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# Paragon Technologies Co., Ltd.

## 2024 Annual Report

Corporate website : <http://www.pttech.com.tw>

Annual Report is available at : <https://mops.twse.com.tw>

Printed on April 13<sup>th</sup>, 2025

## **1. Spokesperson & Deputy Spokesperson**

Spokesperson : Liu, Ming-Yi

Title : Financial Dept. Deputy General Manager

Tel : ( 03 ) 212-8833

E-mail : [mingi@pttech.com.tw](mailto:mingi@pttech.com.tw)

Deputy Spokesperson : Yu, Hsiu-Ping

Name : General Manager

Tel : ( 03 ) 396-3518

E-mail : [paragon@pttech.com.tw](mailto:paragon@pttech.com.tw)

## **2. Headquarters and Plant**

Address : No. 2, Ln. 108, Sec. 1, Nanshan Rd., Luzhu Dist., Taoyuan City 338 ,  
Taiwan (R.O.C.)

Tel : ( 03 ) 212-8833

## **3. Stock Transfer Agent**

Name : Taishin Securities Co., Limited Stock Agency Department

Website : <https://www.tssco.com.tw>

Address : No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City 104496,  
Taiwan

Tel : (02) 2504-8125

## **4. Auditors of the latest fiscal year**

Auditors : Auditor Weng, Bo-Ren, Auditor Yu, Meng-Kuei

Accounting Firm : Deloitte & Touche Taiwan

Website : <http://www.deloitte.com.tw>

Address : 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City 110016, Taiwan

Tel : (02)2725-9988

## **5. Overseas Securities Exchange**

Name of exchange for trading listed foreign securities and methods for obtaining information on such securities: N/A

## **6. Corporate Website**

<http://www.pttech.com.tw>

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## I. Letter to Shareholders

Although the pressure of global recession has eased, the notebook industry is still facing challenges such as geopolitical risks, supply chain adjustments and trade protectionism, etc. Paragon continues to pay close attention to the international economic situation and current events, so as to flexibly adjust its strategies to cope with the market changes and challenges, and to ensure a steady improvement of its competitiveness. The operating results for 2024 and the business plan for 2025 are summarized below:

### 1. 2024 business report

#### (1) Operating results

2024 consolidated operating revenue of Paragon was NT\$ 353,985 thousand; operating net loss was NT\$ 145,788 thousand; net loss after tax was NT\$ 212,095 thousand; net loss after tax per share was NT\$ 2.39; shareholders' equity was NT\$ 1,454,589 thousand, and net worth per share was NT\$ 15.

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

(3) Analysis of financial income and expenditure and profitability:

Item			FY 2024	FY 2023
Financial Structure	Debt-to-Asset Ratio (%)		33.37	21.49
	Long-term capital to fixed assets ratio (%)		684.48	489.97
Profitability	Return on Assets (ROA) (%)		(10.90)	(2.67)
	Return on Equity (ROE)		(15.83)	(3.68)
	Percentage of paid-in capital (%)	Operating income	(15.04)	(6.73)
		Profit Before Tax	(14.31)	1.45
	Net Profit Margin (%)		(59.92)	(13.05)
	EPS (NT\$)		(2.39)	(0.59)

(4) Research and development condition: R&D expenses invested in 2024 was NT\$ 70,157 thousand, and accounted for 19.82% of consolidated operating revenue.

### 2. 2025 business plan

#### (1) Business objectives

With the principle of honest business operation, we focus on developing our core business of "vacuum sputtering technology." We have the ability to continuously innovate and research, providing customers with the latest PVD coating products with advanced appearance and functionality. With excellent management and production capabilities, we offer customers high-quality products and services and are a trustworthy long-term partner for them.

#### (2) Sales forecast and sales policy

Looking ahead to 2025, as global inflation pressures ease and consumer demand rebounds, a TrendForce research report estimates that due to interest rate cuts facilitating capital flows and stimulating business device replacement demand, a growth of 4.9% is expected. In addition to maintaining the existing market share in NB EMI processing products, the company will continue to expand the efforts in the EMI market while actively increasing the revenue contribution from appearance and functional coating

products, as well as silicon carbide (SiC) products. Paragon will invest more re-sources into the development of PVD process technology and the application of SiC products in areas such as advanced semiconductor manufacturing, artificial intelligence (AI), 5G networks, electric vehicles (EVs), renewable energy, and wearable devices (AR) products, continuing the strategy of diversification to mitigate the risks associated with reliance on a single industry or customer base.

### (3) Production and Sales Strategy

#### A. Production Strategy

- (a) Increase production line automation and introduce process optimization projects to reduce energy and labor costs, construct a low-labor production plant to reduce labor demand and improve production efficiency.
- (b) In response to changes in the future NB supply chain production capacity layout, strengthen the production capacity adjustment ability among factories in different regions to cope with possible changes in the future industry environment.
- (c) Continuously invest in process energy-saving and increase the ratio of renewable energy use to reduce electricity costs and mitigate the impact of rising energy costs on production costs.
- (d) Build silicon carbide product capacity in accordance with order demand and improve product quality and process yield.
- (e) Continuously improve the production efficiency of existing equipment to increase effective production capacity, reduce the investment cost of establishing new capacity, and improve the return on asset investment.

#### B. Sales Strategy

- (a) Actively develop appearance coating products that meet environmental protection processes and combine functionality, such as magnesium-aluminum alloy appearance film, appearance film that does not affect 5G signal reception and transmission, and appearance film that is antibacterial and easy to clean.
- (b) Develop functional coatings according to customer product needs, such as special functional conductive film, non-NB product anti-EMI coating, specific electromagnetic wave penetration film, anti-reflective film, and antibacterial film, to increase the breadth of PVD technology applications.
- (c) Increase revenue from non-NB products and reduce the risk of over-concentration in operations.
- (d) Establish an early involvement design mechanism with customers to provide customized mass production services and enhance closer collaboration with customers.
- (e) Establish good communication channels with customers to keep abreast of the latest market information and changes.

### 3. Development Strategy

Looking ahead to 2025, with global inflationary pressure easing and consumer demand picking up, Trend Force's survey report estimates that the market is expected to grow by 4.9% in 2025 due to the interest rate cuts that will help liquidity and stimulate demand for business replacements. In addition to maintaining the market share of EMI products, Paragon will continue to focus on the NB anti-EMI market and actively increase the proportion of its business in appearance coating, functional coating products and silicon carbide (SiC) products. Paragon will invest more resources in the development of PVD process technology and SiC product applications, such as advanced semiconductor processes, artificial intelligence (AI), 5G, EV, renewable energy, and wearable device (AR) products, etc., and will continue to diversify its operations to reduce the risk of concentration of a single industry and customer.

Looking ahead to 2025, Paragon will continue to optimize its product mix and has the following business strategies for the future:

- (1) Continue to cultivate the EMI and appearance film products in the notebook

- market to consolidate the market share.
- (2) Expand the application of PVD process technology to increase capacity utilization.
  - (3) Adjust the business model to reduce the proportion of OEM revenue.
  - (4) Continuously carry out production line automation and introduction of process optimization projects to reduce energy and labor costs and improve production efficiency.
  - (5) Actively develop SiC materials and new applications of PVD process technology to create future development opportunities.
4. The impact of External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions.

Regarding the product layout of PVD, Paragon is currently leading in the market share of NB EMI prevention shipments. We will combine the advantages of SiC materials and PVD technology to actively develop the application of PVD in advanced semiconductor products in the future. In addition to the continuous development of low-carbon and environmentally friendly PVD appearance technology that meets ESG requirements, Paragon will invest more resources to focus on the development of PVD advanced manufacturing process technology, and gradually transform into the role of PVD equipment development and technical services to further enhance the company's competitiveness and long-term growth momentum.

Regarding the product layout of silicon carbide, silicon carbide has extraordinary strength and high thermal conductivity, and is capable of high energy efficiency and durability at the same time. Due to its unique characteristics and diverse applications, it has gradually gained importance in various technological applications. In addition to continuing to cultivate the existing electric vehicle (EV) market applications, silicon carbide materials will bring breakthroughs in artificial intelligence (AI), renewable energy, and wearable device (AR) products in the future, and we will continue to focus on the development of related applications to meet future market demand and build a long-term competitive advantage. We will complete the construction of a new plant and invest in the mass production of 8-inch wafers and wafer processing capacity in order to increase production capacity and yield rate to meet the growing market demand for silicon carbide materials, and we will continue to develop the applications of silicon carbide products in the future to satisfy the diversified needs of the market.

In the aspect of research and development, Paragon adheres to the core values of “environmental protection, innovation, and professionalism” and focuses on the development of innovative materials and technological advancement of manufacturing processes, combining material innovation, process design, and equipment autonomy. We will continue to focus on the development of new technologies in the future. In addition to focusing on the connection between products and market demands, we will also optimize the front and back manufacturing processes, cooperate with cross-industry partners, and establish strategic alliances with both upstream and downstream industries to build partnerships and increase our core competitiveness in the future, in order to establish and demonstrate the long-term value of the enterprise.

Looking ahead, Paragon will take a positive view of its future operations and actively plan for growth targets, focusing on the development of advanced PVD processes and the silicon carbide materials market to bring growth momentum for future operations.

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

Chairman: Huang, Yi-Chun

## II. Corporate Governance Report

### 1. Director, Supervisors and Management Team

#### (1)Directors

##### A. Director's Name, Major Experience and Education, Shareholdings and Nature of Shareholding

Apr. 13, 2025

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected (Note1)	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Chun Tung International Investment Co., Ltd	-	2024.06.18	3	2024.06.18	1,505,000	1.79%	1,666,168	1.72%	0	0.00%	0	0.00%	Department of Accounting ,National Chengchi University Chairman of Chun Tung International Investment Co., Ltd. Director, Jing Cheng Material Co., LTD	Chairman, Paragon Technologies Co., Ltd. Chairman, Chun Tung International Investment Co., Ltd Director, Jing Cheng Material Co., LTD Director, Macro Sight International Co., Ltd Director, Macro Sight Technology Limited. Director, Essence International Investment Limited. Director, Precise International Investment Limited. Director, Paragon (Jiangsu) Technology Co., LTD Director, Paragon (Neijiang) Technology Co., LTD.	None	None	None	None
	Republic of China	Representative: Huang, Yi-Chun	M 51~60				0	0.00%	247,274	0.26%	2,286,138	2.36%	0	0.00%						
Director	Republic of China	Chen, Tsai-Pu	M 61~70	2024.06.18	3	1995.10.17	2,046,810	2.44%	2,046,810	2.11%	501	0.00%	0	0.00%	MBA of National Chengchi University Chairman& CIO of Paragon Technologies Co., Ltd. Deputy Chairman of Paragon Technologies Co., Ltd. GM, Paragon Technologies Co., Ltd. Deputy GM, Shing Chang Plastics CO., LTD.	Director, Paragon Technology Investment Ltd . Director, Jing Cheng Material Co., LTD. Director, Zhejiang Paragon Technology Co., LTD. Director, Paragon (Suzhou) Technology LTD Director, Paragon Semiconductor Lighting Technology Co., Ltd.	None	None	None	None
Director	Republic of China	Chen, Wan-De	M 71~80	2024.06.18	3	1998.06.26 (Note2)	1,427,566	1.70%	1,580,442	1.63%	1,180,000	1.22%	0	0.00%	The 12th session of the advanced research class for managers of the Association of Professional Managers of Small and Medium-sized Enterprises of Taiwan Chairman, Huei De Industrial Co., Ltd.	Supervisor, Jing Cheng Material Co.,LTD	None	None	None	None
Independent Director	Republic of China	Liu, Yi-Zhen	M 71~80	2024.06.18	3	2021.08.04	0	0.00%	0	0.00%	0	0.00%	0	0.00%	National Yang Ming Chiao Tung University EMBA 5E EMBA General Manager, Yulon Motor Co., LTD. General Manager, Yulon Motor Co.,LTD. Hua-Chuang Automobile Information General Manager , Technical Center Co., LTD. Director, Taiwan Transportation Vehicle Manufacturers Association Deputy Chairman , Hua-Chuang Automobile Information Technical Center Co., LTD. Chairman , Yueki Industrial Co., Ltd. Chairman , Y-Teks Co., Ltd.	Corporate Representative/ Director , Mecom Industries Corp	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected (Note1)	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Su, Cong-Min	M 61~70	2024.06.18	3	2021.08.04	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Australia Curtin University Master of International Business Director/special assistant, Dong Feng Yulon Motor Co., LTD. Assistant Manager, Hua-Chuang Automobile Information Technical Center Co., LTD. Procurement Manager, Yulon Motor Co., LTD. Manager of Sales and Service Office, Yulon Motor Co., LTD. Assistant Manager/Manager (Production Office),Yulon Motor Co., LTD. Director of Production Dept.,Yulon Motor Co., LTD.	Senior Specialist , Jui Li Enterprise Co., LTD.	None	None	None	None
Independent Director	Republic of China	Zhang, Dong-Long	M 71~80	2024.06.18	3	2024.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	National Tsing Hua University EMBA Deputy General, Business and Planning of Pioneer International Semiconductor Corporation Deputy General Manager, Fab and Technology Center of Mosel Vitelic INC. R&D manager, Microchip. R&D manager, ROHM. R & D engineer, ZNTEE .	Director ,TITC Independent Director, ProMOS Technologies Inc. Director, PROGATE GROUP CORPORATION Independent Director, Truelight Corporation	None	None	None	None
Independent Director	Republic of China	Zheng, Qin-Xin	F 51~60	2024.06.18	3	2024.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduate Institute of Business Administration of National Taipei University. Audit Associate, Deloitte Taiwan Partnership Accountant, MACRO CPA Accountant, Grand H&C CPAs Firm Finance Committee, Visiting Committee, Ministry of Health and Welfare	Director, Grand H&C CPAs Firm Partnership Accountant, Grand H&C CPAs Firm General Manager, GRAND CONSULTANT CO., LTD. General Manager, Tax Consultant, Tax consultant for health care and marketing companies, Jing Shen Tang Investment Co., Ltd.	None	None	None	None

Note 1: The term of the 13th director is from August 4th, 2021 to August 3rd, 2024.

Note 2: Mr. Chen Wan-De was first appointed as the company's supervisor on June 26th, 1998. He resigned on December 24th, 2002 due to personal reasons, and was re-appointed as the company's supervisor on March 31st, 2006. His tenure was from March 31st, 2006 to June 18th, 2015.

B. Major shareholders of the institutional shareholders:

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholder
Chun Tung International Investment Co., Ltd	Huang, Yi-Chun 60% / Wang, Hui-Yu 40%

## C. Disclosure of Directors' Professional Qualifications and Information Regarding the Independence of Independent Directors

### (a) Disclosure of Directors' Professional Qualifications and Information Regarding the Independence of Independent Directors :

Criteria Name	Professional qualifications and experiences	Independence criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Chun Tung International Investment Co., Ltd Representative: Huang, Yi-Chun	Graduated from the Department of Accounting, National Chengchi University. Currently serves as the Chairman of the Company, Chairman of Chun Tung International Investment Co., Ltd., and Director of Jing Cheng Material Co., LTD. Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs. There is no circumstances under Section 30 of the Company Law.	Not applicable	None
Director Chen, Tsai-Pu	Graduated from National Cheng Chi University MBA, Chen used to be Chairman & CIO, Deputy Chairman and General Manager of Paragon Technologies and a Deputy GM in Shing Chang Plastics Co., Ltd. Chen is now Director of Jing Cheng Material Co., LTD. Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs. There is no circumstances under Section 30 of the Company Law.	Not applicable	None
Director Chen, Wan-De	Graduated from The 12th session of the advanced re-search class for managers of the Association of Professional Managers of Small and Medium-sized Enterprises of Tai-wan, Chen used to be Chairman of Hui Ken CO., Ltd, Chen is now a Supervisor of Jing Cheng Material Co., LTD. Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs. There is no circumstances under Section 30 of the Company Law.	Not applicable	None
Independent Director Liu, Yi-Zhen	Graduated from National Yang Ming Chiao Tung University EMBA 5E EMBA, Liu used to be GM of Yulon Motor Co., Ltd. General Manager and Hua-Chuang Automobile Information Technical Center Co., Ltd. and Association Director of Taiwan Transportation Vehicle Manufacturers Association, Vice Chairman of Hua-Chuang Automobile Information Technical Center Co., Ltd., Chairman of Yueki Industrial Co., Ltd. and Y-Teks Co., Ltd Chairman. Liu is now a Representative Director in Mecom Industries Corp., Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs.	The statement means that during the two years before the election and the period of employment, the individual must meet the following independence evaluation criteria: (1) They cannot be an employee of the company or any of its related enterprises. (2) They cannot be a director or supervisor of the company or any of its related enterprises. However, if the independent director serves as an independent director of the company and its parent company, subsidiaries, or affiliates established under securities trading laws or local laws, the restriction does not apply. (3) They, their spouse, minor children, or natural person shareholders holding more than 1% of the total issued shares of the company or the top ten shareholders cannot hold shares under the name of others. (4) They cannot be a manager listed in (1) or a spouse, a relative within two degrees of kinship, or a direct lineal relative within three degrees of kinship of the personnel listed in (2) or (3). (5) They cannot be a director, supervisor, or employee of a legal person shareholder who directly holds more than 5% of the total issued shares of the company, is one of the top five shareholders, or is appointed as a representative of the company's director or supervisor under Article 27, paragraph 1 or 2 of the Company Act. However, if the independent director serves as an independent director of the company and its parent company, subsidiaries, or affiliates established under securities trading laws or local laws, the restriction does not apply. (6) They cannot be a director, supervisor, or employee of a company or institution whose board of directors, supervisors, or employees who control more than half of the company's voting rights or seats on the board of directors are controlled by the same person. However, if the independent director serves as an independent director of the company and its parent company, subsidiaries, or affiliates established under securities trading laws or local laws, the restriction does not apply. (7) They cannot be a director (trustee), supervisor (auditor), or employee of a company or institution whose chairman or general manager or equivalent position is the same person or	None
Independent Director Su, Cong-Min	Graduated from Australia Curtin University Master of International Business, Su used to be Director/special assistant of Dong Feng Yulon Motor Co., Ltd, Assistant Manager of		None

Criteria  Name	Professional qualifications and experiences	Independence criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Hua-Chuang Automobile Information Technical Center Co., Ltd., Procurement Manager of Yulon Motor Co., Ltd., Manager of Sales and Service Office of Yulon Motor Co., LTD., Assistant Manager/Manager(Production Office) of Yulon Motor Co., LTD., and Director of Production Dept. of Yulon Motor Co., LTD. Su is now Senior Specialist in Jui Li Enterprise Co., LTD., Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs.	spouse as the company's chairman, general manager, or equivalent position. However, if the independent director serves as an independent director of the company and its parent company, subsidiaries, or affiliates established under securities trading laws or local laws, the restriction does not apply. (8) They cannot be a director (trustee), supervisor (auditor), manager, or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the company, except that if the specific company or institution holds more than 20% of the company's total issued shares, but not more than 50%, and is a parent company, subsidiary, or affiliate established under securities trading laws or local laws, the restriction does not apply. (9) They cannot be a professional, sole proprietorship, partnership, company, or institution that provides related services in business, law, finance, accounting, or related fields to the company or related enterprises, and the cumulative amount of compensation received in the past two years does not exceed NT\$500,000. However, remuneration committees, public acquisition review committees, or merger special committees performing duties under securities trading laws or relevant laws are not subject to this restriction. (10) They cannot have a spouse or relative within two degrees of kinship with any other director.	
Independent Director Zhang, Dong-Long	Graduated from National Tsing Hua University EMBA Zhang used to be Deputy General, Business and Planning of Pioneer International Semiconductor Corporation. Deputy General Manager, Fab and Technology Center of Mosel Vitelic INC. R&D manager, Microchip. R&D manager, ROHM.R & D engineer, ZNTEE. Zhang is now Director, TITC Independent Director, ProMOS Technologies Inc. Director, PROGATE GROUP CORPORATION Independent Director, Truelight Corporation. Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs.	(11) They must meet other requirements as stipulated by the Company Act. (12) There is no provision in Article 27 of the Company Law that allows the government, legal entities, or their representatives to be elected.	2
Independent Director Zheng, Qin-Xin	Graduated from Graduate Institute of Business Administration of National Taipei University. Zheng used to be Audit Associate, Deloitte Taiwan. Partnership Accountant, MACRO CPA. Accountant, Grand H&C CPAs Firm. Finance Committee, Visiting Committee, Ministry of Health and Welfare. Zheng is now Director, Grand H&C CPAs Firm. Partnership Accountant, Grand H&C CPAs Firm. General Manager, GRAND CONSULTANT CO., LTD. General Manager, Tax Consultant, Tax consultant for health care and marketing companies, Jing Shen Tang Investment Co., Ltd. Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs.		None

(b) Board Diversity Policy and Director Independence:

a. Diversity of the Board of Directors:

Our company has a 'Corporate Governance Best Practice Guidelines' which mandates diversity in the composition of the Board of Directors. The number of directors who are also company executives should not exceed one-third of the total number of directors. Furthermore, the Board should establish appropriate diversity policies considering factors such as gender,

age, nationality, culture, professional background, skills, and industry experience, based on the company's operations, business model, and development needs.

Board members should possess the necessary knowledge, skills, and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the Board as a whole should possess the following abilities:

- (1) Operational judgement
- (2) Accounting and financial analysis
- (3) Business management
- (4) Crisis management
- (5) Industry expertise
- (6) International market awareness
- (7) Leadership
- (8) Decision-making

Our Board of Directors consists of 7 members, including 4 independent directors, who have extensive experience and expertise in finance, commerce, and management. The proportion of employee directors is 0%, while independent directors make up 57%. Among the 4 independent directors, their tenure ranges from 1 to 4 years. Of the remaining directors, 2 are between the ages of 51-60. 2 are between the ages of 61-70, and 3 are between the ages of 71-80. Our Company places great importance on gender equality in the composition of its Board of Directors. In 2024, one additional female director was appointed, bringing the proportion of female directors to 14%. The Company is actively seeking female professionals with industry experience to join the Board, with the goal of increasing female representation to one-third of board seats, thereby achieving gender equality and diversity.

**•Diversity Implementation of board of Directors :**

Core Elements of Diversity  Name	Basic Compositions								Industry Experiences						Professions		
	Gender	Nationality	Concurrently Employed in the company	Age			Term of service		Other Electronic	Electronic Components	Automotive Industry	Accounting and Asset Management	Other Computer Peripherals	Other	Business Management	Accounting and Risk Management	Mechanical and Industrial Design
				51 To 60	61 To 70	71 To 80	Less than 3 years	3 to 6 years									
Huang, Yi-Chun	Male	Republic of China		V								V			V	V	
Chen, Tsai-Pu	Male	Republic of China			V				V				V		V		
Chen, Wan-De	Male	Republic of China				V								V	V		
Liu, Yi-Zhen	Male	Republic of China				V		V			V						V
Su, Tsung-Min	Male	Republic of China			V			V			V				V	V	
Zhang, Dong-Long	Male	Republic of China				V	V		V					V	V		
Zheng, Qin-Xin	Female	Republic of China		V			V					V			V	V	

**b. Independence of the Board of Directors:**

The company currently has 7 directors, including 4 independent directors, accounting for 57%. The directors all perform their duties faithfully. The board of directors is independent and operates well. The independent directors all comply with the Financial Supervisory Commission's regulations on independent directors. The directors is no provision for Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act, and more than half of the persons have spouses and relatives within the second degree.

## (2) General Manager, Deputy GM, Exec. Director, Dept. &amp; Branch Head

Record date for shareholding : 2025/04/13

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholdings		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are Spouses or Within Two Degrees or Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CIO	Republic of China	Chen, Tsai-Pu	M	2012.06.19	2,046,810	2.11%	501	0.00%	0	0.00%	National ChengChi University MBA Paragon Technologies Chairman & CIO Paragon Technologies Vice Chairman Paragon Technologies General Manager Shing Chang Plastics Co., Ltd. Deputy General Manager	Director, Paragon Technology Investment Ltd . Director, Jing Cheng Material Co., LTD. Director, Zhejiang Paragon Technology Co., LTD. Director, Paragon (Suzhou) Technology LTD Director, Paragon Semiconductor Lighting Technology Co., Ltd.	None	None	None	Note 1
General Manager	Republic of China	Yu, Hsiu-Ping	F	2024.08.09	83,553	0.09%	0	0.00%	0	0.00%	Chung Hua University Bachelor of Business Administration Paragon Technologies Head of Operation Office Paragon Technologies Marketing Manager Paragon Technologies Executive Deputy General Manager	Chairman, Paragon (Suzhou) Technology LTD Chairman, Paragon (Jiangsu) Technology Co., LTD Chairman, Paragon (Neijiang) Technology Co., LTD. Chairman, Baiji (Suzhou) Technology Co., Ltd. Director, Zhejiang Paragon Technology Co., LTD.	Senior Manager	Yu, Jing-Feng	Sibling	None
Deputy General Manager	Republic of China	Liu, Ming-Yi	F	2024.08.01	173,190	0.18%	0	0.00%	0	0.00%	National Central University Master of Finance Paragon Technologies Financial Dept. Manager Paragon Technologies Financial Dept. Senior Manager	Director, Paragon (Suzhou) Technology LTD Director, Paragon (Jiangsu) Technology Co., LTD Director, Paragon (Neijiang) Technology Co., LTD. Chairman, Zhejiang Paragon Technology Co., LTD. Supervisor, Cubee auto parts inc. Chairman & GM, Jing Cheng Material Co., Ltd.	None	None	None	None
Senior Manager	Republic of China	Yu, Jing-Feng	M	2019.02.01	0	0.00%	3,654	0.00%	0	0.00%	National Central University Master of Mechanical Engineering Engineer in Chi Hua Fitness Co.,Ltd. Paragon Technologies Manager of R&D	None	General Manager	Yu, Hsiu-Ping	Sibling	None

Note 1: CIO Mr. Chen Tsai-Pu retired on August 9, 2024.

