income and expenses (Notes 9, 21 and 27)				
7100	Interest income	456	31	230	15
7010	Other income	26,170	1,789	19,404	1,234
7020	Other gains and losses	(575)	(39)	(505)	(32)
7050	Financial costs	(2,492)	(171)	(2,084)	(133)
7070	Share of profits of subsidiaries, associates and joint ventures	110,781	7,572	2,165	138
7000	Total non-operating income and expenses	134,340	9,182	19,210	1,222

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CODE		2021		2020	
		Amount	%	Amount	%
7900	Continuing operating profit (loss) before tax	\$ 58,072	3,969	(\$ 44,298)	(2,818)
7950	INCOME TAX EXPENSE (Notes 4 and 22)	(16,816)	(1,149)	(11,642)	(741)
8200	Net profit (loss) for the year	41,256	2,820	(55,940)	(3,559)
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 18, 19 and 22)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	53	4	369	24
8349	Income tax benefit related to items that will not be reclassified subsequently	(11)	(1)	(74)	(5)
8310		42	3	295	19
	Items that may be reclassified subsequently to profit or loss:				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(10,835)	(741)	23,969	1,525
8399	Income tax expense related to items that may be reclassified subsequently	2,167	148	(4,794)	(305)
8360		(8,668)	(593)	19,175	1,220
8300	Other comprehensive loss for the year, net of income tax	(8,626)	(590)	19,470	1,239
8500	Total comprehensive income (loss) for the year	\$ 32,630	2,230	(\$ 36,470)	(2,320)
	Earnings (losses) per share (Note 23) from continuing business				
9710	Basic Earnings Per Share	\$ 0.52		(\$ 0.71)	
9810	Diluted Earnings Per Share	\$ 0.52		(\$ 0.71)	

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

Chairman: Chen Zai Pu Manager: Wang Xiao Long Accounting Supervisor: Liu Ming Yi

Paragon Technologies Co., Ltd.
Individual Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

COD E		Capital Stock		Capital surplus	Unappropriated retained earnings (losses to be offset)	Others Exchange differences arising on translation of foreign operations	Treasury stock	Total Equity
		Shares (In Thousands)	Amount					
A1	Balance, January 1, 2020	80,752	\$ 807,522	\$ 1,007,800	(\$ 197,258)	(\$ 167,175)	(\$ 34,651)	\$ 1,416,238
C11	Compensation for deficit from paid-in capital reserve	-	-	(197,258)	197,258	-	-	-
D1	Total Net Loss in 2020	-	-	-	(55,940)	-	-	(55,940)
D3	Other comprehensive income (loss) (net of tax) in 2020	-	-	-	295	19,175	-	19,470
D5	Total comprehensive income in 2020	-	-	-	(55,645)	19,175	-	(36,470)
Z1	Balance, December 31, 2020	80,752	807,522	810,542	(55,645)	(148,000)	(34,651)	1,379,768
N1	Share-based payments	-	-	4,430	-	-	-	4,430
C11	Compensation for deficit from paid-in capital reserve	-	-	(55,645)	55,645	-	-	-
D1	Total net profit in 2021	-	-	-	41,256	-	-	41,256
D3	Other comprehensive income (loss) in 2021	-	-	-	42	(8,668)	-	(8,626)
D5	Total comprehensive income in 2021	-	-	-	41,298	(8,668)	-	32,630
Z1	Balance, December 31, 2021	80,752	\$ 807,522	\$ 759,327	\$ 41,298	(\$ 156,668)	(\$ 34,651)	\$ 1,416,828

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

Chairman: Chen Zai Pu Manager: Wang Xiao Long Accounting Supervisor: Liu Ming Yi

Paragon Technologies Co., Ltd.
Individual Statements of Cash Flows
January 1 to December 31, 2021 and 2020

In Thousands of New Taiwan Dollars

<u>CODE</u>		<u>2021</u>	<u>2020</u>
	Cash flows from operating activities		
A10000	Net profit (loss) before tax for the year	\$ 58,072	(\$ 44,298)
A20010	Adjustments for		
A20100	Depreciation expense	16,306	14,993
A20200	Amortization expense	823	552
A20900	Financial costs	2,492	2,084
A21900	Share-based payment costs	4,430	-
A22400	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	(110,781)	(2,165)
A22500	Disposal of real estate, plants and equipment	-	(87)
A21200	Interest income	(456)	(230)
A23800	Loss from price decline in inventories	548	172
A24000	Realized Gross Profit on Sales to Subsidiaries, Associates and Joint-Ventures.	(24,681)	(37,197)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	2	145
A31150	Accounts receivable	(150)	(349)
A31180	Other receivables	5	65
A31190	Other receivables - related parties	(6,698)	6,464
A31200	Inventory	-	797
A31230	Prepayments	(2,262)	(562)
A31240	Other current assets	(42)	340
A32150	Accounts payable	-	(474)
A32180	Other Payables	3,624	7,593
A32200	Provisions	(560)	(11)
A32230	Other current liabilities	33	(57)
A32240	Net defined benefit liabilities-non-current	(245)	(171)
A33000	Cash outflow from operations	(59,540)	(52,396)
A33100	Interest received	434	240
A33300	Interest paid	(2,303)	(1,825)
A33500	Income Tax Paid	(11,195)	(3,659)
AAAA	Net cash outflow from operating activities	(72,604)	(57,640)

