

# Paragon Technologies Co., Ltd

## 2023 Annual Shareholders' Meeting

### Meeting Agenda

Meeting date: June 13, 2023

Meeting place: No. 2, Fuxing 1st Rd., Guishan Dist., Taoyuan City 333005, Taiwan (3F, Coral Hall, Fullon Hotels)

Method of convention: Physical shareholders' meeting

# Table of Contents

I. Meeting Procedure.....	2
II. Meeting Agenda.....	3
III. Reported Matters.....	4
IV. Ratification Matters.....	6
V. Matters for Discussion.....	7
VI. Extemporaneous Motions.....	11
VII. Attachment	
1. 2022 Business Report.....	12
2. 2022 Audit Committee’s Audit Report.....	14
3. 2022 Private Placement of Common Stocks Implementation.....	15
4. 2022 Making of Endorsements/Guarantees Situation.....	17
5. 2022 Directors’ Remuneration Report.....	18
6. Accountant’s Audit Report and 2022 Financial Statements...	19
7. Amendment Statement of “Articles of Incorporation”.....	39
8. Private Placement Necessity and Rational Evaluation Opinions.....	40
9. 2023 Restricted Stock Awards Issue Methods.....	47
10. Articles of Incorporation (before amended).....	50
11. Rules of Procedure for Shareholders’ meetings.....	54
12. Directors’ Shareholding Statement.....	57

# Paragon Technologies Co., Ltd

2023 Annual Shareholders 'Meeting

Meeting Procedure

I. Call meeting to order

II. Chairman's address

III. Reported Matters IV.

Ratification Matters

V. Matters for Discussion

VI. Extemporaneous Motions

VII. Adjournment

# Paragon Technologies Co., Ltd 2023 Annual Shareholders' Meeting

## Meeting Agenda

Meeting date: June 13, 2023 (Tuesday), at 9:00 a.m.

Meeting place: No. 2, Fuxing 1st Rd., Guishan Dist., Taoyuan City 333005, Taiwan (3F, Coral Hall, Fullon Hotels)

Method of convention: Physical shareholders' meeting

I. Call Meeting to Order (report of shareholding attendance)

II. Chairman's Address

III. Reported Matters

1. 2022 Business Report
2. 2022 Annual Final Accounting Books and Statements Audited by Audit Committee
3. 2022 Employees' and Directors' Remuneration Distribution Report
4. 2022 Private Placement of Common Stock Implementation Report
5. 2022 Making of Endorsements/Guarantees Report
6. Buy-Back Treasury Stocks Implementation Report
7. 2022 Directors' Remuneration Report Proposal

IV. Ratification Matters

1. 2022 Business Report and Financial Statements Proposal
2. 2022 Earnings Distribution Proposal

V. Matters for Discussion

1. Cash Dividend from the Company's Capital Reserve Proposal
2. Amendment of part of articles of the Company's "Articles of Incorporation" Proposal
3. The Company programed to increase capital by cash for issuing common stocks by the way of private placement proposal
4. The Company issued restricted stock awards proposal

VI. Extemporary Motions

VII. Adjournment

# Reported Matters

1. 2022 business report, for your approval.

Explanation: 2022 business report, please refer to P.12-13 of the agenda.

2. Annual final accounting books and statements audited by audit committee, for your approval.

Explanation: 2022 audit committee's audit report, please refer to P.14 of the agenda.

3. 2022 employees' and directors' remuneration distribution report, for your approval.

Explanation: 1. According to Article 23 of the Company's Articles of Incorporation, 2022 the Company's employees' remuneration was NT\$ 2,814,332, and directors' remuneration was NT\$ 938,111 were approved by a resolution of Board of Directors' meeting and remuneration committee.

2. All appropriated employees' and directors' remuneration was distributed in cash , there's no difference from the amount of recognized expenses of year 2022.

4. 2022 private placement of common stocks implementation report, for your approval.

Explanation: 1. After approved by a resolution of a shareholders' meeting on June 8, 2022, the Company authorized the Board of Directors to conduct securities private placement: issue: increased capital by cash for issuing common stocks by the way of private placement within total issue amount less than 12,000,000 shares, the denomination per share was NT\$ 10, and submitted to a shareholders' meeting for authorizing the Board of Directors to issue by in four times within one year from the resolution date of a shareholders' meeting.

2. The Company completed first common stock placement 1,600,000 shares on September 23, 2022, issue price was NT\$ 17.5 per share, the placement capital was NT\$ 28,000,000, and the remaining amount was not continuing to conduct approved by the Board of Directors' meeting on May 2, 2023 when it was expired.

3. Relevant conducted situation, please refer to P. 15-16 of the agenda.

5. 2022 making of endorsements/guarantees situation, for your approval.

Explanation: As of December 31, 2022, the Company's making endorsements/guarantees situation, please refer to P. 17 of the agenda.

6. Buy back treasury stocks implementation report, for your approval.

Explanation: 1. Conducted in accordance with "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" issued by Financial Supervisory Commission.

2. The Company's buy-back shares implementation is as follows:

Buy-back Session	7th time
Buy-back purpose	Transfer shares to employees
Buy-back period	May 16, 2017 - July 10, 2017
Buy-back range price	NT\$13.37 - 31.74
Bought back share type and quantity	1,610,000 shares

Bought back share amount	NT\$ 34,650,781
Rate of bought back quantity accounted for estimated buy-back quantity (%)	53.67%
Conducted share quantity of write off and transfer	1,610,000 shares
Accumulated shareholding quantity of the Company	0 share
Total ratio of accumulated shareholding quantity of the Company accounted for total number of issued shares (%)	0 share

7. 2022 directors' remuneration report proposal, for your approval.

Explanation: (1) Directors' remuneration of the Company payment policy, system, standard and structure, and according to factors, like his/her responsibility, risk, and investing time, etc., the relevance between the description and remuneration payment amount:

1. Remuneration payment policy, standard and combination

According to the Company's Articles of Incorporation, when a shareholder exercises the Company's duties, his/her remuneration is paid by authorized Board of Directors in accordance with his/her participation degree and contributed value for the Company's operation, and referring to the normal standard in the same industry, and the termination shall not exceed the standard of the highest salary level specified in the Company's salary audit procedure. If the Company has earnings, the remuneration shall be allotted in accordance with Article 23 of the Company's Articles of Incorporation.

2. Formulation procedure of Remuneration

Evaluation of the Company's directors and managerial officers' remuneration shall be conducted in accordance with the Company's Rules for Performance Evaluation of Directors and Managerial Officers, and according to Remuneration Committee Charter, refer to payment of normal level in the same industry, and considering the time invested by a person, duties, achievement of personal goals, performance of serving at other position, salary of the same level position paid by the Company in recent years, and achievement of the Company's short-term and long-term business goals, the Company's financial situation, etc. to evaluate relevant rationality of personal performance and the Company's business performance and future risk, and evaluation of directors' and managerial officers' performance, and salary shall be audited by remuneration committee and the Board of Directors.

3. Relevance between business performance and future risk

According to items specified in Rules for Performance Evaluation of directors and managerial officers, directors' performance is evaluated, and remuneration committee periodically reviews relevant policy, system, standard and structure to assure rationality of performance appraisal items.

4. 2022 directors' separate remuneration statement, please refer to P.18 of the agenda.

# Ratification Matters

ONE: (Proposed by Board of Directors)

Proposal: 2022 business report and financial statements proposal, for your approval.

Explanation: 1. 2022 the Company's financial statements were audited by accountants Weng, Bo-Ren and Chi, Rui-Quan of Deloitte, Taiwan and audit report has been offered.

2. The preceding financial statements and the business report were reviewed by audit committee, and approved by a resolution of the Board of Directors' meeting, please refer to P.12-13, P.19-38 of the agenda.

Resolution:

TWO: (Proposed by Board of Directors)

Proposal: 2022 earnings distribution proposal, for your approval.

Explanation: 1. After the Company's beginning retained earnings was NT\$ 0, added actuarial profit (loss), included in retained earnings NT\$1,786,306, and invested unrealized evaluated profit (loss) NT\$ 1,000,000 through other comprehensive income of equity instrument at fair value, and added net profit after tax of 2022 business account NT\$ 25,051,227, after deducted legal reserve NT\$ 2,783,753 and special reserve NT\$ 25,053,780, unappropriated retained earnings was NT\$ 0.

2. 2022 the Company's earnings distribution statement is as follows:

Paragon Technologies Co., Ltd.  
Earnings Distribution Statement  
2022

Unit: NT\$

Item	Amount
Beginning retained earnings	0
Add: actuarial profit (loss), included retained earnings	1,786,306
Add: invested unrealized evaluated profit (loss) through other comprehensive income of equity instrument at fair value	1,000,000
Add: 2022 net income	25,051,227
Deduct: 10% legal reserve	(2,783,753)
Deduct: special reserve	(25,053,780)
Distributable earnings	0
Unappropriated retained earnings	0

Chairman: Chen, Tsai-Pu    Managerial officer: Yu, Hsiu-Ping    Accounting in charge: Liu, Ming-Yi

Resolution:

# Matters for Discussion

ONE: (Proposed by Board of Directors)

Proposal: Cash dividend from the Company's capital reserve proposal, for your approval.

- Explanation: 1. The Company programed to appropriate NT\$ 40,371,115 from capital reserve of surplus received by issuing shares with more than face value, according to shareholders specified in the roster on payment date and his/her shareholding, allotted cash NT\$ 0.5 per share.
- 2., with amounts of less than Cash dividends paid from capital reserve shall be calculated to dollar n NT\$ 1.00 unconditionally rounded down. The fractional sum of less than NT\$ 1.00, decimal point numbers shall be adjusted by descending order, and account numbers shall be adjusted in sequence, to meet the allotment amount. After approved by a shareholders' meeting, the chairman was authorized to set payment date for distribution.
3. Afterwards, if the Company's share capital changed, it influenced the number of outstanding shares, and shareholders' distributed cash ratio changed and needed to be amended, the chairman was authorized to handle with full discretion.

Resolution:

TWO: (Proposed by Board of Directors)

Proposal: Amendment of part of articles of the Company's "Articles of Incorporation" proposal, for your approval.

- Explanation: 1. To respond the Company's actual business needs and amendment of relevant regulation, part of articles of "Articles of Incorporation" were amended, the comparison of current articles and amended articles, please refer to P.39 of the agenda.
2. Articles of "Articles of Incorporation" before amended, please refer to P.50-53 of the agenda.

Resolution:

THREE: (Proposed by Board of Directors)

Proposal: The Company programed to increase capital by cash for issuing common stocks by the way of private placement proposal, for your approval.

- Explanation: 1. To enrich working capital, steady financial structure or cope with capital needs of long-term development when working with other corresponding companies, the Company seeks diversification and cooperation opportunities of industries strategy to expand the Company's future operating scale and create shareholders' long-term value, and programed to regard the market environment and the Company's needs, using the way of private placement to issue common stocks within the amount less than 12,000,000 shares, denomination was NT\$ 10 per share, and it shall be submitted to a shareholders' meeting for letting authorizing the chairman to conduct in three times within one year from the resolution date of a shareholders' meeting.
2. According to Article 43-6 of Securities Exchange Act, conducting issue way of private placement and the contents are as follows:
- (1) Base and rationality of setting private placement price:
- i. Reference price of setting warrant price of the private placement of common stocks, using the simple average closing price of the common shares of the TWSE listed or TPEX listed 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, or the simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction to calculate, and the higher of the two calculations shall be the reference price.
  - ii. Warrant price of the private placement of common stocks was programed to submit to a shareholders' meeting for authorizing the Board of Directors to use not less than 80% of reference price to be the base of setting private placement price in accordance with the preceding regulation, and regarding in days to come, it was determined by the specific persons situation and market conditions.
  - iii. Price setting of warrant price of the preceding private placement of common stocks is refer to the Company's business performance, future outlook and the most



recent share price, and considering transfer restriction within three years from payment date of private placement securities to set, and it shall be reasonable.

(2) The method for selecting the specific persons:

- i. The objective of the private placement shall be specific persons specified in Article 43-6 of Securities Exchange Act as limit, and he/she needs to be strategic investor, and it's prior to benefits produced by long-term development and competitiveness for the Company and existent shareholders' equity.
- ii. As needs of the Company's operational development, The purpose, necessity and estimated benefits of selecting strategic investor is programed to directly or indirectly assist the Company's finance, business, production, technology, purchase, management and strategy development to enhance the Company's competitiveness and raise operational effectiveness and long-term development, and bring positive benefit for shareholders' equity through strategic investor.
- iii. The Company's currently has no specific persons, relevant matters of specific persons are programmed to authorize the Board of Directors to handle with full discretion.

(3) Necessary reason, amount, use of funds and expected benefit of conducting private placement:

- i. Reason of not adopting public offering: considering current capital market situation and control timeliness and feasibility of capital placement to favor acquirement of needed capital within the shortest period for achieving the purpose of introducing strategic investor, and restricted transfer of private placement stocks specified in regulations is more assured long-term cooperation relationship between the Company and strategic investor.
- ii. The amount of private placement, use of funds and expected benefit: programed to authorize the Board of Directors to conduct within common stocks 12,000,000 shares in three times within one year from the resolution date of a shareholders' meeting. Acquired capital by the private placement of common stocks will be used to enrich working capital to respond the needs of the Company's long-term development, expected benefit is raising the Company's operational competitiveness, strengthening overall financial structure and rising operational effectiveness to favor shareholders' equity. The use of funds of private placement and expected benefit are as follows:

Time	Expected Issue Amount	Use of Funds	Estimated Benefit
First	Within 4,000,000 shares	Enriching working capital to respond to the needs of the Company's long-term development.	To raise the Company's operational competitiveness, strengthen overall financial structure and raise operational effectiveness for favor shareholders' equity.
Second	Within 4,000,000 shares		
Third	Within 4,000,000 shares		
To aim at the preceding first, second and third expected issue amount, actual issue situation shall be regarded to adjust the number of each private placement, when actually conducting each time, all or a part of former number of unissued shares and/or following expected number of issuing shares shall be issued together, however, total number of issuing shares shall not more than 12,000,000 as limit.			

(4) When introducing strategic investor for the private placement common stocks, strategic investor of the private placement shall be considered to introduce strategic investor, the private placement shall consider strategic investor of the private placement holds certain equity ratio, and the re-election results when the term of office of directors will be expired next year, the Company's seats in the Board of Directors having significant change do not pull out in the future as shareholding structure, and there's possibility of management right changing, the Company has appointed securities underwriter to issue an advice letter for the

necessity and rationality of conducting private placement, please refer to P.40-46 of the agenda.