## 2. Remuneration of directors, supervisors, GM, and Deputy GM in the most recent years

### (1). Remuneration of Ordinary Directors and Independent Directors

Unit: NT\$ thousands/thousand shares

Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (%)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note6)
		Base Compensation (A) (Note1)		Retirement pay and pension(B)		Director profit-sharing compensation(C) (Note2)		Expenses and perquisites (D)(Note3)				Salary, rewards, and special disbursement (E)(Note4)		Retirement pay and pension(F)		Employee Compensation(G) (Note5)						
		The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company		All consolidated entities		The company	All consolidated entities	
Chairman	Chun Tung International Investment Co., Ltd Representative : Huang, Yi-Chun	0	0	0	0	0	0	36	36	36 -0.02%	36 -0.02%	0	0	0	0	0	0	0	0	36 -0.02%	36 -0.02%	None
Director	Chen, Tsai-Pu ( Note 7)	600	600	0	0	0	0	48	48	648 -0.31%	648 -0.31%	2,552	3,939	11,250	14,884	0	0	0	0	14,450 -6.81%	19,471 -9.18%	None
Director	Lin, Qi-Yang ( Note 8)	0	0	0	0	0	0	18	18	18 -0.01%	18 -0.01%	0	0	0	0	0	0	0	0	18 -0.01%	18 -0.01%	None
Director	Wang, Le-Chun ( Note 8)	0	0	0	0	0	0	24	24	24 -0.01%	24 -0.01%	0	0	0	0	0	0	0	0	24 -0.01%	24 -0.01%	None
Director	Chen, Wan-De	0	0	0	0	0	0	54	54	54 -0.03%	54 -0.03%	0	0	0	0	0	0	0	0	54 -0.03%	54 -0.03%	None
Director	Gao, Wen-Xiang ( Note 8)	0	0	0	0	0	0	24	24	24 -0.01%	24 -0.01%	0	0	0	0	0	0	0	0	24 -0.01%	24 -0.01%	None
Independent Director	Hsu, Jui-Tsan ( Note 8)	240	240	0	0	0	0	30	30	270 -0.13%	270 -0.13%	0	0	0	0	0	0	0	0	270 -0.13%	270 -0.13%	None
Independent Director	Liu, Yi-Zhen	480	480	0	0	0	0	54	54	534 -0.25%	534 -0.25%	0	0	0	0	0	0	0	0	534 -0.25%	534 -0.25%	None
Independent Director	Su, Cong-Min	480	480	0	0	0	0	66	66	546 -0.26%	546 -0.26%	0	0	0	0	0	0	0	0	546 -0.26%	546 -0.26%	None
Independent Director	Zhang, Dong-Long	257	257	0	0	0	0	36	36	293 -0.14%	293 -0.14%	0	0	0	0	0	0	0	0	293 -0.14%	293 -0.14%	None
Independent Director	Zheng, Qin-Xin	257	257	0	0	0	0	36	36	293 -0.14%	293 -0.14%	0	0	0	0	0	0	0	0	293 -0.14%	293 -0.14%	None

1. Please describe the independent director's compensation policy, system, standards, and structure, and explain the correlation between the amount of compensation and their responsibilities, risks, and input time: Our company's independent directors serve as members of the Audit Committee and the Remuneration Committee, receiving fixed director remuneration. In addition, their participation in director remuneration distribution is based on their level of involvement in company operations and their contribution value.

2. In addition to the disclosure in the table above, the remuneration received by company directors for services provided in the past year (such as serving as a consultant for the parent company/ all companies listed in the financial reports/ non-employee advisors for invested businesses): None.

Note 1: Refers to the compensation of directors in the latest fiscal year, including director salaries, job allowances, severance pay, various bonuses, rewards, and so on.

Note 2: No directors' remuneration is planned to be paid in 2024.

Note 3: Refers to the expenses related to the execution of business by directors in the latest fiscal year, including transportation expenses, special support fees, various subsidies, dormitories, vehicles provided in kind, and so on.

Note 4: Refers to the compensation received by directors who also serve as employees in the latest fiscal year (including those who serve as general managers, deputy general managers, other managers, and employees), including salaries, job allowances, severance pay, various bonuses, rewards, transportation expenses, special support fees, various subsidies, dormitories, vehicles provided in kind, and so on.

Note 5: No remuneration for employees is planned to be paid in 2025.

Note 6: The amount of remuneration received by Company directors from investee companies or the parent company outside of subsidiaries.

Note 7: Director and CIO Mr. Chen Tsai-Po retired from his position as Chief Investment Officer on August 9, 2024. Accordingly, only remuneration information prior to that date is disclosed.

Note 8: Ceased to serve following the re-election held on June 18, 2024.

## (2). Remuneration of the GM and Deputy GM

Unit: NT\$ thousand/thousand shares

Title	Name	Base compensation(A) (Note 1)		Retirement pay and pension (B)		Rewards, and special disbursement (C)(Note2)		Employee profit-sharing compensation(D) (Note3 )				Sum of A+B+C+D ands ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 4)
		The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company		All consolidated entities		The company	All consolidated entities	
								Cash	Stock	Cash	Stock			
CIO	Chen, Tsai-Pu (Note 5)	1,995	3,031	11,250	14,884	557	908	0	0	0	0	13,802 -6.51%	18,823 -8.87%	None
General Manager	Yu, Hsiu-Ping	2,600	3,794	0	0	2,953	3,376	0	0	0	0	5,553 -2.62%	7,170 -3.38%	None
Deputy General Manager	Liu, Ming-Yi (Note 6)	983	1,253	0	0	1,062	1,062	0	0	0	0	2,045 -0.96%	2,315 -1.09%	None

Note 1: This Base compensation for the most recent fiscal year for the General Manager and Deputy General Manager. Include the salary, position allowance, and severance pay.

Note 2: This Rewards and special disbursement for the General Manager and Deputy General Manager for the most recent fiscal year. Include the various bonuses, incentives, transportation and other allowances, dormitories, company cars, and other forms of compensation.

Note 3: No remuneration for employees is planned to be paid in 2024.

Note 4: The general manager and deputy general manager of the company receive remuneration amounts from the subsidiaries' external investment enterprises or the parent company.

Note 5: CIO Mr. Chen Tsai-Pu, retired on August 9, 2024.

Note 6: Ms. Liu Ming-Yi was promoted to Vice President on August 1, 2024; therefore, remuneration prior to her promotion is not disclosed.

\* The disclosure of compensation in this table differs from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for taxation purposes.

## (3). Managerial officers with the top five highest remuneration amounts

Unit: NT\$ thousand/thousand shares

Title	Name	Base Compensation(A) (Note1 )		Retirement pay and pension(B)		Rewards and special disbursement(C) (Note2)		Employee profit-sharing compensation(D) (Note3 )				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note4)
		The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company		All consolidated entities		The company	All consolidated entities	
								Cash	Stock	Cash	Stock			
CIO	Chen, Tsai-Pu (Note 5)	1,995	3,031	11,250	14,884	557	908	0	0	0	0	13,802 -6.51%	18,823 -8.87%	None
General Manager	Yu, Hsiu-Ping	2,600	3,794	0	0	2,953	3,376	0	0	0	0	5,553 -2.62%	7,170 -3.38%	None
Deputy General Manager	Liu, Ming-Yi	1,898	2,539	0	0	2,809	3,124	0	0	0	0	4,707 -2.22%	5,663 -2.67%	None
Senior Manager	Yu, Jing-Feng	1,348	1,732	0	0	896	1,055	0	0	0	0	2,244 -1.06%	2,787 -1.31%	None

Note 1: This Base compensation for the most recent fiscal year for the General Manager and Deputy General Manager. Include the salary, position allowance, and severance pay.

Note 2: This Rewards and special disbursement for the General Manager and Deputy General Manager for the most recent fiscal year. Include the various bonuses, incentives, transportation and other allowances, dormitories, company cars, and other forms of compensation.

Note 3: No remuneration for employees is planned to be paid in 2024.

Note 4: Managerial officers with the top five highest remuneration amounts of the company receive remuneration amounts from the subsidiaries' external investment enterprises or the parent company.

Note 5: Note 1: CIO Mr. Chen Tsai-Pu retired on August 9, 2024.

\* The disclosure of compensation in this table differs from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for taxation purposes.

(4). Names of Managers who receive employee compensation and the distribution situation

2024 Unit: NT\$(in thousands)

	Title	Name	Employee Compensation- in Stock (Fair Market Value)	Employee Compensation- in Cash(Note1)	Total	Ratio of Total Amount to Net Income ( % )
Managers	General Manager	Yu, Hsiu-Ping	0	0	0	0%
	Deputy General Manager	Liu, Ming-Yi				
	Senior Manager	Yu, Jing-Feng				

Note: As the Company incurred a net loss after tax for Fiscal Year 113, no employee remuneration will be distributed.

(5).The total amount of remuneration paid to directors, general managers, and deputy general managers of our company and all companies included in the consolidated financial statements in the past two years, as well as an analysis of the proportion of the total amount to the after-tax net income of the individual financial reports, the policies, standards and composition of remuneration payment, the procedures for determining remuneration, and the correlation with business performance and future risks.

A. The total amount of remuneration paid to directors, supervisors, general managers, and deputy general managers in the past two years as a proportion of the after-tax net income:

Unit: NT\$ thousand

Title	The company				All consolidated entities			
	2023		2024		2023		2024	
	Total	Ratio of total remuneration to net income	Total	Ratio of total remuneration to net income	Total	Ratio of total remuneration to net income	Total	Ratio of total remuneration to net income
Directors	6,077	-12.55%	16,542	-7.81%	8,230	-17.00%	21,563	-10.18%
GM& Deputy GM	7,486	-15.47%	21,400	-10.09%	10,529	-21.75%	28,308	-13.34%
Net income after tax	-48,409	-	-212,095	-	-48,409	-	-212,095	-

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

(a) Policy, standards, and combination of compensation :

The remuneration for directors of the company is determined according to the company's articles of incorporation. When directors perform their duties, their compensation is authorized by the Board of Directors based on their level of participation and contribution to the company's operations, and with reference to industry standards. The compensation is determined within the highest salary range set by the company's salary administration regulations. If the company makes a profit, remuneration is distributed according to Article 23 of the company's articles of incorporation.

The compensation for the company's executives is determined based on the salary management regulations and is approved by the remuneration committee and the Board of Directors. Additionally, annual performance evaluations are conducted according to the evaluation methods for directors and executives, taking into account the company's annual operating conditions, and bonuses are distributed accordingly. If the company makes a profit for the year, employee remuneration is also distributed according to Article 23 of the company's articles of incorporation.

The company has established annual and performance bonus regulations, which consider individual employee performance throughout the year and distribute rewards accordingly to achieve motivational effects. If the company makes a profit for the year, one to ten percent is allocated for employee remuneration in accordance with the company's articles of incorporation.

(b) Procedures for determining compensation :

The assessment of remuneration for directors and executives of the company is carried out in accordance with the evaluation methods for directors and executives of the company, and in compliance with the provisions of the organizational regulations of the remuneration committee. The process takes into account industry standards for remuneration, as well as the individual's investment of time, responsibilities, achievements of individual goals, performance in other positions, and salaries paid to those in equivalent positions at the company in recent years. Short-term and long-term business goals, the company's financial condition, and other factors are considered to evaluate individual performance, business performance, and the rational relationship with future risks. The assessment of directors' and executives' performance and remuneration is approved through review by the remuneration committee and the Board of Directors.

(c) Relationship with business performance and future risk :

The company's articles of incorporation and the operation of the Board of Directors and the remuneration committee ensure timely review of the compensation for directors and senior executives based on their level of participation and contribution to the company's operations, thereby reducing the likelihood and relevance of future risks to the lowest possible level, to achieve a balance between sustainable business operations and risk management.

i. Directors:

The evaluation of director performance is conducted based on the evaluation methods for directors and executives, and the remuneration committee regularly reviews relevant policies, systems, standards, and structures to ensure the reasonableness of the performance evaluation items.

ii. Managers:

The compensation for executives is determined based on the salary management regulations and is approved by the remuneration committee and the Board of Directors, taking into account the annual performance evaluation and the company's business performance and future risks.

### 3. Implementation of Corporate Governance

(1). Operations of the Board of Directors

Total of 9 (A) meetings of the Board of Directors were held in the period 2024.

The attendance of the director and supervisor were as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate(%)【B / A】	Remarks
Chairman	Huang, Yi-Chun	5	0	100%	Initially appointed on June 18, 2024, with 5 meetings required to attend.
Director	Chen, Tsai-Pu	8	1	89%	Re-appointed on June 18, 2024, with 9 meetings required to attend.
Director	Lin, Qi-Yang	3	0	75%	Stepped down upon re-election on June 18, 2024; required to attend 4 meetings.
Director	Chen, Wan-De	9	0	100%	Re-appointed on June 18, 2024, with 9 meetings required to attend.
Director	Gao, Wen-Xiang	4	0	100%	Stepped down upon re-election on June 18, 2024; required to attend 4 meetings.
Director	Wang, Le-Chun	4	0	100%	Stepped down upon re-election on June 18, 2024; required to attend 4 meetings.
Independent director	Hsu, Jui-Tsan	4	0	100%	Stepped down upon re-election on June 18, 2024; required to attend 4 meetings.
Independent director	Su, Cong-Min	8	1	89%	Re-appointed on June 18, 2024, with 9 meetings required to attend.
Independent	Liu, Yi-Zhen	7	2	78%	Re-appointed on June 18, 2024,

director					with 9 meetings required to attend.
Independent director	Zhang, Dong-Long	5	0	100%	Initially appointed on June 18, 2024, with 5 meetings required to attend.
Independent director	Zheng, Qin-Xin	5	0	100%	Initially appointed on June 18, 2024, with 5 meetings required to attend.

Attendance Status of Independent Directors at each Board Meeting during the Fiscal Year 2024

◎ : Attendance in person ; ☆ : By Proxy ; \* : No attendance

2024	January 25	March 13	April 16	May 8	June 18	August 9	September 18	November 6	December 26
Hsu, Jui-Tsan	◎	◎	◎	◎					
Su, Cong-Min	◎	☆	◎	◎	◎	◎	◎	◎	◎
Liu, Yi-Zhen	◎	◎	☆	◎	☆	◎	◎	◎	◎
Zhang, Dong-Long					◎	◎	◎	◎	◎
Zheng, Qin-Xin					◎	◎	◎	◎	◎

Other mentionable items :

- In case of the following situations in the operation of the board of directors, it is necessary to provide details such as the date and session of the meeting, the content of the motion, the opinions of all independent directors, and how the company dealt with those opinions

(1) Regarding the matters listed in Article 14-3 of the Securities and Exchange Act, this company has established an audit committee and is exempt from the regulations. Please refer to pages 18 to 20 of the annual report for information on the operation of the audit committee.

(2) There were no board meeting decisions, other than the ones mentioned earlier, that faced opposition or reservation from independent directors with recorded or written statements. For the current year, independent directors did not express any objections or reservations.

- When directors recuse themselves from matters related to their interests, the following details should be disclosed: their names, the details of the matter, the reasons for recusal, and whether they participated in the voting. :

Board Meeting Date (period)	Content of proposal	Resolution
March 13, 2024 (13 <sup>th</sup> term 18 <sup>th</sup> session)	1. FY2023 manager year-end bonus case.	Chairman Chen, Tsai-Pu recused due to conflict of interest. Liu, Yi-Zhen obtained board approval for the case after consulting attending directors.
May 8, 2024 (13 <sup>th</sup> term 20 <sup>th</sup> session)	1. Proposal to Lift the Non-Competition Restrictions on Newly Appointed Directors and Their Representatives	Chairman Chen, Tsai-Pu and Independent director Liu, Yi-Zhen recused due to conflict of interest. Su, Cong-Min obtained board approval for the case after consulting attending directors.
August 9, 2024 (14 <sup>th</sup> term 2 <sup>nd</sup> session)	1. Compensation of Independent Directors for the Current Term	Directors Liu, Yi-Zhen, Su, Cong-Min, Z Zhang, Dong-Long, and Zheng, Qin-Xin recused themselves from the discussion of this matter due to conflicts of interest. The proposal was approved as presented after the Chairman inquired with the attending directors.

- The Board of Directors' self-evaluation (or peer evaluation) should include information about the evaluation cycle, duration, scope, methods, and content. Additionally, the implementation status of the self-evaluation should be reported. :

**The Board of Directors' self-evaluation should include a report on its implementation status.**

Evaluation Cycle	Evaluation period	Scope of evaluation	Evaluation Method	Evaluation items
Executed once a year	Jan 1 <sup>st</sup> 2024~Dec 31 <sup>st</sup> 2024	Individual Performance Director Evaluation	Self-assessment of Board members	Individual Director Performance Evaluation: 1.Understanding of Company Goals and Objectives 2.Awareness of Director Responsibilities 3.Participation in Company Operations 4.Internal Relationship Management and Communication 5.Professionalism and Continuous Learning 6.Internal Control
Executed once a year	Jan 1 <sup>st</sup> 2024~Dec 31 <sup>st</sup> 2024	Board Performance Evaluations	Internal Board Self-Assessment	Board of Directors Performance Evaluation: 1.Participation in Company Operations 2.Enhancing Decision-Making Quality of the Board 3.Composition and Structure of

				the Board 4. Director Selection and Continuous Learning 5. Internal Control
Executed once a year	Jan 1 <sup>st</sup> 2024~ Dec 31 <sup>st</sup> 2024	Audit Committee and Remuneration Committee	Internal Self-Assessment in functional committee	Functional Committee Performance Evaluation: 1. Participation in Company Operations 2. Understanding of Committee Responsibilities 3. Enhancing Decision-Making Quality of the Committee 4. Composition and Member Selection of the Committee 5. Internal Control

4. Assessment of Objectives and Execution in Strengthening Board Functions in the Current and Previous Years (e.g. establishment of audit committee, enhancement of information transparency):

(1) The Company's Board of Directors authorized the establishment of the Remuneration Committee and the Audit Committee on December 22, 2011, and June 18, 2015, respectively, to assist the Board in fulfilling its supervisory responsibilities. The Remuneration Committee is composed entirely of three Independent Directors, and the Audit Committee is composed entirely of four Independent Directors. The chairpersons of each committee report regularly to the Board of Directors on their respective activities and resolutions.

(2) As per the resolution passed by the Board of Directors on August 8, 2018, Liu, Ming-Yi Deputy General Manager, was designated as the company's governance officer to protect shareholder rights and enhance the functions of the Board of Directors."

## (2). Audit Committee

The Audit Committee of our company consists of 4 independent directors, and its purpose is to assist the Board of Directors in supervising the company's accounting, auditing, financial reporting process, financial quality, and integrity.

The Audit Committee held five meetings in 2024, and the matters deliberated mainly included:

1. Establishment or revision of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Processing procedures for significant financial business transactions, such as the acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, endorsing or providing guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
4. Review of matters involving conflicts of interest of directors themselves.
5. Review of significant asset or derivative transactions.
6. Review of significant lending, endorsement, or guaranteeing of funds.
7. Review of the issuance, offering, or private placement of equity securities.
8. Review of the qualifications and independence of accountants.
9. Review of the appointment, dismissal, or remuneration of signing accountants.
10. Review of the appointment or dismissal of financial, accounting, or internal audit executives.
11. Review of the annual financial reports and quarterly, semi-annual financial reports.
12. Review of the self-evaluation questionnaire of the committee's performance assessment.
13. Other significant matters stipulated by the company or competent authorities.

### ● Review of financial reports

The Board of Directors approved the annual operating report, financial statements, and profit distribution proposal, among which the financial reports were audited and issued an unqualified audit report by the joint accounting firm of Deloitte, with the auditors Weng, Bo-Ren and Yu, Meng-Kuei. The above operating report, financial report, and loss offsetting proposal have been reviewed by our audit committee and deemed to be in compliance.

### ● Evaluation of the effectiveness of the internal control system

The Audit Committee evaluated the effectiveness of the company's policies and procedures regarding the internal control system. It also reviewed the audit department, signing accountants, and management's periodic reports, including risk management and regulatory compliance. The Audit Committee believes that the company's risk management and internal control system are effective, and the company has adopted the necessary control mechanisms to monitor and correct non-compliant behavior.

### ● Appointment of signing accountants

The Audit Committee is entrusted with the responsibility of supervising the independence of the certified public accounting firm to ensure the fairness of the financial statements. Generally speaking, except for tax-related services or specially

approved projects, visa accounting firms are not allowed to provide other services to the company. All services provided by Visa Accountants must be approved by the Audit Committee. In order to ensure the independence of the certified accounting firm, the Audit Committee has formulated an independence assessment form with reference to Article 47 of the Accountant Law and the Accountant Professional Ethics Bulletin No. 10 "Integrity, Fairness, Objectivity and Independence" to evaluate the independence of the accountant. , professionalism and competency assessment, and assessment of whether the company is related to each other, has business or financial interests with each other, etc. The 13th meeting of the third session of the Audit Committee on March 13, 2024, and the 18th meeting of the 13th session of the Board of Directors on March 13, 2024, reviewed and approved the accounting firm Weng, Bo-Ren Accountants, which met the independence assessment standards and was qualified to serve as the Company's financial and tax attestation accountant and the 3rd meeting of the fourth session of the Audit Committee on November 6, 2024, and the 4th meeting of the 14th session of the Board of Directors on November 6, 2024, reviewed and approved the accounting firm Yu, Meng-Kuei Accountants, which also met the independence assessment standards and was qualified to serve in the same capacity. The Audit Committee is entrusted with the responsibility of supervising the independence of the certified public accounting firm to ensure the fairness of the financial statements.

Total of 6(A) meetings of the Audit Committee were held in the period (2024).

The attendance of the independent director were as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate(%) 【 B / A 】	Remarks
Independent director	Hsu, Jui-Tsan	2	0	100%	Stepped down upon re-election on June 18, 2024; required to attend 2 meetings.
Independent director	Su, Cong-Min	5	1	83%	Re-appointed on June 18, 2024, with 6 meetings required to attend.
Independent director	Liu, Yi-Zhen	6	0	100%	Re-appointed on June 18, 2024, with 6 meetings required to attend.
Independent director	Zhang, Dong-Long	4	0	100%	Initially appointed on June 18, 2024, with 4 meetings required to attend.
Independent director	Zheng, Qin-Xin	4	0	100%	Initially appointed on June 18, 2024, with 4 meetings required to attend.

Other mentionable items :

1. If any of the following circumstances occur, specify the board meeting date, meeting session number, contents of motion(s), the opinions of all the independent directors, reserved opinions, or significant recommendations, the resolution of the Audit Committee, and the company's handling of the Audit Committee's opinions.

(1) Any matter under Article 14-5 of the Securities and Exchange Act.:

Audit Committee Meeting Date	Period	Content of proposal	Independent Directors' Dissenting Opinions, Reservations, and Key Recommendations.	Audit Committee Resolution Result	Company's handling of Audit Committee opinions
2024.03.13	3 <sup>rd</sup> term 13 <sup>th</sup> session	1.2023 Annual Business Report and Financial Statements Proposal. 2.2023 Loss Compensation Proposal. 3.2023 Internal Control System Declaration Proposal. 4. Appointment and Independence Evaluation of the Company's Certified Public Accountant Compensation Proposal. 5.2023 Q4 Receivables Overdue by More Than Three Months Not of a Lending Nature	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.