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<u>CODE</u>		<u>2021</u>	<u>2020</u>
	Cash flow from investment activities		
B07600	Dividends received from Subsidiaries, Joint Ventures and Associates	\$ 112,328	\$ 64,948
B02700	Acquisition of real estate, plants and equipment	(1,913)	(4,066)
B02800	Disposal of real estate, plants and equipment	-	680
B04500	Acquisition of intangible assets	(1,210)	(529)
B07100	Increase in prepaid expenses for equipment	-	(76)
BBBB	Net cash used in (generated by) investing activities	109,205	60,957
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	15,000
C00200	Decrease in short-term loans	(35,000)	-
C01600	Increase in long-term borrowings	16,459	-
C04020	Repayment of the principal amount of lease liabilities	(7,261)	(6,729)
CCCC	Net cash inflow (outflow) from financing activities	(25,802)	8,271
EEEE	Increases in cash and cash equivalents	10,799	11,588
E00100	Cash and Cash Equivalents, Beginning of the year	69,662	58,074
E00200	Cash and Cash Equivalents, End of the year	\$ 80,461	\$ 69,662

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

Chairman: Chen Zai Pu Manager: Wang Xiao Long Accounting Supervisor: Liu Ming Yi

Attachment 5

Paragon Technologies Co., Ltd.

Contrast Table for the Amended Articles of the Articles of Association

Original Article	Articles after the amendment	Articles before the amendment	Explanation
Article23.	<p>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 the director remuneration. But the Company shall reserve a portion of profit to make up for accumulated losses, if any.</p> <p>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.</p> <p>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.</p> <p>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, for the insufficient amount of the net deduction of other equity accumulated in the previous period, before the earning distribution, the same amount of special surplus reserve should be allocated from the</p>	<p>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 the director remuneration. But the Company shall reserve a portion of profit to make up for accumulated losses, if any.</p> <p>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.</p> <p>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.</p> <p>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. Where dividends and bonuses are distributed in whole or in part in cash, the Board of Directors shall</p>	<p>Amended in accordance with Article 41 of the Securities and Exchange Act and Article 241 of the Company Act.</p>

Original Article	Articles after the amendment	Articles before the amendment	Explanation
	<p>unappropriated earnings in the previous period. If there is still a shortage, the amount of items other than the current net profit after tax is added to the current unappropriated earnings and set aside. When the net amount of other equity deductions is reversed subsequently, the reversal part may be reversed to the special surplus reserve. The accumulated undistributed earnings shall be added to the balance thereof, and the Board of Directors shall draw up a motion for the allocation of the earnings, which shall be submitted to the shareholders' meeting for decision.</p> <p>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.</p> <p>Where dividends and bonuses, and the legal surplus reserve and capital surplus allocated in accordance with Article 241 of the Company Act are distributed in whole or in part in cash, the Board of Directors shall adopt a resolution by a majority vote at a meeting attended by over</p>	<p>adopt a resolution by a majority vote at a meeting attended by over two thirds of the Directors and report such distribution to the shareholders' meeting.</p> <p>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.</p>	

Original Article	Articles after the amendment	Articles before the amendment	Explanation
	two-thirds of the Directors and report such distribution to the shareholders' meeting.		
Article26.	<p>The Articles of Incorporation was made on October 17, 1995.</p> <p>The 1st amendment was made on August 5, 1996.</p> <p>.....</p> <p><u>The 27th amendment was made on June 8, 2022.</u></p>	<p>The Articles of Incorporation was made on October 17, 1995.</p> <p>The 1st amendment was made on August 5, 1996.</p> <p>.....</p> <p>The 26th amendment was made on June 16, 2020.</p>	Add amendment date and frequency.