- (5) The rights and obligations of the private placement are the same as common stocks issued by the Company. However, securities of the private placement, except transfer objective specified in Article 43-8 of Securities Exchange Act, the rest is restricted not to transfer within three years after payment. After paid private placement securities for three years, according to agreement letter of conforming to list issued by Taiwan Stock Exchange, and after finished to submit and conduct application of listing and trading procedures for publicly issuing audited by the competent authority, the Company shall apply for listing and trading.
3. If new issued common stocks are calculated by upper limit 12,000,000 shares, and using the Company's outstanding common stocks to calculate as of now, the highest dilution ratio is 14.87% for original shareholders' equity. Considering that the private placement capital is expected to use of development of strategic alliance or enriching working capital, etc., its benefits will balance shareholders' equity, so the issue of new shares has not caused significant dilution for original shareholders' equity.
4. For the issue or private placement conditions of the fundraising, fund application plan, use of funds, scheduled progress, expected to produce benefits and other relevant matters, etc., the Company programmed to submit to a shareholders' meeting for authorizing the Board of Directors to set, adjust and handle with full discretion in accordance with the Company's actual needs, market situation and relevant regulations. When it will be amended as the amendment of the competent authority or based on operational evaluation or amendment of objective environment change in the future, the Board of Directors is authorized to handle with full discretion in accordance with the current market situation and regulations.
5. To complete fundraising plan, the chairman or designated person represent the Company to sign all contracts or documents of the private placement of common stocks, conduct all procedures for issuing the private placement of common stocks and other unsettled matters.

Resolution:

FOUR: (Proposed by Board of Directors)

Proposal: the Company issues restricted stock awards proposal, for your approval.

Explanation: the Company issues restricted stock awards; relevant explanation is as follows:

1. Total issuance:

The total issuance amount of the restricted stock awards was NT\$ 30,000,000, the denomination was NT\$ 10 per share, and the sum of issuing common stocks was 3,000,000 shares. submission shall be conducted in one time or separate times within one year from the resolution date of a shareholders' meeting, and within two years from arrival date of submission taking effect notification for the competent authority, actual needs shall be regarded, issuing in one time or separate times, and the Board of Directors shall be authorized to set actual issuance date.

2. Issuance conditions:

(1) Issuance price: issuing by NT\$ 10 per share.

(2) Vested conditions:

- i. When the period of purchasing restricted stock awards is expired, employees is still working from the date of acquiring restricted stock awards, never violate labor contract, and working rules, etc., and reach key performance indicator requested by the Company on expiry date, will acquire new shares in accordance with the following schedule and the rate of shares subscribed number:

Expiry period	Rate of shares subscribed number
One year of service after share subscribed	25%
Two years of service after share subscribed	25%
Three years of service after share subscribed	25%
Four years of service after share subscribed	25%

- ii. Key performance indicator: all annual personal performance shall conform to performance appraisal A (including) plus, employees can all acquire number of new shares.

(3). Issuance share type: new shares of the Company's common stocks.

(4). After employees acquired restricted stock awards, processing method of vested conditions

have not been reached or inheritance:

- i. Vested conditions have not been reached, the Company will use original issuance price to buy shares and conduct write off in accordance with laws, however, allotment and dividend required in vested condition period, the Company will gratuitously give employees.
  - ii. Employees resign and are laid off for some reason:

If there are shares not reaching vested conditions, the Company will use original issuance price to buy shares and conduct write off, however, it does not apply to approver of the Board of Directors' meeting, and restricted stock awards of unconfirmed vested conditions are handled by a resolution of authorized Board of Directors' meeting.
  - iii. Can not continue to work or death caused by occupational disaster:
    - (i) A person cannot continued to work caused by occupational disaster, regarding vest conditions are reached without restricting of vested conditions.
    - (ii) Death caused by occupational disaster, regarding vest conditions are reached without restricting of vested period, however, after an heir shall complete necessary legal procedures and provide relevant certified documents, inherited shares or disposed equity shall be applied for.
  - iv. Suspension without pay:

Shares of unreached vest conditions shall be recovered its equity from reinstatement day; however, vested conditions shall be deferred to delay in accordance with the period of suspension without pay.
  - v. Transfer to affiliated enterprises:

Shares of unreached vest conditions of a person who must transfer to affiliated enterprises approved by the Company, vested shares are not influenced by transferring in accordance with vested shares of time scale of vested conditions specified in the method.
  - vi. Retirement:

A person approved by the Company conducted retirement in accordance with regulations, regarding to reach vest conditions, and does not apply to the restriction of vest periods from the effective date of retirement.
  - vii. General death:

Regarding to reach vest conditions, and does not apply to the restriction of vest periods from the death date, however, after an heir shall complete necessary legal procedures and provide relevant certified documents, inherited shares or disposed equity shall be applied for.
  - viii. Other besides reasons above, the chairman is authorized to audit rate and time limit of reaching vest conditions, and it shall be submitted to the Board of Directors' meeting for approval.
  - ix. Regulations of terminated labor contract specified in the method; the definition shall be explained in accordance with applicable law applied by employees' labor contracts.
- (5). After employees acquired new shares in accordance with the procedure, as merger, the Company will become a merged and dissolved company, a split-up company or a purchased company, and employees' restricted shares is regarded as all reach vested conditions one day before the record date of book closure/benefit.
3. Employes' qualification and share number of subscriptions:
- (1) Applicable objective of the reward plan is the Company's full-time employees of on board before giving date of restricted stock awards and control of conforming to certain conditions or fulltime employees of a subordinate company, and the certain conditions were set by the authorized Board of Directors. A control or subordinate company is recognized by standards specified in Article 369-2, 369-3, 369-9, paragraph 2 and Article 369-11 of the Company Act.
  - (2) The share number of actually giving to employees and allotting will refer to factors, like service years, rank, work performance, overall contribution, special achievement or other reference conditions needed in management, etc., it shall be set by the chairman and submitted to the Board of Directors and recognized after agreeing. If shareholders in the list have managerial officer or employee status, shall be approved by remuneration committee first, and submitted to Board of Directors' meeting for a resolution. Employees without director or managerial office status shall submit to audit committee for agreement, and submit to the Board of Directors' meeting for a resolution.
- Allotted employees and reference standard of allotted share number are as follows:

- i. Connection with the Company's future strategy and development has high correlation.
  - ii. Significant influence for the Company's operation.
  - iii. Equip with critical core technologies needed by the Company.
- (3) The Company gives single employee accumulated number of shares subscribed of stock option certificate issued in accordance with Article 56-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, added the sum of accumulated acquiring restricted stock awards, shall not exceed 3% of the total number of issued shares, and added employee stock option certificate issued in accordance with Article 56, paragraph 1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, accumulated to give single employee number of shares subscribed shall not exceed 1% of the total number of issued shares. However, a project approver approved by all central target business authority, single employee acquires employee stock option certificate and the sum of the restricted stock awards shall not apply to the limit of the preceding ratio.
4. Necessary reason of conducting the restricted stock awards:  
To attract and retain professional needed by the Company, the Company encourages employees and raises staff centripetal force to co-create the Company's and shareholders' benefits.
5. The amount of possible expenses:  
The Company used closing price of common stocks NT\$ 30.5 on April 14, 2023 to estimate, and issue restricted stock awards 3,000,000 shares, and the total amount of possible expenses was NT\$ 61,500 thousand within four years of vested period. According to vested conditions, provisional estimated amount of expenses is NT\$ 7,688 thousand, NT\$ 15,375 thousand, NT\$ 15,375 thousand, NT\$ 15,375 thousand, and NT\$ 7,687 thousand in 2023-2027.
6. Earnings dilution per share situation for the Company and other influenced matters for shareholders' equity:  
Using the Company's current outstanding share number of 80,742,230 to calculate, provisionally estimating the Company's earnings per share are NT\$ 0.1, NT\$ 0.19, NT\$ 0.19, NT\$ 0.19 and NT\$ 0.1 in 2023-2027 , the Company's earnings per share dilution has limit, so there's no significant influence for shareholders' equity.
7. The restricted stock awards issued by the Company shall be conducted by delivering trust custody.
8. When laws changed or amendment requested by the competent authority, the Board of Directors shall authorize the chairman to handle with full discretion, afterwards submit to the Board of Directors' meeting for approval first, and issue.
9. 2023 restricted stock awards method, please refer to P47-49. of the agenda.

Resolution:

## Extemporary Motions

## Adjournment

## Attachment I

# Business Report

Due to the influence of global economy and inflation, the market conditions of notebook have made market end demand continue weaken last year, and the shipments of notebook have declined season by season in 2022, according to statistics of research institutes, the annual shipment of global notebook was 186 million, and annual reduction was 24.5%. Limited by the weakness of market demand, inventory closeout will continue to the first half of year 2023, the market conditions were hardly improved within short-term, and the industry needed more steady financial structure and fast adjustment coping ability to respond the market change. 2022 operating results and 2023 business plan report are stated as below:

### 1. 2022 business report

#### (1) Operating results

2022 consolidated operating revenue of Paragon was NT\$ 457,220 thousand; operating net loss was NT\$ 51,282 thousand; net profit after tax was NT\$ 24,221 thousand; net profit after tax per share was NT\$ 0.31; shareholders' equity was NT\$ 1,411,402 thousand, and net worth per share was NT\$ 17.48.

(2) Budget implementation: the Company did not publish financial forecasting, so there's no situation of budget achievement.

#### (3) Financial balance and profitability analysis:

	2022	2021
Earnings per share (NT\$)	0.31	0.52
Net profit margin (%)	(11.22)	7.58
Net profit ratio (%)	5.30	5.16
Return on equity (%)	1.67	2.95
Return on assets (%)	0.25	2.54

(4) Research and development condition: 2022 invested R&D expense was NT\$ 32,402 thousand, and accounted for 7.09% of consolidated operating revenue.

### 2. 2023 business plan

Prospecting 2023, depression has enveloped uncertain political and economic situation worldwide, according to the research report of TrendForce, 2023 estimated shipment of notebook will reduce 7.8%, compared with 2022, and estimated annual shipment was 171 million, the global shipment of notebook has been limited weakness of market demand, traditional periodical kinetic energy did not ferment in fourth quarter of year 2022, the shipment of notebook appeared seasonal reduction 9.5% in first quarter of year 2023, it hit a new low ten years over the same period, and estimated terminal inventory closeout will continue to first half of year 2023. For the shipment of notebook in 2023, market generally thought decline range shall be weak, compared with last year, however, supply chain has still confronted a lot of uncertain risks of global economy and political and economic environment, and the industry needs to cope with industrial severeness more rapidly.

Face 2023, Paragon needs to rapidly adjust product structure, and future business strategy is as follows:

- (1) Actively strive for EMI and appearance film products on gaming notebook market to raise the market share.
- (2) Existing AF products integrate antibacterial function to raise additional value of products.
- (3) Develop functional coating and coating service of magnesium aluminum alloy

- appearance to raise the proportion of non-EMI products.
- (4) Introduce energy saving and process optimization projects to reduce resources and labor costs.
  - (5) Actively develop SIC wafer products, and use diversification to spread operational risk.

In the arrangement of SIC wafer production capacity, Paragon has reinvested in the subsidiary Jing Cheng Material Co., Ltd., there are three SIC crystal growth furnaces now, the number will increase to 10 before the end of year 2023, and expected to complete product quality certification before the end of the year. We will positively look at future operation and actively plan growth goals, except strengthening the leading place of existing product and technologies, face the future, Paragon will continue to increase production capacity of non-EMI products and SIC wafer products, and bring growth momentum for Paragon's future operation.

In addition, the department's operating performance and future development have been evaluated for automotive rim appearance business, we disposed all factories to respond local government's expropriation policy, and will adjust development direction of products in the future, march toward development of automotive interior and 3C product appearance coating product as a focus to expand applied scope of appearance products.

In the aspect of research and development, Paragon insists core values of "environmental protection, innovation, profession", focuses on development of innovative materials and improvement of process technologies, integrates abilities of material innovation, process design and equipment autonomy, and will more concentrate on research and development of new technologies in the future, except valuing connection between products and market demand, and increase Paragon's future core competitiveness through integration of front and back process and cross-industry cooperation.

Hereby, I represent the Company sincerely appreciate shareholders' long-term support and faith, and look forward to keeping to give encouragement.

Chairman: Chen, Tsai-Pu      Managerial officer: Yu, Hsiu-Ping      Accounting in charge: Liu, Ming-Yi

## Attachment II

Paragon Technologies Co., Ltd.

### Audit Committee's Audit Report

The Company's Board of Directors prepared (1) 2022 consolidated financial statements and individual financial statement was audited by accountants Wong, Po-Jen and Chi, Jui-Chuan of Deloitte, Taiwan and audit report has been offered; and (2) business report and earnings distribution proposal were audited by the audit committee, and determined to be correct and accurate. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report above, for your approval.

Faithfully

2023 Annual Shareholders' Meeting of the Company

Paragon Technologies Co., Ltd.

Convener of the audit committee: Hsu, Jui-Tsan

March 24, 2023

Item	2022 First Private Placement First Phase Issuance date: September 23, 2022
Private Placement Securities type	Common stocks
Approval date and Number of Shareholders' Meeting	Date: June 8, 2022 Number: within 12,000,000 shares
Base and Rationality of Price Setting	<p>1. For reference price of price setting of subscription for the private placement of common stocks, the simple average closing price of the common shares of the TWSE listed or TPEX listed 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 or the simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction, and it shall be the higher of the two calculations.</p> <p>2. Price determination date of first issuing private placement of common stocks is the convenance date of the Board of Directors' meeting on August 9, 2022: The price of the private placement is determined by pricing principle made by a resolution of a shareholders' meeting on June 8, 2022. Pricing date of the private placement is on August 9, 2022, the simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before (a) the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, was separately NT\$ 19.2, NT\$ 19.12, NT\$ 19.05; the simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before (b) the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction was NT\$ 18.03; selecting average closing price of common stocks one business day before (a) was NT\$ 19.2, average closing price of common stocks 30 business days before (b) price determination date was NT\$ 18.03, selecting higher NT\$ 19.2 as reference price. Refer to the Company's business performance, market conditions, etc., and restriction of not freely transfer within three years for private placement of securities specified in Securities Exchange Act, setting NT\$ 17.5 as the actual price of private placement, not less than 80% of reference price, and within the authorized scope of a resolution of a shareholders' meeting.</p>
Specific Person Selecting Method	<p>1. The objective of the private placement conforms to specific person specified in Article 43-6 of Securities Exchange Act as limit, and he/she needs to be strategic investor, and put the one who can produce benefits for the Company's long-term development and competitiveness and existing shareholders' equity first.</p> <p>2. Purpose, necessity and expected benefits of selecting strategic investor are to respond to the needs of the Company's operational development, programed to directly or indirectly assist the Company's finance, business, production, technologies, purchase, strategy development, etc., to strengthen the Company's competitiveness and raise operational effectiveness and long-term development, and it shall have positive benefit for shareholders' equity.</p>
Necessary Reasons of Conducting Private Placement	Considering current capital market conditions and to control timeliness and feasibility of capital placement for favor acquirement of needed capital within the shortest period to achieve the purpose of introducing strategic investor, and regulations of limited transfer for private placement of stocks are more assured the long-term cooperation relationship between the Company and strategic investor.