		Proposal. 6.2024 Cash Capital Increase for New Share Issuance and the Issuance of the First Domestic Secured Convertible Bonds Proposal. 7. Endorsement and Guarantee for Subsidiaries by the Company Proposal.			
2024.05.08	3 <sup>rd</sup> term 14 <sup>th</sup> session	1. Financial statements for the first quarter of the year 2024. 2. Receivables overdue by more than three months in the first quarter of the year 2024, not related to loan transactions. 3. Removal of restrictions on competition for newly appointed directors and their representatives. 4. Endorsement and guarantee of subsidiaries by the company.	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.
2024.08.09	4 <sup>th</sup> term 1 <sup>st</sup> session	1. Financial statements for the second quarter of the year 2024 2. Receivables overdue by more than three months in the second quarter of the year 2024, not related to loan transactions. 3. Cash Capital Increase Proposal for a subsidiary company. 4. Subsidiary plans to purchase production equipment 5. Capital increase case among subsidiaries 6. A case concerning the employee roster and quantity related matters regarding the issuance of new shares with restricted employee rights for the second time in 2023.	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.
2024.09.18	4 <sup>th</sup> term 2 <sup>nd</sup> session	1. The company's subsidiary plans to dispose of the equity of the company it invested in. 2. It is planned to be authorized to undertake financial product transactions with a limit of NT\$100 million.	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.
2024.11.06	4 <sup>th</sup> term 3 <sup>rd</sup> session	1. Change the company's visa accountant. 2. Financial Statements for the Third Quarter of 2024 3. Receivables overdue by more than three months in the Third quarter of the year 2024, not related to loan transactions. 4. 2024 annual audit plan. 5. Formulate the "Sustainable Information Management Internal Control.	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.
2024.12.26	4 <sup>th</sup> term 4 <sup>th</sup> session	1. The subsidiary plans to build a new factory and factory affairs project. 2. It is planned to authorize the undertaking of financial product transactions with a transaction limit of NT\$200 million or less.	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.

- (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs.
- (1). The head of internal audit regularly reports on the execution of internal audits to the audit committee and communicates with independent directors through face-to-face meetings, phone calls, emails, etc., as needed. At least once a quarter, they hold a review meeting with the audit committee to discuss any deficiencies in the internal control system, with no management or operational personnel present.
- (2). Independent directors hold regular meetings with the auditors at least once a quarter, where the auditor's report on the financial condition, domestic and overseas subsidiary financial and operational status, internal control audit status of the company, and fully communicate about any significant adjustment entries or changes in laws and regulations that may affect the financial reporting. In case of significant abnormality, the meeting can be called at any time.
- (3). The records of the communication meetings held irregularly between independent directors and auditors or internal audit are available on the company's website at the following URL:  
<http://www.pttech.com.tw/chief-audit-accountant-communication/>

(3).Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status(1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” on January 30 <sup>th</sup> 2016. The information has been disclosed on the Company’s website.	None
2. Shareholding structure & shareholders’ rights				None
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1). A spokesperson system has been established and is managed by dedicated personnel to handle related issues appropriately.	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2). The company has commissioned a stock agent to effectively grasp the list of major shareholders and maintain proper communication at all times to ensure the stability of management and operational rights.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3). The “Operation Management Procedure for Supervising Subsidiaries” and the “Operation Procedures for Transactions with Specific Companies, Related Parties, Affiliated Companies, and Group Enterprises” have been formulated and implemented. The inance”l, operational, and accounting affairs of related enterprises are independently operated and subject to the control and audit of the parent company.	
(4) Does the company establish internal rule?	V		(4). The company has formulated the "Code of Conduct for Honest Operation and Professional Ethics", which prohibits insiders from trading in securities with undisclosed information.	
3. Composition and Responsibilities of the Board of Directors				None
(1). Does the Board develop and implement a diversified policy for the composition of its members?	V		(1). The company has established a diversified policy for the composition of the board of directors in accordance with the "Corporate Governance Best Practice Principles." The board of directors formulates and implements the diversity policy for its members. The nomination and selection of board members are conducted in accordance with the company's bylaws, using a candidate nomination system. In addition to evaluating the candidates' education, experience, and qualifications, the company adheres to the "Corporate Governance Best Practice Principles" and "Director Election Regulations" to ensure the	

Evaluation Item	Implementation Status(1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(2). Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3). Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p>	V		<p>diversity and independence of board members. "Implementation of the Company's Diversity Policy": The company's board of directors consists of 7 members, including 4 independent directors. The board members collectively possess diverse backgrounds in different industries and professional experiences. For more information, please refer to page 11. In terms of composition, employee directors account for 0%, independent directors account for 57%, and general directors account for 43%. In terms of age distribution, 29% are aged 51-60, 29% are aged 61-70.42% are aged 71-80.</p> <p>"Diversity Management Goals":</p> <p>i. The Company places great importance on gender equality in the composition of the Board of Directors. Currently, female directors account for 14% of the Board. The Company is actively seeking female professionals with industry experience to further promote gender equality and achieve its diversity objectives.</p> <p>ii. The board of directors supports and oversees actions taken by management to improve the ratio of women in senior management positions.</p> <p>The board of directors discloses the diversity policy for member composition on the company's website.</p> <p>(2). In addition to the legally required remuneration committee and audit committee, the company, on November 8, 2022, adopted a board resolution to establish the "Sustainable Development Committee" and legally appoint members of the committee.</p> <p>(3). The company has established the "Director and Executive Performance Evaluation Measures." The board of directors conducts regular evaluations of its performance on an annual basis (after the end of each fiscal year). Based on the scoring results from the "Board of Directors Performance Assessment Self-Assessment Form," "Board Member Performance Assessment Self-Assessment Form," and "Functional and Committee Performance Assessment Self-Assessment Form," the evaluations are reviewed by the Remuneration Committee and presented for discussion at the board of directors. The self-assessment of the board of directors' performance for</p>	

Evaluation Item	Implementation Status(1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4). Does the company regularly evaluate the independence of CPAs?	V		<p>the 2024 fiscal year has been completed, and the results of the board of directors' performance evaluation, including relevant assessment items and results, have been reported to the board of directors on March 12 2025. Please refer to Appendix 1 and the company's website for more details.</p> <p>(4). The audit committee evaluates the independence and suitability of the appointed auditors on an annual basis. In addition to requiring auditors to provide a "Statement of Absolute Independence" and "Audit Quality Indicators (AQIs)," the evaluation is conducted based on the standards and 13 AQI indicators listed in Appendix 2. After confirming that the auditors and the company have no other financial interests or business relationships apart from the audit and tax-related fees, and that the auditors' family members comply with the independence requirements, as well as considering the AQI indicator information, it is confirmed that the auditors and the accounting firm have superior audit experience and training hours compared to industry averages. Additionally, the company has been continuously implementing digital audit tools in the past three years to enhance audit quality. After the audit committee discussed and approved the evaluation results on March 12, 2025. The independence and suitability assessment of the auditors was submitted to the board of directors for approval on the same date, March 12, 2025.</p>	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		On August 8, 2018, the board of directors of the company passed a resolution appointing Liu, Ming-Yi as an executive to serve as a corporate governance officer. This appointment aims to protect shareholders' rights and strengthen the functions of the board of directors. Liu, Ming-Yi has more than three years of experience in financial, shareholder, and administrative management in publicly traded companies. The main responsibilities of the corporate governance officer include providing the board of directors with the necessary information for executing their duties, assisting the board in complying with laws and regulations, and handling matters related to board meetings and shareholder meetings in accordance with the law. For details on the execution of duties and professional development, please refer to Appendix 5.	None

Evaluation Item	Implementation Status(1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The company has established a dedicated section for stakeholders on its website, providing a channel for open communication with banks, other creditors, employees, customers, and suppliers. The contact telephone numbers and contact points are disclosed to facilitate engagement with stakeholders and address their concerns.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates Taishin Securities Co., Limited to deal with shareholder affairs.	None
7. Information Disclosure (1). Does the company have a corporate website to disclose both financial standings and the status of corporate governance?  (2). Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?  (3). Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V  V  V		(1). The company has established a corporate website where it discloses financial and business-related information. Stakeholders can also access relevant financial, business, and corporate governance information through the Public Information Observation System. (2). The company has designated individuals responsible for the disclosure of information on the Public Information Observation System of Taiwan Stock Exchange and the company website. The company has appointed a spokesperson and deputy spokesperson to implement the spokesperson system. The company's corporate presentation materials and video recordings are available on the company website. (3). The financial statements for the 2024 fiscal year will be reported in accordance with the regulations of the Securities and Exchange Act and have not been announced in advance.	None
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		1. Employee Rights: The Company has always treated employees with integrity, establishing a good relationship of trust and mutual reliance through enriching welfare systems and comprehensive education and training programs, while prioritizing the protection of employee rights. 2. Employee Care: The Company has established a Staff Welfare Committee to fully cater to the needs and ensure the well-being of employees. Measures such as subsidizing employee club activities, providing assistance for weddings, funerals, and childbirth, offering education subsidies for employees' children, medical consultation subsidies, and travel allowances are in place.	None

Evaluation Item	Implementation Status(1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>3. Investor Relations: The Company has designated personnel responsible for investor relations, handling suggestions, communication, and maintaining relationships with investors.</p> <p>4. Supplier Relationships: The Company has established long-term and mutually beneficial partnerships with suppliers.</p> <p>5. Stakeholder Relationships: The Company respects and safeguards the legitimate rights and interests of stakeholders, including creditors, employees, and suppliers, maintaining effective communication channels. The company also complies with regulatory requirements by making timely disclosures of relevant information and providing various corporate updates.</p> <p>6. Director Training: The Company directors possess industry expertise and practical management experience. They participate in professional training for at least six hours annually as required by law. For specific details, please refer to Appendix Three.</p> <p>7. Implementation of Risk Management Policies and Standards: The Company has established internal regulations and conducts various risk management and assessment processes. Additionally, the directors uphold a high level of self-discipline, refraining from participating in discussions and voting on agenda items that may involve conflicts of interest and potential harm to the company's interests.</p> <p>8. Execution of Customer Policies: The Company is dedicated to improving quality and enhancing professional skills, providing customers with the best services and products.</p> <p>9. Purchase of Liability Insurance for Directors and Supervisors: The Company has provisions in its articles of incorporation for the purchase of liability insurance for directors and supervisors. It annually purchases directors' and supervisors' liability insurance with coverage of USD 7 million from Shin Kong Property &amp; Casualty Insurance Company.</p> <p>10. Manager Training: Please refer to Appendix Four for information regarding manager training.</p>	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. : None.				

**Attachment 1: Board of Directors' Performance Evaluation Methods and Results**

The company revised and passed the "Board of Directors' Performance Evaluation Methods" on November 12, 2019. The Board conducts an annual performance evaluation for the previous year, and the evaluation includes the overall operation of the Board, the Audit Committee, and the Remuneration Committee. Each director is also required to conduct a self-evaluation. The criteria for evaluating the Board, the Audit Committee, and the Remuneration Committee include the following:

Board of Directors' Performance Evaluation Criteria:

1. Participation in the Company's operations
2. Improvement of the Board's decision-making quality
3. Composition and structure of the Board of Directors
4. Selection and ongoing education of directors
5. Internal control

Functional Committee Performance Evaluation Criteria:

1. Participation in the Company's operations
2. Understanding of the duties of the functional committee
3. Improvement of the functional committee's decision-making quality
4. Composition and member selection of the functional committee
5. Internal control

Director Performance Evaluation Criteria:

1. Understanding of the company's goals and tasks
2. Understanding of the director's duties
3. Participation in the Company's operations
4. Management of internal relationships and communication
5. Professionalism and continuing education of the director
6. Internal control

The results of the 2024 Board of Directors' Performance Evaluation are as follows:

1. The overall self-evaluation of the Board of Directors' performance is excellent.
2. The overall self-evaluation of the Audit Committee and the Remuneration Committee is excellent.
3. The overall self-evaluation of the director's performance is excellent to outstanding.

The detailed content of the above performance evaluation was reported to the Board of Directors on March 12, 2025.

**Attachment 2: Independent Auditor's Independence Evaluation Standards**

Item	Evaluation item	Weng, Bo-Ren Accountant		Yu, Meng-Kuei Accountant	
		Evaluation Result	Compliance with independence	Evaluation Result	Compliance with independence
1	Whether the accountant has a direct or significant indirect financial interest in the company	No	Yes	No	Yes
2	Whether the accountant has financing or guarantee transactions with the company or its directors	No	Yes	No	Yes
3	Whether the accountant has a close business relationship or potential employment relationship with the company	No	Yes	No	Yes
4	Whether the accountant or any member of their audit team has served as a director, executive, or in a position significantly affecting the audit work in the company in the current or past two years	No	Yes	No	Yes
5	Whether the accountant has provided non-audit services to the company that could have a direct impact on the audit work	No	Yes	No	Yes
6	Whether the accountant holds stocks or other securities issued by an intermediary company	No	Yes	No	Yes
7	Whether the accountant has served as the company's legal counsel or representative in coordinating conflicts with third parties	No	Yes	No	Yes
8	Whether the accountant has a relative who is a director, executive, or a person in a position significantly affecting the audit case in the company	No	Yes	No	Yes

AQI Indicator Information :

**Dimension 1: Professionalism**

- Indicator 1-1: Audit experience
- Indicator 1-2: Training hours
- Indicator 1-3: Turnover rate
- Indicator 1-4: Professional support

**Dimension 2: Quality Control**

- Indicator 2-1: Auditor workload
- Indicator 2-2: Audit input
- Indicator 2-3: Quality control review (EQCR) review status
- Indicator 2-4: Quality control support capabilities

**Dimension 3, Independence:**

- Indicator 3-1: Non-audit services
- Indicator 3-2: Client familiarity

**Dimension 4, Supervision:**

- Indicator 4-1: External inspection deficiencies and penalties
- Indicator 4-2: Improvement letters from regulatory authorities

**Dimension 5, Innovation Capability:**

- Indicator 5-1: Innovation planning or advocacy.

**Attachment 3 : Education and Training of Directors**

Title	Name	Organizer	Course Title	Hours
Chairman	Huang, Yi-Chun	Securities and Futures Institute	2024 Seminar on Insider Trading Prevention	3
			Practical Cases of Insider Trading and Relevant Legal Liabilities	3
			Protection of Trade Secrets	3
		Taiwan Insurance Institute (TII)	ESG Sustainability Trends and Responsible Investment Practices	3
Director	Chen, Tsai-Pu	Accounting Research and Development Foundation	Investigation Practices and Case Studies of Corporate Fraud	6
Director	Chen, Wan-De	BCSD-Taiwan	Seminar: Building a New Carbon Era with Sustainability Knowledge	3
		Taiwan Insurance Institute (TII)	Climate Disclosure and Global Sustainability Trends and Challenges	3
Independent Director	Liu, Yi-Zhen	Chinese National Association of Industry and Commerce	Innovative Business Models and Opportunities in the Green Supply Chain Era	3
			Legal Tax Planning in Corporate and Family Governance	3
		Securities and Futures Institute	Institutional Investor Perspectives Forum	3
Independent Director	Zheng, Qin-Xin	Accounting Research and Development Foundation	ESG Policy Regulations on Annual Report Preparation and the Impact of Net-Zero Emissions on Finance	6
		Taiwan Corporate Governance Association	Strategic Considerations in Group Business Restructuring	3
		Securities and Futures Institute	Shareholders' Meetings, Corporate Control, and Equity Strategies	3
Independent Director	Su, Cong-Min	Securities and Futures Institute	Institutional Investor Perspectives Forum	3
		Taiwan Corporate Governance Association	Mapping the Corporate Sustainability Pathway	3
Independent Director	Zhang, Dong-Long	BCSD-Taiwan	Seminar: Building a New Carbon Era with Sustainability Knowledge	6
		Taipei Exchange (TPEX)	Seminar on Insider Shareholding for TPEX and Emerging Stock Companies	3
		Securities and Futures Institute	Corporate Integrity and Workplace Diversity & Inclusion	3

#### **Attachment 4 : Training and Education for Managerial Staff on Corporate Governance.**

Title	Name	Organizer	Course Title	Hours
Chairman	Huang, Yi-Chun	Securities and Futures Institute	2024 Seminar on Insider Trading Prevention	3
			Practical Cases of Insider Trading and Relevant Legal Liabilities	3
			Protection of Trade Secrets	3
		Taiwan Insurance Institute (TII)	ESG Sustainability Trends and Responsible Investment Practices	3
Deputy General Manager, Finance Dept.	Liu, Ming-Yi	Accounting Research and Development Foundation	Continuing Education Program for Accounting Officers of Issuers, Securities Firms, and Exchanges	12

#### **Attachment 5 : Business Execution and Continuing Education of Corporate Governance Officers**

The board of directors of our company resolved in August 8<sup>th</sup> 2018 to appoint Ms. Liu, Ming-Yi as the corporate governance officer to protect the shareholders' rights and enhance the functions of the board. Ms. Liu has over three years of experience in financial, shareholding, and unit management in publicly traded companies and has obtained a certificate of basic competence in corporate governance issued by the Securities and Futures Market Development Foundation of the Republic of China. The main responsibilities of the corporate governance officer include providing the board with the necessary information for executing its duties, assisting the board in complying with laws and regulations, and handling matters related to board and shareholders' meetings in accordance with the law.

The business execution in 2024 is as follows:

1. Assisting independent directors and ordinary directors in performing their duties, providing necessary information, and arranging their continuing education:
  - (1) Regularly informing the members of the board of directors of the latest developments in the company's business and governance-related laws and regulations and assisting the board in complying with laws and regulations and keeping up-to-date with the latest legislative developments.
  - (2) Checking the confidentiality level of relevant information and providing the company information required by the directors to maintain smooth communication and exchange with the directors and business executives.
  - (3) When internal audit directors or signing accountants need to meet individually to understand the company's financial business needs according to the corporate governance practice guidelines, the independent directors shall assist in arranging relevant meetings.
2. Assisting the board and shareholders' meeting procedures and compliance matters:
  - (1) Reporting the company's corporate governance operations to the board of directors, independent directors, and audit committee and ensuring that the convening of shareholders' meetings and board meetings complies with relevant laws and corporate governance guidelines.
  - (2) Assisting and reminding the directors to comply with laws and regulations when executing their duties or making formal board resolutions, and providing suggestions if there are any illegal resolutions made during board meetings.
  - (3) Responsible for checking the publication of significant information related to important board resolutions after the meeting to ensure the legality and accuracy of the information, thereby ensuring that investment information is equally shared among investors.
3. Maintaining investor relations: arranging for directors to communicate with major shareholders, institutional investors, or ordinary shareholders as necessary, so that investors can obtain sufficient information to evaluate the company's reasonable capital market value and ensure the protection of shareholders' rights.
4. Drafting the board meeting agenda, notifying the directors seven days in advance, convening the meeting, providing meeting materials, giving prior notice if the agenda requires avoiding conflicts of interest, and completing the board meeting minutes within 20 days after the meeting in accordance with the law.
5. Registering the shareholders' meeting date in advance, preparing the notice of meeting, the agenda, the meeting minutes, and revising the registration form within the statutory period, in accordance with the law.

The training details of the Corporate Governance Officer for the year 2024 are as follows:

Training Date		Organization	Course Title	Hours	Total hours for the year
Starts from	Ends at				
2024.10.08	2024.10.08	Accounting Research and Development Foundation	Essential Corporate Governance Competencies for Internal Auditors and Practical Financial Risk Assessment	6	12
2024.10.30	2024.10.30	Accounting Research and Development Foundation	Promoting Corporate Sustainability Through Risk Management	6	

**(4). If the company has established a remuneration committee, it should disclose its composition, responsibilities, and operation:**

Our company established a remuneration committee on December 22, 2011. The committee is composed of three independent directors authorized by the Board of Directors. The responsibilities of the remuneration committee include "implementing recommendations, evaluating, and supervising the company's overall compensation policies, executive and manager compensation levels, employee stock option plans, employee bonus plans, or other employee incentive plans." Since its establishment, the remuneration committee has operated in accordance with the regulations of the "Remuneration Committee Regulations" of our company, and its operation complies with the "Corporate Governance Best Practice Principles for Listed and OTC Companies" and the "Regulations on the Establishment and Exercise of Remuneration Committees."

**A. Member information of the remuneration committee:**

April 13<sup>th</sup> 2025

Title (Note1)	Criteria Name	Professional qualification and experience Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director (Convener)	Liu, Yi-Zhen	Please refer to page 9 for information regarding the professional qualifications of directors and the disclosure of independent directors' independence	Note
Independent Director	Su, Cong-Min		Note
Independent Director	Zheng, Qin-Xin		Note

**B. Information on Remuneration Committee Authority**

The function of our company's Remuneration Committee is to evaluate the salary and compensation policies and systems of our company's directors, supervisors, and managers in a professional and objective manner. The committee meets at least twice a year and may convene meetings as needed to provide recommendations to the board of directors for their decision-making reference.

**(a). Authority of the Remuneration Committee**

- (1) Regularly review and propose revisions to this regulation.
- (2) Regularly review the annual and long-term performance goals of the company's directors, supervisors, and managers, as well as the policies, systems, standards, and structures of salary and compensation.
- (3) Regularly evaluate the performance goals of the company's directors, supervisors, and managers and recommend the content and amount of individual salary and compensation.

**(b). When executing the aforementioned authority, the committee shall follow the following principle:**

- (1) Ensure that the company's salary and compensation arrangements comply with relevant laws and regulations and are sufficient to attract excellent talents.
- (2) The performance evaluation and salary and compensation of directors, supervisors, and managers should refer to the usual practice in the industry and consider the time invested, job responsibilities, personal goals achieved, performance in other positions, and the salary and compensation of equivalent positions given by the company in recent years, as well as the individual performance evaluation based on the company's short-term and long-term business objectives, financial condition, and the reasonable correlation between performance and future risks.

- (3) Do not guide directors and managers to engage in risky behavior to pursue salary and compensation.
- (4) Regarding the proportion of short-term performance bonuses and the timing of partial variable salary and compensation payments to directors and senior executives, it should be determined based on the characteristics of the industry and the nature of the company's business.
- (5) Committee members may not participate in discussions or vote on their own salary and compensation decisions.

The aforementioned salary and compensation include cash compensation, stock options, bonus shares, retirement benefits or severance payments, various allowances, and other substantial reward measures. Their scope should be consistent with the criteria for disclosure in the annual report of a publicly-traded company regarding director, supervisor, and manager compensation.

If the compensation of directors and managers of our subsidiary companies is a decision that is subject to approval by the board of directors of our company based on the company's hierarchical responsibility, the committee shall first provide recommendations and then submit them to the board of directors for discussion.

(c).Information on the Operation of the Remuneration Committee

- (1) The remuneration committee of the company consists of three members.
- (2) This committee's term is from June 18, 2024 to June 17, 2027. In the past year (2024), the Remuneration Committee held 3 meetings (A), and the membership and attendance of the committee members are as follows:

Title	Name	Attendance In person(B)	By proxy	Attendance rate(%)(B/A)	Remarks
Convener	Liu, Yi-Zhen	3	0	100%	Re-appointed on June 18, 2024, with 3 meetings required to attend.
Committee Member	Hsu, Jui-Tsan	2	0	100%	Stepped down upon re-election on June 18, 2024; required to attend 2 meetings.
Committee Member	Su, Cong-Min	2	1	67%	Re-appointed on June 18, 2024, with 3 meetings required to attend.
Committee Member	Zheng, Qin-Xin	1	0	100%	Initially appointed on June 18, 2024, with 1 meetings required to attend.

(3)The dates of the two meetings held by the Remuneration Committee in the most recent fiscal year (2024), the matters discussed, and the resolutions adopted are as follows:

Dates of the meetings of the Remuneration Committee	Agenda and Follow-up Handling	Resolution. Results	Company's Opinions on the Remuneration Committee
2024.01.04 (5 <sup>th</sup> term 7 <sup>th</sup> session)	1. The company's general manager applies for retirement bonus plan.	Approved by all attending committee members.	Approved by the attending directors at the board meeting
2024.03.13 (5 <sup>th</sup> term 8 <sup>th</sup> session)	1.Review of the Performance Evaluation for Directors and Managers for Fiscal Year 2023 and Proposal for Manager Performance Evaluation Criteria for Fiscal Year 2024 2.Distribution of Year-End Bonuses for Managers for Fiscal Year 2023 3. The company's general manager applies for retirement bonus plan.	Approved by all attending committee members.	Approved by the attending directors at the board meeting.
2024.07.31 (6 <sup>th</sup> term 1 <sup>st</sup> session)	1. Case of changes in the company's appointed managers' positions and remuneration. 2. The company's appointed manager, Chief Investment Officer applies for retirement bonus plan. 3. The remuneration proposal for the Company's Director to assist in the execution of business. 4. Case concerning the list of receiving executives and relevant details for the issuance of restricted employee rights new shares for the fiscal year 2023.	Approved by all attending committee members.	Approved by the attending directors at the board meeting
Other mentionable items :			
1. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the board should state the date,			

term, agenda content, board resolution results, and the company's handling of the Remuneration Committee's opinions. If the board approves compensation and benefits that are better than the recommendations of the Remuneration Committee, the differences and reasons should be stated:

Dates of Board of Directors Meeting	Proposal	Resolution	Company's Response to Compensation Committee's Opinion
2024.01.25 (13 <sup>th</sup> term 17 <sup>th</sup> session)	The company's general manager applies for retirement bonus plan.	Resolution deferred pending reconsideration by the Compensation Committee.	The Board resolved that the Compensation Committee shall re-evaluate and submit separately.