Attachment 6

Paragon Technologies Co., Ltd. Contrast Table for the Amended Articles of the "Procedures for Acquisition and Disposal of Assets"

Articles	Articles after the amendment	Articles before the amendment	Explanations
Article6.	<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. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. 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.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p>	<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. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. 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.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own</p>	<p>Proceeded in accordance with the relevant regulations of the competent authority.</p>

Articles	Articles after the amendment	Articles before the amendment	Explanations
	<p>II. <u>When conducting 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. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. 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 appropriate and reasonable, and that they have complied with applicable laws and regulations.</p>	<p>professional capabilities, practical experience, and independence.</p> <p>II. <u>When auditing 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. They shall undertake an item-by-item evaluation of the completeness, correctness, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. 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 correct, and that they have complied with applicable laws and regulations.</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanations
Article7.	<p>IV. Appraisal report of real property or equipment</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or 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 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>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) In the event that the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of less than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the</p>	<p>IV. Appraisal report of real property or equipment</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or 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 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>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) In the event that the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of less than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the</p>	<p>Proceeded in accordance with the relevant regulations of the competent authority.</p>

Articles	Articles after the amendment	Articles before the amendment	Explanations
	<p>appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(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.</p> <p>(V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be used as a substitute for the appraisal report or CPA opinion.</p> <p>The remaining articles not amended are omitted here.</p>	<p>provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(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.</p> <p>(V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be used as a substitute for the appraisal report or CPA opinion.</p> <p>The remaining articles not amended are omitted here.</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanations
Article8.	<p>Procedures for Acquisition or Disposal of Marketable Securities</p> <p>(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 appraised 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. 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.</p> <p>If the amount is less than NT\$50 million (inclusive), it shall be approved by the Chairman and reported in the most recent Board of Directors meeting thereafter; the amount exceeding NT\$50 million shall be approved by the Board of Directors before it can be executed.</p> <p>The remaining articles not amended are omitted here.</p>	<p>Procedures for Acquisition or Disposal of Marketable Securities</p> <p>(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 appraised 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 perform in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation. 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.</p> <p>The remaining articles not amended are omitted here.</p>	<p>Proceeded in accordance with the relevant regulations of the competent authority.</p>

Articles	Articles after the amendment	Articles before the amendment	Explanations
Article9.	<p>II. Assessment and operating procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or 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>II. Assessment and operating procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or 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>Proceeded in accordance with the relevant regulations of the competent authority.</p>
	<p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the 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 Paragraph 3, Subparagraphs 1 and 4 of this Article.</p> <p>(IV) The date and price at which the related party originally acquired the assets, the original trading counterparty, and that trading 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>	<p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the 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 Paragraph 3, Subparagraphs 1 and 4 of this Article.</p> <p>(IV) The date and price at which the related party originally acquired the assets, the original trading counterparty, and that trading 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</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanations
	<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>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 within NT\$150 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p><u>With respect to the types of transactions listed below, when to be conducted between subsidiaries of the Company and its parent company, 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 within NT\$150 million and have the decisions subsequently submitted and reported to the next Board of Directors meeting.</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 recorded in the minutes of the Board of Directors meeting.</p> <p><u>The Company has established the Audit</u></p>	<p>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 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>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 within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</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</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanations
	<p><u>Committee, matters that require recognition by the Supervisors pursuant to the relevant regulations shall first be approved by one-half or more of all Audit Committee members and then submitted to the Board of Directors for resolution.</u></p> <p><u>If the Company or its subsidiary thereof that is not a domestic public company will have a transaction set out in Paragraph 1 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of Paragraph 1 to the shareholders' meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.</u></p> <p><u>The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be made in accordance with Article 31, Paragraph 2 herein of the "Regulations 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 shareholders' meeting, the Audit Committee, and the Board of Directors need not be counted toward the transaction amount.</u></p> <p>The remaining articles not amended are omitted here.</p>	<p>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>The remaining articles not amended are omitted here.</p>	

Articles	Articles after the amendment	Articles before the amendment	Explanations
Article10.	<p>IV. Expert assessment 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.</p> <p>The remaining articles not amended are omitted here.</p>	<p>IV. Expert assessment 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>The remaining articles not amended are omitted here.</p>	<p>Proceeded in accordance with the relevant regulations of the competent authority.</p>

Attachment 7

Articles of Incorporation of Paragon Technologies Co., Ltd.

Chapter 1 General

- Article1. The Company is organized in accordance with the provisions of the Company Act and is named 柏騰科技股份有限公司; the English name of the Company is Paragon Technologies Co., Ltd.
- Article2. The Company's businesses are as follows:
- I. CA04010 Metal Surface Treating.
 - 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.
- Article3. 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.
- Article4. 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.
- Article5. The Company may endorse or guarantee other companies for its business or investment relations.
- Article6. The Company makes public announcements in accordance with Article 28 of the Company Act.

Chapter 2 Shares

- Article7. 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.
- Article7-1. The Company's employee treasury stocks, employee stock warrants, employee compensation, employee subscription of new stocks, and restricted stock for employees and other payees may include employees of subordinate companies that meet certain conditions, and the Board of Directors is authorized to resolve on the conditions and distribution methods.