Price Payment Complete Date	August 22, 2022				
Applicant Information	Private placement object	Qualification	Number of subscription	Relationship with the Company	Participation situation of the Company's operation
	Hung, Ching-Chung	Conform to Article 43-6, subparagraph 2	137,000	None	None
	Tseng, Chi-Kung	Conform to Article 43-6, subparagraph 2	400,000	None	None
	Chen, Wen-Hung	Conform to Article 43-6, subparagraph 2	1,063,000	None	None
Actual Price of Subscription	NT\$ 17.5				
Difference of Actual Price of Subscription and Reference Price	Setting of private placements of common stocks NT\$ 17.5 was the price of the actual private placement, around 90% of reference price NT\$ 19.20, and conforms not less than 80% of reference price.				
Influence of Conducting Private Placement for Shareholders' Equity	The implementation of the plan is expected to have steady financial structure and benefits of raising operational effectiveness, and will have positive benefits for shareholders' equity.				
Utilization Situation of Private Placement and Plan Implementation Progress	Funds raised by the private placement of common stocks will be used to enrich working capital, and will be implemented in accordance with the plan in third quarter of year 2022.				
Private Placement Benefit Appearance Situation	Raising the Company's operational competitiveness, strengthening overall financial structure and rising operational effectiveness are favor long-term development for the Company.				

Attachment IV

Paragon Technologies Co., Ltd.  
Making of Endorsements/Guarantees for Others  
January 1 to December 31, 2022

Unit: except notes, NTD\$ thousand

Number(No te 1)	Company name of making endorsements/guarantees	Endorsee/guarantee objective		Guarantee limit for endorsement of a single enterprise (Note 2)	The maximum endorsement guarantee balance in the current period	Balance of endorsement guarantee at the end of the period	Actual expenditure amount	Using property to guarantee Amount of endorsements/guarantees	Accumulated number of endorsements/guarantees, accounted for rate of net worth in financial statement of the most current year (%)	The highest amount of endorsements/guarantees( Note 3)	Parent company makes endorsements/guarantees for the subsidiary	The subsidiary makes endorsements/guarantees for parent company	Making endorsements/guarantees for China region	Remark
		Company's name	Relationship( Note 2)											
0	Paragon Technologies Co., Ltd.	MACRO SIGHT INTERNATIONAL CO., LTD.	(2)	\$ 705,701	\$ 189,248 USD 5,100 and EUR1,250	\$ 125,911 USD 4,100	\$ -	\$ -	8.92%	\$ 705,701	Y	N	N	
0	Paragon Technologies Co., Ltd.	Paragon (Neijiang) Photoelectric Technology Co., Ltd.	(2)	705,701	22,195 RMB 5,000	RMB -	RMB -	RMB -	-	705,701	Y	N	Y	
2	Paragon (Neijiang) Photoelectric Technology Co., Ltd.	Po Ting (Suzhou) Photoelectric Technology Co., Ltd.	(4)	274,868 RMB 62,357	90,120 RMB 20,000	RMB -	RMB -	RMB -	-	274,868 RMB 62,357	N	N	Y	

Note 1 : Explanation of number column is as follows:

- (1) Issuer entered in 0.
- (2) Invested company started to be number in order from 1 in accordance with companies.

Note 2 : Relationship between company of making endorsements/guarantees and endorsee/guarantee objective has seven types below, mark category only:

- (1) Companies of business transaction.
- (2) Companies directly and indirectly hold shares represent more than 50% shares of voting rights.
- (3) Companies directly and indirectly hold shares represent more than 50% shares of voting rights for the Company.
- (4) Inter-companies directly and indirectly hold shares represent more than 90% shares of voting rights.
- (5) Based on contract project needs, among same industry or mutual insured companies in accordance with contract regulations among mutual applicants.
- (6) As mutual investment relationship, all investing shareholders make endorsements/guarantees for the Company in accordance with shareholding ratio.
- (7) Performance guarantee joint guarantee among same industry in accordance with Consumer Protection Act.

Note 3 : The total amount of the Company making endorsements/guarantees shall not exceed 50% of net worth of the current year. Accumulated amount of making endorsements/guarantees for single enterprise shall not exceed 20% of net worth of the current year as limit. As business relationship, making endorsements/guarantees shall not exceed total amount of transaction with the Company last year (higher purchase or sales amount between two parties).

## 2022 Directors' Remuneration Receiving Situation

Unit: NT\$ thousand; thousand shares

0	Name	Directors' Remuneration								Proportion of total amount of four items: A, B, C and D, and net profit after tax		Salary received by part-time employees								Proportion of total amount of seven items: A, B, C, D, E, F and G, and net profit after tax		If receiving remuneration of reinvestment enterprise or parent company besides the subsidiary
		Remuneration (A)		retirement pension (B)		Directors' remuneration(C)		Business execution expenses(D)				Salary, bonus and special allowance, etc. (E)		Retirement pension (F)		Employees' remuneration (G)						
		The Company	All companies in financial statement	The Company	All companies in financial statement	The Company	All companies in financial statement	The Company	All companies in financial statement	The Company	All companies in financial statement	The Company	All companies in financial statement	The Company	All companies in financial statement	The Company		All companies in financial statement		The Company	All companies in financial statement	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Chen, Tsai-Pu	0	0	0	0	104	104	42	42	146 0.58%	146 0.58%	4,030	6,303	0	0	420	0	420	0	4,596 18.35%	6,868 27.42%	
General Manager	Wang, Hsiao-Lung	0	0	0	0	104	104	0	0	104 0.42%	104 0.42%	2,141	3,661	0	0	0	0	0	0	2,245 8.96%	3,766 15.03%	
Director	Lin, Chi-Yang	0	0	0	0	104	104	36	36	140 0.56%	140 0.56%	0	0	0	0	0	0	0	0	140 0.56%	140 0.56%	
Director	Chen, Wen-Te	0	0	0	0	104	104	42	42	146 0.58%	146 0.58%	0	0	0	0	0	0	0	0	146 0.58%	146 0.58%	
Director	Kao, Wen-Hsiang	0	0	0	0	104	104	36	36	140 0.56%	140 0.56%	0	0	0	0	0	0	0	0	140 0.56%	140 0.56%	
Director	Wang, Le-Chun	0	0	0	0	104	104	42	42	146 0.58%	146 0.58%	0	0	0	0	0	0	0	0	146 0.58%	146 0.58%	
Independent director	Hsu, Jui-Tsan	480	480	0	0	104	104	48	48	632 2.52%	632 2.52%	0	0	0	0	0	0	0	0	632 2.52%	632 2.52%	
Independent director	Su, Tsung-Min	480	480	0	0	104	104	48	48	632 2.52%	632 2.52%	0	0	0	0	0	0	0	0	632 2.52%	632 2.52%	
Independent director	Liu, Yi-Chen	480	480	0	0	104	104	48	48	632 2.52%	632 2.52%	0	0	0	0	0	0	0	0	632 2.52%	632 2.52%	

1. Please describe independent directors' remuneration payment policy, system, standard and structure, and according to factors, like duties, risk, investing time, etc., and relevance between description and amount of remuneration payment: the Company's independent directors all serve as members of audit committee and remuneration committee, they receive fix directors' remuneration, in addition, allotting of worthy to participate in directors' remuneration in accordance with participation of the Company's operation and contributed value.

2. Except exposure in the statement above, remuneration received by the Company's directors provide services in the most recent year (if serve as consultant of non-employees in parent company/all companies in financial statements/reinvestment enterprise): none.

3. 2022 the Company's directors' remuneration and employees' remuneration has not paid yet, provisionally calculated the amount of 2022 directors' remuneration and employees' remuneration in accordance with the ratio of actual allotment amount.

## Attachment VI

### **Independent Auditors' Report**

Paragon Technologies Co., Ltd.

#### **Opinion**

We have audited the accompanying consolidated financial statements of Paragon Technologies Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our 2022 and 2021 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Paragon Technologies Co., Ltd. and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2022. These matters were addressed in the context of our audit of the

consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2022 is stated as follows:

#### Shipping Authenticity of Revenues for Some Specific Clients

##### Explanation of Key Audit Matters

The Company and its subsidiaries are mainly engaged in manufacturing EMI, Optoelectronic, and optical film, and research, development, manufacturing, processing and trading of machinery and equipment, and components. The 2022 recognition of operating revenue is NTD \$457,220 thousand. Based on the importance and Bulletin of Standards on Auditing, the sales recognition is the significant risk. Therefore, we believe the occurrence of sales revenue of the Company and its subsidiaries for some specific clients has a significant impact on the consolidated financial statements. Thus, the shipping authenticity for revenues of some specific clients is listed as the key audit matters this year. Refer to Note 4 (14) for the explanation of sales recognition policies.

We performed the following main audit procedures:

1. Understand and test the design and implementation of internal controls related to the sales recognition of some specific clients.
2. Sample the revenue details from the above specific clients, review the supporting documentation and test the receipts to confirm that sales transactions have actually occurred.
3. Examine whether significant sales returns and allowances have occurred after the balance sheet date to confirm whether revenues from some specific clients are materially misstated.

##### **Other Matter**

We have also audited the individual financial statements of Paragon Technologies Co., Ltd. and its subsidiaries as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company and its subsidiaries' financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists in the consolidated financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in

the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries 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 the entities or business activities within the Company to express and opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Toche

Accountant Weng Bo Ren

Accountant Chi Rui Quan

Approval No. of Financial Supervision  
Commission  
No. Financial-Supervisory-Securities-  
Auditing-1010028123

Approval No. of Financial Supervision  
Commission  
No. Financial-Supervisory-Securities-  
Auditing-1060023872

March 24, 2023

Paragon Technologies Co., Ltd. and Its Subsidiaries  
Consolidated Balance Sheets  
December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars)

Codes	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Notes 4, 6 and 33)	\$ 885,863	50	\$ 722,658	39
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7 and 33)	212,658	12	197,652	11
1170	Accounts receivable (Notes 4, 8, 23 and 33)	268,220	15	458,936	24
1200	Other receivables (Notes 4, 8 and 33)	2,458	-	1,533	-
1220	Current tax assets (Notes 4 and 25)	129	-	52	-
130X	Inventories (Notes 4 and 9)	4,521	-	3,733	-
1429	Prepayments (Note 16)	13,327	1	19,000	1
1470	Other current assets (Note 16)	2,991	-	2,202	-
11XX	Total current assets	<u>1,390,167</u>	<u>78</u>	<u>1,405,766</u>	<u>75</u>
	<b>Non-current assets</b>				
1550	Investments accounted for using equity method (Notes 4 and 11)	-	-	238	-
1600	Property, plant and equipment (Notes 4, 12 and 35)	207,695	12	247,720	13
1755	Right-of-use assets (Notes 4 and 13)	79,697	5	47,979	3
1805	Goodwill (Notes 4, 14 and 29)	9,051	1	-	-
1821	Intangible assets (Notes 4 and 15)	231	-	638	-
1840	Deferred tax assets (Notes 4 and 25)	56,502	3	68,337	4
1915	Prepayment for equipment (Note 16)	25,303	1	195	-
1920	Refundable deposits (Notes 16, 33 and 35)	5,588	-	103,504	5
1990	Other noncurrent assets (Notes 16 and 21)	5,007	-	3,450	-
15XX	Total non-current assets	<u>389,074</u>	<u>22</u>	<u>472,061</u>	<u>25</u>
1XXX	Total	<u>\$ 1,779,241</u>	<u>100</u>	<u>\$ 1,877,827</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Notes 4, 17, 33 and 35)	\$ 70,000	4	\$ 80,000	4
2170	Accounts payable (Notes 18 and 33)	4,511	-	7,654	-
2200	Other Payables (Notes 19 and 33)	117,739	7	161,796	9
2230	Current tax liabilities (Notes 4 and 25)	13,628	1	11,184	1
2250	Current provisions (Notes 4 and 20)	3,006	-	2,633	-
2280	Current lease liabilities (Notes 4, 13, 31 and 33)	15,721	1	14,280	1
2320	Current portion of long-term loans payable (Notes 17, 33 and 35)	3,978	-	94,091	5
2399	Other current liabilities (Note 19)	628	-	397	-
21XX	Total current liabilities	<u>229,211</u>	<u>13</u>	<u>372,035</u>	<u>20</u>
	<b>Non-current liabilities</b>				
2540	Long-term loans (Notes 17, 33 and 35)	8,575	-	77,693	4
2550	Non-current provisions (Notes 4 and 20)	846	-	1,979	-
2570	Deferred tax liabilities (Notes 4 and 25)	188	-	-	-
2580	Non-current lease liabilities (Notes 4, 13, 31 and 33)	46,878	3	4,026	-
2630	Long-term deferred revenue (Notes 19 and 28)	4,176	-	4,243	1
2670	Other non-current liabilities (Notes 19 and 33)	88	-	87	-
2640	Non-current liability – Defined benefit Liability (Notes 4 and 21)	-	-	936	-
25XX	Total non-current liabilities	<u>60,751</u>	<u>3</u>	<u>88,964</u>	<u>5</u>
2XXX	Total liabilities	<u>289,962</u>	<u>16</u>	<u>460,999</u>	<u>25</u>
	<b>Equity attributable to owners of the Company (Notes 4, 10, 22, 27, 29 and 30)</b>				
	<b>Capital stock</b>				
3110	Common stock	807,422	45	807,522	43
3200	Capital reserve	673,820	38	759,327	40
	<b>Retained earnings</b>				
3310	Legal reserve	4,129	-	-	-
3320	Special reserve	37,169	2	-	-
3350	Unappropriated earnings	27,838	2	41,298	2
3300	Total retained earnings	69,136	4	41,298	2
3400	Other interests	( 138,976 )	( 8 )	( 156,668 )	( 8 )
3500	Treasury stock	-	-	( 34,651 )	( 2 )
31XX	Total equity attributable to owners of the Company	<u>1,411,402</u>	<u>79</u>	<u>1,416,828</u>	<u>75</u>
36XX	Non-controlling interests	77,877	5	-	-
3XXX	Total equity	<u>1,489,279</u>	<u>84</u>	<u>1,416,828</u>	<u>75</u>
	<b>Total liabilities and equity</b>	<u>\$ 1,779,241</u>	<u>100</u>	<u>\$ 1,877,827</u>	<u>100</u>