2. In the event of opposition or reservations from members of the Remuneration Committee, with records or written statements, the date, term, agenda content, all members' opinions, and the handling of these opinions should be documented: None.

**(5).Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons**

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Has the company established a governance framework for promoting sustainable development, set up a dedicated unit for promoting sustainable development, authorized senior management by the board of directors to handle this, and supervised by the board of directors? (Listed and over-the-counter companies should report the execution status, if not applicable, provide an explanation.)	V		<p>The company established the sustainability development committee on November 8, 2022. The sustainability development committee is established to assist the Board of Directors in promoting sustainable development and enhancing corporate governance to achieve sustainable business objectives. Its responsibilities include the following: 1. Formulating the direction, strategy, and goals of corporate sustainable development, and drafting related management policies and specific implementation plans. 2. Tracking, reviewing, and revising the execution and effectiveness of corporate sustainable development. 3. Supervising the disclosure of sustainability related information and reviewing the sustainability report. 4. Supervising matters related to the company's sustainable development best practice principles or other matters as decided by the Board of Directors to be managed by the committee.</p> <p>The sustainable development committee has established the ESG promotion office, with the chairman and general manager serving as the chairperson and vice chairperson respectively. Following the principles of sustainable development practices, the office is tasked with developing annual specific plans and implementing them in environmental sustainability, corporate governance, and social issues. It is required to report on the implementation of sustainable development to the Board of Directors at least once a year and disclose this information on the company's website.</p> <p>In 2024, the sustainable development committee held a total of one meeting, covering (1) action plans for sustainability related issues, and (2) revisions to the sustainability development policies. The Sustainability Development Committee reported the above mentioned progress to the Board of Directors on November 6, 2024. The Board received the committee's sustainability report and expressed its support for the implementation status and the future direction of sustainability initiatives.</p>	None
2. Has the company assessed risks related to environmental, social, and corporate governance issues that are material to its operations based on materiality principles, and established corresponding risk management policies or strategies?	V~		<p>This disclosure covers the company's sustainability performance at major operational sites from January to December 2024. The risk assessment primarily focuses on the company, including its subsidiaries in Taiwan, China, other regions in Asia, the Americas, and Oceania. Based on the relevance to core business operations and the level of impact on material topics, the following subsidiaries are included in the assessment: Paragon (Neijiang) Technology Co., Ltd. and Paragon (Jiangsu) Technology Co., Ltd.</p> <p>The Sustainability Development Committee conducts analysis in accordance with the major principle of the Sustainability Report. It engages with internal and external stakeholders and reviews both domestic and international research reports and literature. By integrating assessment data from various departments and subsidiaries, the committee evaluates major ESG issues and establishes effective risk management policies for identifying, measuring, monitoring, and controlling risks. It also formulates concrete action plans to mitigate the impact of related risks.</p> <p>Based on the assessed risks, the following risk management policies or strategies have been formulated:</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons		
	Yes	No	Summary Description			
			Significant issues	Assessment item	D e s c r i p t i o n	
			Environment	Compliance with Regulations and Environmental Standards/Management Systems	The company production processes comply with WEEE and RoHS regulations, and regularly obtain "IECQ QC80000:2017" and "ISO14001:2015" environmental management certifications.	
			Society	Product Safety	The company's products adhere to international standards such as RoHS, halogen-free flame retardant, and have actively applied for and passed UL certification, containing no harmful substances.	
				Occupational Safety	The company holds two occupational safety seminars and fire drills annually to enhance employees' emergency response capabilities and foster self-awareness in safety management.	
			Corporation Governance	Legal Compliance	1. By establishing a corporate governance structure and implementing internal control mechanisms, the company ensures that all personnel and operations of the company comply with relevant legal requirements.  2. All products developed by the company have applied for patents to safeguard the company's rights.	
				Enhancement of Director Functions	1. Each year, the directors are provided with updates on the latest regulations, institutional laws, and policies, and relevant training topics are planned for their professional development.  2. Every year, directors are legally insured with director's liability insurance to safeguard them in the event of litigation or claims against them.	
				Stakeholder Communication	1. Each year, the company analyzes important stakeholders and their	

Evaluation Item	Implementation Status				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons							
	Yes	No	Summary Description									
				relationship issues to avoid misunderstandings that may arise from differences in perspectives, thus minimizing operational or litigation risks. 2. To establish various communication channels, such as setting up an investor relations contact email, managed by a spokesperson who is responsible for responding to and addressing inquiries, fostering proactive communication, and reducing confrontation and misunderstandings.								
3. Environmental issues			All subsidiaries of the company have established environmental management systems in accordance with ISO 14001:2015 and have been certified by third-party certification bodies.			None						
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		<table><tr><td>Company's Name</td><td>Paragon (Jiangsu) Technology Co., Ltd.</td><td>Paragon (Neijiang) Technoloy Co., Ltd.</td></tr><tr><td>Validity</td><td>2023.8.29~2026.8.28</td><td>2013.3.28-2025.3.27</td></tr></table>				Company's Name	Paragon (Jiangsu) Technology Co., Ltd.	Paragon (Neijiang) Technoloy Co., Ltd.	Validity	2023.8.29~2026.8.28	2013.3.28-2025.3.27
Company's Name	Paragon (Jiangsu) Technology Co., Ltd.	Paragon (Neijiang) Technoloy Co., Ltd.										
Validity	2023.8.29~2026.8.28	2013.3.28-2025.3.27										
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		1. The company attaches great importance to environmental protection and material recycling in manufacturing. The production processes adhere to relevant regulations and international standards, such as the EU WEEE and RoHS environmental directives. If new plastics are introduced in the upstream production, we actively apply for and obtain UL certification to ensure that the materials used in recycling contain no harmful substances, thereby reducing environmental impact. 2. The company is committed to improving the efficiency of resource utilization by establishing research and development projects to enhance processes and develop energy-saving equipment, thereby enhancing energy efficiency.									
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		The company's assessment of climate change related risks and opportunities, as well as corresponding response measures, are disclosed in Section 5-1 of the annual report.									

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons																
	Yes	No	Summary Description																	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>The company’s greenhouse gas inventory results, assurance status, and reduction policies are also dis-closed in Section 5.1 of the annual report.</p> <p>The company has long been committed to water conservation and environmental sustainability, and has actively worked to eliminate water usage in production processes. In 2024, through process improvements, approximately 568,000 metric tons of water were saved which is representing a reduction of over 61% compared to 2023.</p> <table><tr><td>Year</td><td>2023</td><td>2024</td></tr><tr><td>Water Consumption (metric tons)</td><td>93,534</td><td>36,695</td></tr><tr><td>Water Saving(metric tons)</td><td colspan="2">56,839</td></tr></table> <p>The company is dedicated to environmental protection. In 2024, all subsidiaries successfully passed ISO 14001 Environmental Management Systems certification. To reduce environmental impact and conserve natural resources, the company has established waste management policies for both daily operations and business activities, which employees are required to follow.</p>	Year	2023	2024	Water Consumption (metric tons)	93,534	36,695	Water Saving(metric tons)	56,839									
Year	2023	2024																		
Water Consumption (metric tons)	93,534	36,695																		
Water Saving(metric tons)	56,839																			
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		<p>The company complies with the regulations of the Labor Standards Act and respects the internationally recognized principles of basic labor rights. It has formulated an employee handbook in accordance with the law to clearly define and protect the rights of employees.</p>	None																
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>The company has established year-end bonus and performance bonus regulations, which distribute rewards based on individual employees' annual performance to provide motivation. If the company generates profits in a given year, it allocates a percentage ranging from 1 to 10 percent for employee remuneration, as stipulated in the company's articles of incorporation.</p> <p>To prevent and address workplace harassment, promote gender equality in the workplace, and protect personal dignity, the company has established measures to prevent and address workplace sexual harassment, along with disciplinary guidelines. It has also established a dedicated unit responsible for handling complaints to ensure a complete complaint mechanism.</p> <p>Gender Equality Indicator</p> <table><tr><td>Criteria</td><td>proportion</td><td>Pay Equality Indicator</td><td>Difference</td></tr><tr><td>Female employees/Total employees</td><td>28%</td><td>Average Pay Gender Difference</td><td>-10.2%</td></tr><tr><td>Female supervisors/Total supervisors</td><td>29%</td><td>Median Pay Gender Difference</td><td>0.7%</td></tr><tr><td>Female Senior Managers/Total Senior Managers</td><td>33%</td><td></td><td></td></tr></table>	Criteria	proportion	Pay Equality Indicator	Difference	Female employees/Total employees	28%	Average Pay Gender Difference	-10.2%	Female supervisors/Total supervisors	29%	Median Pay Gender Difference	0.7%	Female Senior Managers/Total Senior Managers	33%			
Criteria	proportion	Pay Equality Indicator	Difference																	
Female employees/Total employees	28%	Average Pay Gender Difference	-10.2%																	
Female supervisors/Total supervisors	29%	Median Pay Gender Difference	0.7%																	
Female Senior Managers/Total Senior Managers	33%																			

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p> <p>(4) Does the company provide its employees with career development and training sessions?</p> <p>(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?</p> <p>(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.</p>	V		<p>1. The Company regularly conducts employee health examinations and provides occupational safety training courses, along with routine environmental safety inspections.</p> <p>2. No fire incidents occurred during the year. The Company also conducts two fire safety and health education training sessions annually.</p> <p>3. There were no occurrences of employee occupational accidents or fire incidents during the year.</p> <p>The Company provides employees with effective professional competency development programs. A total of 515.5 hours of professional skills training were conducted for employees during the year.</p> <p>As the company operates in the front-end manufacturing supply chain, it does not cater directly to general consumers. However, the company still pays attention to the interests of other stakeholders and has set up a stakeholder zone on its website to provide communication and complaint channels, ensuring the protection of customer rights.</p> <p>The company has established a supplier management policy, requiring suppliers to adhere to relevant standards concerning environmental protection, occupational health and safety, and labor rights. Before engaging in business transactions, the company evaluates suppliers for any records that may have an impact on the environment and society, to avoid engaging with suppliers that contradict the company's social responsibility policies.</p> <p>When signing contracts with its main suppliers, the contracts should include provisions for both parties to comply with their respective corporate social responsibility policies. If a supplier violates these policies and significantly affects the environment and society of the supply source community, the company reserves the right to terminate or dissolve the contract at any time</p>	
5. Does the company follow internationally recognized guidelines or frameworks when preparing non-financial information reports such as sustainability reports? Has the aforementioned reports obtained assurance or certification from a third-party verification unit?	V		The 2024 Sustainability Report is the company's first sustainability report. The structure of content follows the 2021 version of the Sustainability Reporting Standards issued by the Global Sustainability Standards Board (GSSB), commonly referred to as the GRI Standards. It also references the standards set by the Sustainability Accounting Standards Board (SASB), as well as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board. External assurance may be considered in the future, depending on circumstances.	None
<p>6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:</p> <p>In line with the amended "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," the latest revision of the company's "Sustainable Development Best Practice Principles" was approved by the Board of Directors in September 2024. The company has since operated in accordance with these principles, with no discrepancies observed to date. For more details, please refer to the company's website at (<a href="http://www.pttech.com.tw/regulations/">http://www.pttech.com.tw/regulations/</a>) in the Corporate Governance section.</p>				
<p>7. Other important information that helps understand the implementation of sustainable development:</p> <p>For information on the company's various sustainability performances, please refer to the company's website (<a href="http://www.pttech.com.tw/">http://www.pttech.com.tw/</a>), press releases, and the 2024 Sustainability Report.</p>				

**(5-1).Climate-related Information of Listed Companies**

**Implementation Status of Climate-related Information**

Item	Implementation Status
1. Disclose the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	<p>To address the high level of uncertainty associated with climate change and the rapid shifts in policy and market conditions, the company has adopted a proactive approach to identifying and assessing the potential impacts of climate change. In alignment with the Financial Supervisory Commission's "Sustainable Development Roadmap" and the "Corporate Sustainability Action Plan," the company has enhanced the disclosures in the Sustainability Report by referencing the TCFD framework. This approach enables the company to identify and evaluate climate-related risks and opportunities that may affect its operations. The company has established a "Risk Management Policy and Procedure," under which the Board of Directors serves as the highest decision-making body for risk management, with the audit committee assisting in overseeing related matters. Regarding climate change issues, the Board of Directors is responsible for approving the company's strategies for managing climate-related risks and opportunities, including the development of short, medium, and long-term goals, as well as overall management. The Board of Directors also provides guidance and feedback on these matters. The Sustainability Development Committee is the management body for climate-related risks and opportunities. Under its oversight, the "Risk Management Task Force" within the Sustainability Promotion Office acts as the implementing unit. This task force is composed of department chief manager from across the company and is led by the chairman as the chief convener and the general manager as the deputy convener. The task force supervises and reviews the company's climate-related goals, strategies, and concrete action plans, monitors the control of climate-related risks and opportunities, and regularly evaluates the performance of climate management and environmental indicators. It reports to the Board of Directors on a regular basis, serving as a key reference for the formulation of the company's sustainability strategies. The governance of climate-related risks and opportunities, along with annual sustainability risk management issues, was re-reported to the Board of Directors in</p>

Item	Implementation Status			
	November 2024.			
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the enterprise (short-term, medium-term, long-term).	The company remains committed to addressing and managing climate change by continuously assessing the potential operational and financial impacts of climate-related risks and opportunities. Corresponding solutions are being formulated to support the development and implementation of effective response strategies.			
	Climate-related risks and opportunities		Impact	Response Strategies
	Transition Risk	Enhance emission reporting	Increase operating costs	The company is planning to implement a greenhouse gas inventory and apply for third-party verification.
		Costs of transition to low-carbon technology	Increase production / operating costs	持 Continuously invest in equipment and process improvement technologies, while also innovating and developing new applications for PVD equipment.
	Physical Risk	Average temperatures rising	Disruptions in production capacity / higher production costs / reduce output leading to decrease revenue	To establish procedures for handling production anomalies and implemented a warning system with graded alert levels for reducing potential impacts.
	Opportunity	Recycling and reuse	Increase market acceptance to increase revenue	The company's eco-friendly low-temperature PVD process can be widely applied to various substrates (such as metal and plastic) without affecting their recycle and reuse.
		Research and innovation in developing new products and services	Increase market acceptance to increase revenue	The company continuously expands the diverse applications of PVD technology, from functionality to aesthetics, and from technical services to equipment development which ensures the long-term sustainability of the operations.
3. Describe the financial impact of extreme weather events and transition actions	<Financial Impact of Extreme Climate Events on the Company> The company's risk management team identifies potential risks to production caused by extreme climate changes through internal discussions, assessments, and reviews. High temperatures may lead to unexpected power outages and regional electricity rationing policies, both of which increase production costs and result in reduced operating income. <Financial Impact of Transition Actions on the Company>			

Item	Implementation Status
	<p>In response to potential changes in policies, regulations, technologies, and markets brought by the transition to a low-carbon economy, the Company places great importance on water resource consumption and continuously improves equipment and processes to enhance energy efficiency. The company also emphasizes innovation by expanding the diverse applications of PVD technology and consistently investing in the development of green products. As a result of these transition risks, capital expenditures and operating costs are expected to increase.</p>
<p>4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system</p>	<p>The company designates the Board of Directors as the highest decision-making body for risk management, directly overseeing the company's risk governance framework. To enhance assessment and strengthen management functions, in 2023, the company established a risk management team which operates under the Sustainable Development Committee. This team is responsible for identifying and managing operational risks, including physical and transition risks related to climate change, and for leading the planning of relevant response measures. Based on the nature of the company's operations and internal and external environmental factors, the risk management team conducts risk identification and analysis across 7 key areas: strategic, operational, financial, information, legal compliance, integrity, and ESG. In accordance with the identified risks, each department formulates corresponding response strategies, integrating and managing risks that may impact operations and profitability. A management performance and risk control report is submitted to the Sustainable Development Committee at least once a year, which in turn reports to the Board of Directors.</p> <p>In November 2024, the ESG and climate risk implementation status was reported to the Board of Directors.</p>
<p>5. If utilizing scenario analysis to assess resilience to climate change risks, it should outline the scenarios, parameters, assumptions, analysis factors, and major financial impacts used/</p>	<p>According to the IPCC 6th assessment report on climate change, under the SSP1-2.6 scenario,</p> <ul style="list-style-type: none"> <li>● Increased severity of extreme weather events such as typhoons and floods: By the mid and late 21st century, Taiwan's average annual total rainfall is projected to increase by approximately 12% and 16%, respectively. The intensity of the maximum one-day heavy rainfall is expected to increase by about 15.7% and 15.3%, respectively.</li> <li>● Rising average temperatures: The annual average temperature in Taiwan may rise by 1.3°C and 1.4°C by the mid and late 21st century, respectively. The days</li> </ul>

Item	Implementation Status
	<p>with high temperatures exceeding 36°C is projected to increase by approximately 6.8 and 6.6 days, respectively.</p> <p>The major financial impacts on the company include increased operational costs due to energy restrictions (power/water rationing), energy-saving policy requirements, rising electricity prices, and the imposition of water consumption.</p>
<p>6. If there is a transformation plan to address climate-related risks, please describe the content of the plan, as well as the indicators and goals used to identify and manage physical risks and transition risk.</p>	<p>To address the pressure of a low-carbon economy brought about by climate change, the company has planned the following actions to achieve its short, medium, and long-term goals:</p> <p>Starting in 2025, the company will implement ISO 14064 and obtain third-party verification.</p> <p>Proactive carbon reduction: Replace air conditioning systems with EEI 1 products.</p> <p>Enhance energy efficiency: Reduce energy consumption by improving equipment and optimizing production processes.</p>
<p>7. If using internal carbon pricing as a planning tool, please explain the basis for price determination.</p>	<p>The company has not yet established an internal carbon pricing but continues to monitor related developments.</p>
<p>8. If climate-related goals are set, please provide information on the activities covered, greenhouse gas emission scopes, planning timelines, annual progress towards achievement, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, please specify the source and quantity of offset carbon emissions or the quantity of RECs exchanged.</p>	<p>In 2025, the company will launch a greenhouse gas inventory plan, which will include emission scopes, timeline planning, and annual progress toward climate-related targets.</p>
<p>9. Greenhouse gas inventory and verification status, along with <u>reduction targets, strategies, and specific action plans</u> (to be filled out separately in sections a1-1 and a1-2).</p>	<p>Please refer to the following instructions.</p>

(a1) The Company's Greenhouse Gas Inventory and Verification Status for Recent Two-Year

(a1-1).Information of Greenhouse Gas Inventory

Describe the greenhouse gas emissions for the past two years (in metric tons of CO<sub>2</sub>e), intensity (in metric tons of CO<sub>2</sub>e per NT\$ million), and the scope of data coverage.

None.

(a1-2).Information of Greenhouse Gas Verification

Provide an explanation of the verification status for the most recent two years as of the date of the annual report printing, including the scope of verification, verifying organization, verification criteria, and verification opinion.

None.

(a2) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Outline the baseline year and data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and progress towards achieving reduction targets.

None.

**6. Company's adherence to business integrity and measures taken**

The company has established internal control systems, internal and external auditing systems, and various management practices. Internal auditors periodically conduct random checks on company operations and announce the internal audit status and results in compliance with regulatory requirements. External accountants are appointed to regularly review the company's operational performance, and relevant financial information is disclosed on the Public Information Observation System (PIOS) to enable shareholders, creditors, employees, suppliers, and other stakeholders to have timely access to company information. The company has also formulated "Operating Procedures for Handling Material Non-Public Information" to ensure the accuracy, completeness, and timeliness of information disclosure.

**A. Implementation of business integrity**

Evaluation Item	Implementation Status(Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Establishing Ethical Management Policy and Program				None
(1) Has the company established an Ethical Management policy approved by the board of directors and clearly stated the policy and practices of Ethical Management in its regulations and external documents? Does the board of directors and senior management actively implement the commitment to the business policy?	V		(1) On January 30 <sup>th</sup> 2016, the company's board of directors approved the "Ethical Management Operational Procedures and Behavioral Guidelines." It was revised on March 24 2020 to explicitly require directors and senior management to issue statements adhering to the Ethical Management policy. The company also includes compliance with the Ethical Management policy as a requirement for employment. These measures are in place to prevent misconduct.	
(2) Has the company established a mechanism to assess the risks of dishonest behavior, regularly analyzing and evaluating business activities with a higher risk of dishonest behavior within its scope of operations, and using it to develop preventive measures against dishonest behavior, including at least the preventive measures for the behaviors listed in Article 7, Paragraph 2 of the "Ethical Management Guidelines for Listed and OTC Companies"?	V		(2).The company's "Ethical Management Operational Procedures and Behavioral Guidelines" and "Corporate Governance Practices" clearly define operational procedures, behavioral guidelines, disciplinary measures for violations, and complaint mechanisms, which are effectively implemented. The company encourages both internal and external individuals to report instances of dishonest or improper conduct. Depending on the severity of the reported misconduct, rewards may be granted. However, internal individuals who engage in false reporting or malicious accusations will face disciplinary actions, including termination of employment for severe cases.	
(3) Does the company clearly define operational procedures, behavior guidelines, disciplinary measures for violations, and complaint mechanisms in the preventive measures against dishonest behavior, and effectively implement and	V		(3)A. The company has established the "Ethical Management Operational Procedures and Behavioral Guidelines," which specify operational procedures, behavioral guidelines, disciplinary measures for violations, and complaint	

Evaluation Item	Implementation Status(Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
periodically review and revise the aforementioned measures?			mechanisms. B. The company promotes corporate governance and Ethical Management concepts through monthly or ad hoc meetings. If any integrity-related incidents occur, the company engages relevant units to conduct reviews and deliberations.	
2. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts? (2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V  V		(1) When signing contracts with customers and suppliers, the company includes detailed obligations for both parties and incorporates confidentiality clauses.  (2) The company designates the Finance Department as the responsible unit (referred to as the company's responsible unit) and provides adequate resources and competent personnel to handle the revision, implementation, and documentation of operational procedures and behavioral guidelines. It also supervises and monitors the execution of these guidelines and reports regularly (at least once a year) to the board of directors. The dedicated unit reported its execution status to the board of directors on November 6 <sup>th</sup> 2024. The company effectively implements the Ethical Management policy. The highlights of its implementation in 2024 are as follows: a Assisting in integrating integrity and ethical values into the company's business strategy and establishing a corporate culture of Ethical Management through compliance with laws and regulations. The company has established the "Corporate Governance Practices" to promote Ethical Management.	None

Evaluation Item	Implementation Status(Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>b Regularly analyzing and assessing the risks of dishonest behavior within the business scope and developing preventive measures. The company has established operational procedures and behavioral guidelines such as the "Internal Significant Information Handling Operational Procedures" and the "Ethical Management Code of Conduct Operational Procedures and Behavioral Guidelines" to prevent dishonest behavior.</p> <p>c Planning internal organization, structure, and responsibilities to establish mechanisms for mutual supervision and balance for business activities with higher risks of dishonest behavior. The company has established accounting systems, decision-making authority, and agent management regulations to ensure strict control over each transaction. It has also set up an audit department to conduct regular and ad hoc internal audits. Additionally, annual internal and external ISO operational audits are conducted at each plant to ensure mutual supervision and balance for business activities with higher risks of dishonest behavior.</p> <p>d Promoting and coordinating the dissemination of integrity policy awareness and training. New employees are briefed on the company's rules and regulations, including the code of conduct and integrity ethics by the HR department. The company periodically communicates ethical management policies, preventive measures, and the consequences of violating integrity during department meetings, management meetings, and</p>	

Evaluation Item	Implementation Status(Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>(3) Has the company established a policy to prevent conflicts of interest, provide appropriate channels for disclosure, and effectively implement it? V</p> <p>(4) Has the company established effective accounting systems and internal control systems to implement Ethical Management? Does the internal audit unit develop relevant audit plans based on the assessment of dishonest behavior risks and conduct audits to ensure compliance with the preventive measures against dishonest behavior? Alternatively, does the company engage external accountants to perform audits? V</p> <p>(5) Does the company regularly organize internal and external V</p>			<p>educational training sessions</p> <p>e Establishing a whistleblowing system to ensure its effectiveness. The company has internally announced an independent whistleblowing mailbox, hotline, and mailing address, and published the management regulations and reporting channels on its website for internal and external individuals to use. As of the current year, the Finance Department has not received any whistleblowing letters from internal or external sources.</p> <p>f Assisting the board of directors and management in verifying and evaluating the effectiveness of the preventive measures established for Ethical Management and conducting regular evaluations of compliance with relevant business processes. The Finance Department conducts periodic audits and reports the results to the management and board of directors.</p> <p>(3) Regarding matters related to conflicts of interest, internal employees can report them to their immediate department supervisors.</p> <p>(4) The company has established an internal audit plan, and the internal audit unit carries out various audit operations according to the plan. In the event of special circumstances, separate project audits are arranged.</p> <p>(5) The company regularly participates in external education and</p>	

Evaluation Item	Implementation Status(Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
education and training on ethical management?			training programs.	
<b>3. Operation of Whistleblowing System</b> (1) Has the company established specific whistleblowing and reward systems, and established convenient channels for whistleblowing? Have appropriate personnel been assigned to handle reports against the accused party? (2) Has the company established standard operating procedures for investigating reported matters, including the necessary follow-up actions and related confidentiality mechanisms? (3) Does the company take measures to protect whistleblowers from improper treatment as a result of their reports?	V  V  V		(1) The company has established the "Employee Rewards and Penalties Policy" and has placed it on the company's internal website for employees to access at any time. (2) If the company encounters any reported whistleblowing matters, they are handled by the Human Resources department, which has established relevant operational procedures and confidentiality mechanisms to protect the rights and confidentiality of the whistleblower. (3) Personnel involved in handling whistleblowing matters in the company are required to provide a written declaration to maintain the confidentiality of the whistleblower's identity and the reported content. The company also commits to protecting the whistleblower from any improper treatment resulting from the whistleblowing incident.	None
<b>4. Enhancing Information Disclosure</b> Does the company disclose the content and effectiveness of its Ethical Management policy on its website and public information platform?	V		The company has established a code of conduct, operational procedures, and behavioral guidelines for ethical operations, which are disclosed on the company's website and public information disclosure platform.	None
<b>5. If the company has established its own Ethical Management policy based on the "Ethical Management Guidelines for Listed and OTC Companies," please describe the operational aspects and any differences from the policy.</b> The company has established a code of conduct, operational procedures, and behavioral guidelines for Ethical Management, which are implemented without				

Evaluation Item	Implementation Status(Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
any differences from the aforementioned policy.				
6. Other important information that contributes to understanding the company's Ethical Management practices (e.g., reviews and revisions of the established Ethical Management policy): None.				