Article8. Shares of the Company are name-bearing certificates, signed or stamped by Directors representing the Company and numbered, and then issued after being attested by banks which are competent to serve as attestors in compliance with relevant laws and regulations. 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.

Article9. 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.

Article10. 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

Article11. 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 chair 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.

Article12. 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.

Article13. 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.

Article14. 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 Incorporation, the Company shall follow the Rules of Procedure for Shareholders' Meetings of the Company.

Article15. The resolutions of shareholders' meetings shall be made into minutes and shall be handled in accordance with Article 183 of the Company Act.

Article15-1. 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

Article16. 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. The Company's Directors shall be elected by adopting candidate nomination system. Shareholders shall elect the Directors among the list of director candidates. 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.

Article16-1. 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. 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 of the securities.

Article16-2. The total shareholding of all Directors of the Company shall be in accordance with the provisions of the securities regulatory authority.

Article17. 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.

Article18. 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 Incorporation.

Article18-1. 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.

Article19. In case the Chairman of the Board 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.

Article20. 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 Incorporation.

Article20-1. 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 Managers

Article21. 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

Article22. 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:

- (I) Business report.
- (II) Financial statements.
- (III) Proposals of profit distribution or deficit compensation.

Article23. 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 the 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. Where dividends and bonuses are distributed in whole or in part in cash, the Board of Directors shall adopt a resolution by a majority vote at a meeting attended by over two thirds of the Directors and report such distribution to the shareholders' meeting.

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

Supplementary articles

Article24. 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.

Article25. Matters not specified in the Articles of Association shall be governed by the Company Act and relevant laws and regulations.

Article26. The Articles of Incorporation was made 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 21st amendment was made on May 20, 2010.

The 22nd amendment was made on June 17, 2011.

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

The 24th amendment was made on June 18, 2015.

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

The 26th amendment was made on June 16, 2020.

Paragon Technologies Co., Ltd.

Chairman: Chen Zai Pu

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	108.03.20	Version	I	Page Number	1/20
<p>Article1. Objectives These procedures are hereby formulated to safeguard assets and disclose information.</p>							
<p>Article2. Legal Compliance 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>Article3. Scope of Assets</p> <ul style="list-style-type: none"> I. Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. II. Real property (including land, buildings and structures, investment property, and inventories in construction business) and equipment. III. Memberships. IV. Intangible Assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets. V. Right-of-use assets. VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). VII. Derivatives. VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. IX. Other major assets. 							
<p>Article4. Definition</p> <ul style="list-style-type: none"> I. Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; 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. II. Assets acquired or disposed through mergers, demergers, acquisition, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act. 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. 							

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	108.03.20	Version	I	Page Number	2/20
<p>V. Date of Occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of the Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</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 10% requirement on total assets under these standards is calculated based on the total assets stated in the most recent parent company only or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>Article5. Limits of the acquisition or disposal of real property and securities not held for business use The followings are the limits on the above assets that the Company and its subsidiaries acquire individually:</p> <p style="margin-left: 20px;">I. Investment limit of the Company:</p> <p style="margin-left: 40px;">(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.</p> <p style="margin-left: 40px;">(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.</p> <p style="margin-left: 20px;">II. Investment limit of individual subsidiaries</p> <p style="margin-left: 40px;">(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.</p> <p style="margin-left: 40px;">(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.</p> <p style="margin-left: 40px;">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.</p> <p>Article6. 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>							

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	108.03.20	Version	I	Page Number	3/20
<p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. 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.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When auditing 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.</p> <p>III. They shall undertake an item-by-item evaluation of the completeness, correctness, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. 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 correct, and that they have complied with applicable laws and regulations.</p>							
<p>Article 7. Procedures for the acquisition or disposal of real property or equipment</p> <p>I. Assessment and operating procedures</p> <p>The Company's acquisition or disposal of real property or equipment shall be processed in accordance with the related procedures in the fixed asset cycle procedures in the Company's internal control system.</p> <p>II. Procedures for determining transaction terms and the limit of the authorized amount</p> <p>(I) The acquisition or disposal of real property shall take into reference the publicly announced current value, assessed value, and the actual transaction price of nearby real estate to determine transaction conditions and price, which shall be included in an analysis report to be submitted to the Chairman. Transaction amounts under NT\$30 million shall be reported to the Chairman for approval and have the decisions subsequently submitted to the next Board of Directors meeting; transaction amounts over NT\$30 million shall require the approval of the Board of Directors before they can be executed.</p> <p>(II) The acquisition or disposal of equipment shall be conducted through one of the following methods: price inquiry, price comparison, price negotiation, or tendering. Transaction amounts under NT\$30 million (inclusive) should be approved step by step according to the authorization method; transaction amounts over NT\$30 million shall be submitted to the Chairman for approval and then submitted to the Board of Directors for approval before they can be executed.</p>							