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

Chairman: Chen, Tsai-Pu

Manager: Yu, Hsiu-Ping

Accounting Supervisor: Liu, Ming-Yi



Paragon Technologies Co., Ltd. and Its Subsidiaries

Consolidated Statements of Comprehensive Income

From January 1 to December 31, 2021 and 2022

		(In Thousands of New Taiwan Dollars, Except Earnings Per Share)			
		2022		2021	
Codes		Amount	%	Amount	%
4000	Operating Revenue (Notes 4, 23 and 39)	\$ 457,220	100	\$ 800,103	100
5000	Operating costs (Notes 4, 9, 15 and 24)	( 343,880)	( 75 )	( 508,203 )	( 64 )
5950	Operating margin	<u>113,340</u>	<u>25</u>	<u>291,900</u>	<u>36</u>
	Operating expenses (Notes 8, 15, 21, 24 and 27)				
6100	Sales and marketing	( 19,603)	( 4 )	( 32,455 )	( 4 )
6200	Administrative expenses	( 112,617 )	( 25 )	( 160,224 )	( 20 )
6300	Research and development	( 32,402 )	( 7 )	( 38,607 )	( 5 )
6000	Total operating expenses	( <u>164,622</u> )	( <u>36</u> )	( <u>231,286</u> )	( <u>29</u> )
6900	Net operating income (loss)	( <u>51,282</u> )	( <u>11</u> )	<u>60,614</u>	<u>7</u>
	Non-operating income and expenses (Notes 11, 12, 24 and 28)				
7100	Interest income from bank deposits	6,565	1	14,401	2
7010	Other income	10,653	2	11,786	2
7020	Other gains and losses	97,686	21	33,447	4
7050	Finance costs	( 6,254)	( 1 )	( 13,033 )	( 2 )
7060	Share of profit of associates and joint ventures, accounted for using equity method	( <u>238</u> )	<u>-</u>	( <u>1,525</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>108,412</u>	<u>23</u>	<u>45,076</u>	<u>6</u>
7900	Income from continuing operations before income tax	57,130	12	105,690	13
7950	Total income tax expense (Notes 4 and 25)	( <u>32,909</u> )	( <u>7</u> )	( <u>64,434</u> )	( <u>8</u> )
8200	Profit	<u>24,221</u>	<u>5</u>	<u>41,256</u>	<u>5</u>

(Continued on next page)

Codes		2022		2021	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Not reclassified to profit or loss				
8311	Measure on defined benefit plans (Notes 4 and 21)	\$ 2,233	1	\$ 53	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,000	-	-	-
8349	Income tax related to items that may not be reclassified subsequently to P/L (Notes 4 and 25)	( 447 )	-	( 11 )	-
	Subtotal	<u>2,786</u>	<u>1</u>	<u>42</u>	<u>-</u>
8360	To be reclassified to profit or loss in subsequent period				
8361	Exchange differences resulting from translating the financial statements of foreign operations (Notes 4 and 22)	22,747	5	( 10,835 )	( 1 )
8399	Income tax related to items that may be reclassified subsequently to P/L (Notes 4, 22 and 25)	( 4,423 )	( 1 )	<u>2,167</u>	<u>-</u>
	Subtotal	<u>18,324</u>	<u>4</u>	<u>( 8,668 )</u>	<u>( 1 )</u>
8300	Other comprehensive income (net of income tax)	<u>21,110</u>	<u>5</u>	<u>( 8,626 )</u>	<u>( 1 )</u>
8500	Total comprehensive income	<u>\$ 45,331</u>	<u>10</u>	<u>\$ 32,630</u>	<u>4</u>
	Net income attributable to:				
8610	Owner of the Company	\$ 25,052	5	\$ 41,256	5
8620	Non-controlling interests	( 831 )	-	-	-
8600		<u>\$ 24,221</u>	<u>5</u>	<u>\$ 41,256</u>	<u>5</u>
	Total comprehensive income attributable to:				
8710	Owner of the Company	\$ 45,530	10	\$ 32,630	4
8720	Non-controlling interests	( 199 )	-	-	-
8700		<u>\$ 45,331</u>	<u>10</u>	<u>\$ 32,630</u>	<u>4</u>
	Earnings per share (Note 26) from continuing operations				
9710	Basic	<u>\$ 0.31</u>		<u>\$ 0.52</u>	
9810	Diluted	<u>\$ 0.31</u>		<u>\$ 0.52</u>	

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

Chairman: Chen, Tsai-Pu

Manager: Yu, Hsiu-Ping

Accounting Supervisor: Liu, Ming-Yi

Paragon Technologies Co., Ltd. and Its Subsidiaries  
Consolidated Statements of Changes in Equity From  
January 1 to December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars  
, Unless Otherwise Specified)

Codes		Equity attributable to owners of the Company						Others			Non-controlling interests (Note 22)	Total equity
		Capital Stock		Capital reserve	Retained earnings			Foreign currency translation reserve	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	Treasury stock		
		Shares (in thousands)	Amount		Legal reserve	Special reserve	Unappropriated earnings (accumulated deficit)					
A1	Balance, January 1, 2021	80,752	\$ 807,522	\$ 810,542	\$ -	\$ -	( \$ 55,645 )	( \$ 148,000 )	\$ -	( \$ 34,651 )	\$ -	\$ 1,379,768
N1	Share-Based Payments	-	-	4,430	-	-	-	-	-	-	-	4,430
C11	Covering loss from capital reserve	-	-	( 55,645 )	-	-	55,645	-	-	-	-	-
D1	Total profit of 2021	-	-	-	-	-	41,256	-	-	-	-	41,256
D3	Other comprehensive income of 2021	-	-	-	-	-	42	( 8,668 )	-	-	-	( 8,626 )
D5	Total comprehensive income of 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
B1	Appropriations of prior year's earnings	-	-	-	-	-	-	-	-	-	-	-
B3	Legal reserve	-	-	-	4,129	-	( 4,129 )	-	-	-	-	-
B3	Special reserve	-	-	-	-	37,169	( 37,169 )	-	-	-	-	-
C15	Capital reserve for cash dividends	-	-	( 79,142 )	-	-	-	-	-	-	-	( 79,142 )
E1	Capital increase	1,600	16,000	12,000	-	-	-	-	-	-	-	28,000
D1	Total profit of 2022	-	-	-	-	-	25,052	-	-	-	( 831 )	24,221
D3	Other comprehensive income of 2022	-	-	-	-	-	1,786	17,692	1,000	-	632	21,110
D5	Total comprehensive income of 2022	-	-	-	-	-	26,838	17,692	1,000	-	( 199 )	45,331
L3	Treasury stocks nullifying	( 1,610 )	( 16,100 )	( 18,551 )	-	-	-	-	-	34,651	-	-
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,000	-	( 1,000 )	-	-	-
M7	Changes in ownership interests in subsidiaries	-	-	186	-	-	-	-	-	-	78,076	78,262
Z1	Balance, December 31, 2022	80,742	\$ 807,422	\$ 673,820	\$ 4,129	\$ 37,169	\$ 27,838	( \$ 138,976 )	\$ -	\$ -	\$ 77,877	\$ 1,489,279

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

Chairman: Chen, Tsai-Pu

Manager: Yu, Hsiu-Ping

Accounting Supervisor: Liu, Ming-Yi

Paragon Technologies Co., Ltd. and Its Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars)

Codes		2022	2021
	Cash flows from operating activities		
A10000	Income before tax	\$ 57,130	\$ 105,690
A20010	Provided by (used in) operating activities		
A20300	Expected credit loss	2,646	3,077
A20100	Depreciation	58,452	88,517
A20200	Amortization	1,035	1,048
A20900	Finance costs	6,254	13,033
A20400	Net gain on financial assets or liabilities at fair value through profit or loss	( 16,569 )	( 4,299 )
A21200	Interest income from bank deposits	( 6,847 )	( 14,401 )
A21900	Share-based compensation	-	4,430
A22300	Share of loss (profit) of associates and joint ventures, accounted for using equity method	238	1,525
A29900	Provision (reversal) for liability	( 816 )	467
A22500	Loss (gain) from disposal of fixed assets	( 85,030 )	( 44,286 )
A29900	Amortization of realized long-term deferred revenue	( 130 )	( 4,058 )
A23800	Reversal of impairment loss and slow-moving on inventories	( 1,738 )	( 831 )
A23700	Impairment loss of property, plant and equipment	5,852	15,203
A24100	Foreign exchange loss (gain)	-	( 1,624 )
A30000	Changes in operating assets and liabilities		
A31130	Notes receivables	-	2,278
A31150	Trade receivables	187,918	( 27,077 )
A31180	Other receivables	( 442 )	( 885 )
A31200	Inventories	1,045	7,151
A31230	Prepayments	6,041	( 5,248 )
A31240	Other current assets	( 609 )	( 1,103 )
A32150	Accounts payable	( 3,143 )	374
A32180	Other Payables	( 43,167 )	15,238
A32230	Other current liabilities	225	( 2,599 )
A32240	Accrued pension liabilities	( 260 )	( 245 )
A33000	Cash inflow generated from operations	168,085	151,375
A33100	Interest received	6,364	38,857
A33300	Interest paid	( 5,906 )	( 12,428 )
A33500	Income tax paid	( 23,409 )	( 60,468 )
AAAA	Net cash flows from operating activities	<u>145,134</u>	<u>117,336</u>

(Continued on next page)

(Continued from previous page)

Codes		2022	2021
	Cash flows from investing activities		
B00010	Purchase of financial assets at fair value through other comprehensive income	( \$ 5,000 )	\$ -
B00100	Purchase of financial assets at fair value through profit or loss	( 1,787,444 )	( 371,412 )
B00200	Sale of financial assets at fair value through profit or loss	1,783,904	185,444
B00040	Purchase of financial assets at amortized cost	-	( 725,448 )
B00050	Disposal of financial assets at amortized cost	-	977,400
B02200	Net cash outflow for obtaining subsidiaries (Note 29)	( 39,277 )	-
B02600	Proceeds from disposal of right-of-use assets	13,658	38,942
B02700	Acquisitions of property, plant and equipment	( 19,200 )	( 21,316 )
B02800	Proceeds from disposal of property, plant and equipment	157,629	174,236
B03800	Refundable deposits refunded	97,916	52,823
B04500	B04500	( 626 )	( 1,332 )
B07100	Increase in prepayment for equipment	( 24,690 )	( 2,731 )
BBBB	Net cash inflows from investing activities	<u>176,870</u>	<u>306,606</u>
	Cash flows from financing activities		
C00200	Decrease in short-term loans	( 10,000 )	( 296,236 )
C01600	Proceeds from long-term loans	-	20,000
C01700	Repayments of long-term loans	( 159,231 )	( 73,734 )
C04020	Payments of lease liabilities	( 17,238 )	( 15,792 )
C04500	Cash dividends	( 79,142 )	-
C04600	Proceeds from issuing shares	28,000	-
C05800	Changes in non-controlling interests	66,720	-
CCCC	Net cash inflows from financing activities	<u>( 170,891 )</u>	<u>( 365,762 )</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>12,092</u>	<u>( 8,675 )</u>
EEEE	Increase in cash and cash equivalents	163,205	49,505
E00100	Cash and cash equivalents at beginning of year	<u>722,658</u>	<u>673,153</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 885,863</u>	<u>\$ 722,658</u>

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

Chairman: Chen, Tsai-Pu

Manager: Yu, Hsiu-Ping

Accounting Supervisor: Liu, Ming-Yi

## **Independent Auditors' Report**

Paragon Technologies Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of Paragon Technologies Co., Ltd. (the "Company"), which comprise the individual balance sheets as of December 31, 2022 and 2021, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the accompanying individual financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. 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 Paragon Technologies Co., Ltd. in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of the Company for the year ended December 31, 2022. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the individual financial statements of the Company for the year ended December 31, 2022 is stated as follows:

Key audit matters of financial statements of the subsidiaries, accounted for using equity method

Explanation of Key Audit Matters

As of December 31, 2022, the amount of investment in subsidiaries, accounted for using equity method, was \$1,319,312 thousand which is 85% of the total assets. Since the amount is significant relative to the overall financial statements, if the investee's financial statements do not properly reflect the results of operations or do not correctly calculate the investment profit or loss for the year, the investment profit or loss and the amount of investment, accounted for using equity method, will be incorrect.

Therefore, the key audit matters of financial statements of the subsidiaries, accounted for using equity method, are the key audit matters for individual financial statements of the Company. Refer to Notes 4 (6) and 9 for the individual financial statements.

Corresponding Audit Procedures

We have obtained and understood the Company's control over the operations and financial results of its subsidiaries, and performed the following main audit procedures for the key audit matters in planning the financial statements audit of important subsidiaries:

Shipping Authenticity of Revenues for Some Specific Clients

The Company and its subsidiaries are mainly engaged in manufacturing EMI, Optoelectronic, and optical film, and research, development, manufacturing, processing and trading of machinery and equipment, and components. Based on the importance and Bulletin of Standards on Auditing, the sales recognition is the significant risk. Therefore, we believe the occurrence of sales revenue of the Company for some specific clients has a significant impact on the individual financial statements. Thus, the shipping authenticity for revenues of some specific clients is listed as the key audit matters this year. Refer to Note 4 (13) for the explanation of sales recognition policies.

We performed the following main audit procedures:

1. Understand and test the design and implementation of internal controls related to the sales recognition of some specific clients.
2. Sample the revenue details from the above specific clients, review the supporting documentation and test the receipts to confirm that sales transactions have actually occurred.
3. Examine whether significant sales returns and allowances have occurred after the balance sheet date to confirm whether revenues from some specific clients are materially misstated.