(7). Other important information that enhances understanding of the company's corporate governance operations may also be disclosed:

A. Information regarding individuals responsible for financial information transparency and their possession of relevant licenses specified by regulatory authorities.

Title	Name	obtain the relevant licenses as specified by the competent authority
Deputy General Manager in Financial Dept.	Liu, Ming-Yi	The issuer's securities firm has obtained professional certification for the accounting director designated by the securities exchange. The issuer has passed the basic competence test for corporate governance conducted by the Securities and Futures Development Fund.
Head of Audit Dept.	Li, Bing-Long	The issuer's securities firm has obtained professional certification for the audit director designated by the securities exchange.

#### B. Internal Major Information Processing Procedures of the Company

In order to establish a sound internal system for handling and disclosing major information within the company, to prevent improper leakage of information, and to ensure the consistency and accuracy of the company's external disclosures, the company passed the "Internal Major Information Processing Procedures" on May 6, 2015, as approved by the board of directors. All major information processing within the company is carried out in accordance with the relevant regulations.

## (8). Implementation Status of Internal Control System

### A. Internal Control System

#### Paragon Technologies Co., Ltd Internal Control System Statement

March 12<sup>th</sup> 2025

Based on our self-evaluation results, we hereby declare the following regarding the internal control system established, implemented, and maintained by our company for the fiscal year 2024:

1. Our company acknowledges that it is the responsibility of our board of directors and managers to establish, implement, and maintain an internal control system. We have already established this system with the purpose of achieving reliable reporting on operational effectiveness and efficiency (including profitability, performance, and asset security), as well as ensuring compliance with relevant regulations and laws.

2. The effectiveness of an internal control system is inherently limited, and even the most well-designed system can only provide reasonable assurance towards achieving the above three goals. Furthermore, changes in the environment and circumstances may affect the effectiveness of the internal control system. However, our company's system includes a self-supervision mechanism, and any deficiencies identified will be corrected immediately.

3. Our company evaluated the design and implementation of our internal control system using the criteria for determining the effectiveness of internal control systems outlined in the "Guidelines for Establishing Internal Control Systems for Public Companies" (referred to as the "Guidelines" below). The criteria used in the Guidelines divide internal control systems into five components: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring activities. Each component includes several items, which can be found in the Guidelines.

4. Our company has used the criteria outlined in the Guidelines to evaluate the effectiveness of our internal control system's design and implementation.

5. Based on our evaluation results, we believe that our internal control system, including the supervision and management of our subsidiaries, as of December 31, 2024, which includes understanding the extent to which operational effectiveness and efficiency goals have been achieved, reporting that is reliable, timely, transparent, and compliant with relevant regulations and laws, is effectively designed and implemented to reasonably ensure the achievement of the aforementioned goals.

6. This statement will be a major part of our company's annual report and public disclosure. If any fraudulent or illegal activities such as falsification or concealment are discovered in the disclosed content, our company may face legal responsibilities under the Securities and Exchange Act, Articles 20, 32, 171, and 174.

7. This statement was approved by our board of directors on March 12 2025, with 0 directors dissenting and the remaining directors agreeing to the contents of this statement.

Paragon Technologies Co., Ltd

Chairman Huang, Yi-Chun

Signature

General Manager Yu Hsiu-Ping

Signature

(2)Disclosure of Auditor's Review Report for Internal Control System entrusted to the accountant: None.

**(9). Important resolutions of the Shareholders' Meeting and Board of Directors for the fiscal year 2024 and up to April 13, 2025 :**

**A. Resolutions and implementation status of the 2024 Annual Shareholders' Meeting :**

(a). Approval of the annual business report and financial statements for the fiscal year 2024.

(b). Adoption of the Proposal for 2023 Deficit Compensation.

Implementation status: The accumulated deficit was fully offset as of June 18, 2024, resulting in a zero balance.

(c). Re-election of Directors of the Company.

List of Elected Directors: Chun Tung International Investment Co., Ltd

Representative: Huang, Yi-Chun. Chen, Tsai-Pu. Chen, Wan-De.

List of Elected Independent Director: Liu, Yi-Zhen. Su, Cong-Min. Zhang, Dong-Long. Zheng, Qin-Xin.

Implementation status: The registration was approved by the Ministry of Economic Affairs on July 18, 2024, and has been announced on the Company's official website.

(d). Lifting the restriction on non-competition of new directors and their representatives.

Implementation status: The announcement was made public on June 18, 2024.

**B. Important resolutions of the Board of Directors for the fiscal year 2024 and up to April 13 2025 :**

Date	Committee	Important Resolution
2024.01.25	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the retirement pension payment for the Company's General Manager upon retirement.</li> <li>2. Approval to apply for short-term bank loan facilities.</li> <li>3. Approval of the relocation of the Company's registered office.</li> <li>4. Approval of the Company's 2024 annual budget and business plan.</li> <li>5. Approval for the subsidiary's proposed acquisition of production equipment.</li> <li>6. Approval for the subsidiary to apply for short-term bank loan facilities, with the subsidiary providing an endorsement/guarantee.</li> <li>7. Approval for the subsidiary to apply for short-term loan facilities, with the Company providing an endorsement/guarantee.</li> </ol>
2024.03.13	Board of Directors	<ol style="list-style-type: none"> <li>1. Proposal for the Business Report and Financial Statements for the Year 2023.</li> <li>2. Proposal for the Appropriation for Losses for the Year 2023.</li> <li>3. Proposal for the Internal Control System Statement for the Year 2023.</li> <li>4. Re-election of Directors of the Company.</li> <li>5. Proposal of the Date, Venue, and Agenda for the Shareholders' Meeting.</li> <li>6. Proposal of the Announcement, Review Criteria, and Procedures for Accepting Shareholder.</li> </ol>

		<ol style="list-style-type: none"> <li>7. Proposal of the Announcement, Review Criteria, and Procedures for Accepting Director and Independent Director Nominations.</li> <li>8. Proposal for the Directors' Purchase of Liability Insurance</li> <li>9. Appointment Remuneration for the Company's Accountant and Its Independence Evaluation.</li> <li>10. Proposal of Receivables Overdue for More Than Three Months in the Fourth Quarter of the Year 2023, Not Related to Fund Loans.</li> <li>11. Conducting Cash Increase and New Share Issuance for the Year 2024, and Issuing the First Secured Convertible Corporate Bonds in the Domestic Market.</li> <li>12. Subsidiary Planning to Apply for Financing Lease Business, with Endorsement Guarantee Provided by the Company.</li> <li>13. Proposal of Evaluation and Approval of Director Performance in the Year 2023 and Performance Evaluation Criteria for Managers in the Year 2024.</li> <li>14. Proposal of Year-end Bonus Distribution for Managers in the Year 2023.</li> <li>15. Approval of the retirement pension payment for the Company's General Manager upon retirement.</li> </ol>
2024.04.16	Board of Directors	<ol style="list-style-type: none"> <li>1. Plan to apply to Taishin International Commercial Bank for a guarantee limit of NT\$300 million for the issuance of domestic guaranteed convertible corporate bonds.</li> <li>2. Plan to apply for a short-term guaranteed loan limit of NT\$90 million from Taishin International Commercial Bank.</li> </ol>
2024.05.08	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the financial statements for the first quarter of 2024.</li> <li>2. Resolution not to proceed, within the remaining effective period, with the private placement of common shares as approved by the 2023 Annual Shareholders' Meeting.</li> <li>3. Review of accounts receivable overdue by more than three months as of Q1 2024, which are not considered lending in nature.</li> <li>4. Nomination of candidates for Director and Independent Director positions.</li> <li>5. Approval to lift the restriction on non-competition for newly elected Directors and their representatives.</li> <li>6. Amendment to the "Rules of Procedure for Board of Directors Meetings".</li> <li>7. Approval for the subsidiary to apply for mid-term bank loan facilities, with the Company providing an endorsement/guarantee.</li> <li>8. Approval of the liquidation of an overseas investment holding company.</li> </ol>
2024.06.18	Board of Directors	<ol style="list-style-type: none"> <li>1. Election of the Chairman of the Board of Directors.</li> <li>2. Appointment of members to the sixth-term Compensation Committee of the Company.</li> </ol>
2024.08.09	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the financial statements for the second quarter of 2024.</li> <li>2. Review of accounts receivable overdue by more than three months as of Q2 2024, which are not considered lending in nature.</li> <li>3. Appointment of members to the second-term Sustainability Committee of the Company.</li> <li>4. Approval to apply for short-term bank loan facilities.</li> <li>5. Approval to participate in the capital increase of a subsidiary.</li> <li>6. Approval of the subsidiary's acquisition of production equipment.</li> <li>7. Approval of capital increase between subsidiaries.</li> <li>8. Approval of the subsidiary's targeted reduction of registered capital in the amount of USD 2 million.</li> <li>9. Approval of changes in position and compensation for a</li> </ol>

		<p>Company executive.</p> <p>10. Approval of the retirement pension payment for the Company's Chief Investment Officer upon retirement.</p> <p>11. Approval of compensation for Directors assisting with Company operations.</p> <p>12. Approval of the list and quantity of managerial personnel receiving the second grant of employee restricted stock awards for 2023.</p> <p>13. Approval of compensation for current-term Independent Directors.</p> <p>14. Approval of the allocation list for the second grant of 2023 employee restricted stock awards.</p> <p>15. Approval of the issuance and determination of the record date for the second grant of 2023 employee restricted stock awards.</p>
2024.09.18	Board of Directors	<p>1. Approval of the subsidiary's proposed disposal of equity in its investee company.</p> <p>2. Approval of the liquidation of a PRC-based subsidiary.</p> <p>3. Authorization to engage in financial instrument transactions within a limit of NT\$100 million.</p> <p>4. Amendment to the "Sustainable Development Best Practice Principles".</p> <p>5. Amendment to the "Organizational Charter of the Sustainability Committee".</p>
2024.11.06	Board of Directors	<p>1. Change of the Company's certified public accountant (CPA).</p> <p>2. Approval of the financial statements for the third quarter of 2024.</p> <p>3. Review of accounts receivable overdue by more than three months as of Q3 2024, which are not considered lending in nature.</p> <p>4. Approval to apply for short-term bank loan facilities.</p> <p>5. Approval of the 2025 audit plan.</p> <p>6. Establishment of the "Internal Control System for Sustainability Information Management".</p>
2024.12.26	Board of Directors	<p>1. Approval to apply for short-term bank loan credit facilities.</p> <p>2. Approval of the subsidiary's proposed construction of a new plant and related facility engineering.</p> <p>3. Authorization to engage in financial instrument transactions within a limit of NT\$200 million.</p>
2025.02.07	Board of Directors	<p>1. Approval of the Company's 2025 annual budget and business plan.</p>
2025.03.12	Board of Directors	<p>1. Approval of the business report and financial statements for the fiscal year 2024.</p> <p>2. Approval of the deficit compensation for the fiscal year 2024.</p> <p>3. Approval of the internal control system statement for the fiscal year 2024.</p> <p>4. Setting the date, location, and agenda for the Annual Shareholders' Meeting.</p> <p>5. Setting the announcement, review criteria, and procedures for shareholder proposals.</p> <p>6. Amendment to certain provisions of the Company's Articles of Incorporation.</p> <p>7. Lifting the restriction on non-competition for Directors and their representatives.</p> <p>8. Approval for the purchase of Directors' liability insurance.</p> <p>9. Approval of the 2025 audit fees for the Company's CPA and evaluation of their independence.</p> <p>10. Review of accounts receivable overdue by more than three months as of December 31, 2024, and other receivables, which are not considered lending in nature.</p> <p>11. Approval to apply for short-term guaranteed loan facilities in the</p>

		<p>amount of NT\$90 million from the bank.</p> <p>12. Approval to conduct a private placement of common shares for cash capital increase.</p> <p>13. Approval of the 2024 performance evaluation for Directors and Managers, and the performance evaluation criteria for Managers for 2025.</p>
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**(10). Regarding Directors' or Supervisors' Dissenting Opinions on Important Resolutions Passed by the Board of Directors for the Year 2024 and up to April 13 2025, with Records or Written Statements, the main content is as follows: None.**

#### 4. Information about CPA Audit Fee

(1). Information Regarding the Company's Audit fee and non-audit fee :

Unit: NT\$ thousand

Accounting Firm	Name of CPA	Period covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche Taiwan	Weng, Bo-Ren	2024/01/01~2024/12/31	3,530	448	3,978	Non-audit fees include payment for accountant's travel expenses, transportation expenses, typing and printing costs, etc.
	He, Ruei-Syuan					
	Yu, Meng-Kuei					

(2). If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason: None.

(3). In the case where the audit fees decrease by ten percent or more compared to the previous year, the amount, percentage, and reasons for the reduction in audit fees should be disclosed: None.

#### 5. Information about the replacement of CPA :

(1). Information regarding the former CPAs

Date of replacement	2024.11.06		
Reason for replacement and explanation	To accommodate the internal adjustment required by Deloitte Touche Taiwan.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties	CPAs	The Company
	Circumstances		
	Terminated the engagement	Not applicable	Not applicable
	No longer accepted (discontinued) the engagement	Not applicable	Not applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	No.		
Disagreement with the Company?	Yes		Accounting Principles or Practices
			Disclosure of Financial Statements
			Scope or Procedures of Audit
			Others
	No	V	

	Illustrate
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	No

(2). Information Regarding the Successor CPAs

Name of accounting firm	Deloitte Touche Taiwan.
Names of CPAs	Weng Bo-Ren, Yu, Meng-Kuei
Date of engagement	2024.11.06
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not applicable
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not applicable

(3). The reply letter from the former CPA regarding the Company's disclosures regarding the matters under article 10.6.A and 10.6.B(c) of the Regulations : None.

6. The Company's Chairman, CEO, CFO, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during: None.

7. 10% or Above Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

(1). Changes in Shareholding

Title	Name	2024		As of Apr. 13, 2025	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Chun Tung International Investment Co., Ltd.	161,168	0	0	0
Representative	Huang, Yi-Chun	39,274	0	0	0
Director	Chen, Tsai-Pu	0	0	0	0
Director	Chen, Wan-De	152,876	0	0	0
General Manager	Yu, Hsiu-Ping	50,000	0	0	0
Deputy General Manager	Liu, Ming-Yi	81,262	0	0	0
Senior Manager	Yu, Jing-Feng	0	0	0	0
Independent Director	Liu, Yi-Zhen	0	0	0	0

Title	Name	2024		As of Apr. 13, 2025	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Independent Director	Zhang, Dong-Long	0	0	0	0
Independent Director	Zheng, Qin-Xin	0	0	0	0
Independent Director	Su, Cong-Min	0	0	0	0
Finance Department Manager	Liu, Ming-Yi	81, 262	0	0	0
Accounting Department Manager	Liu, Ming-Yi	81, 262	0	0	0

(2). Shares Trading with Related Parties : None.

(3). Shares Pledge with Related Parties : None.

## 8. Relationship among the Top Ten Shareholders

As of 2025/4/13

Unit: Share/%

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Huang, Chang-Hua	3,645,199	3.76%	0	0.00%	0	0.00%	None	None	Note 1
Samoa Business Dayu International Co., Ltd.	2,688,910	2.77%	0	0.00%	0	0.00%	None	None	Note 1
Wang, Hui-Yu	2,056,971	2.12%	476,441	0.49%	0	0.00%	None	None	None
Chen, Tsai-Pu	2,046,810	2.11%	501	0.00%	0	0.00%	None	None	None
Gao, Wen-Xiang	2,010,142	2.07%	0	0.00%	0	0.00%	None	None	Note 1
Restricted Stocks with Voting and Dividend Rights (2023) Held in Custody by Taishin Bank for Employees of Paragon Technology Co., Ltd.	1,670,000	1.72%	0	0.00%	0	0.00%	None	None	Note 1
Chun Tung International Investment Co., Ltd	1,666,168	1.72%	0	0.00%	0	0.00%	None	None	None
Li, Shu-Fa	1,614,767	1.67%	0	0.00%	0	0.00%	None	None	Note 1
Chen, Wan-De	1,580,442	1.63%	1,180,000	1.22%	0	0.00%	None	None	None
He, Chia-Che	1,319,000	1.36%	0	0.00%	0	0.00%	None	None	Note 1

Note1: As the shareholder is not an insider, information regarding their spouse, minor children, or holdings held under another person's name cannot be obtained."

## 9. Ownership of Shares in Affiliated Enterprises

2024/12/31

Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors /Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
MACRO SIGHT INTERNATIONAL CO., LTD.	13,992,000	100%	0	0	13,992,000	100%
Paragon Cubee auto parts inc.	500,000	50%	0	0	500,000	50%
Jing Cheng Material Co., LTD.	78,000,000	100%	0	0	78,000,000	100%

## III. Capital Overview

### 1 Capital and Shares

#### (1) Source of Capital

##### A. Issued Shares

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1995.10	10	2,400	24,000	2,400	24,000	Authorized capital	None	None
1996.08	10	5,000	50,000	5,000	50,000	Cash capital increase of 1,077.5thousand shares	Offsetting of Debt against Equity 1,522.5thousand shares	Note1
1997.05	10	6,000	60,000	6,000	60,000	Cash capital increase of 1,000 thousand shares	None	Note2
1997.12	11	8,000	80,000	8,000	80,000	Cash capital increase of 2,000 thousand shares	None	Note3
1999.01	11	12,000	120,000	12,000	120,000	Cash capital increase of 4,000 thousand shares	None	Note 4
2000.06	10	15,000	150,000	15,000	150,000	Cash capital increase of 3,000 thousand shares	None	Note 5
2000.09	35	16,500	165,000	16,500	165,000	Cash capital increase of 1,500 thousand shares	None	Note 6
2001.04	10	20,850	208,500	20,850	208,500	Capital reserve of 4,350 thousand shares	None	Note 7
2001.08	11	25,438	254,384	25,438	254,384	Cash capital increase of 4,588 thousand shares	None	Note 8
2003.01	16	30,400	304,000	26,698	266,975	Cash capital increase of 1,260 thousand shares	None	Note 9
2004.01	16	30,400	304,000	30,032	300,315	Cash capital increase of 3,334 thousand shares	None	Note 10
2005.01	12	54,000	540,000	36,032	360,315	Cash capital increase of 6,000 thousand shares	None	Note 11
2005.05	30	54,000	540,000	38,032	380,315	Cash capital increase of 2,000 thousand shares	None	Note 12
2006.04	10	100,000	1,000,000	48,678	486,784	Capitalization of retained earnings and employee stock option certificate 10,646 thousand shares	None	Note 13
2006.06	136	100,000	1,000,000	53,678	536,784	Cash capital increase of 5,000 thousand shares	None	Note 14

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2007.06	10	100,000	1,000,000	62,146	621,462	Capitalization of retained earnings and employee stock option certificate of 8,468 thousand shares	None	Note 15
2007.09	10	100,000	1,000,000	62,746	627,462	Employee stock option of 600 thousand shares	None	Note 16
2007.11	168	100,000	1,000,000	69,946	699,462	Cash capital increase of 7,200 thousand shares	None	Note 17
2008.07	10	100,000	1,000,000	78,540	785,408	Capitalization of retained earnings and employee stock option certificate of 8,595 thousand shares	None	Note 18
2009.07	10	100,000	1,000,000	78,620	786,208	Employee stock option of 80 thousand shares	None	Note 19
2009.11	10	100,000	1,000,000	78,640	786,408	Employee stock option of 20 thousand shares	None	Note 20
2010.05	10	100,000	1,000,000	79,000	790,008	Employee stock option of 60 thousand shares	None	Note 21
2010.07	10	100,000	1,000,000	82,821	828,209	Capitalization of retained earnings of 3,800 thousand share and employee stock option of 20 thousand shares	None	Note 22
2011.01	10	100,000	1,000,000	82,921	829,209	Employee stock option of 100 thousand shares	None	Note 23
2011.04	10	100,000	1,000,000	82,981	829,809	Employee stock option of 60 thousand shares	None	Note 24
2011.07	10	100,000	1,000,000	79,981	799,809	Cancellation of Treasury stock of 3,000 thousand shares	None	Note 25
2011.11	10	100,000	1,000,000	80,041	800,409	Employee stock option of 60 thousand shares	None	Note 26
2012.04	10	100,000	1,000,000	80,221	802,209	Employee stock option of 180 thousand shares	None	Note 27
2012.09	10	100,000	1,000,000	84,232	842,319	Capitalization of retained earnings of 4,011 thousand shares	None	Note 28
2013.09	10	100,000	1,000,000	85,074	850,742	Capital reserve of 842 thousand shares	None	Note 29
2015.08	10	100,000	1,000,000	86,547	865,472	Employee stock option of 1,473 thousand shares	None	Note 30
2015.12	10	100,000	1,000,000	86,707	867,072	Employee stock option of 160 thousand shares	None	Note 31
2016.05	10	100,000	1,000,000	84,207	842,072	Cancellation of Treasury stock of 2,500 thousand shares	None	Note 32
2016.08	10	100,000	1,000,000	80,707	807,072	Cancellation of Treasury stock of 3,500 thousand shares	None	Note 33
2017.11	10	100,000	1,000,000	80,107	801,072	Cancellation of Treasury stock of 600 thousand shares	None	Note 34
2018.02	10	100,000	1,000,000	80,752	807,522	Employee stock option of 645 thousand shares	None	Note 35
2020.07	10	200,000	2,000,000	80,752	807,522	None	None	Note 37
2022.08	10	200,000	2,000,000	79,142	791,422	Cancellation of Treasury stock of 1,610 thousand shares	None	Note 38

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2022.09	10	200,000	2,000,000	80,742	807,422	Cash capital increase of and private placement of 1,600 thousand shares	None	Note 39
2023.08	10	200,000	2,000,000	83,042	830,422	Cash capital increase of and private placement of 2,300 thousand shares	None	Note 40
2023.09	10	200,000	2,000,000	84,042	840,422	Restrict employee stock rights to 1,000 thousand shares.	None	Note 41
2024.08	10	200,000	2,000,000	96,042	960,422	Cash capital increase of 12,000 thousand shares.	None	Note 42
2024.10	10	200,000	2,000,000	96,962	969,622	Restrict employee stock rights to 920 thousand shares.	None	Note 43

2025/4/13 / Unit: Share

Share Type	Authorized Capital					Remarks
	Issued Shares			Un-issued Shares	Total Shares	
	Listed	Unlisted	Total			
Common Shares	96,962,230	—	96,962,230	103,037,770	200,000,000	

Note1: Approved by letter No. 223374 of the Ministry of Economic Affairs.

Note2: Approved by letter No. 170127 of the Ministry of Economic Affairs.

Note3: Approved by letter No. 280541 of the Ministry of Economic Affairs.

Note4: Approved by letter No. 087143688 of the Ministry of Economic Affairs.

Note5: Approved by letter No. 089119020 of the Ministry of Economic Affairs.

Note6: Approved by letter No. 089134053 of the Ministry of Economic Affairs.

Note7: Approved by letter No. 09001147030 of the Ministry of Economic Affairs.

Note8: Approved by letter No. 090011337410 of the Ministry of Economic Affairs.

Note9: Approved by letter No. 09101520400 granted by the Ministry of Economic Affairs on January 2, 2003.

Note10: Approved by letter No. 09331506000 granted by the Ministry of Economic Affairs on January 5, 2004.

Note11: Approved by letter No. 09431548020 granted by the Ministry of Economic Affairs on January 13, 2005.