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<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 record or written declaration of the Directors, the Company shall also report the Directors' dissents 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.</p> <p>III. Unit responsible for implementation 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.</p> <p>IV. Appraisal report of real property or equipment In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or 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 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>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) In the event that the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of less than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result 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. <p>(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.</p>							

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<p>(V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be used as a substitute for the appraisal report or CPA opinion.</p> <p>Article 8. Procedures for Acquisition or Disposal of Marketable Securities</p> <p>I. Assessment 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.</p> <p>II. Procedures for determining transaction terms and the limit of the authorized amount</p> <p>(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.</p> <p>(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 perform in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation. 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.</p> <p>(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.</p> <p>II. Unit responsible for implementation Investment in marketable securities of the Company shall be implemented by the financial unit upon the approval pursuant to the preceding delegation of authority.</p> <p>III. 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.</p>							

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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. Assessment 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 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:

- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (II) The reason for choosing the related party as a transaction counterparty.
- (IV) 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 Paragraph 3, Subparagraphs 1 and 4 of this Article.
- (IV) The date and price at which the related party originally acquired the assets, the original trading counterparty, and that trading 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 31, 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.

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<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 within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <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 recorded in the minutes of the Board of Directors meeting.</p> <p>III. Appraisal of the reasonableness of the transaction cost</p> <ol style="list-style-type: none"> (I) When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction cost by the following means: <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 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 or leased in one transaction, the transaction cost for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. (III) When acquiring real property or the right-of-use assets thereof from a related party, the Company shall appraise the cost of the real property or the right-of-use assets thereof in accordance with Paragraph 3, Subparagraphs 1 and 2 of this Article. The Company shall also engage a CPA to verify and provide an opinion on the appraisal. 							

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<p>(IV) When the Company acquires real property from a related party and appraises the cost of the real property in accordance with Paragraph 3, Subparagraphs 1 and 2 of this Article and the results are uniformly lower than the transaction price, the matter shall be handled in compliance with the regulations in Paragraph 3, Subparagraph 5. 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> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (1) Where undeveloped land is appraised in accordance with the methods specified 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 practices. 2. Where the Company provides evidence of the acquisition of real property or obtaining real property right-of-use assets through leasing from a related party, the transaction terms are similar to those of completed transactions involving neighboring or closely valued parcels of land of 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 or obtainment of the right-of-use assets thereof. 							

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<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 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> <ol style="list-style-type: none"> 1. The Company shall set aside a special reserve in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property or right-of-use assets 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 pursuant to Items 1 and 2 of Subparagraph 5 of Paragraph 3 of this Article shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. <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 only be required for implementation in accordance with Paragraphs 1 and 2 of this Article regarding appraisal and operating procedures and the regulations on the reasonableness of the transaction cost provided in Paragraph 3, Subparagraphs 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 the 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. 4. The real property right-of-use assets for business use are acquired by the public company, its parent company, subsidiary companies, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital. <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>							

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

- I. Assessment 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. Procedures for determining transaction terms and the limit of the authorized amount
 - (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 of Directors meeting on an after-event basis. For transaction exceeding NT\$ 10 million, approval from the Board of Directors 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 of Directors meeting on an after-event basis. For transaction exceeding NT\$ 20 million, approval from the Board of Directors 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.
- II. Unit responsible for implementation
 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.
- III. Expert assessment opinion of memberships or intangible assets
 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.

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<p>Article10-1. 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.</p>							
<p>Article11. Procedures for Acquisition or Disposal of Claims of Financial Institutions</p> <p>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.</p>							
<p>Article12. Procedures for Acquisition or Disposal of Derivatives</p> <p>I. Trading principles and strategies</p> <p>(I) Trading type</p> <p>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.</p> <p>(II) Operation (Hedging) Strategy</p> <p>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.</p> <p>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 shall be conducted supplementally. However, it should be controlled in accordance with the risk limit set by the Company in advance and the maximum loss limit established.</p> <p>(III) Segregation of Authority</p> <p>1. Finance department</p> <p>(1) Transaction personnel</p> <p style="padding-left: 20px;">A. Responsible for formulating strategies for the trading of financial products of the Company.</p>							