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

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

In preparing the individual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, matters related to 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 members of 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 individual 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists in the individual financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 the entities or business activities within the Company to express an opinion on the individual



financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial statements of the Company for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Toche

Accountant Weng Bo Ren

Accountant Chi Rui Quan

Approval No. of Financial Supervision  
Commission

No. Financial-Supervisory-Securities-  
Auditing-1010028123

Approval No. of Financial Supervision  
Commission

No. Financial-Supervisory-Securities-  
Auditing-1060023872

March 24, 2023

Paragon Technologies Co., Ltd.  
Individual Balance Sheets  
December 31, 2022 and 2023

(In Thousands of New Taiwan Dollars)

Codes	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Notes 4, 6 and 27)	\$ 79,716	5	\$ 80,461	5
1170	Trade receivables (Notes 4, 7, 20 and 27)	536	-	653	-
1210	Other receivables - related parties (Notes 4, 7, 27 and 28)	36,030	2	26,064	2
1200	Other receivables (Notes 4, 7 and 27)	21	-	22	-
1220	Current tax assets (Notes 4 and 22)	129	-	52	-
1410	Prepayments (Note 13)	6,471	1	6,659	-
1470	Other current assets (Note 13)	149	-	159	-
11XX	Total current assets	<u>123,052</u>	<u>8</u>	<u>114,070</u>	<u>7</u>
	<b>Non-current assets</b>				
1550	Investments accounted for using equity method (Notes 4, 9 and 28)	1,319,312	85	1,335,206	86
1600	Property, plant and equipment (Notes 4, 10, 21 and 28)	23,112	2	30,444	2
1755	Right-of-use assets (Notes 4 and 11)	25,715	2	9,184	1
1780	Intangible assets (Notes 4 and 12)	418	-	600	-
1840	Deferred tax assets (Notes 4 and 22)	51,279	3	62,446	4
1920	Refundable deposits (Notes 13 and 27)	4,002	-	5,122	-
1990	Other non-current assets (Notes 13 and 18)	5,007	-	3,450	-
15XX	Total non-current assets	<u>1,428,845</u>	<u>92</u>	<u>1,446,452</u>	<u>93</u>
1XXX	Total	<u>\$ 1,551,897</u>	<u>100</u>	<u>\$ 1,560,522</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Notes 14, 25 and 27)	\$ 70,000	5	\$ 80,000	5
2170	Accounts payable (Notes 15 and 27)	276	-	276	-
2219	Other Payables (Notes 16 and 27)	30,502	2	35,505	2
2280	Current lease liabilities (Notes 4, 11, 25 and 27)	6,075	-	6,003	1
2320	Long-term liabilities - current portion (Notes 14, 25 and 27)	3,978	-	3,926	-
2399	Other current liabilities (Note 16)	412	-	340	-
21XX	Total current liabilities	<u>111,243</u>	<u>7</u>	<u>126,050</u>	<u>8</u>
	<b>Non-current liabilities</b>				
2540	Long-term loans (Notes 14, 25 and 27)	8,575	1	12,533	1
2550	Non-current provisions (Notes 4 and 17)	764	-	847	-
2570	Deferred tax liabilities (Notes 4 and 22)	188	-	-	-
2580	Lease liabilities (Notes 4, 11 and 27)	19,725	1	3,328	-
2640	Non-current liability – Net defined benefit liability (Notes 4 and 18)	-	-	936	-
25XX	Total non-current liabilities	<u>29,252</u>	<u>2</u>	<u>17,644</u>	<u>1</u>
2XXX	Total liabilities	<u>140,495</u>	<u>9</u>	<u>143,694</u>	<u>9</u>
	<b>Equities (Notes 4, 9, 18, 19, 22, 24 and 27)</b>				
	<b>Capital stock</b>				
3110	Common stock	<u>807,422</u>	<u>52</u>	<u>807,522</u>	<u>52</u>
3200	Capital reserve	<u>673,820</u>	<u>43</u>	<u>759,327</u>	<u>49</u>
	<b>Retained earnings</b>				
3310	Legal reserve	4,129	-	-	-
3320	Special reserve	37,169	3	-	-
3350	Unappropriated earnings (accumulated deficit)	<u>27,838</u>	<u>2</u>	<u>41,298</u>	<u>2</u>
3300	Total retained earnings	<u>69,136</u>	<u>5</u>	<u>41,298</u>	<u>2</u>
3400	Other interests	( <u>138,976</u> )	( <u>9</u> )	( <u>156,668</u> )	( <u>10</u> )
3500	Treasury stock	-	-	( <u>34,651</u> )	( <u>2</u> )
3XXX	Total equity	<u>1,411,402</u>	<u>91</u>	<u>1,416,828</u>	<u>91</u>
	Total liabilities and equity	<u>\$ 1,551,897</u>	<u>100</u>	<u>\$ 1,560,522</u>	<u>100</u>

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

Chairman: Chen, Tsai-Pu

Manager: Yu, Hsiu-Ping

Accounting Supervisor: Liu, Ming-Yi

Paragon Technologies Co., Ltd. Individual  
Statements of Comprehensive Income From  
January 1 to December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars  
, except earnings per share)

Codes		2022		2021	
		Amount	%	Amount	%
4000	Operating Revenue (Notes 4 and 20)	\$ 1,791	100	\$ 1,463	100
5000	Operating costs (Notes 4, 8 and 21)	( 8,679 )	( 484 )	( 1,994 )	( 136 )
5900	Gross loss	( 6,888 )	( 384 )	( 531 )	( 36 )
5920	Realized profits of subsidiaries, associates and joint ventures (Notes 4 and 28)	<u>21,510</u>	<u>1,201</u>	<u>24,681</u>	<u>1,687</u>
5950	Realized operating margin	<u>14,622</u>	<u>817</u>	<u>24,150</u>	<u>1,651</u>
	Operating expenses (Notes 18, 21 and 28)				
6100	Sales and marketing	-	-	( 6 )	-
6200	General and administrative	( 43,370 )	( 2,422 )	( 66,097 )	( 4,518 )
6300	Research and development	( 31,810 )	( 1,776 )	( 34,315 )	( 2,346 )
6000	Total operating expenses	( 75,180 )	( 4,198 )	( 100,418 )	( 6,864 )
6900	Net operating loss	( 60,558 )	( 3,381 )	( 76,268 )	( 5,213 )
	Non-operating income and expenses (Notes 9, 21 and 28)				
7100	Interest income from bank deposits	591	33	456	31
7010	Other income	30,283	1,691	26,170	1,789
7020	Other gains and losses	4,003	223	( 575 )	( 39 )
7050	Finance costs	( 2,406 )	( 134 )	( 2,492 )	( 171 )
7070	Share of profits of subsidiaries, associates and joint ventures, accounted for using equity method	<u>70,165</u>	<u>3,918</u>	<u>110,781</u>	<u>7,572</u>
7000	Total non-operating income and expenses	<u>102,636</u>	<u>5,731</u>	<u>134,340</u>	<u>9,182</u>

(Continued on next page)

(Continued from previous page)

Codes		2022		2021	
		Amount	%	Amount	%
7900	Income from continuing operations before tax	\$ 42,078	2,350	\$ 58,072	3,969
7950	Total income tax expense (Notes 4 and 22)	( 17,026 )	( 951 )	( 16,816 )	( 1,149 )
8200	Profit	<u>25,052</u>	<u>1,399</u>	<u>41,256</u>	<u>2,820</u>
	Other comprehensive income (Notes 4, 18, 19 and 22)				
	Not reclassified to profit or loss:				
8311	Remeasurement of defined benefit obligation	2,233	124	53	4
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Applicable for IFRS9)	1,000	56	-	-
8349	Income tax related to items that may not be reclassified subsequently to P/L	( 447 )	( 25 )	( 11 )	( 1 )
8310		<u>2,786</u>	<u>155</u>	<u>42</u>	<u>3</u>
	To be reclassified to profit or loss in subsequent period:				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures, accounted for using equity method	22,115	1,235	( 10,835 )	( 741 )
8399	Income tax related to items that may be reclassified subsequently to P/L	( 4,423 )	( 247 )	<u>2,167</u>	<u>148</u>
8360		<u>17,692</u>	<u>988</u>	( <u>8,668</u> )	( <u>593</u> )
8300	Other comprehensive income (net of income tax)	<u>20,478</u>	<u>1,143</u>	( <u>8,626</u> )	( <u>590</u> )
8500	Total comprehensive income	<u>\$ 45,530</u>	<u>2,542</u>	<u>\$ 32,630</u>	<u>2,230</u>
	Earnings per share (Note 23)				
	from continuing operations				
9710	Basic	<u>\$ 0.31</u>		<u>\$ 0.52</u>	
9810	Diluted	<u>\$ 0.31</u>		<u>\$ 0.52</u>	

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

Chairman: Chen, Tsai-Pu

Manager: Yu, Hsiu-Ping

Accounting Supervisor: Liu, Ming-Yi

Paragon Technologies Co., Ltd. Individual  
Statements of Changes in Equity From January 1  
to December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars  
, Unless Otherwise Specified)

Codes		Capital Stock		Retained earnings			Others		Treasury stock	Total equity	
		Shares (in thousands)	Amount	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings (accumulated deficit)	Foreign currency translation reserve			Unrealized gain on investments in equity instruments at fair value through other comprehensive income
A1	Balance, January 1, 2021	80,752	\$ 807,522	\$ 810,542	\$ -	\$ -	( \$ 55,645 )	( \$ 148,000 )	\$ -	( \$ 34,651 )	\$ 1,379,768
N1	Share-Based Payments	-	-	4,430	-	-	-	-	-	-	4,430
C11	Covering loss from capital reserve	-	-	( 55,645 )	-	-	55,645	-	-	-	-
D1	Total profit of 2021	-	-	-	-	-	41,256	-	-	-	41,256
D3	Other comprehensive income of 2021	-	-	-	-	-	42	( 8,668 )	-	-	( 8,626 )
D5	Total comprehensive income of 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
B1	Appropriations of prior year's earnings Legal reserve	-	-	-	4,129	-	( 4,129 )	-	-	-	-
B3	Special reserve	-	-	-	-	37,169	( 37,169 )	-	-	-	-
C15	Capital reserve for cash dividends	-	-	( 79,142 )	-	-	-	-	-	-	( 79,142 )
M7	Other changes in capital reserve	-	-	186	-	-	-	-	-	-	186
E1	Capital increase	1,600	16,000	12,000	-	-	-	-	-	-	28,000
D1	Total profit of 2022	-	-	-	-	-	25,052	-	-	-	25,052
D3	Other comprehensive income of 2022	-	-	-	-	-	1,786	17,692	1,000	-	20,478
D5	Total comprehensive income of 2022	-	-	-	-	-	26,838	17,692	1,000	-	45,530
L3	Income from continuing operations before income tax Treasury Stocks Nullifying	( 1,610 )	( 16,100 )	( 18,551 )	-	-	-	-	-	34,651	-
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,000	-	( 1,000 )	-	-
Z1	Balance, December 31, 2022	80,742	\$ 807,422	\$ 673,820	\$ 4,129	\$ 37,169	\$ 27,838	( \$ 138,976 )	\$ -	\$ -	\$ 1,411,402

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

Chairman: Chen, Tsai-Pu

Manager: Yu, Hsiu-Ping

Accounting Supervisor: Liu, Ming-Yi

Paragon Technologies Co., Ltd.  
Individual Statements of Cash Flows  
From January 1 to December 31, 2021 and 2022  
(In Thousands of New Taiwan Dollars)

Codes		2022	2021
	Cash flows from operating activities		
A10000	Income before tax	\$ 42,078	\$ 58,072
A20010	Provided by (used in) operating activities		
A20100	Depreciation	15,697	16,306
A20200	Amortization	808	823
A20900	Finance costs	2,406	2,492
A21900	Share-based compensation	-	4,430
A22400	Share of profits of subsidiaries, associates and joint ventures, accounted for using equity method	( 70,165 )	( 110,781 )
A22500	Gain on disposal or retirement of property, plant and equipment	( 1,082 )	-
A21200	Interest income from bank deposits	( 591 )	( 456 )
A23700	Impairment loss on inventories	-	548
A24000	Realized sales benefits of subsidiaries, associates and joint ventures	( 21,510 )	( 24,681 )
A30000	Changes in operating assets and liabilities		
A31130	Notes receivables	-	2
A31150	Trade receivables	117	( 150 )
A31180	Other receivables	-	5
A31190	Other receivables - related parties	26,064	( 6,698 )
A31230	Prepayments	188	( 2,262 )
A31240	Other current assets	10	( 42 )
A32180	Other Payables	( 5,020 )	3,624
A32200	Provision for liability	( 83 )	( 560 )
A32230	Other current liabilities	72	33
A32240	Non-current liability – Net defined benefit liability	( 260 )	( 245 )
A33000	Cash outflow generated from operations	( 11,271 )	( 59,540 )
A33100	Interest received	592	434
A33300	Interest paid	( 2,197 )	( 2,303 )
A33500	Income tax paid	( 10,618 )	( 11,195 )
AAAA	Net cash flows from operating activities	( 23,494 )	( 72,604 )

(Continued on next page)

(Continued from previous page)

Codes		2022	2021
	Cash flows from investing activities		
B00100	Purchase of financial assets at fair value through profit or loss	( \$ 5,000 )	\$ -
B02200	Net cash outflow for obtaining subsidiaries	( 122,922 )	-
B07600	Dividends received from subsidiaries, associates and joint ventures	222,762	112,328
B02700	Acquisitions of property, plant and equipment	( 1,345 )	( 1,913 )
B02800	Proceeds from disposal of property, plant and equipment	1,082	-
B03800	Refundable deposits refunded	1,120	-
B04500	Acquisition of intangible assets	( 626 )	( 1,210 )
BBBB	Net cash inflows from investing activities	<u>95,071</u>	<u>109,205</u>
	Cash flows from financing activities		
C00200	Decrease in short-term loans	( 10,000 )	( 35,000 )
C01600	Proceeds from long-term loans	-	16,459
C01700	Repayments of long-term loans	( 3,906 )	-
C04020	Payments of lease liabilities	( 7,274 )	( 7,261 )
C04500	Cash dividends	( 79,142 )	-
C04600	Capital increase	<u>28,000</u>	<u>-</u>
CCCC	Net cash inflows from financing activities	<u>( 72,322 )</u>	<u>( 25,802 )</u>
EEEE	Increase (decrease) in cash and cash equivalents	( 745 )	10,799
E00100	Cash and cash equivalents at beginning of period	<u>80,461</u>	<u>69,662</u>
E00200	Cash and cash equivalents, end of period	<u>\$ 79,716</u>	<u>\$ 80,461</u>

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

Chairman: Chen, Tsai-Pu    Manager: Yu, Hsiu-Ping    Accounting Supervisor: Liu, Ming-Yi

## Attachment VII

### Paragon Technologies Co., Ltd.

#### Comparison of Current Articles and Amended Articles of Articles of Incorporation

Original article order	Amended articles	Current articles	Explanation
Article 16	<p>The Company has <u>7</u>-11 directors, the number of current directors authorized Board of Directors' meeting to determine, the term of office is three years, shall be elected from among the shareholders with disposing capacity and can be re-elected. <u>When</u> the term of office of the directors is expired, and re-election has not been held, and the directors exercise duties is <u>extended until the re-election of directors and they take office</u>.</p> <p>In case a candidates nomination system is adopted by the Company for election of the directors of the Company, and the directors shall elect from among the nominees list of director candidates in a shareholders' meeting</p> <p>The Company has been approved by a resolution of Board of Directors' meeting, and may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.</p>	<p>The Company has <u>9</u>-11 directors, the term of office is three years, shall be elected from among the shareholders with disposing capacity in accordance with the Company Act, and can be re-elected. In case a candidates nomination system is adopted by the Company for election of the directors of the Company, and the directors shall elect from among the nominees list of director candidates in a shareholders' meeting</p> <p>The Company has been approved by a resolution of Board of Directors' meeting, and may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.</p>	Amended in accordance with the Company Act
Article 16-1	<p>According to Article 14-2 of Securities Exchange Act, in the Company's preceding number of directors, independent directors shall not less than three persons, <u>and shall not less than one -third of director seats</u>, independent directors' professional qualification, shareholding, part-time limit, nomination and election method and other following matters, shall be conducted in accordance with securities competent authority.</p>	<p>According to Article 14-2 of Securities Exchange Act, in the Company's preceding number of directors, independent directors shall not less than three persons, independent directors' professional qualification, shareholding, part-time limit, nomination and election method and other following matters, shall be conducted in accordance with securities competent authority.</p>	Amended in accordance with Securities Exchange Act
Article 26	<p>The Articles of Incorporation was dawn up on October 17, 1995.</p> <p>1st amendment was made on August 5, 1996.</p> <p>.....</p> <p><u>28th amendment was made on June 13, 2023.</u></p>	<p>The Articles of Incorporation was dawn up on October 17, 1995.</p> <p>1st amendment was made on August 5, 1996.</p> <p>.....</p> <p>27th amendment was made on June 8, 2022.</p>	Added amendment date and times.