Note12: Approved by letter No. 09432111390 granted by the Ministry of Economic Affairs on May 12, 2005.

Note13: Approved by letter No. 09532033000 granted by the Ministry of Economic Affairs on April 14, 2006.

Note14: Approved by letter No. 09501110310 granted by the Ministry of Economic Affairs on June 8, 2006.

Note15: Approved by letter No. 09601126900 granted by the Ministry of Economic Affairs on June 8, 2007.

Note16: Approved by letter No. 09601249560 granted by the Ministry of Economic Affairs on October 15, 2007.

Note17: Approved by letter No. 09601295960 granted by the Ministry of Economic Affairs on November 30, 2007.

Note18: Approved by letter No. 09701163070 granted by the Ministry of Economic Affairs on July 10, 2008.

Note19: Approved by letter No. 09801160740 granted by the Ministry of Economic Affairs on July 22, 2009.

Note20: Approved by letter No. 09801258020 granted by the Ministry of Economic Affairs on November 6, 2009.

Note21: Approved by letter No. 09901090070 granted by the Ministry of Economic Affairs on May 4, 2010.

Note22: Approved by letter No. 09901169940 granted by the Ministry of Economic Affairs on July 28, 2010.

Note23: Approved by letter No. 10001020780 granted by the Ministry of Economic Affairs on January 31, 2011.

Note24: Approved by letter No. 10001080430 granted by the Ministry of Economic Affairs on April 21, 2011.

Note25: Approved by letter No. 10001166930 granted by the Ministry of Economic Affairs on July 22, 2011.

Note26: Approved by letter No. 10001260450 granted by the Ministry of Economic Affairs on November 17, 2011.

Note27: Approved by letter No. 10101068690 granted by the Ministry of Economic Affairs on April 23, 2012.

Note28: Approved by letter No. 10101189870 granted by the Ministry of Economic Affairs on September 12, 2012.

Note29: Approved by letter No. 10201183550 granted by the Ministry of Economic Affairs on September 5, 2013.

Note30: Approved by letter No. 10401170110 granted by the Ministry of Economic Affairs on August 10, 2015.

Note31: Approved by letter No. 10401264540 granted by the Ministry of Economic Affairs on December 11, 2015.

Note32: Approved by letter No. 10501106980 granted by the Ministry of Economic Affairs on May 24, 2016.

Note33: Approved by letter No. 10501183860 granted by the Ministry of Economic Affairs on August 3, 2016.

Note34: Approved by letter No. 10601160840 granted by the Ministry of Economic Affairs on November 27, 2017.

Note35: Approved by letter No. 10701016360 granted by the Ministry of Economic Affairs on February 9, 2018.

Note36: Approved by letter No. 10701075900 granted by the Ministry of Economic Affairs on July 3, 2018.

Note37: Approved by letter No. 10901111550 granted by the Ministry of Economic Affairs on July 13, 2020.

Note38: Approved by letter No. 11101135760 granted by the Ministry of Economic Affairs on August 5, 2022.

Note39: Approved by letter No. 11101174340 granted by the Ministry of Economic Affairs on September 13, 2022.

Note40: Approved by letter No. 11230142700 granted by the Ministry of Economic Affairs on August 17, 2023.

Note41: Approved by letter No. 11230179450 granted by the Ministry of Economic Affairs on September 20, 2023.

Note42: Approved by letter No. 11330136250 granted by the Ministry of Economic Affairs on August 20, 2024.

Note43: Approved by letter No. 11330172070 granted by the Ministry of Economic Affairs on October 15, 2024.

## B. Information on Comprehensive Disclosure System: Not applicable.

### (2) List of Major Shareholders

As of 2025/04/13

Shareholder's Name	Shares	Percentage
Huang, Chang-Hua	3, 645, 199	3. 76%
Samoa Business Dayu International Co., Ltd.	2, 688, 910	2. 77%
Wang, Hui-Yu	2, 056, 971	2. 12%
Chen, Tsai-Pu	2, 046, 810	2. 11%
Gao, Wen-Xiang	2, 010, 142	2. 07%
Restricted Stocks with Voting and Dividend Rights (2023) Held in Custody by Taishin Bank for Employees of Paragon Technology Co., Ltd.	1, 670, 000	1. 72%
Chun Tung International	1, 666, 168	1. 72%
Investment Co., Ltd	1, 614, 767	1. 67%
Li, Shu-Fa	1, 580, 442	1. 63%
Chen, Wan-De	1, 319, 000	1. 36%

### (3) Dividend Policy and Implementation Status

#### A. Dividened Policy

In the event that the company generates profits in a fiscal year, it shall allocate between 1% and 10% for employee compensation and no more than 3% for director and supervisor remuneration. However, if the company has accumulated losses, an amount should be reserved for offsetting those losses. The determination of the distribution ratio for employee compensation and director and supervisor remuneration, whether in the form of stocks or cash, shall be decided by the Board of Directors and reported at the shareholders' meeting. Employee compensation, in the form of stocks or cash, may be granted to employees of subsidiary companies who meet certain conditions.

If there is a surplus in the annual overall financial statements, tax payments shall be settled first, followed by offsetting accumulated losses from previous years. From the remaining balance, 10% shall be allocated to statutory surplus reserves, unless the statutory surplus reserves have reached the level of paid-in capital, in

which case further allocation is not required. The remaining balance may be allocated to special surplus reserves or be included in the cumulative undistributed earnings, and a proposal for dividend distribution shall be prepared by the Board of Directors for approval at the shareholders' meeting.

The dividend distribution policy of the company shall prioritize shareholders' equity and take into account factors such as the current and future domestic and international industry competition, investment environment, and capital requirements. Dividends may be distributed in the form of either stock dividends or cash dividends. Considering that the company is currently in a growth stage and for the purpose of long-term financial planning, the total amount of dividends distributed each year shall be no less than 30% of the post-tax net profit of the fiscal year, with a minimum of 20% of the total dividends distributed in cash.

B. Proposed Distribution of Dividend: None.

(4) Impact of proposed bonus shares on the company's business performance and earnings per share: Not applicable.

(5) Compensation of Employees, Directors and Supervisors :

A. The percentage or range of compensation for employees, directors, and supervisors as stated in the company's articles of incorporation:

If the company generates profits in a fiscal year, between 1% and 10% shall be allocated for employee compensation, and no more than 3% shall be allocated for directors' and supervisors' compensation. However, if the company has accumulated losses, an amount should be reserved in advance for offsetting those losses. The determination of the distribution ratio for employee compensation and directors' and supervisors' compensation, whether in the form of stocks or cash, shall be decided by the Board of Directors and reported at the shareholders' meeting. The recipients of employee compensation in the form of stocks or cash include employees of subsidiary companies who meet certain conditions.

B. The basis for estimating the amount of compensation for employees, directors, and supervisors, the basis for calculating the number of shares for employee compensation in the form of stocks, and the accounting treatment for any discrepancy between the actual distribution amount and the estimated figure:

(a) Basis for estimating the remuneration of employees, directors and supervisors in the current period

Due to the net loss after tax in 2024, employee remuneration and director remuneration payable have not been estimated.

(b) Accounting treatment for any discrepancy between the actual distribution amount and the estimated figure:

After the end of the fiscal year, if there is a significant change in the amount approved by the Board of Directors, the original provision for expenses in the current fiscal year shall be adjusted. If the amount still changes on the date of the shareholders' meeting, it shall be handled as an accounting estimate adjustment and adjusted in the year of the shareholders' meeting resolution. If the shareholders' meeting resolution approves the distribution of employee compensation in the form of stocks, the number of stock-based compensation shares shall be determined by dividing the approved dividend amount by the fair value of the stock. The fair value of the stock is based on the closing price on the day prior to the shareholders' meeting (taking into account ex-dividend and ex-rights effects).

C. Details of the distribution of compensation approved by the Board of Directors:

(a) Amount of employee and director compensation distributed in cash or

stocks:

Due to a pre-tax loss in fiscal year 2024, the Company will not distribute employee or director compensation.

- (b) Amount of employee compensation distributed in stocks and the percentage it represents in relation to the after-tax net income stated in the individual financial reports for the current period and the total employee compensation:

There were no proposed distributions of employee compensation in the form of stocks for the current period, so this does not apply.

**D. Distribution of Compensation of Employees, Directors and Supervisors for 2023  
Approved in the Board of Directors Meeting**

(a) Due to a pre-tax loss in fiscal year 2023, the Company did not distribute any remuneration.

(b) Difference between the above amount and the recognized employee and director remuneration: Not applicable.

(6) Buy-back of Treasury Stock : None.

**2. Corporate Bonds :**

**(1) Corporate Bond Information :**

Type of corporate bonds	Domestic 1 <sup>st</sup> secured convertible corporate bond
Issue (transaction) date	August 15, 2024
Face Value	NT\$ 100,000
Place of issue and trading	Not applicable
Issue Price	NT\$ 118.63
Issue amount	NT\$ 300,000,000
Coupon rate	0%
Term	Maturity: 3 years Maturity date: August 15, 2027
Guarantor	Taishin International Bank Co., Ltd.
Trustee	Chang Hwa Commercial Bank, Ltd.
Underwriter	Taishin Securities Co., Ltd.
Attesting lawyer	Handsom Attorneys-at-Law / Qiu Ya Wen
Attesting CPA	Deloitte Taiwan / Weng Bo Ren 、He Rui Xuan
Redemption method	Except where bondholders convert their bonds into the company's common shares in accordance with article 10 of the company's Regulations Governing the Issuance and Conversion of the Domestic 1 <sup>st</sup> Unsecured Convertible Corporate Bonds, or where the company redeems the bonds early pursuant to article 18 of the same regulations, or the bonds are repurchased and canceled by the company through securities firms, the company shall repay the holders of the convertible bonds in full in cash based on the par value of the bonds within 10 business days following the maturity date of the convertible bonds.
Unredeemed balance	NT\$ 300,000,000
Conditions for redemption or early redemption	(1) From the day following 3 months after the issuance date (November 16, 2024) until 40 days before the maturity of the issuance period (July 6, 2027), if the closing price of the company's common shares on the Taiwan Stock Exchange exceeds the then-effective conversion price by 30% or more 30 business days, the company may, within

	<p>30 business days thereafter, send a "Bond Redemption Notice" by registered mail giving 30 days' notice to the bondholders (with the notice period commencing from the date the company sends the notice, and the final day of that period serving as the bond redemption record date. This notice period must not fall within the conversion suspension period under article 9). The bondholders shall be those listed in the bondholder register as of the 15 business day prior to the date the "Bond Redemption Notice" is sent. For holders who acquire the convertible bonds through purchase or other means after that date, notification shall be made by public announcement. The redemption price shall be at par value, and the bonds shall be redeemed in cash. The company shall also request the Taipei Exchange to make a public announcement. The company must complete the cash redemption of all outstanding convertible bonds at par value within 5 business days after the bond redemption record date.</p> <p>(2) From the day following 3 months after the issuance date (November 16, 2024) until 40 days before the maturity of the issuance period (July 6, 2027), if the outstanding balance of the convertible bonds falls below 10% of the original total issued principal amount, the Company may, at any time thereafter, send a "Bond Redemption Notice" by registered mail with a 30 day notice period (calculated from the date the company sends the notice, with the 9 day before the end of such period serving as the bond redemption record date. This notice period must not fall within the conversion suspension period under article 9) to the bondholders (as listed in the bondholder register as of the 15 business day prior to the date the notice is sent. For bondholders who acquire the bonds by purchase or other means thereafter, notification shall be made by public announcement). The redemption price shall be at par value, and the bonds shall be redeemed in cash in full. The company shall also request the Taipei Exchange to publicly announce the exercise of its redemption right. When executing the redemption request, the company shall complete the cash redemption of the outstanding convertible bonds at par value within 5 business days after the bond redemption record date.</p> <p>(3) If a bondholder does not provide a written response to the company's agent of stock affairs prior to the bond redemption record date specified in the "Bond Redemption Notice" (effective upon delivery; if sent by mail, the postmark date shall prevail), the company shall redeem the convertible bonds held by such bondholder in cash at par value within 5 business days following the bond redemption record date.</p> <p>(4) The business day following the bond redemption record date shall be the delisting date of the convertible corporate bonds. The final deadline for bondholders to request conversion shall be the second business day after the delisting date. However, bondholders must apply with their original brokerage firm to convert the convertible bonds</p>
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		into the company's common shares no later than the business day following the delisting date. If bondholders fail to apply for conversion within the aforementioned period, the company will redeem their convertible bonds at par value and settle in cash within 5 business days after the bond redemption record date. If any of the aforementioned dates falls on a non-business day of the Taipei Exchange, the date shall be postponed to the next business day.
Restrictive covenants		N/A
Name of rating agency, date and result of rating		Not applicable
Other right	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	No bondholders have exercised the conversion option.
	The issuance and conversion, exchange, or subscription rules	Please refer to the company's "Procedures for the Issuance and Conversion of the Domestic 1 <sup>st</sup> Unsecured Convertible Corporate Bonds."
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.		Please refer to Section III, Subsection 2, Item (8), Paragraph 4 of the Company's Prospectus for the 2024 Cash Capital Increase through New Share Issuance and the Domestic 1 <sup>st</sup> Secured Convertible Corporate Bonds.
Name of the custodian institution of the exchange underlyings		Not applicable

(2) Convertible corporate bonds information :

Type of corporate bond		Domestic 1 <sup>st</sup> secured convertible corporate bond	
Item	Fiscal year	2024	As of April 13, 2025 in the current fiscal year
Market price of convertible corporate bonds	Maximum	129.50	111.00
	Minimum	105.00	102.50
	Average	123.07	103.54
Conversion price		NT\$ 35	NT\$ 35
Issue (transaction) date and conversion price at issuance		Issue date: August 15, 2024 Conversion price at issuance: NT\$ 35	
Method for performance of conversion obligations		Issuance of new shares	

- (3 ) Exchange of corporate bond information : None.
- (4) Summary of the declaration of issuance of corporate bonds : None.
- (5) Attached warrant bond information : None.
- 3. Preferred Shares : None.
- 4. Global Depository Receipts : None.
- 5. Employee Stock option :
  - (1) Disclosure of employee stock option certificates that have not yet reached maturity as of the date of the annual report and their impact on shareholders' equity: None.
  - (2) Names of the top ten employees, who are managers and have acquired employee stock option certificates, and their acquisition and subscription details as of the date of the annual report: None.

## 6. Issuance of New Restricted Employee Shares :

### (1) Issuance of New Restricted Employee Shares

As of 2025/04/13

Type of new restricted employee share	The 1 <sup>st</sup> of new restricted employee share	The 2 <sup>nd</sup> of new restricted employee share															
Effective registration date and total number of share	Jul.11, 2023 3,000,000 shares	Jul.11, 2023 3,000,000 shares															
Issue date	Jul.11, 2023	September 2,2024															
Number of new restricted employee shares issues	1,000,000 shares	920,000 shares															
Number of new restricted employee shares still available for issuance	2,000,000 shares	1,080,000 shares															
Issue price	NT\$ 10	NT\$ 10															
Ratio of the number of new restricted employee shares issued to the total number of issued shares	1.19%	0.95%															
Vesting conditions of the new restricted employee shares	<p>1. Employees who are allocated restricted employee shares shall, from the date of receiving such options until the expiration of the subscription period, remain in employment without any violation of labor contracts or workplace regulations. Additionally, upon meeting the individual performance indicators required by the company on the expiration date, they will receive the new shares according to the following schedule and the proportion of subscribed shares:</p> <table> <tr> <th>Maturity Period</th><th>Subscription</th><th>Share Ratio</th></tr> <tr> <td>1 year after subscription</td><td></td><td>25%</td></tr> <tr> <td>2 years after subscription</td><td></td><td>25%</td></tr> <tr> <td>3 years after subscription</td><td></td><td>25%</td></tr> <tr> <td>4 years after subscription</td><td></td><td>25%</td></tr> </table> <p>2. Performance Indicator: Each year, the individual performance must meet or exceed the "Grade A" appraisal in order to receive the full allocation of the newly issued shares.</p>		Maturity Period	Subscription	Share Ratio	1 year after subscription		25%	2 years after subscription		25%	3 years after subscription		25%	4 years after subscription		25%
Maturity Period	Subscription	Share Ratio															
1 year after subscription		25%															
2 years after subscription		25%															
3 years after subscription		25%															
4 years after subscription		25%															
Restrictions on rights in the new restricted employee shares	<p>1. Before employees meet the conditions for receiving newly allocated shares, except through inheritance, they are not allowed to sell, mortgage, transfer, gift, pledge, or dispose of the restricted employee stock rights shares in any other manner.</p> <p>2. Attendance, proposals, speeches, voting rights, etc., at the shareholders' meeting shall be executed</p>																

	<p>according to the trust and custody agreement.</p> <p>3. Except for restrictions imposed by the trust agreement, employees allocated restricted employee stock rights shares under these regulations, before meeting the conditions for acquisition, shall have all other rights, including but not limited to: cash dividends, stock dividends, and capital surplus; subscription rights for cash capital increases; and any other benefits allocated due to statutory reasons such as mergers, splits, or stock conversions, equivalent to the ordinary shares issued by the Company.</p> <p>4. During the vested period, if the Company conducts capital reduction, such as cash reduction, which is not due to statutory reduction of capital, the restricted employee stock rights shares shall be cancelled in proportion to the reduction. In the case of cash reduction, the refunded cash must be delivered to the trust, and can only be delivered to employees upon meeting the vested conditions and timeframe; however, if the vested conditions are not met by the expiration date, the Company will reclaim the cash.</p>
Custody of the new restricted employee shares	<p>1. If the Company determines that it is necessary to entrust the restricted employee stock rights shares obtained by employees under these regulations to a trust institution for safekeeping, the Company reserves the right to negotiate, sign, amend, extend, terminate, and terminate trust custody contracts on behalf of employees, as well as transfer or dispose of trust property (shares and cash), and undertake other actions based on these regulations.</p> <p>2. Employees who are allocated restricted employee stock rights shares under these regulations must deliver them to the trust institution designated by the Company for safekeeping before the vested conditions are met.</p>
Treatment of the new restricted shares for which the grantee fails to meet the vesting conditions after receiving or subscribing to the shares	<p>1. For those who have not met the vested conditions, the Company will repurchase their shares at the original issue price and proceed with cancellation in accordance with the law. However, the Company will provide employees with bonus shares and</p>

	<p>dividends obtained during the vested period free of charge.</p> <p>2. Resignation or Dismissal of Employees :</p> <p>If an employee leaves the company for any reason and has shares that have not met the vested conditions, the Company will repurchase their shares at the original issue price and proceed with cancellation in accordance with the law, except where approved by the Board of Directors. However, the handling of the restricted employee stock options that do not meet the vested conditions is subject to the decision of the Board of Directors</p> <p>3. If the event of occupational accident resulting in the inability to continue employment or death :</p> <p>(1) For those who are unable to continue employment due to occupational accidents, it is considered to have met the vested conditions and is not subject to the restrictions of the vesting period.</p> <p>(2) For those who die due to occupational accidents, it is considered to have met the vested conditions and is not subject to the restrictions of the vesting period. However, the necessary legal procedures must be completed by the heirs and relevant documentary evidence provided before they can apply to receive the shares or rights of disposition they are entitled to inherit.</p> <p>4. Unpaid Leave :</p> <p>Shares that have not met the vested conditions will regain their rights from the date of resumption of work, but the conditions of the vesting period should be deferred according to the period of unpaid leave.</p> <p>5. Transfer to Related Enterprises :</p> <p>Employees approved by the company for transfer to related enterprises will still be subject to the proportionate vesting schedule of the vested shares under this policy for shares that have not met the vested conditions, unaffected by the transfer.</p> <p>6. Retirement :</p>
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	<p>Employees who retire according to the regulations and approved by the company, from the effective date of retirement, are deemed to have met the vested conditions and are not subject to the limitations of the vesting period.</p> <p>7. General Death :</p> <p>From the date of death, it is deemed to have met the vested conditions and is not subject to the limitations of the vesting period. However, the inheritor should complete necessary legal procedures and provide relevant documents to apply for receiving the shares or the rights to dispose of them.</p> <p>8. For other reasons not listed above, the Chairman is authorized to determine the proportion and time limit for meeting the vested conditions and shall report to the Board of Directors for retroactive approval.</p> <p>9. The provisions for terminating the labor contract listed in these regulations shall be interpreted in accordance with the governing law applicable to the employee's labor contract.</p>	
Number of new restricted employee shares that have been retired or bought back	0 share	0 share
Number of new restricted shares that have vested	250,000 share	0 share
Number of unvested new restricted shares	750,000 share	920,000 share
The ratio of the number of unvested new restricted shares to the total number of issued shares (%)	0.78%	0.95%
The effect on shareholders' equity	The dilutive effect on the Company's earnings per share in future years is expected to be limited and does not have a material impact on shareholders' equity.	The dilutive effect on the Company's earnings per share in future years is expected to be limited and does not have a material impact on shareholders' equity.

(2) Names and Acquisition Details of Managers and Top Ten Employees Receiving Restricted Employee Shares

As of 2025/04/13

The First Grant of Restricted Employee Shares for Fiscal Year 2023												
	Job Title	Name	Number of new restricted employee shares granted (shares)	Ratio of the number of new restricted employee shares granted to number of issued shares (%)	Vested Restricted Shares				Unvested Restricted Shares			
					Number of vested shares (Shares)	Issue Price	Total purchase price (NT\$ thousands )	Ratio of the number of vested restricted shares to the total number of issued shares (%)	Number of vested shares (Shares)	Issue Price	Total purchase price (NT\$ thousands )	Ratio of the number of unvested restricted shares to the total number of issued shares (%)
Managerial officers	General Manager	Yu, Hsiu- Ping	400,000	0.48%	100,000	NT\$10	1,000	0.10%	300,000	NT\$10	3,000	0.31%
	Deputy General Manager	Liu, Ming -Yi										
Employees	Subsidiary – General Manager	He, Chun- Hsien	600,000	0.71%	150,000	NT\$10	1,500	0.15%	450,000	NT\$10	4,500	0.46%
	Subsidiary – Deputy General Manager	Shen, Tien-Long										
	Subsidiary – Assistant Manager	Guo, Cheng-Fu										
	Subsidiary – Assistant Manager	Hsu, Yu-Han										

The Second Grant of Restricted Employee Shares for Fiscal Year 2023												
	Job Title	Name	Number of new restricted employee shares granted (shares)	Ratio of the number of new restricted employee shares granted to number of issued shares (%)	Vested Restricted Shares				Unvested Restricted Shares			
					Number of vested shares (Shares)	Issue Price	Total purchase price (NT\$ thousands )	Ratio of the number of vested restricted shares to the total number of issued shares (%)	Number of vested shares (Shares)	Issue Price	Total purchase price (NT\$ thousands )	Ratio of the number of unvested restricted shares to the total number of issued shares (%)
Managerial officers	Senior Manager	Yu, Jing-Feng	120,000	0.12%	0	0	0	0%	120,000	NT\$10	1,200	0.12%
Employees	Subsidiary – Senior Manager	Chen, Tsung-Yu	800,000	0.83%	0	0	0	0%	800,000	NT\$10	8,000	0.83%
	Subsidiary – Manager	Chen, Feng-Kuan										
	Department Director	Huang, Yi-Kun										
	Manager	Lee, Chih-Wei										
	Manager	Lin, Mao-Sung										
	Subsidiary – Manager	Chiang, Chih-Chin										
	Subsidiary – Assistant Manager	Chen, Hsin-Hung										
	Subsidiary – Assistant Manager	Hsieh, Tsung-Ju										
	Subsidiary – Assistant Manager	Wu, Hsing-Mao										
	Subsidiary – Senior Engineer	Hsieh, Ming-Han										

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions :  
None.

8. Status of Capital Utilization Plan Implementation :

Required disclosure for analysis of the use of funds from the previous cash capital increase, merger, acquisition of other companies' shares for new share issuance, or issuance of corporate bonds: The Company has not conducted any mergers or acquisitions involving the issuance of new shares for the acquisition of other companies' shares. The following is an overview of the plan and implementation status of the company's domestic 1st secured convertible corporate bond issuance and cash capital increase in 2024:

Plan for the Domestic 1<sup>st</sup> Secured Convertible Corporate Bonds and Cash Capital Increase in 2024

**(1) Contents of plan:**

- A. Date and Document Number of Approval by the Authority: Approved and effective as per May 23, 2024 Letter No. Financial-Supervisory-Securities 1130341336 and 11303413361 of the Financial Supervisory Commission.
- B. Total amount of funds for the plan: NT\$ 655,890,000
- C. Sources of funds:
  - (a) Cash Capital Increase: Issuance of 12,000,000 new common shares at a par value of NT\$ 10 per share, with an issuance price of NT\$ 25 per share, raising a total amount of NT\$ 300,000,000.
  - (b) Issuance of the Domestic 1st Secured Convertible Corporate Bonds: Each bond has a face value of NT\$ 100,000, with a total of 3,000 bonds issued. The coupon rate is 0%, and the term is 3 years. The total face value is NT\$ 300,000,000. The bonds were issued at 118.63% of face value, resulting in actual proceeds of NT\$ 355,890,000.