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<p>B. The transaction personnel periodically calculate positions, collect market information, carry out trend analysis and risk assessment, and formulate operating strategy as the basis for conducting transactions after receiving approval in the Company's approval system.</p> <p>C. Execution of transactions within delegated authority and strategies.</p> <p>D. When there is a significant change in the financial market and the transaction personnel judge that it is no longer appropriate for the stated strategies, the assessment report will be presented at any time, and the strategy will be recalculated and approved by the General Manager as the basis for engaging in the transaction.</p> <p>(2) Accounting personnel</p> <p>A. Execute transaction confirmation.</p> <p>B. Review whether the transaction is based on the licensing authority and the established strategies.</p> <p>C. Conduct valuation monthly and submit the appraisal report to the highest supervisor of the financial department.</p> <p>D. Accounting affairs.</p> <p>E. Conduct reports and announcements in accordance with the regulations of the Financial Supervisory Commission.</p> <p>(3) Settlement personnel: Settlement tasks.</p> <p>(4) Level of authority for derivatives</p> <p>A. Hedging operation</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-left: 20px;"> <tr> <th style="width: 60%;">Authorized Signatory</th> <th>Total Unsettled Amount</th> </tr> <tr> <td>Financial Officer</td> <td>Below US\$2M (inclusive)</td> </tr> <tr> <td>General Manager</td> <td>Below US\$5M (inclusive)</td> </tr> <tr> <td>Chairman of the Board</td> <td>Above US\$5M</td> </tr> </table> <p>B. Non-hedging operations</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-left: 20px;"> <tr> <th style="width: 60%;">Authorized Signatory</th> <th>Total Unsettled Amount</th> </tr> <tr> <td>Financial Officer</td> <td>Below US\$2M (inclusive)</td> </tr> <tr> <td>General Manager</td> <td>Below US\$5M (inclusive)</td> </tr> <tr> <td>Chairman of the Board</td> <td>Below US\$5M (inclusive)</td> </tr> </table> <p>(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.</p>								Authorized Signatory	Total Unsettled Amount	Financial Officer	Below US\$2M (inclusive)	General Manager	Below US\$5M (inclusive)	Chairman of the Board	Above US\$5M	Authorized Signatory	Total Unsettled Amount	Financial Officer	Below US\$2M (inclusive)	General Manager	Below US\$5M (inclusive)	Chairman of the Board	Below US\$5M (inclusive)
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<p>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.</p> <p>(IV) Performance evaluation</p> <p>1. Hedging trades</p> <p>(1) The performance evaluation is based on the profit or loss arising from the Company's book exchange rate costs and derivative financial transactions.</p> <p>(2) In order to fully understand and express the evaluation risk of the transaction, the Company adopts a monthly evaluation method to assess profit or loss.</p> <p>(3) The financial department shall provide foreign exchange position evaluation, foreign exchange market trends, and market analysis to the General Manager as management reference and instructions.</p> <p>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.</p> <p>(V) Establishment of the total contract price and upper limit on losses</p> <p>1. Total contract amount</p> <p>(1) Hedging trades</p> <p>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.</p> <p>B. Transactions to avoid interest rate risk: the total contract amount shall not exceed the number of total liabilities.</p> <p>(2) Non-hedging trades The unsettled balance shall not exceed US\$10 million.</p> <p>2. Limit on losses</p> <p>(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.</p> <p>(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.</p>							

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<p>II. Risk management measures</p> <p>(I) Credit risk management: As the operation risk of derivative financial instruments is prone to arise due to changes in market factors, the following principles are adopted for market risk management:</p> <ol style="list-style-type: none"> 1. Trading counterparty: mainly to renowned domestic and foreign financial institutions. 2. Trading commodities: limited to commodities provided by renowned domestic and foreign financial institutions. 3. Transaction amount: the outstanding transaction amount of the same trading counterparty shall not exceed 10% of the total authorized transaction amount unless approved by the General Manager. <p>(II) Market risk management: The public foreign exchange transaction market provided by banks dominated, with no consideration of the futures market.</p> <p>(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.</p> <p>(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.</p> <p>(V) Operational risk management:</p> <ol style="list-style-type: none"> 1. Authorized limits and operating procedures of the Company shall be strictly followed and incorporated into internal audit to avoid operational risk. 2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. 3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making. 4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedging trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors. <p>(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.</p>							