## Attachment VIII

### **Paragon Technologies Co., Ltd.**

#### Evaluation Opinions Letter of Necessity and Rationality of Private Placement

Opinions letter of principal: Paragon Technologies Co., Ltd.

Opinions letter of recipient: Paragon Technologies Co., Ltd.

Designated use of opinions letter: only provide Paragon Technologies Co., Ltd. to conduct private placement in 2023.

Report type: evaluation opinions letter of necessity and rationality of private placement

Evaluation agency: Taishin Securities Co., Ltd.  
Representative: Kuo, Chia-Hung

(The content of opinions letter is only used as a reference basis of the private placement proposal for Paragon Technologies Co., Ltd. at the Board of Directors' meeting and a shareholders' meeting in 2023, and it shall not be used for other purposes. The opinions letter was made in accordance with financial information provided by Paragon Technologies Co., Ltd. and public information received on MOPS, and as the change of the private placement proposal plan for other matters, the Company may cause the influence of content change of the opinions letter, and the opinions letter assumes no responsibility, we hereby declare.)

April 18, 2023

To enrich working capital, steady financial structure or deal with other capital needs of the Company's long-term development, and control timeliness and convenience of fundraising, Paragon Technologies Co., Ltd. conducted matters of private placement of securities specified in Article 43-6 of Securities Exchange Act in accordance with "Securities Exchange Act" and "Directions for Public Companies Conducting Private Placements of Securities", and programmed to discuss at the meeting of Board of Directors on May 2, 2023, and planned to discuss conduction of private placement of common stocks not more than 12,000,000 shares. According to Article 4, paragraph 3 of "Directions for Public Companies Conducting Private Placements of Securities"(the content is as follows), if there has been, is, or will be any significant change in managerial control during the period from 1 year preceding the day on which the Board of Directors resolves on the private placement of securities to 1 year from the delivery date of those privately placed securities, the Company shall engage a securities underwriter to provide an assessment opinion on the necessity and reasonableness for conducting the private placement, and shall state the opinion in the notice to convene the shareholders' meeting to serve as a reference for the shareholders to decide whether to agree.

The evaluation explanation of underwriter is as follows:

#### 1. Company profile

Paragon Technologies Co., Ltd. (3518) was established in 1995, current capital amount is NT\$ 807 million, we mainly engage in business of notebook, mobile phone and anti-electromagnetic interference and appearance film treatment of other electronic products, we are the first company which applies physical vapor deposition technology on companies providing EMI/ESD solution of 3C products around the world, current operating ratio is EMI coating 95%, and appearance coating of automotive rim 5%. The Company is the leader of EMI suppliers of plastic case for global NB brand, the market share reached to 50%, and the shipment of one year was 50 million. To make business diverse, decrease dependence for consumer electronics industry, the Company has adjusted operating direction to strengthen the Company's competitiveness in recent years, except continuing to develop auto parts, and we bought more than a major of equity of JING CHENG MATERIAL CO., LTD. in 2022, made it become the subsidiary, and formally crossed in the field of silicon carbide, we will continue to development technology of silicon carbide, increase independence ability of process, and expand our horizons to global electric vehicles and 5G market, and having a promising future, the brief financial information of the recent five years is stated as below:

### Individual Brief Balance Sheet (adopted International Financial Reporting Standards)

Unit: NT\$ thousand

Item	Year	Financial information of the recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		137,718	114,957	94,690	114,070	123,052
Property, plant and equipment		49,429	42,463	37,994	30,444	23,112
Intangible assets		127	236	213	600	418
Other assets		1,616,218	1,403,713	1,407,999	1,415,408	1,405,315
Total assets		1,803,492	1,561,369	1,540,896	1,560,522	1,551,897
Current liabilities	Before allotted	139,598	131,884	153,985	126,050	111,243
	After allotted	139,598	131,884	153,985	126,050	(Note 2)
Non-current liabilities		3,233	13,247	7,143	17,644	29,252
Total liabilities	Before allotted	142,831	145,131	161,128	143,694	140,495
	After allotted	142,831	145,131	161,128	143,694	(Note 2)
Interests attributable to parent company owner		1,660,661	1,416,238	1,379,768	1,416,828	1,411,402
Capital		807,522	807,522	807,522	807,522	807,422
Capital reserve		1,437,214	1,007,800	810,542	759,327	673,820
Retained earnings	Before allotted	(429,414)	(197,258)	(55,645)	41,298	69,136
	After allotted	(429,414)	(197,258)	(55,645)	41,298	(Note 2)
Other interests		(120,010)	(167,175)	(148,000)	(156,668)	(138,976)
Treasury stock		(34,651)	(34,651)	(34,651)	(34,651)	0
Non-controlling interests		0	0	0	0	0
Total equity	Before allotted	1,660,661	1,416,238	1,379,768	1,416,828	1,411,402
	After allotted	1,660,661	1,416,238	1,379,768	1,416,828	(Note 2)

Note 1: 2018-2022 financial information was audited by CPAs.

Note 2: 2022 earnings distribution is waited for allotment approved by a resolution of a shareholders' meeting.

**Individual Brief Statements of Comprehensive Income (adopted International Financial Reporting Standards)**

Unit: NT\$ thousand

Item	Year	Financial information of the recent five years (Note 1)				
		2018	2019	2020	2021	2022
Operating revenue		4,146	6,143	1,572	1,463	1,791
Operating margin		2,937	3,045	233	(531)	(6,888)
Operating income		(37,607)	(46,712)	(63,508)	(76,268)	(60,558)
Non-operating income and expenses		(288,729)	(134,991)	19,210	134,340	102,636
Income from continuing operations before income tax		(326,336)	(181,703)	(44,298)	58,072	42,078
Net income of continuing business units		(338,307)	(197,484)	(55,940)	41,256	25,052
Loss of suspended business unit		0	0	0	0	0
Net income (loss)		(338,307)	(197,484)	(55,940)	41,256	25,052
Other comprehensive income (net of tax)		(28,024)	(46,939)	19,470	(8,626)	20,478
Total comprehensive income		(366,331)	(244,423)	(36,470)	32,630	45,530
Net income attributable to stockholders of the parent		(338,307)	(197,484)	(55,940)	41,256	25,052
Net income attributable to non-controlling interests		0	0	0	0	0
Total comprehensive income attributable to stockholders of the parent		(366,331)	(244,423)	(36,470)	32,630	45,530
Total comprehensive income attributable to non-controlling interests		0	0	0	0	0
Earnings per share (Note 2)		(4.27)	(2.50)	(0.71)	0.52	0.31

Note 1: 2018-2022 financial information was audited by CPAs.

Note 2: Earnings per share is profit or loss divided by weighted outstanding share number without considering subsequent retrospective adjustment of bonus shares.

**Consolidated Brief Balance Sheet (adopted International Financial Reporting Standards)**

Unit: NT\$ thousand

Item	Year	Financial information of the recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		1,230,948	989,249	1,167,795	1,405,766	1,390,167
Property, plant and equipment		683,627	507,045	434,597	247,720	207,695
Intangible assets		773	603	353	638	231
Other assets		447,466	604,240	591,523	223,703	181,148
Total assets		2,362,814	2,101,137	2,194,268	1,877,827	1,779,241
Current liabilities	Before allotted	679,810	526,665	630,384	372,035	229,211
	After allotted	679,810	526,665	630,384	372,035	(Note 2)
Non-current liabilities		22,336	158,228	184,116	88,964	60,751
Total liabilities	Before allotted	702,146	684,893	814,500	460,999	289,962
	After allotted	702,146	684,893	814,500	460,999	(Note 2)
Interests attributable to parent		1,660,661	1,416,238	1,379,768	1,416,828	1,411,402

company owner						
Capital		807,522	807,522	807,522	807,522	807,422
Capital reserve		1,437,214	1,007,800	810,542	759,327	673,820
Retained earnings	Before allotted	(429,414)	(197,258)	(55,645)	41,298	69,136
	After allotted	(429,414)	(197,258)	(55,645)	41,298	(Note 2)
Other interests		(120,010)	(167,175)	(148,000)	(156,668)	(138,976)
Treasury stock		(34,651)	(34,651)	(34,651)	(34,651)	0
Non-controlling interests		7	6	0	0	77,877
Total equity	Before allotted	1,660,668	1,416,244	1,379,768	1,416,828	1,489,279
	After allotted	1,660,668	1,416,244	1,379,768	1,416,828	(Note 2)

Note 1: 2018-2022 financial information was audited by CPAs.

Note 2: 2022 earnings distribution is waited for allotment approved by a resolution of a shareholders' meeting.

### Consolidated Brief Statements of Comprehensive Income (adopted International Financial Reporting Standards)

Unit: NT\$ thousand

Item	Year	Financial information of the recent five years (Note 1)				
		2018	2019	2020	2021	2022
Operating revenue		576,456	546,881	684,598	800,103	457,220
Operating margin		15,002	85,812	223,566	291,900	113,340
Operating income		(282,285)	(104,536)	10,297	60,614	(51,282)
Non-operating income and expenses		(16,873)	(57,180)	(12,760)	45,076	108,412
Income from continuing operations before income tax		(299,158)	(161,716)	(2,463)	105,690	57,130
Net income of continuing business units		(338,308)	(197,485)	(55,940)	41,256	24,221
Loss of suspended business unit		0	0	0	0	0
Net income (loss)		(338,308)	(197,485)	(55,940)	41,256	24,221
Other comprehensive income (net of tax)		(28,024)	(46,939)	19,470	(8,626)	21,110
Total comprehensive income		(366,332)	(244,424)	(36,470)	32,630	45,331
Net income attributable to stockholders of the parent		(338,307)	(197,484)	(55,940)	41,256	25,052
Net income attributable to non-controlling interests		(1)	(1)	0	0	(831)
Total comprehensive income attributable to stockholders of the parent		(366,331)	(244,423)	(36,470)	32,630	45,530
Total comprehensive income attributable to non-controlling interests		(1)	(1)	0	0	(199)
Earnings per share (Note 2)		(4.27)	(2.50)	(0.71)	0.52	0.31

Note 1: 2018-2022 financial information was audited by CPAs.

Note 2: Earnings per share is profit or loss divided by weighted outstanding share number without considering subsequent retrospective adjustment of bonus shares.

2. Review of happening major change for power of management within one year before conducting private placement approved by a resolution of Board of Directors' meeting

As the term of office of directors expired, Paragon Technologies Co., Ltd. held a full re-election of directors at 2021 shareholders' meeting, the term of office of directors is from August 4, 2021 to August 3, 2024, after examining Paragon Technologies Co., Ltd. did not have change of director members as of March 31, 2023, and there was no circumstance of happening major change for power of management within one year before conducting private placement approved by a resolution of Board of Directors' meeting specified in Article 4, paragraph 3 of "Directions for Public Companies Conduction Private Placements of Securities".

3. After introducing specific investor for conducting private placement, it was inconclusive whether caused power of management happened major change

The time of the Company conducting the private placement for common stock was expected after 2023 annual shareholders' meeting, subscriber currently has not been sure yet, so introduced strategic investor for conducting the private placement for common stocks whether acquired certain quantity of director seats to participate in the Company's operation, and caused power of management happened major change, currently there was no opinion yet. However, considering the objective of the private placement for the Company's common stocks met specific person specified in Article 43-6 of Securities Exchange Act and (91) Tai Tsai Cheng Yi Tzu letter no. 0910003455 issued on June 13, 2002, it was primary consideration that currently programmed to choose investor who can raise business performance, however, the option of actual subscriber shall be conducted in accordance with regulation after negotiated, so the choosing way of subscriber shall be proper.

Considering the share number of the Company currently issuing was 80,742 thousand, after plus the private placement 12,000 thousand shares, it was 92,742 thousand shares, the capital ratio was expected 12.94% after the total share number of the private placement accounted for price placement, it did not exclude to acquire the Company's director and supervisor seats in the future, and there was possibility of power of management happening major change, so according to "Directions for Public Companies Conduction Private Placements of Securities", negotiated with the securities underwriter to offer evaluation opinions for the necessity and rationality of conducting the private placement, however, currently the specific investor has not been sure yet, and therefore after introducing specific investor for conducting private placement, it was inconclusive whether caused power of management happened major change.

4. The content of the private placement project plan

To respond accordingly to future business development, to enrich working capital, steady financial structure or deal with other capital needs of the Company's long-term development, considering to fundraise through ways of placement and issuing securities, it was not easy to acquire needed capital within short period and use the way of private placement for characteristics of rapidly and conveniently placing, according to Article 7 and Article 43-6 of Securities Exchange Act, using the way of private placement to conduct cash capital increase for issuing new shares, and programmed within the amount of 12,000 shares, the price per share shall not be less before the Company's pricing date, it shall be 80% of the higher of the following two calculations below is the setting basis:

(1) The simple average closing price of the common shares of the TWSE listed or TPEX listed 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.

(2) The simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

Issue price setting of the Company's private placement common stock not be less 80% of reference price is setting basis.

5. Necessity of rationality evolution of the price placement

(1) Necessity of conducting private placement

Operating revenues and Operating net profit of the recent three years specified in consolidated financial statement of Paragon Technologies Co., Ltd. is stated as below:

Unit: NT\$ thousand

Item	Year	2020	2021	2022
Operating revenue		684,598	800,103	457,220
Operating margin		223,566	291,900	113,340
Operating net profit (loss)		10,297	60,614	(51,282)
Income (loss) from continuing operations before income tax		(2,463)	105,690	57,130

Information resource: consolidated financial statements audited and reviewed by CPAs.