**(2) Capital Utilization Plan and Progress of Utilization :**

Unit: NT\$ thousand

Project Item	Expected Completion Time	Required Capital (NT\$ thousands)	Planned Capital Utilization Schedule		
			2024Q3	2024Q4	2025Q1
Equity Investment in Subsidiary – Jing Cheng Material Co., LTD	2024Q3	600,000	600,000	-	-
Working Capital Replenishment	2025Q1	55,890	21,400	22,300	12,190
Total		655,890	621,400	22,300	12,190

**(3) Implementation Status :**

Unit: NT\$ thousand

Project Item	Implementation Status		As of 2025Q1	Reasons for being ahead of or behind schedule and improvement plans
Equity Investment in Subsidiary –Jing	Amount of expenditure	Reserve	600,000	The Company has completed execution according to the
		Actual	600,000	
	Execution	Reserve	100%	

Cheng Material Co., LTD	progress (%)	Actual	100%	planned schedule in the first quarter of 2025.
Working Capital Replenishment	Amount of expenditure	Reserve	55,890	
		Actual	55,890	
	Execution progress (%)	Reserve	100%	
		Actual	100%	
Total	Amount of expenditure	Reserve	655,890	
		Actual	655,890	
	Execution progress (%)	Reserve	100%	
		Actual	100%	

#### (4) Assessment of Benefits Generated :

##### A. Re-investment in a subsidiary

In the Q3, 2024, the company plans to allocate NT\$600,000,000 from the raised funds for re-investment in its wholly owned subsidiary, Jing Cheng Materials Co., Ltd. The funds will be used for the design, planning, and construction of a new plant, as well as the procurement of machinery and equipment. Upon the completion of the new plant and the gradual improvement of its yield rate, the overall operations and profitability of both the company and its subsidiary are expected to grow. From 2024 to 2030, the subsidiary is projected to generate an additional NT\$4,734,389,000 and in operating revenue and NT\$472,148,000 in net profit after tax. The company is expected to recognize 100% of the investment income each year, ranging from (NT\$194,866,000) to NT\$368,846,000.

##### B. Replenishment of working capital

The company plans to allocate NT\$55,890,000 of the raised funds during Q3 and Q4 of 2024 and Q1 of 2025 to supplement working capital in response to operational needs. This move aims to reduce reliance on bank financing and enhance the flexibility of fund utilization. Based on the company's current average borrowing interest rate of 2.5%, it is estimated that interest expenses can be reduced by approximately NT\$340,000 in 2024 and by about NT\$1,397,000 annually thereafter. This will moderately ease the company's financial burden, improve the flexibility in capital deployment, and expand operational scale, thereby providing positive support for the company's overall business development, with benefits already beginning to emerge.

## IV. Operational Highlights

### 1. Business Activities

#### (1) Business Scope

##### A. Main areas of business operations

- (a). CA04010 Surface treatment industry.
- (b). CB01010 Machinery and equipment manufacturing industry.
- (c). CB01990 Other machinery manufacturing industry.
- (d). CC01080 Electronic component manufacturing industry.
- (e). F113010 Machinery wholesale industry.
- (f). F119010 Electronic materials wholesale industry.
- (g). F401010 International trade industry.

- (i). CC01040 Lighting equipment manufacturing industry.
- (j). ZZ99999 Business activities not prohibited or restricted by laws, except for licensed businesses.

## B. Revenue Distribution

Unit: NT\$ thousand

Major Divisions\Year	2023		2024	
	Total Sales	(%) of Total Sales	Total Sales	(%) of Total Sales
PVD coating products	382,125	99.88%	368,171	99.85%
Silicon Carbide Products	71	0.02%	561	0.15%
Others	377	0.10%	7	0.00%
Total	382,573	100.00%	368,739	100.00%

Note: Includes sales revenue from discontinued operations.

## C. The current product (service) offerings of the company are as follows:

- (a).EMI Shielding Surface Treatment
- (b).PVD Surface Coating Treatment
- (c). Silicon Carbide Products

## D. Planned new product ( service )

### Functional Coating

In response to the increasing demand for functional vacuum-sputtered coatings in the market, our company will combine vacuum sputtering technology to develop various functional thin films to enhance the functionality of consumer electronic products and replace existing technologies with low-cost advantages. As the application of functional vacuum sputtering coatings is quite extensive in consumer electronic products, we will focus on integrating key technologies based on multiple considerations such as market potential and scale, functional requirements, technical value, and cost advantages. We will also use the concept of modularization to adjust the application in different fields flexibly. The R&D department has invested considerable resources in the above direction, but it still needs to go through the commercialization process, improve customer acceptance, and coordinate with market demand to determine the appropriate timing for product launch. In the future, our company will continue to develop new products to diversify the company's business risks.

## (2) Industry Overview

### A. Current Status and Development of the Industry

#### (a). PVD Coating Products

The vacuum sputtering (PVD) coating treatment industry is used to coat the surface of metals, plastics, glass, or other materials. It has the advantages of low cost, high density, high output, and meeting the demands of green environmental protection. It can be used for coating treatments such as anti-electromagnetic wave interference coating and appearance coating of 3C products such as mobile phones, PDAs, GPSs, and NBs, temperature sensing rod surface treatment, laser engraving treatment of mobile phone buttons and nameplates, Transparent conductive(ITO Film ), film treatment of touchscreen (Touch Panel ), light guide plate coating treatment, photoelectric transmission grating treatment, optical laser ranging mirror coating, optical lens coating, plastic material wire plating board, flexible PCB front-end

process (replacing the polluting electroplating process), liquid crystal display (LCD Monitor) coating treatment, OLED (organic electroluminescent diode) coating treatment, PDP (plasma display panel) coating treatment, and other non-information product applications, such as automotive components, cosmetic and food packaging materials, home decoration materials, medical equipment, solar cell thermal energy panels, etc. The low-temperature vacuum sputtering used on plastic surfaces for thin film coating products also has the advantages of being lightweight, thin, impact-resistant, and flexible, and has a wide range of applications. By using sputtering to produce a coating with strong adhesion and special features, the purpose of protecting the substrate, decoration, anti-electromagnetic wave, conductivity, spectral splitting, reflection, or anti-reflection can be achieved.

Vacuum sputtering can be divided into batch sputtering and continuous sputtering according to the equipment used. Batch sputtering requires breaking the vacuum to remove the workpiece after each batch is completed and then placing the next batch of workpieces for high vacuum pumping, resulting in small production capacity and higher costs. On the other hand, continuous sputtering, which has multiple chambers arranged in a straight line, continuously puts in and takes out the workpiece, and the process area maintains high vacuum, so the production capacity is higher and the cost is lower. Typically, the more chambers in the continuous sputtering, the shorter the production cycle and the higher the production capacity. Compared with electroplating, vacuum sputtering is more cost-effective and competitive. The film quality of vacuum sputtering can reach over 98% in density, and the film thickness is within 0.3~0.5 $\mu\text{m}$ , making it easy to assemble and in compliance with WEEE and EU RoHS regulations.

EMI, short for Electro (Magnetic Interference), refers to the interference caused by electromagnetic waves. When electronic devices are in operation, they generate electromagnetic fields to varying degrees. These electromagnetic fields may interfere with, block, or disrupt the normal operation of adjacent devices. If the electromagnetic fields generated by circuit flows are not properly shielded, the magnetic fields can interfere with and degrade the quality of signal transmission, rendering the devices unable to function properly. Currently, there are various methods employed in the market to prevent EMI. These methods include electroplating with water and electricity, vacuum deposition, and spray coating with conductive paint. Alternatively, the shielding effect of metallic materials such as stainless steel, aluminum foil, iron components, or aluminum-magnesium alloys can also be utilized. Using metallic shielding is cost-effective and compliant with current environmental regulations. However, it involves complex processing and assembly and lacks stability. Water and electricity plating, electroplating, and conductive paint may conflict with environmental regulations or raise concerns, and establishing new electroplating facilities is challenging. Consequently, these methods are gradually being replaced by vacuum deposition. Preventing EMI is necessary when using non-metallic casings as well. However, the choice of method depends on cost and effectiveness considerations. Therefore, vacuum deposition is currently the primary method for EMI prevention in notebook computers.

(b). Silicon Carbide (SiC) Substrate Products

Carbonized silicon (SiC) substrate products are semiconductor materials composed of silicon (Si) and carbon (C). Compared to traditional silicon materials, SiC has the following advantages: a wider bandgap (3.3eV), a larger thermal conductivity, and a higher breakdown electric field. This

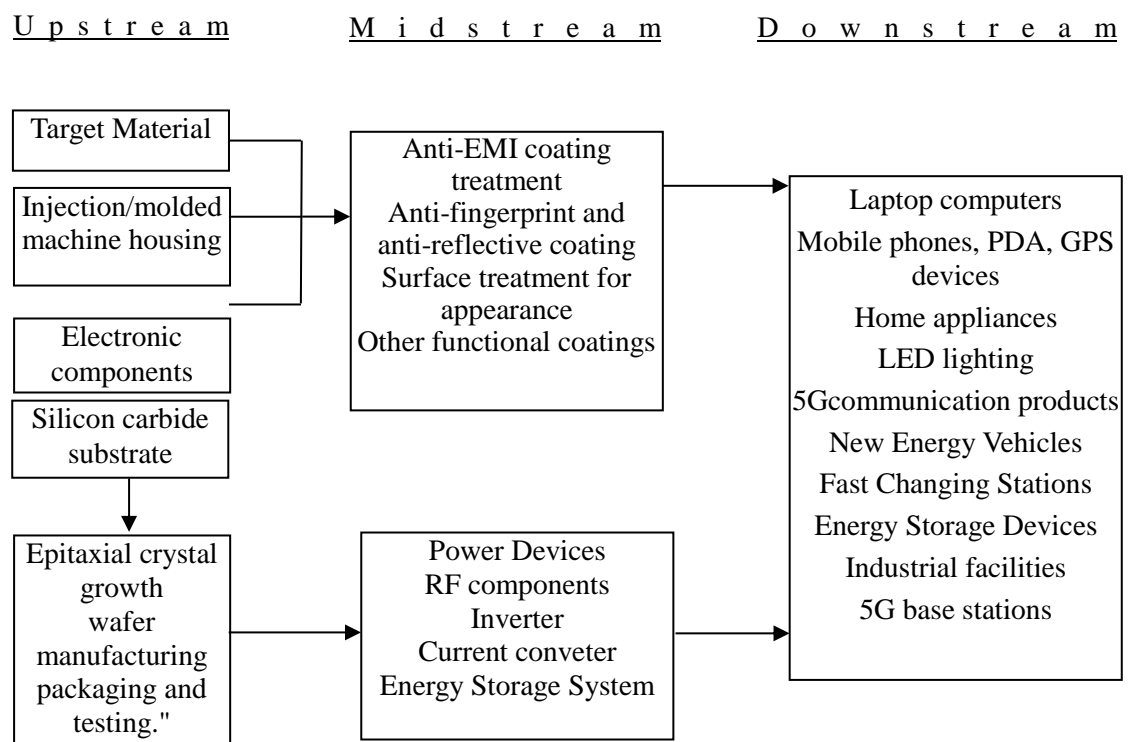
means that SiC has better performance in terms of current transmission, high-temperature conduction, and high-voltage resistance. Due to its excellent performance in high-voltage operating environments, SiC can reduce switching losses by more than 80%, which can significantly reduce energy loss during power transfer and allow for shrinking of chip module size to 1/10 of the original size, thereby extending the range of electric vehicles and shortening charging time.

As silicon carbide process technology and the materials supply chain continue to mature, major global suppliers are steadily expanding their production capacity. Currently, 6-inch SiC wafers have become widely adopted, and mass production technology for 8-inch wafers is also advancing rapidly, which is expected to enhance production efficiency and reduce costs. In addition, the development of advanced packaging technologies is driving the application of SiC power semiconductors into emerging markets such as high-performance computing and AI servers.

The global silicon carbide power device market is currently experiencing significant growth, driven by the increasing demand for energy-efficient solutions, the rapid adoption of electric vehicles, the expansion of renewable energy sources, the advantages of SiC over traditional silicon-based components, and the growing number of industrial applications. According to Yole, the global SiC market is expected to grow from nearly USD 6 billion in 2025 to USD 10 billion by 2029, with a projected compound annual growth rate (CAGR) of approximately 36.7%.

Overall, the global silicon carbide industry is benefiting from the development of electric vehicles and high-power electronic applications, with a clear growth trajectory ahead. As technology advances, production capacity expands, and market demand increases, the applications of SiC are expected to broaden further, making it a key development direction for the future of the semiconductor industry.

#### B. Relationship between industries' upstream, midstream, and downstream



## C. Development Trends and Competitive Situation of Products

### (a). Development Trends and Competitive Landscape of EMI Protection Products

Since the European Union officially announced two environmental directives on February 13, 2003, namely the Restriction of Hazardous Substances Directive (RoHS) and the Waste Electrical and Electronic Equipment Directive (WEEE), the use of six hazardous substances, including lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls (PBB), and polybrominated diphenyl ethers (PBDE), has been prohibited starting from July 1, 2006. The directives also require a reduction in electrical waste, increased reuse of electrical products, and the establishment of a green supply chain. Sustainability is another key consideration in the development of EMI shielding. As environmental issues become increasingly severe, manufacturers are placing greater emphasis on creating eco-friendly and sustainable materials. This has led to the use of recycled and biodegradable materials in the production of EMI shielding products. By choosing sustainable materials, environmental impact can be reduced, contributing to a greener future. Our company utilizes low-temperature continuous sputtering technology to provide EMI protection for plastic notebook (NB) casings. Compared to traditional methods such as electroplating, electroless plating, spray painting, and metal covering, our technology offers the advantages of being lightweight, time-saving, cost-effective, aesthetically pleasing, and pollution-free, while also meeting environmental requirements. In the future, it will become the preferred method to replace electroplating, electroless plating, spray painting, and metal covering. Therefore, EMI vacuum sputtering has become the mainstream method for EMI protection in NBs.

The barriers to entry for vacuum sputtering EMI prevention are not high. Early industry players have a cost advantage due to high efficiency, short production time, and economies of scale. With the trend of product miniaturization, plastic casings, at a certain thickness, are unable to achieve the structural strength of metal casings, resulting in an increasing proportion of metal casings in products. This situation has further intensified the highly competitive environment in the overall NB EMI sputtering industry. Manufacturers are facing an imbalance between supply and demand. Smaller companies, in an effort to survive, have resorted to price-cutting competition. However, with the rise in popularity of low-priced tablets and Ultrabooks, which increasingly adopt composite materials, some poorly managed small companies have gradually exited the market, while those that remain have started to reduce production capacity. In recent years, the detrimental price-cutting competition has improved significantly.

### (b). Development Trends and Competitive Situation of Coating Products

As global attention to environmental protection issues continues to grow, non-environmentally friendly processes for appearance coating that cause environmental pollution, such as electroplating and spray painting, will gradually face production capacity restrictions. For example, factories using processes like water electroplating and spray painting will encounter limitations on expansion or relocation. Electroplating and spray painting plants that cause severe environmental damage will be constrained by environmental laws, unable to expand production capacity, and may even be required to relocate. Faced with potential environmental compensation costs and significant increases in environmental costs, managing such factories becomes even more challenging. In recent years, under the global push for carbon reduction and environmental policies, governments have required manufacturers to invest more in improving production processes to meet

carbon emission reduction and pollution control goals. In the face of the "zero carbon emissions" sustainable development targets, businesses must reduce product carbon footprints, increase the use of renewable energy, and adopt more environmentally friendly green processes. Paragon, with its self-developed eco-friendly PVD (Physical Vapor Deposition) appearance coating technology, not only has cost advantages and the capability for large-scale production, but will also become the best solution for eco-friendly appearance coatings in the future.

In the past, most PVD appearance coating suppliers used batch sputtering or vapor deposition equipment for production. However, due to the limitations of batch production, they could not achieve large-scale production capacity or stable quality. Additionally, problems such as color differences between batches, uneven film thickness, poor corrosion resistance, and peeling of coatings would arise. Because of these issues—unstable quality and inability to mass-produce—the technology could not be applied to mass-produced 3C products. Paragon has integrated PVD coating technology with optoelectronic and functional coating capabilities. In addition to offering customers products with a metallic sheen, we can also apply a shiny, metallic film on aluminum-magnesium alloy surfaces that cannot be anodized. We also provide easy-to-clean, fingerprint-resistant coatings to meet customers' needs for appearance and anti-smudge features. This technology enhances the metallic appearance of the product and offers high-end products with stable quality, dense film layers, excellent corrosion resistance, and durability for mass production.

In recent years, countries have been actively implementing stricter ESG regulatory measures. Examples include the official implementation of the Climate Change Response Act, the upcoming carbon fee system, and the gradual rollout of the EU Carbon Border Adjustment Mechanism (CBAM). Governments and international corporations worldwide have made commitments to achieve carbon neutrality (Net Zero). Government agencies are increasingly imposing stricter regulations and monitoring measures on carbon emissions and environmental protection. To achieve carbon neutrality goals, companies need to reduce the carbon footprint of their products. Paragon's PVD process is an environmentally friendly and green technology that can provide customers with more environmentally friendly and carbon-reduced products. In the face of increasingly stringent environmental regulations and carbon reduction policies, adopting Paragon's PVD process will help accelerate the transition to more environmentally friendly products.

(c). Development trends and competition in silicon carbide substrate products

With the acceleration of trends such as 5G communication, electric vehicles, and carbon neutrality, silicon carbide (SiC) and gallium nitride (GaN) materials have become the rising stars in the market due to their advantages of higher efficiency, energy savings, and higher power capabilities. Silicon carbide, in particular, is recognized for its exceptional strength and high thermal conductivity, enabling both energy efficiency and durability. Thanks to these unique properties and its wide range of applications, SiC is increasingly gaining attention across various technological fields. In addition to its continued development in the EV market, SiC is expected to drive break-through advancements in emerging areas such as artificial intelligence (AI), renewable energy, and wearable devices like augmented reality (AR) products. In terms of SiC chip and component manufacturing, based on 2023 financial reports, the combined

market share of key players including STMicroelectronics, Infineon, Wolfspeed, Onsemi, and Rohm reached 82%, indicating a highly concentrated silicon carbide industry.

The most challenging aspect of producing silicon carbide substrates lies in the crystal growth technology. The existing manufacturing processes are not only complex but also have slow crystal growth, making large-scale production extremely difficult. Due to the difficulty in SiC wafer manufacturing technology and severe supply shortage in the market, SiC components are very expensive to produce. The substrate alone account for 50% of the total chip cost. At present, the industry mainly relies on 6-inch wafers. The transition from 6-inch to 8-inch SiC wafers faces significant process-related challenges, including diameter expansion growth, thermal field control, crystal slicing, grinding and polishing, as well as ensuring consistency, stability, and yield in wafer processing. However, as these technical obstacles are gradually overcome, the mass production of 8-inch wafers is expected to significantly reduce the cost of SiC power electronic components and strongly accelerate the expansion of their application markets.

Paragon's subsidiary, Jingcheng Materials Company, has a technical team with many years of SiC crystal growth experience and the capability to produce 6-inch silicon carbide wafers. In 2024, the company successfully produced P-grade 8-inch SiC substrates that meet international certification standards. Moving forward, the company will continue to improve crystal growth yield rates and enhance the self-sufficiency of its process equipment to boost future technological competitiveness. In response to the global industry trend toward 8-inch SiC development, Jingcheng Materials Company will complete the construction of its Chiayi plant this year and introduce advanced 8-inch crystal growth equipment to shorten process development timelines. The company will also expand into mass production of 8-inch crystals and enhance its crystal processing capacity, aiming to increase production yield and capacity to meet the growing market demand for high.

### (3). Technologies and R&D Overview

#### A. Technological levels of the business

##### (a). PVD vacuum coating technology

Physical Vapor Deposition (PVD) is a technique for depositing thin films based on physical phenomena. In semiconductor processes, there are mainly two PVD technologies: evaporation and sputtering. Evaporation involves heating the material to be evaporated and utilizing the high vapor pressure near its melting point for film deposition. On the other hand, sputtering uses ions generated by plasma to bombard the electrode of the target material, causing the vapor phase in the plasma to contain the atoms of the material to be coated, resulting in film deposition.

Sputtering is widely used in various industries because it can be applied to both metallic and non-metallic materials. The basic principle is to generate plasma in a vacuum chamber by high-pressure discharge of a small amount of gas (usually argon). The plasma becomes a high-energy state with electrons and ions. During the sputtering process, the high-energy gas ions strike the surface of the target material, causing particles on its surface to be ejected and then uniformly deposited on the desired substrate, forming a dense thin film. Since vacuum sputtering is carried out under clean and contamination-free conditions, it can be used to coat one or more layers of metal film on the

surface of various conductive metals, alloys, semiconductor materials, insulators, and other substrates at room temperature. It can also be used for the combination of conductive and insulating layers on the same product surface, making it widely applicable.

Vacuum sputtering technology is mainly used for electromagnetic wave shielding treatment, appearance treatment, and functional coatings in electronic products. Compared with painting, traditional electroplating, metal foils, evaporation, or ion plating methods, PVD films have a density of over 98% and a controlled film thickness within 0.3 (0.5 $\mu$ m). They can be applied to various substrates such as engineering plastics, aluminum alloys, glass, magnesium-aluminum alloys, ceramics, and other materials. Vacuum sputtering is an environmentally friendly process that fully complies with international environmental certification standards.

#### (b). Silicon Carbide (SiC) Substrate Technology

To produce silicon carbide (SiC) single crystal substrates, the process starts with the growth of SiC single crystals. The method involves pouring silicon carbide powder into a growth furnace and sublimating it in a high-temperature and closed environment. The vapor from the sublimated powder condenses and attaches to the SiC seed crystal. Currently, the mainstream methods for Silicon Carbide (SiC) crystal growth include High-Temperature Chemical Vapor Deposition (HTCVD), Solution Growth, and Physical Vapor Transport (PVT). Among these methods, PVT is the most commonly used in the SiC semiconductor industry. It offers advantages such as the fastest production speed, scalability of wafer size, and relatively lower equipment costs. The PVT process utilizes high-purity polycrystalline silicon carbide powder as the source material, which is heated to sublime and generate gases (Si, C, Si<sub>2</sub>C, and SiC<sub>2</sub>). These gases are deposited on the monocrystalline Silicon Carbide (SiC) seed crystal at a lower temperature zone, resulting in high-purity single crystals.

Silicon Carbide (SiC) is a wide-bandgap material with excellent breakdown voltage characteristics and an intrinsic carrier concentration much lower than silicon. It maintains stability even in high-voltage operating conditions and is less prone to leakage currents, making it suitable for high-power devices such as power converters. Additionally, SiC exhibits thermal conductivity 2-3 times higher than that of silicon. Compared to silicon, SiC can effectively dissipate heat generated by components, making it suitable for applications that involve gallium nitride (GaN) and high-frequency or RF devices in a GaN-on-SiC configuration.

#### B. R&D Overview

Our company's R&D team is dedicated not only to recruiting professionals but also actively collaborating with relevant academic research institutions. In the future, we will continue to develop the application of sputtering technology in metal substrates, non-metal substrates, and various functional coating products such as metal appearance films, conductive films, magnetic films, and others. In terms of new product development, we combine the advantages of our current "vacuum sputtering technology" with a focus on "new applications" to derive new products and processes, seeking potential markets for development and increasing the diversification of our company's products. We continuously strive for product innovation and process improvement to enhance our company's future competitiveness. In addition to strengthening existing technologies and improving product quality, we are committed to developing another new product with high market acceptance,

thereby expanding the gap with our competitors.

Paragon has developed a colored metallization integration technology for magnesium-aluminum alloy NB casings using metal coating techniques, successfully overcoming the limitation of magnesium alloy's inability to exhibit a metallic appearance. Moving forward, Paragon will continue to leverage the advantages of the PVD process to develop more innovative surface finishing technologies and products.

The company's SiC technical team is dedicated to the collaborative development of SiC product technologies, with a focus on advancing SiC crystal growth processes and related manufacturing capabilities. In January 2023, the company successfully produced 6-inch SiC wafers, and in 2024, the company achieved the production of internationally certified P-grade 8-inch SiC substrates. Moving forward, the company will continue to improve the yield of the existing processes and expand capacity by investing further in crystal processing capabilities.

#### C. R&D Personnel and their backgrounds

Unit: number of people

Diploma	2023	2024	As of April 13 <sup>th</sup> 2025
Master's degree and above	3	4	4
College degree	10	8	8
High School diploma or below	0	0	0
Total	13	12	12
Average year of experience(years)	11.78	9.35	9.46

#### D. R&D expenses invested annually in the past 5 years

Unit : NT\$ thousand

	2020	2021	2022	2023	2024
R&D expenses(A)	38,831	38,607	32,402	29,683	70,157
Operating Revenues(B)	684,598	800,103	457,220	382,573	368,739
(A)/(B) (%)	5.67%	4.83%	7.09%	7.76%	19.03%

Note1: From 2020 (109 in the ROC calendar) to 2024 (113 in the ROC calendar), the consolidated financial data was prepared in accordance with International Financial Reporting Standards (IFRS).