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<p>(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.</p> <p>III. Internal auditing system</p> <p>(I) The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, analyze transaction cycles, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.</p> <p>(II) The internal auditors shall report the audit report together with the annual audit status of the internal audit operations to the Financial Supervisory Commission by the end of February of the following year and submit the status of corrections of the irregularities for reference no later than the end of May of the following year.</p> <p>III. Regular assessment methods</p> <p>(I) The Board of Directors shall authorize senior management personnel to conduct periodic supervision and evaluate whether derivatives transactions comply with the transaction procedures established by the Company and whether the undertaken risks are within the accepted range. If there are irregularities in the market price evaluation report (e.g. positions held exceed restrictions on losses), they shall be reported to the Board of Directors immediately to response measures shall be taken.</p> <p>(II) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedging trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.</p> <p>IV. Principles for the supervision and management of derivative transactions by the Board of Directors</p> <p>(I) The Board of Directors shall assign senior management personnel for the supervision and management of risks in derivatives transactions at all times. The management principles are as follows:</p> <ol style="list-style-type: none"> 1. Periodically evaluate whether the currently adopted risk management measures are appropriate and whether they have been carried out in accordance with the procedures established by the Company for processing transactions of derivative products. 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has Independent Directors, an Independent Director shall be present at the meeting and express an opinion. <p>(II) They shall review the performance of derivative transactions on a regular basis to ensure that it is consistent with the business strategies of the Company and that the risks involved are within the Company's risk tolerance.</p>							

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<p>(III) When the Company engages in derivatives trading, it shall report to the most recent Board of Directors meeting after it has authorized relevant personnel to deal with the transaction in accordance with the prescribed procedures for handling derivatives trading.</p> <p>(IV) When the Company engages in derivatives trading, a log book shall be maintained which shall contain details about the type and amount of the derivative transactions and the date resolved by the Board of Directors. The log book shall also include the items to be evaluated as prescribed in Paragraph 4, Subparagraph 2, and Paragraph 5, Subparagraphs 1 and 2 of this Article.</p> <p>Article 13. Procedures for merger, demerger, acquisition or transfer of shares</p> <p style="padding-left: 20px;">I. Assessment and operating procedures</p> <p style="padding-left: 40px;">(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.</p> <p style="padding-left: 40px;">(II) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in Paragraph 1, Subparagraph 1 of this Article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. 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.</p> <p style="padding-left: 20px;">II. Other precautionary matters</p> <p style="padding-left: 40px;">(I) Date of Board Meetings: A company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders' meeting on the same day to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. 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 of Directors Meeting on the same date.</p>							

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<p>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:</p> <ol style="list-style-type: none"> 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of shares prior to the disclosure of the information. 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of financial or legal advisors, the execution of a contract, and the convening of a Board of Directors meeting. 3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of the Board of Directors meetings. <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 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>(II) Advanced confidentiality commitment: Every person participating in or privy to the plan for the merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for the merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Principles for the establishment and changes of the share exchange ratio or acquisition price: The Company participating in a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors Meetings of both parties, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the shareholders' 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:</p>							

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<ol style="list-style-type: none"> 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities. 2. An action, such as a disposal of major assets, that affects the Company's financial operations. 3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price. 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock. 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. <p>(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:</p> <ol style="list-style-type: none"> 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 amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. 4. The manner of handling changes in the number of participating entities or companies. 5. Preliminary progress schedule for plan execution, and anticipated completion date. 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures. <p>(V) An increase or decrease in the number of companies participating in the merger, demerger, acquisition, or transfer of shares: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or transfer of shares intends further to carry out a merger, demerger, acquisition, or transfer of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or transfer of shares; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.</p>							

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<p>(VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with such company. The Company shall convene the Board of Directors meeting complying with the provisions of Paragraph 2, Subparagraph 1 of this Article, and make the advanced confidentiality commitment under Subparagraph 2; for any increase or decrease in the number of companies participating in the merger, demerger, acquisition, or transfer of shares should be proceeded in accordance with Subparagraphs 5.</p>							
<p>Article 14. 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>Article 15. The Company's subsidiaries shall comply with the following provisions:</p> <ol style="list-style-type: none"> 1. The subsidiary shall also establish "Procedures for Acquisition and Disposal of Assets" in accordance with the regulations of the "Regulations Governing the Administration of Shareholder Services of Public Companies". 2. 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. 3. 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>Article 16. Penal provisions</p> <p>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.</p>							
<p>Article 17. Implementation and Amendment</p> <p>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 amendments. 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>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 Board of Directors for resolution.</p> <p>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 of Directors Meeting.</p> <p>The terms "all Audit Committee members" and "all Directors" shall be counted as the actual number of persons currently holding those positions.</p>							

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Article18.Supplementary articles 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.

Rules of Procedure for Shareholders' Meetings

- Article1. 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.
- Article2. The Company shall specify in the meeting notice the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. 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 agents attending the shareholders' meeting shall sign in. The sign-in procedure shall be replaced by the payment of the sign-in card. The number of shares present shall be calculated according to the sign-in card paid, and the number of shares which exercise the voting rights in writing or electronically shall be added. 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.
- Article3. Attendance and voting at shareholders' meetings shall be calculated based on numbers of shares.
- Article4. 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.
- Article5. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman is on leave or for any reason unable to exercise the powers of the chair, the Vice Chairman shall act in place of the chair; if the Vice Chairman also is on leave or for any reason unable to exercise the powers, the Chairman shall appoint one of the Directors to act as chair. Where the Chairman does not make such a designation, the Directors shall select from among themselves one person to serve as chair. When the Vice Chairman acting on behalf of the Chairman or electing the Chairman 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 chair. For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chair of that meeting. However, if there are two or more persons having the convening right, the chair of the meeting shall be elected from among eligible persons.
- Article6. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.
- Article7. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures. The 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.