The preceding financial information shows that as business focuses on consumer electronics, like notebooks, mobile phone, etc., the Company's revenue and terminal product needs has highly linked in recent years. The outbreak of global COVID-19 in 2020-2021, the needs of distance learning and telecommuting are strong, it drives the need quantity of notebook products, so revenue growth is near 16.9% in 2021, however, the epidemic has shown down in 2022, the manufacturers of notebook brand has confronted the pressure

of inventory closeout, orders of upstream manufacturers significantly decreased, the Company's revenue also reduced 42.8%, and gross profit margin was adjusted from 36.48% to 24.79%. To cope with the preceding challenge, the Company has actively transformed and developed diverse business, except disposal of assets of subsidiaries in China, we purchased a startup company JING CHENG MATERIAL CO., LTD. in 2022, and hopefully has a place in the field of silicon carbide in the future, however, producing silicon carbide wafer needs to introduce funding, business performance further needs time to brew and ferment, conducting public issue of new shares in accordance with the Company's current constitution is hard to acquire investor's favor, and considering the issue costs of private placement common stocks, the way of fundraising is relatively rapid, convenient, and timeliness, and favors the Company's operation plan in 2023, so we choose private placement common stocks as the way of acquiring long-term funds.

In summary, to accelerate the need of long-term operation development for Paragon Technologies Co., Ltd., and simultaneously considering the timelessness of rapid and convenient fundraising, so the Company has adopted the way of private placement this time, it shall have the necessity.

## (2) Rationality of conducting private placement

Paragon Technologies Co., Ltd. expected it was approved by a resolution of annual shareholders' meeting on June 13, 2023, and according to Article 43-6, paragraph 6 of Securities Exchange Act, matters of private placement securities specified and explained in the convenance reason of annual shareholders' meeting, and there was no major discrepant circumstance.

The fundraising use of the Company is enriching working capital or coping with the need of the Company' long-term development. Benefits of expecting to reach is improving financial structure, raising operating performance, strengthening the Company's competitiveness, etc., and it indeed brings positive benefits for shareholder's equity.

Except acquiring long-term stable funding, and compared with public offering, common stocks of the private placement have restriction of not freely transferring within three years to assure the long-term cooperation relationship between the Company and introduced specific investor, and raise possibility of crossing in new business opportunities, it favors mid-term operation growth of the Company in the future. Subscription price of the private placement proposal shall not be less than 80% of reference price, it complies with regulations.

In summary, the securities underwriter thinks Paragon Technologies Co., Ltd. has necessity and rationality of the private placement in accordance with "Directions for Public Companies Conduction Private Placements of Securities".

## 6. Necessity and rationality of change of power of management caused by the private placement proposal

### (1) Influence of the Company's business, finance, shareholder's equity when power of management happened major change

#### i. Influence of the Company's business

The introduced strategic investor planned to assist the Company to develop diverse business, and commonly collaborate in technology, knowledge or path, expand current operating scale, increase the Company's profits, and bring positive benefits for the development of the Company's business.

#### ii. Influence of the Company's finance

When conducting the private placement capital increase, the total share number of the Company issuing common stocks shall not exceed 12,000 thousand as maximum limit, reference price shall be the simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, and plus share price after adjustment for any distribution of stock dividends, cash dividends or capital reduction, deducted ex-right and dividend of bonus shares, or the simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction. The higher between two has been set, the setting of issue price for private placement common stocks not less than 80% of reference price is the setting basis. The capital of the private placement is used to enrich working capital, steady financial structure or cope with capital needs of the Company's long-term development, and further raise the Company's operational competitiveness, so when the Company conducts private placement and effectively invests in time, it has positive benefits in the aspect of finance.

#### iii. Influence of shareholder's equity of the Company

The capital of the private placement is used to enrich working capital, steady financial structure or cope with capital needs of the Company's long-term development, reaching benefit is strengthening industrial status, raising long-term competitiveness, improving financial structure, etc. And the subscription price of the private placement proposal shall not be less than 80% of reference price when exerting, it complies with laws and regulations, and the influence of shareholder's equity is still restricted. Expecting collaboration with strategic investor in technology, knowledge or path in the future can expand strategic cooperation, like market scale, etc., and improve the Company's business performance.

### (2) The option of subscriber and its feasibility and necessity

The subscriber of the private placement common stocks chooses specific person in accordance with Article 43-6 of Securities Exchange Act and No.: (91)Tai-Cai-Certificate(6) No. 003455 issued on June 13, 2002, currently choosing to directly or indirectly help the Company is the primary consideration, however, the option of actual subscriber shall be conducted in accordance with regulations after negotiating, so the choosing way of subscriber shall be proper.

The purpose of introducing strategic investor of the private placement is assisting the Company to develop diverse products, increasing the Company's profits to expect effectively expand the Company's operating scale and assure continuing development of the Company's operation, and protect employees' and shareholder's equity. The inquiring of subscriber of the private placement proposal shall have its feasibility and necessity.

### (3) Rationality of expecting to generate benefits for the private placement

The fundraising use of the Company is enriching working capital and repaying bank's loans, expecting reaching benefits is strengthening industrial status, raising long-term competitiveness, improving financial structure and saving interest expenses, etc., it indeed has positive benefit for shareholder's equity. The Company's funds of introducing strategic investor, experience

or path, etc., except collaboration in technology, knowledge or path for providing customers best integration services solution, are expected to raise profits, increase efficiency, expand market scale and other strategic cooperation benefit, raise overall shareholder's equity of the Company, and it shall have positive benefits for the Company's finance and shareholder's equity. And raised funds will be used for enriching working capital and its expected benefit shall be reasonable.

In general, the purpose of conducting private placement fundraising for the Company is enriching working capital, steadying financial structure or coping with other capital needs of the Company's long-term development, strengthening the Company's operational constitution and competitiveness, and rating overall shareholder's equity. Considering factors, like the Company's current operational condition, fundraising timeliness and feasibility, etc., the Company uses the way of private placement to conduct the cash capital increase for issuing new shares plan, it shall have its necessity and rationality, and expected generating benefit of private placement is comprehensively considering all factors, like the Company's business, finance and shareholder's equity, etc., and expecting follow-up, after introducing strategic investor, it shall improve the Company's overall business, finance , shareholder's equity, etc.

## Paragon Technologies Co., Ltd. 2023 Restricted Stock Awards Issuance Methods

### 1. Issuance purpose

The Company attracts and remain professional needed by the Company, and encourages employees and raises staff centripetal force to co-create the Company's and shareholders' benefits. According to Article 267 and "Regulations Governing the Offering and Issuance of Securities by Securities Issuers"(hereinafter referred to as these Regulations) issued by Financial Supervisory Commission, the Company's restricted stock awards issuance methods (hereinafter referred to as the Methods) was drawn up.

### 2. Application and issuance period

Application is conducted in one time or several times within one year from the resolution date of a shareholders' meeting, and regarding actual needs, issued is made in one time or several times, it is set by authorized Board of Directors on actual issuance date within two years from arrival date of application affect notification for the competent authority.

### 3. Employees' qualification and number of allotted shares

(1) Applicable objective of the reward plan is full-time employees on board before payment date of restricted stock awards, and full-time employees of control or subordinate company meet certain conditions, and certain conditions are set by authorized Board of Directors. The term "control or subordinate company" is recognized by standards specified in Article 369-2, 369-3, 369-9, paragraph 2, Article 369-11 of the Company Act.

(2) Actual given employees and his/her number of allowed shares will refer to factors, like service years, rank, work performance, overall contribution, special achievement or other reference conditions in management, it shall be set by the chairman, and recognized after submitted to the Board of Directors for approval. If directors on the list have managerial office or employee status shall be agreed by remuneration committee, and submitted to Board of Directors meeting for a resolution. Employees does not have director and managerial office status, it shall be agreed by audit committee, and submitted to Board of Directors meeting for a resolution.

Reference standard of allotted employee and the number of allotted shares is as follows:

1. Connection with the Company's future strategy and development has high correlation.
2. Significant influence for the Company's operation.
3. Equip with critical core technologies needed by the Company.

(3) The Company gives single employee accumulated number of shares subscribed of stock option certificate issued in accordance with Article 56-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, added the sum of accumulated acquiring restricted stock awards, shall not exceed 3‰ of the total number of issued shares, and added employee stock option certificate issued in accordance with Article 56, paragraph 1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, accumulated to give single employee number of shares subscribed shall not exceed 1% of the total number of issued shares. However, a project approver approved by all central target business authority, single employee acquires employee stock option certificate and the sum of the restricted stock awards shall not apply to the limit of the preceding ratio.

### 4. The total number of issuances

The total amount of issuance of the restricted stock awards was NT\$ 30,000,000, the denomination per share was NT\$ 10, and the sum of issuing common stocks was 3,000,000 shares.

### 5. Subscription conditions

- (1) Issuance price: NT\$ 10 per share.
- (2) Vested conditions:

i. When the period of purchasing restricted stock awards is expired, employees is still working from the date of acquiring restricted stock awards, never violate labor contract, and working rules, etc., and reach key performance indicator requested by the Company on expiry date, will acquire new shares in accordance with the following schedule and the rate of shares subscribed number:

Expiry period

Rate of shares subscribed number



One year of service after share subscribed	25%
Two years of service after share subscribed	25%
Three years of service after share subscribed	25%
Four years of service after share subscribed	25%

ii. Key performance indicator: all annual personal performance shall conform to performance appraisal A (including) plus, employees can all acquire number of new shares.

(3) Issuance share type: new shares of the Company's common stocks.

(4) After employees acquired restricted stock awards, processing method of vested conditions have not been reached or inheritance:

i. Vested conditions have not been reached, the Company will use original issuance price to buy shares and conduct write off in accordance with laws, however, allotment and dividend required in vested condition period, the Company will gratuitously give employees.

ii. Employees resign and are laid off for some reason:

If there are shares not reaching vested conditions, the Company will use original issuance price to buy shares and conduct write off, however, it does not apply to approver of the Board of Directors' meeting, and restricted stock awards of unconfirmed vested conditions are handled by a resolution of authorized Board of Directors' meeting.

iii. Can not continue to work or death caused by occupational disaster:

(i). A person cannot continued to work caused by occupational disaster, regarding as vest conditions are reached without restricting of vested conditions.

(ii). Death caused by occupational disaster, regarding vest conditions are reached without restricting of vested period, however, after an heir shall complete necessary legal procedures and provide relevant certified documents, inherited shares or disposed equity shall be applied for.

iv. Suspension without pay:

Shares of unreached vest conditions shall be recovered its equity from reinstatement day; however, vested conditions shall be deferred to delay in accordance with the period of suspension without pay.

v. Transfer to affiliated enterprises:

Shares of unreached vest conditions of a person who must transfer to affiliated enterprises approved by the Company, vested shares are not influenced by transferring in accordance with vested shares of time scale of vested conditions specified in the method.

vi. Retirement:

A person approved by the Company conducted retirement in accordance with regulations, regarding to reach vest conditions, and does not apply to the restriction of vest periods from the effective date of retirement.

vii. General death:

Regarding to reach vest conditions, and does not apply to the restriction of vest periods from the death date, however, after an heir shall complete necessary legal procedures and provide relevant certified documents, inherited shares or disposed equity shall be applied for.

viii. Other besides reasons above, the chairman is authorized to audit rate and time limit of reaching vest conditions, and it shall be submitted to the Board of Directors' meeting for approval.

ix. Regulations of terminated labor contract specified in the method; the definition shall be explained in accordance with applicable law applied by employees' labor contracts.

(5). After employee was allotted new shares in accordance with the method, as merger, when the Company will become merged and dissolved, split up or purchased company, one day before the record date of suspended restoration/benefit of the record date of merger and acquisition, employees' restricted shares are regarded all reach vest conditions.

6. Procedures for allotted new shares

(1) After employees were allotted restricted stock awards, the Company will resister the number of allotted shares in the Company's roster to pay new issued common stocks of the Company by remittance in accordance with regulations on capital increase date.

(2) The Company issued restricted stock awards, in accordance with the Method, and altering registration shall be made in accordance with laws.

#### 7. After allotting new shares, rights of limited before not reach vest conditions

Restricted stock awards issued by the Method, after employees were allotted new shares, rights of limited before not reach vest conditions are as follows:

- (1) After employees were allotted new shares, and before not reach vest conditions, except inheritance, restricted stock awards shall not be disposed by sales, mortgage, transfer, donation, pledge or other ways.
- (2) Attendance, propose, speak, voting rights, etc. of a shareholders' meeting shall conducted in accordance trust, custody contracts.
- (3) Except the preceding restriction of trust agreement, employees were allotted restricted stock awards in accordance with the Method, before not reach vested conditions, other rights, including but not limited to: allocatee rights of cash dividend, stock dividend and capital reserve, subscription right of cash capital increase and any allotted rights and interests as various legal reason, like merger, split up, share transfer, etc., and it's the same as issued common stocks of the Company.
- (4) Within vested period, the Company conducted cash capital reduction without capital reduction of legal capital reduction, the restricted stock awards shall be written off in accordance with capital reduction proportion. If it's cash capital reduction, refunded cash shall be paid for trust, after reaching vest conditions and period, it shall be paid for employees; however, if it's expired, when vest conditions have not reached, the Company will take back the cash.

#### 8. Taxes

Relevant taxes of allotted restricted stock awards in accordance with the Method, shall be conducted in accordance with laws regulations of the Republic of China.

#### 9. Other important matter (including stock trust custody, etc.)

- (1) If the Company evaluated that employees shall appoint trust organization to trust custody for the restricted stock awards allotted in accordance with the Method, the Company has rights to act in employee behalf to conduct discussion, signature, amendment, extending, lifting and termination of trust custody contracts, and transfer and disposal, etc. of trust custody property (stocks and cash), and other behaviors in accordance with the Method.
- (2) The restricted stock awards were allotted by employees in accordance with the Method, shall be paid to trust organization designated by the Company for custody before reaching vest conditions.
- (3) Signing contracts and maintaining secrecy
  - i. When the Company conducted the procedure of issuing restricted stock awards in accordance with the Method, the undertaken department shall notify allotted employees to sign "restricted stock awards contract", after allotted employees signed "restricted stock awards contract", regarding as acquiring allotment rights; the person signed without following regulation, regarding to renounce allotment rights.
  - ii. All subscription employees shall follow the Company's regulations of maintaining secrecy, do not inquire or reveal relevant content and number of granted restricted stock awards, if there's circumstance of violation, the Company may punish in accordance of seriousness of circumstance. If employee have events of violations and a severe nature considered by the Company, the restricted stock awards of not reach vested conditions, the employees immediately lose qualification of acquiring shares, and the Company has rights to purchase the shares by original issuance price and conduct write off.
- (4) The Method was agreed by a majority vote of a meeting of the Board of Directors attended by two-thirds or more of all the directors, and applied to take effect after approved by the competent authority, and when there's amendment, its' the same before issuing. In the process of submission and audit, as the audit requirement of the competent authority and the Method shall be amended, it shall be programed to submit to the chairman authorized by the Board of Directors handle with full discretion, afterwards submit for issuance after approved by a shareholders' meeting.
- (5) Unsettled matters of the Method shall be conducted in accordance with relevant laws and regulations.

## Paragon Technologies Co., Ltd.

### Articles of Incorporation

#### Chapter 1 General Provision

- Article 1 The Company organized in accordance with the Company Act, named “柏騰科技股份有限公司”, and the name in English is “PARAGON TECHNOLOGIES CO., LTD.”
- Article 2 The Company’s operating business is as follow:  
1. CA04010 Surface Treatments  
2. CB01010 Machinery and Equipment Manufacturing  
3. CB01990 Other Machinery Manufacturing  
4. CC01080 Electronic Component Manufacturing  
5. F113010 Wholesale of Machinery  
6. F119010 Wholesale of Electronic Materials  
7. F401010 International Trade  
8. CC01040 Lighting Equipment Manufacturing  
9. ZZ99999 except licensing business, all business items that are not prohibited or restricted by law.
- Article 3 The Company established the head office in Taoyuan City, shall establish branches in domestic and foreign places when it’s necessary.
- Article 4 The Company may reinvest into others when it’s necessary on business, it shall be limited liability shareholder of other company approved by a resolution of Board of Directors’ meeting, and the total amount of investment shall not apply to limit of reinvestment amount specified in Article 13 of the Company Act.
- Article 5 As business or investment, the Company may make endorsements/guarantees for others.
- Article 6 The Company’s announcement methods shall be implemented in accordance with Article 28 of the Company Act.

#### Chapter 2 Shares

- Article 7 The Company’s total capital was set as NT\$ 2 billion, separated into 0.2 billion shares, the price per share was NT\$ 10, and unissued shares were issued by authorized Board of Directors at several times.  
NT\$ 0.2 billion in the preceding total capital shall be reserved, separated into 20 million shares, the price per share was NT\$ 10, and it’s reserved to use when stock option certificate exercises stock option, and issued by a resolution of Board of Directors’ meeting at several times.
- Article 7-1 Payment object of the Company’s employee treasury stocks, employee stock option certificate, employees’ remuneration, employees’ new shares of subscription and restricted stock awards, etc. may include employees of subordinate company conforming to certain conditions, and the conditions and allotment method shall be determined by authorized Board of Directors
- Article 8 The Company’s shares are all adopted registered share certificates, affixed respective signatures or personal seals and number of five or more directors, and issued in accordance with the regulations after the bank license of serving as stock issuance license holder. When the Company issued new shares, shall combine to print for the total number of issuances, and the Company may be exempted from printing any share certificate for the shares issued, but shall be registered and custody in Centralized Securities Depository Enterprises. The stock issuance method shall be conducted in accordance with regulations.
- Article 9 The change of roster registration shall not be conducted within 60 days before a regular shareholders’ meeting, within 30 days before a special shareholders’ meeting or within 5 days before the record date of dividends or other benefits distribution decided by the Company, shall be suspended.
- Article 10 The Company’s stock affairs, except as otherwise provided by law and regulation, shall be conducted in accordance with “Regulations Governing the Administration of Shareholder Services of Public Companies” issued by the competent authority.

#### Chapter 3 Shareholders’ Meeting

- Article 11 Shareholders’ meeting shall be of two kinds: a regular shareholders’ meeting shall be convened once a year within six months after the end of each fiscal year, and a special shareholders’ meeting shall be convened in accordance with regulations when it’s necessary. The convenance procedure shall be conducted in accordance with the Company Act.  
If a shareholders’ meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman. When the chairman is on leave or for any reason unable to exercise the powers of the chairperson, the acting in his/her behalf shall be conducted in accordance with Article 208 of the Company Act. If a shareholders’ meeting convened by a party with the power to convene, the meeting shall be chaired by him/her/it, and if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
- Article 12 When a shareholder is absent for a shareholders’ meeting, shall execute a proxy issued by the Company, and authorization scope shall be specified on the proxy, appoints a proxy to attend by signature or seal. Shareholders mandate for attendance method, except Article 177 of the Company Act, shall be conducted in accordance with

“Regulations Governing the Use of Proxies for Attendance at Shareholders’ meetings of Public Companies” issued by the competent authority.

Article 13 Except the situation of shares without voting rights specified in Article 179, paragraph 2, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 14 A resolution approved by a shareholders’ meeting, unless otherwise provided by the Company Act, shall be adopted by a majority of the voting rights exercised by the shareholders present at the shareholders’ meeting who represent a majority of the outstanding shares of the Company. When a shareholders’ meeting is held, except as otherwise provided by the Company Act and the Articles of Incorporation, shall be conducted in accordance with the Company’s Rules of Procedure for Shareholders’ meetings.

Article 15 Resolutions adopted at a shareholders’ meeting shall be recorded in the minutes of the meeting, and it shall be conducted in accordance with Article 183 of the Company Act.

Article 15-1 If the Company transfers shares bought back by the Company to employees with less than average price of actually buying back shares, shall be conducted in accordance with “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, and the resolution may be adopted by two-third of the voting rights exercised by the shareholders present at the shareholders’ meeting who represent a majority of the outstanding shares of the Company in the most recent shareholders’ meeting, and shall not be proposed in extemporary motion.

#### Chapter 4 Director, Supervisor

Article 16 The Company organized 9-11 directors, the number of elected directors shall be decided by the authorized Board of Directors, and the term of office is three years, directors shall be elected from among the persons with disposing capacity at the shareholders’ meeting, but he/she may be eligible for re-election.

A candidate nomination system has been adopted for the election of the Company’s directors, they shall be elected from the candidate list of directors at a shareholders’ meeting.

The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship after approved by a resolution of Board of Directors’ meeting.

Article 16-1 To respond Article 14-2 of Securities Exchange Act, in the number of the preceding directors, the Company’s independent directors shall not be less than three persons, independent directors’ professional qualification, shareholding, part-time limit, nomination and election method and other following matters, shall be conducted in accordance with regulations of the competent authority.

Article 16-2 The total shareholdings of the Company’s all directors shall be conducted in accordance with regulations of securities competent authority.

Article 17 The Board of Directors is organized by directors, the Board of Directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice chairman of the board, the chairman represents the Company externally.

Article 18 Any resolution adopted by the Board of Directors, except as otherwise provided by the Company Act, it shall be agreed by a resolution to be adopted by a majority vote of the directors at a meeting of the Board of Directors attended by at least a majority of the entire directors of the Company. If a shareholder is unable to do so in person for any cause, shall execute a proxy, and authorization scope of convenance reasons shall be specified, a shareholder shall appoint other director to act in attending the Board of Directors’ meeting, but a director may accept the appointment to act as the proxy one other director only. Relevant matters of Board of Directors, except otherwise provided by the Company Act and the Articles of Incorporation, shall be conducted in accordance with the Company’s Regulations Governing Procedure for Board of Directors Meetings.

Article 18-1 In calling a meeting of the Company’s Board of Directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date by written, E-mail or fax.

The Company convenes the Board of Directors’ meeting at any time as emergency, and it shall be conducted by written, E-mail or fax.

Article 19 In case the chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the acting on his behalf shall be conducted in accordance with Article 208, paragraph 3 of the Company Act.

Article 20 When the Company’s directors exercise duties of the Company, no matter the Company has profit or loss, the Company shall pay remuneration, the remuneration shall be determined by not more than the highest salary scale set by the Company’s salary appraisal method, it shall be made by authorized Board of Directors in accordance with the participation of the Company’s operation and contribution value, and refer to the normal standard in the same industry. When the Company has earnings, remuneration shall be allotted in accordance with Article 23 of the Company’s Articles of Incorporation.

Article 20-1 As the needs of business operation, the Company’s Board of Directors may establish audit committee, remuneration committee or other functional committees. The preceding audit committee is composed by all independent directors, they are responsible to exercise the Company Act, Securities Exchange Act, and supervisor’s duties specified in other laws and regulations.

#### Chapter 5 Managerial Officer

Article 21 The Company may have one CEO, one general manager and several directors, the appointment, dismissal and remuneration shall be conducted in accordance with Article 29 of the Company Act.

#### Chapter 6 Accounting

- Article 22 In the end of each fiscal year, the Company's Board of Directors prepared the following final statements, and submitted to a shareholders' meeting for approval:
1. Business Report
  2. Financial Statements
  3. Earnings Distribution or Loss Recovery proposal
- Article 23 If the Company has annual profits, shall appropriate 1-10% as employees' remuneration, and not more than 3% as directors' and supervisors' remuneration. However, the Company still has accumulated loss, shall preserve recovery amount first.
- The determination of employees', directors' and supervisors' remuneration distribution ratio and employees' remuneration shall be paid by stocks or cash, shall be approved by a resolution of Board of Directors' meeting, and reported to a shareholders' meeting.
- The object of employees' remuneration paid by stocks or cash includes employees of subordinate company conformed certain conditions.
- If the Company has earnings in final accounts, shall pay taxes, recover loss of the past years first, and designate 10% of the rest amount as legal reserve, however, when legal earnings reserve reached paid-in capital, shall be exempt from continuing to appropriate, and as business needs, laws or regulations of the competent authority, when special reserve was appropriated, for insufficient amount designation of net amount in accumulated other benefit deducted item of last year, before earnings was distributed, special earnings reserve shall be designated the same amount of the retained earnings of last year, if it's still insufficient, net profit after tax added items besides net profit after tax, included in amount designation of retained earnings, afterwards when net amount in other profits deducted item has reversal, earnings shall be distributed from reversal special reserve for reversal part, and according to the balance, added accumulated undistributed retained earnings, the Board of Directors programed an earnings distribution proposal, and submit to a shareholders' meeting for approval. All or a part of distributed dividend bonus shall be paid in cash, a resolution shall be adopted by a majority vote of a meeting of the Board of Directors attended by two-thirds or more of all the directors, and it shall be reported to a shareholders' meeting.
- For the Company's distributed dividend policy, shareholders' equity shall be the maximum consideration, and refer to factors, like current and future domestic and foreign industry competition conditions, investment environment and capital needs, etc. of the Company, the way of stock dividend or cash dividend shall be made. As the Company currently is in growth phase, to consider the Company's long-term financial plan, the total amount of distributed dividend each year shall not be less than 30% of net profit after tax, cash dividend distributed ratio shall not be less than 20% of the total amount of dividend.
- According to Article 240 of the Company Act, the Board of Directors was authorized to adopt a resolution of a majority vote of a meeting of the Board of Directors attended by two-thirds or more of all the directors, dividend and bonus shall be distributed, or all or a part of legal surplus reserve and capital reserve shall be paid in cash in accordance with Article 241 of the Company Act, and it shall be reported to a shareholders' meeting.
- Chapter 7 Supplemental Provisions
- Article 24 When the Company's stocks were revoked to issue in public, it shall be submitted for a special resolution of a shareholders' meeting, and the article is not changed during the listing period.
- Article 25 Unsettled matters of the Articles shall be conducted in accordance with the Company Act. And regulations.
- Article 26 The Articles of Incorporation was drawn up on October 17, 1995.
- The 1st amendment was made on August 4, 1996.
- The 2nd amendment was made on January 10, 1997. The 3rd amendment was made on May 15, 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.

The 27th amendment was made on June 8, 2022.

Paragon Technologies Co., Ltd.  
Chairman: Chen, Tsai-Pu

## Rules of Procedure for Shareholders' Meetings

- Article 1: The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law and regulation, shall be as provided in these Rules.
- Article 2: The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.  
The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.  
When shareholders or proxies attend a shareholders' meeting, sign-in shall be conducted, and sign-in procedure can be replaced by a sign-in card, the number of shares in attendance shall be calculated by sign-in card handed in, and plus the number of shares whose voting rights are exercised by correspondence or electronically.  
Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance, and attending shareholders or proxies shall bring identification documents for verification.
- Article 3: Attendance and voting at a shareholders' meeting shall be calculated based the number of shares.
- Article 4: The venue for a shareholders' meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.  
When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair. If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 6: The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.
- Article 7: 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 recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- Article 8: 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. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, and the tentative is made, and the chair may resubmit the tentative resolution, the chair shall call the meeting to order, and the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- Article 9: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.  
The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.  
The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.  
The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or

extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

After the meeting adjourned, shareholders shall not additionally elect the chair, and resume the meeting at the same address or another venue.

Article 10: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

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

Article 11: Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech, after terminating, a shareholder still violates, and the chair shall seize his speech.

Article 12: When a juristic person is appointed to attend as 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.

Article 13: After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 14: When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Vote counting for shareholders' meeting proposals shall be conducted in public at the place of the shareholders' meeting. 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 made of the vote.

Article 15: Vote monitoring and 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. Voting results shall be reported on site, and a record shall be made.

Article 16: When a meeting is in progress, the chair may announce a break based on time considerations.

Article 17: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means 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 passage 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.

Vote monitoring and 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.



Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. 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 made of the vote.

Article 18: 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.

Article 19: The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."

Article 20: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.

Article 21: These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be affected in the same manner.

## Attachment XII

## Paragon Technologies Co., Ltd. Directors' Shareholding Statement

1. As of the book closure date April 15, 2023, the Company's paid-in capital was NT\$ 807,422,300, and the total number of issued shares was 80,742,230.
2. According to Article 26 of Securities Exchange Act, the minimum legally held shares held by all directors were 6,459,378, and the Company has established audit committee in accordance with regulations, supervisors' shareholding number shall not be less than certain ratio specified in regulations shall not be applicable.
3. The Company has three independent directors, according to laws and regulations, except independent directors, all directors' shareholding number reduced to 80%.
4. All directors' shareholding specified in the roster conformed to legal number standard.
5. Directors' shareholding statement is as follows:

Title	Name	Elected Date	Term of Office	Shareholding Number When Elected		Shareholding Number of Registering in the Roster on the Book Closure Date	
				The Number of Shares	Rate	The Number of Shares	Rate
Chairman	Chen, Tsai-Pu	August 4, 2021	3 years	1,911,810	2.42%	1,911,810	2.37%
Director	Wang, Hsiao-Lung	August 4, 2021	3 years	1,028,053	1.30%	1,028,053	1.27%
Director	Wang, Le-Tsun	August 4, 2021	3 years	48,000	0.06%	48,000	0.06%
Director	Lin, Chi-Yang	August 4, 2021	3 years	738,784	0.93%	738,784	0.91%
Director	Kao, Wen-Hsiang	August 4, 2021	3 years	1,894,142	2.39%	1,894,142	2.35%
Director	Chen, Wen-Te	August 4, 2021	3 years	1,177,566	1.49%	1,177,566	1.46%
Independent director	Hsu, Jui-Tsan	August 4, 2021	3 years	0	0%	0	0%
Independent director	Liu, Yi-Chen	August 4, 2021	3 years	0	0%	0	0%
Independent director	Su, Tsung-Min	August 4, 2021	3 years	0	0%	0	0%
Sum of all directors				6,798,355	8.59%	6,798,355	8.42%