Article8. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. 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.

Article9. If a shareholders' meeting is convened by the Board of Director, the agenda shall be determined by the Board of Directors. The relevant proposals (including motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall be convened according to the scheduled agenda. The agenda shall not be altered without a resolution adopted at the shareholders' meeting.

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

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

The chair shall give the opportunity to fully explain and discuss the proposals, as well as the amendments or motions proposed by the shareholders. When the chair is of the opinion that a proposal has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the proposal to vote. The chair shall also allocate sufficient time for voting. After the meeting has adjourned, the shareholders may not appoint another chairperson and continue the meeting either at the same or a different venue.

Article10. 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.

Article11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If a shareholder's speech violates the provisions of the preceding paragraph or goes beyond the scope of the topic, the chair may stop him from speaking, and the chair may discontinue his speech if the speaker continues to violate.

Article12. When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting. 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.

Article13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article14. When the chair is of the opinion that a proposal has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the proposal 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.

Article15. Scrutineers and vote counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The result of voting shall be reported on the spot and prepared in the minutes.

Article16. When a meeting is in progress, the chair may announce a break based on time considerations.

Article17. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted or deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company convenes a shareholders' meeting, shareholders shall exercise their voting rights by electronic means and may exercise their voting rights in writing. The method for exercising voting rights in writing or by electronic means shall be indicated in the notice of shareholders' meeting. A shareholder exercising voting rights by correspondence or electronic means shall be regarded as having personally attended the meeting. However, the extempore motions and the amendments of the original proposals in the said shareholders' meeting will be deemed to have waived his/her rights. Therefore, the Company is best to avoid proposing extempore motions and the amendments of the original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this restriction does not apply when a declaration is made to cancel the earlier declaration of intent.

If a shareholder (who has exercised his/her voting rights in correspondence or electronically) intends to attend the meeting in person, he/she shall cancel the voting rights in the same manner stated in the preceding paragraph 2 days before the date of a shareholders' meeting. If the deadline is not met, the voting right exercised by correspondence or electronically shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the

meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record is made for the vote.

Article18. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article19. The chair may direct the proctors or security personnel to help maintain order at the meeting place. The picket (or security personnel) shall wear armbands with "picket" when maintaining order.

Article20. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy distributed to each shareholder within 20 days after the termination of the meeting. The production and distribution of the meeting minutes may be effected by electronic means.

The distribution of the meeting minutes as described in the preceding paragraph can be done through a public announcement on the Market Observation Post System.

The meeting minutes shall contain the faithful record of the year, month, day of the meeting, venue, name of the chair, resolution method, method of discussion and voting results (including counted weights). When there are elections of Directors and supervisors, the weights won by each candidate shall also be disclosed. The meeting minutes shall be kept permanently during the existence of the Company.

Article21. These Rules, and any amendments thereto, shall be implemented after adoption by the shareholders' meeting.

Attachment 10

Paragon Technologies Co., Ltd. Shareholding Status of Directors

- I. As of the book closure date of this Annual Shareholders' Meeting on April 10, 2022, 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	Date Elected	Term	Number of shares held at the time of appointment		Shares held as recorded on the shareholder's records on the book closure date	
				Number of Shares	Ratio	Number of Shares	Ratio
Chairman of the Board	Chen Tsai Pu	110.8.4	3 years	1,911,810	2.37%	1,911,810	2.37%
Director	Wang Hsiao Lung	110.8.4	3 years	1,028,053	1.27%	1,028,053	1.27%
Director	Wang Le Qun	110.8.4	3 years	48,000	0.06%	48,000	0.06%
Director	Lin Chi Yong	110.8.4	3 years	738,784	0.91%	738,784	0.91%
Director	Kao Wen Hsiang	110.8.4	3 years	1,894,142	2.35%	1,894,142	2.35%
Director	Chen Wan Te	110.8.4	3 years	1,177,566	1.46%	1,177,566	1.46%
Independent Director	Hsu Jui Tsan	110.8.4	3 years	0	0%	0	0%
Independent Director	Liu Yi Cheng	110.8.4	3 years	0	0%	0	0%
Independent Director	Su Tsong Min	110.8.4	3 years	0	0%	0	0%
Total of all Directors				6,798,355	8.42%	6,798,355	8.42%