Note 2: Includes operating net revenue from discontinued operations.

Over the past five years, the company's R&D expenses accounted for an average of approximately 7.79% of the consolidated operating revenue. It is projected that in the year 2024 (ROC calendar), the company will invest approximately NT\$52.70 million in R&D expenditure. The focus of these investments will be on coating technology and the development of silicon carbide (SiC) crystal growth processes. The company will continue to enhance existing technologies, optimize process integration, and strengthen its competitiveness and sustainable operations.

#### E. Technologies or products successfully developed in the past five years

Since its establishment, the company has continuously engaged in self-led research and development and design. The following are some of the key R&D achievements: :

Year	Research Result
2020	• Iridescent coating technology.
2022	• Appearance coating technology that does not affect signal transmission and reception. • Dummy 6" SiC Ingot and Wafer
2023	• Magnesium aluminum parts NB chassis non-ferrous metallization integration technology • Prime 6" SiC Ingot and Wafer
2024	• A nano protective layer (nano coating) that does not affect the metallic luster of metal or non-metal coatings. • Ultra Prime 6" SiC Ingot and Wafer • Prime 8" SiC Ingot

#### (4) Long and Short-term Business Development Plans

##### A. The company's short-term plans

Establishing Taiwan as the main research and operations center, providing support to manufacturing factories in various locations. Utilizing resources from different locations within the group to meet customer demands and provide services. Enhancing production efficiency and product yield, reducing unit production costs to improve operational performance. Becoming a leader in PVD process technology and expanding into Original Equipment Service (OES) markets in addition to the continued focus on the Automotive After-market (AM) market. Combining vacuum technology with patterned processes to create products with high added value. Implementing strict quality control to meet customer requirements. Researching the application of PVD appearance coatings in various areas such as appearance coating and functional coating for 3C products are being developed, while the company also diversifies its operations by expanding into SiC products to mitigate business risks. In accordance with financial control principles, a capital requirements plan has been formulated to support related business expansion. The following outlines the company's strategies in marketing, research and development, production, financial, and management.

##### (a). Marketing Strategy:

- (1) Actively developing environmentally friendly processes and functional appearance coating products to meet customer expectations and provide specific functional coatings, such as magnesium-aluminum alloys and consumer electronic products.
- (2) Developing functional coatings based on customer product requirements, such as special conductive films, non-NB product EMI coatings, and specific electromagnetic wave transmission films, to expand the application scope of PVD technology and increase product sales.
- (3) Increase revenue from non-NB products, actively develop SiC products, and pursue diversified operations to reduce the risk of overdependence on specific operations.
- (4) Establishing mechanisms for early involvement in customer design, providing customized mass production services, and strengthening customer partnerships.
- (5) Establishing good communication channels with key customers to stay

updated on market trends and changes.

(b). Research and Development Strategy:

- (1) Strengthening the design of intelligent process equipment and developing new materials to improve cost and product competitiveness, raising barriers to entry for industry competitors.
- (2) Collaborating with academic institutions and research organizations to jointly develop new technologies, processes, and products, reducing development time and staying informed about future technology and industry trends.
- (3) Combining vacuum sputtering with other technologies (technology integration) to drive process and product innovations and enhance product competitiveness.
- (4) Continuously optimize the crystal growth process to enhance crystal quality, increase substrate size, and improve production efficiency, in order to meet the demands of next generation power semiconductors.
- (5) Continuously focusing on researching new technologies and extending their applications to other fields to develop high-profit niche products.

(c). Production Strategy:

- (1) Continuously process optimization projects to reduce energy and labor costs. Using machines to replace manual operations and establishing a low-labor production facility to increase production efficiency.
- (2) Strengthening the ability to adjust production capacities among different factories in response to changes in the NB supply chain layout to adapt to future industry environments.
- (3) Continuously investing in process energy-saving measures and increasing the utilization of renewable energy to reduce the impact of rising energy costs.
- (4) Expanding silicon carbide (SiC) product capacity and improving quality and yield.
- (5) Continuously improving the production efficiency of existing equipment to increase effective capacity and reduce the investment cost of establishing new capacities, thus improving the return on asset investment.

(d). Financial Strategy:

- (1) Raising funds in the capital market and adopting a stable operational approach to achieve financial soundness and optimal fund utilization.
- (2) Maintaining good relationships with financial institutions to establish financing channels and credit lines, increasing flexibility in fund utilization.
- (3) Enhancing financial transparency and establishing effective communication channels with domestic and international investors.

(e). Management Strategy:

- (1) Establishing an information management system to quickly respond to management decision-making needs, generate real-time and effective information, and provide a basis for management decisions.
- (2) Promoting information operation platforms to provide various operational systems and security management mechanisms, ensuring

continuous system operation and data security.

- (3) Enhancing management performance by strengthening employee education and training, unlocking job potential, and strengthening internal cohesion.

#### B. The company's long-term business plan

Stabilize the production scale of existing EMI products to meet the diversified capacity needs of customers and distribute capacity appropriately to meet the order demands from different regions, thereby increasing market share. Continuously explore functional coating and non-NB EMI products to enhance market leadership and improve production utilization. Invest in the development of SiC products to diversify operations and expand application areas. These include advanced semiconductor processes, artificial intelligence (AI), 5G networks, electric vehicles (EV), renewable energy, and wearable devices such as augmented reality (AR) products. This diversification helps reduce operational risks. In alignment with operational scale and integration across the industry value chain, the company aims to build sustainable competitive advantages. The following outlines the company's strategies in marketing, research and development, production, financial, and management:

##### (a). Marketing Strategy

- (1) Actively develop applications for metal coating products, using sputtering to replace electroplating and targeting niche markets, gradually reducing the proportion of the NB market to mitigate business risks.
- (2) Enter the promising electric vehicle market by supplying silicon carbide products and surface film products to the electric vehicle supply chain, diversifying products, customers, and global market presence to mitigate business risks.
- (3) Seek strategic alliances and partnerships to integrate upstream and downstream resources, increase cost competitiveness, and secure customer orders to achieve business growth.

##### (b). R&D Strategy

- (1) Utilize vacuum sputtering (PVD) technology to penetrate future technology products and develop new technologies and processes, creating market-accepted products and enhancing technological depth.
- (2) Make "environmental protection" a core value and identify potential markets where vacuum sputtering technology can replace non-environmentally friendly processes, developing high-value goods and services.
- (3) Establish cooperative relationships with domestic and international research institutions, participate in joint research and development in the early stages of new technology development, and stay at the forefront of the latest science and technology to enhance the company's future competitiveness.
- (4) Research and develop silicon carbide processes and new materials, combining process technology and equipment development capabilities to enhance proprietary technological competitiveness.

##### (c). Production Strategy

- (1) Enhance equipment development capabilities to reduce process time and improve production yield, providing customers with the best quality. Implement vertical integration of upstream and downstream relationships

to achieve cost reduction and yield control objectives..

- (2) Establish an integrated upstream and downstream inventory management system to have real-time visibility of inventory status for upstream customers and suppliers. Conduct planned production to shorten material preparation time and reduce warehousing costs, creating a win-win situation.
- (3) Implement automation processes and process simplification to reduce manpower requirements and improve process yield, achieving the goal of minimizing costs.

(d). Financial Strategy

Utilize diverse funding channels and financial instruments in the capital market to establish a robust financial structure.

(e). Management Strategy

Implement international management systems, actively cultivate international talent, enhance employees' international perspectives, and pursue global market expansion, aiming to become an international-level enterprise.

## 2. Market and Production and Sales Overview

### (1) Market Analysis

#### A. The main product/service sales/provision area

Unit: NT\$ thousand

Sales area	2023	2024
Taiwan	2,010	912
China	380,563	367,827
Total	382,573	368,739

Note: Includes sales revenue from discontinued operations.

#### B. Market Share

Regarding the market share of various methods applied to NB EMI, there is currently no complete and objective market statistics available for reference. The appearance of an NB laptop can be divided into four major components: A component (upper cover), B component (LCD frame), C component (keyboard frame), and D component (bottom cover). Assuming that an NB laptop requires approximately four pieces of EMI shielding components, the metal and plastic components of A and B are mainly using aluminum foil and iron components due to cost considerations. Only the plastic components of C and D require vacuum plating method. It is estimated that the company and its subsidiary will account for approximately 30~40% of the total shipment of vacuum plating EMI shielding components in 2024 and approximately 15~20% of the total NB shipments. This means that approximately one out of every five NB laptops will be manufactured by the company for EMI shielding. In recent years, the company has actively developed metal casing surface treatment technology. With the gradual adoption of NB metal casing products by customers, it will be possible to increase orders for aluminum alloy and magnesium-aluminum casing surface treatment. In the future, The company's market share in the NB market is expected to gradually increase.

#### C. Future supply and Demand Situation and Growth in the Market

Currently, the shipment volume of NB laptops is concentrated among the top five suppliers in the domestic market, and the release of plastic casing anti-EMI

orders also shows a high degree of concentration. Therefore, suppliers must have a considerable production scale and be able to provide high-quality, low-cost products in order to handle such orders. Since our company is a pioneer in applying PVD vacuum coating technology to notebook computers, the top five suppliers in the current supply chain are all our customers. In the past, our products held an average market share of about 25% in the NB market. We maintain good cooperative relationships with our customers and have the ability to rely on years of practical experience and key theoretical foundations. The company also continuously improves manufacturing processes and improves product yields. Therefore, its cost control and mass production capabilities can surpass most anti-EMI manufacturers. In the future, it will continue to promote green and carbon-reducing processes and will certainly be able to meet the needs of the global notebook computer market.

In 2024, the global notebook market has been affected by high interest rates and geopolitical factors, resulting in a slow recovery in demand. However, by 2025, the consumer market is expected to gradually stabilize, with major brands planning to refocus on high value-added and high-margin models. As a result, consumer notebook shipments are anticipated to grow. The development of AI laptops, which add value through AI-driven features, is driving a trend of specification upgrades. It is expected that the penetration rate of AI laptops will naturally increase as brands integrate AI functionality. In the business notebook segment, demand in 2024 has been conservative due to global layoffs and political and economic instability, with order releases falling short of expectations. However, in 2025, as these negative factors subside and liquidity improves following interest rate cuts, the commercial market is expected to recover. According to a research report by DIGITIMES, although tariff and inflation risks will persist in 2025, Japan's educational tenders and increased enterprise device replacement cycles are expected to support modest notebook growth. The market is projected to grow by 3.1% in 2025, with a global notebook shipment compound annual growth rate (CAGR) of 4% from 2024 to 2029.

In terms of appearance products, the Environmental Protection Agency has proposed the draft "Climate Change Adaptation Act," clearly incorporating "net zero emissions by 2050" into the law. The Financial Supervisory Commission has also set a clear timetable for listed companies to complete carbon audits. In recent years, governments around the world have implemented stricter regulatory measures on ESG factors. These environmental-related regulatory changes will encourage companies to invest heavily in activities related to achieving net zero emissions. It is believed that under future regulatory requirements, there will be opportunities for the expansion of environmentally friendly production processes. Paragon's PVD process is an environmentally friendly and green process, which can provide customers with more environmentally friendly and carbon-reducing processes. In the face of increasingly stringent decarbonization policies, this will help promote Paragon's new product business.

In terms of silicon carbide (SiC) wafer capacity layout, Jing Cheng Material Co., Ltd., a subsidiary invested by the company, is expected to complete the construction of a new facility this year. The new plant will commence mass production of 8-inch SiC crystals and crystal processing capacity to meet the growing market demand for high-performance power devices.

In the future, the company will continue to actively increase the revenue contribution from appearance coatings, functional coatings, and silicon carbide (SiC) products. Paragon will allocate more resources to the development of

PVD process technology and the expansion of silicon carbide product applications. By maintaining a strong focus on the advancement of PVD processes and the SiC materials market, the company aims to drive future growth momentum for operations.

#### D. Competitive Advantages

- (a). With experienced personnel and continuous process improvement, our company excels in cost control and mass production capability, surpassing most EMI prevention manufacturers.
- (b). We have in-house capabilities for R&D and assembly of vacuum continuous coating equipment. Regular equipment upgrades increase production capacity and shorten lead times, allowing us to swiftly meet customer capacity demands.
- (c). Our involvement in product design and sample prototyping accelerates customer design and trial production timelines. Recognized for our production technology, quality, and mass production capability.
- (d). Maintaining product quality stability in the vacuum sputtering process is a challenge for competitors. With the industry's best process technology and largest production capacity, we deliver high-quality products and meet customer orders.
- (e). We specialize in vacuum sputtering technology, leading the industry with multiple patents and a dedicated technical research team.
- (f). The company's silicon carbide (SiC) technical team has complete experience in the silicon carbide industry and possesses key core technologies. It has many years of experience in silicon carbide (SiC) technology development and has the ability to independently develop thermal field design, crystal growth technology, crystal processing technology, and epitaxy process. And process simulation analysis capabilities, etc., which can effectively and quickly improve crystal yield, crystal growth efficiency and quality, and are technically and cost competitive.

#### E. Opportunities, Challenges, and Response Strategies for Future Development

##### (a). Opportunities

1. Increasingly stringent environmental regulations make vacuum sputtering the mainstream method.

With the rising global awareness of green environmental practices, countries such as the European Union and Japan have introduced new regulations for electronic products. Green and eco-friendly issues are widely promoted and implemented. In 2003, the EU officially announced the Restriction of Hazardous Substances Directive (RoHS), which prohibits the use of six harmful substances, including lead, cadmium, mercury, and others, starting from July 1, 2006. Many major NB (notebook) brands have already required the use of components or production methods that comply with RoHS specifications. Our company's production process uses copper and stainless steel as raw materials, without the use of volatile solvents or wastewater discharge issues, thus complying with RoHS specifications. In contrast, traditional conductive paint methods involve the use of adhesives and volatile solvents, while electroplating methods have issues with water usage and wastewater treatment. Therefore, traditional methods would require increased production costs to meet the increasingly stringent environmental requirements. Currently, vacuum sputtering is the best alternative to electroplating, and in the future, our company can introduce vacuum sputtering to other products with different appearances or functional films.

## 2. Leading research and development capabilities

In addition to obtaining patents for vacuum sputtering, our company has a competitive edge in research and development capabilities. We have rich experience in the development of sputtering equipment and processes that can be mass-produced. We have dedicated ourselves to the research and development of vacuum sputtering technology since our establishment in 1995 and have the ability to design and develop sputtering equipment. We can provide customized services according to customer needs, including customized equipment or process adjustments based on production requirements. Furthermore, by leveraging the advantages of equipment suppliers and manufacturers, we are at the forefront of research and development technology in the industry.

## 3. Extensive applications of PVD technology

Physical Vapor Deposition (PVD) technology, such as vacuum sputtering, has a wide range of applications. It can be used for EMI coating treatment in various electronic products such as mobile phones, PDAs, GPS devices, and NBs. This technology can also be applied to appearance coating, optical lens coating, LCD monitor coating, OLED coating, PDP coating, and more. In addition to electronic information products, PVD technology has diverse applications in other non-information product fields, including automotive components, cosmetics and food packaging materials, home decoration materials, medical devices, solar cell thermal panels, and more. Its versatility provides a development advantage, reducing the risk of reliance on a single industry and offering considerable future development opportunities.

### (b). Challenges and Response Strategies

1. Increasingly intense competition in the NB OEM industry, with cost pressures from both upstream and downstream.

As NB products become more affordable, OEM manufacturers' gross profit margins continue to decline. Domestic OEM manufacturers, in order to maintain a certain profit margin, request price reductions from upstream suppliers. Competing manufacturers strive to increase market share by lowering prices. Therefore, price competition becomes an unavoidable phenomenon.

#### Response strategies:

- (1) Continuously shorten the cycle time and reduce the defect rate in the manufacturing process to increase production output per unit of time and lower costs.
- (2) Strengthen interaction with customers. In addition to providing high-quality products, strive to meet all customer requirements and establish long-term cooperative relationships.
- (3) Provide customers with high-value-added and low-cost functional coating services to increase revenue from high-value-added products.
- (4) Form strategic alliances with casing manufacturers to establish partnership relationships, stabilizing customer order sources.
- (5) Continue to focus on research into new

2. With competitors growing rapidly and enticing professional talents with high salaries, it leads to loss of orders and technology outflow.

#### Response measures:

- (1) Sign long-term employment contracts with employees, stipulating non-compete clauses to safeguard the company's research and development technology and business secrets from leaking.
- (2) Strengthen the management of confidential research and development documents, set relevant document permissions, and implement electronic

document permissions and firewalls to prevent the leakage of important confidential documents. In addition, the company actively applies for patents and trademarks to protect its intellectual property.

- (3) Establish employee incentive programs and related benefits to enhance human resource management and employee education and training. Share company profits with employees through profit-sharing and issuance of employee stock options to increase employee loyalty.
  - (4) Engage in early-stage product design, assist customers in shortening design and trial production time, and enhance technological thresholds to increase the company's competitive value.
3. The increasing taxes, labor costs, and operating costs in mainland China.

In recent years, due to intense competition, the NB manufacturing industry has seen a significant reduction in gross profit margins, prompting companies to gradually shift production to low-labor-cost areas. This has resulted in increased taxes, labor costs, and operating costs for Taiwanese companies in mainland China.

Response measures:

- (1) Adhere to local tax laws and regulations for legitimate tax planning to reduce tax risks.
  - (2) Continuously improve the company's competitiveness and strengthen management effectiveness to achieve cost and expense control objectives.
  - (3) Actively cooperate with customers in expanding production capacity to lower-cost areas or countries, thereby reducing production costs.
  - (4) Enhance production line automation and streamline manufacturing processes to reduce labor costs, coupled with improving asset utilization efficiency, such as enhancing equipment performance to lower manufacturing costs.
4. Over-reliance on a single industry makes the company vulnerable to fluctuations in the business cycle of that industry.

Response measures:

In addition to continuing to focus on the NB EMI market and maintaining the existing market share in EMI products, the company is actively increasing the revenue contribution from appearance coatings, functional coatings, and silicon carbide (SiC) products. Paragon will allocate more resources to the development of PVD process technology and the expansion of SiC product applications, such as advanced semiconductor processes, artificial intelligence (AI), 5G networks, electric vehicles (EVs), renewable energy, and wearable devices (AR products). Through ongoing diversification, the company aims to reduce the risks associated with relying solely on a single industry or a concentrated customer base.

5. Competition in the silicon carbide (SiC) market is becoming increasingly intense, as China ramps up support for its domestic third-generation semiconductor industry, impacting market prices and profit margins.

Response measures:

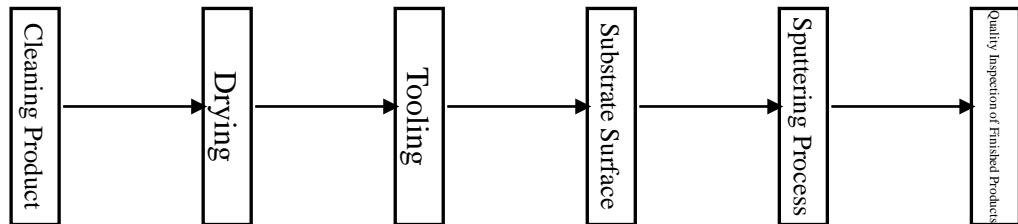
- (1) Optimize production processes to ensure product stability and quality, in order to withstand price competition.
- (2) Actively expand emerging markets such as electric vehicles, renewable energy, and industrial equipment, leveraging growth potential in these sectors to achieve revenue diversification.
- (3) Establish close partnerships with upstream and downstream enterprises to reduce supply chain risks and strengthen long-term collaboration with key customers.

## (2) Major Applications and Production Processes of Main Products

### A. Major Applications of Main Products

The company's main products primarily involve providing services for NB (notebook) vacuum sputter coating for EMI (electromagnetic interference) prevention and PVD (physical vapor deposition) surface coating. Vacuum sputtering (sputter) is a process in which high voltage discharge is applied to a small amount of gas (usually argon) within a vacuum chamber to generate plasma. The plasma causes the particles of the target material to be sputtered and uniformly deposited onto the desired substrate, forming a dense thin film. The process must be carried out in a clean and contamination-free environment. It can be used to coat a single or multiple layers of metal film on the surfaces of various conductive metals, alloys, semiconductor materials, and insulators at room temperature. It can also be used in combination for products that require both conductive and insulating layers, such as a metal conductive layer + insulating layer + metal conductive layer. This technology can be applied in various fields, including EMI shielding coating and surface coating for 3C (computers, communications, consumer electronics) products, temperature sensor surface treatment, ITO (indium tin oxide) film treatment for touch panels, light guide plate coating, optical lens coating, pre-process for flexible PCB (printed circuit board) to replace the polluting electroplating process, coating treatment for LCD monitors, coating treatment for organic electroluminescent diodes (OLED), coating treatment for plasma display panels (PDP), and many other wide-ranging applications.

### B. Production Processes of Main Products



### (3) Major Suppliers in the Past Two Years

Raw Material	Source	Supply Status
Metal Targets	Mainland China	Stable
Eco-Friendly Paints	Mainland China	Stable

(4) List of customers who accounted for more than 10% of the total sales (or purchases) in any one of the last two years, including their sales (or purchase) amounts and percentage, and an explanation for the increase or decrease in their share

A. Data of major suppliers in the last two years

Unit: NT\$ thousand

Item	2023				2024				As of the end of the previous quarter of the 2025 fiscal year (Note 1)			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuers	Name	Amount	Percentage of annual net purchases	Relationship with the issuers	Name	Amount	Percentage of annual net purchases	Relationship with the issuers
1	F company	10,207	29.23	Non-related party	K company	4,954	22.44	Non-related party				
2	G company	5,648	16.17	Non-related party	D company	4,872	22.07	Non-related party				
3	D company	3,848	11.02	Non-related party	I company	4,140	18.76	Non-related party				
4					L company	4,115	18.64	Non-related party				
5					C company	2,667	12.08	Non-related party				
	Others	15,220	43.58		Others	1,326	6.01					
	Net purchases	34,923	100.00		Net purchases	22,074	100.00					

Note 1: As of April 13th, 2025, the financial report data for the first quarter of the 2025 fiscal year has not yet been audited by the accountant.

Note 2: Includes information from discontinued operations.

B. Target customers of the major sales in the past two fiscal years

Unit: NT\$ thousand

Item	2023				2024				As of the end of the previous quarter of the 2025 fiscal year (Note 1)			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuers	Name	Amount	Percentage of annual net purchases	Relationship with the issuers	Name	Amount	Percentage of annual net purchases	Relationship with the issuers
1	Group A	377,479	98.67	Non-related party	Group A	365,404	99.10	Non-related party				
	Others	5,094	1.33		Others	3,335	0.90					
	Net Sales	382,573	100.00		Net Sales	368,739	100.00					

Note 1: As of April 13th, 2025, the financial report data for the first quarter of the 2025 fiscal year has not yet been audited by the accountant

Note 2: Includes information from discontinued operations.

3. The number of employees, average length of service, average age, and educational distribution ratio of employees for the past two fiscal years and as of the date of the annual report.

Year		2023	2024	As of 2025/04/13
Number of employees	Sales personnel	16	17	17
	Administrative personnel	59	61	63
	R&D personnel	13	12	12
	Manufacturing personnel	363	372	342
	Total	451	462	434
Average Age		39.55	41.11	41.75
Average service years		5.80	6.51	6.94
Education Distribution	Doctorate	0%	0%	0%
	Master's degree	2%	3%	4%
	College degree	15%	15%	16%
	High school degree	24%	18%	18%
	Under High School degree	59%	63%	62%

#### 4. Environmental Protection Expenditure

- (1)Explanation of the total amount of losses (including compensation) and disposals due to environmental pollution in the recent fiscal year and up to the date of printing the annual report, and a description of future measures to address the issue (including improvement measures) and possible expenditures (including estimated amounts of losses, disposals, and compensations that may occur if no measures are taken; if it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated should be explained):Our company has a fully environmentally friendly process, so no environmental pollution incidents have occurred.

#### 5. Labor Relations

- (1)List the company's various employee welfare measures, continuing education and training, retirement system and its implementation status, as well as agreements between labor and management and the situation of employee rights protection measures.

##### A. Employee welfare measures

In order to promote a balance between employees' work and life and improve job satisfaction, in addition to creating a friendly working atmosphere and a comfortable working environment, various employee welfare measures are provided to further strengthen harmonious labor relations, as follows:

Item	Explanation
Subsidies and allowances	Wedding gift, hospitalization condolence money, childbirth congratulatory gift, birthday gift, holiday gift, funeral assistance, group insurance, employee health check, year-end banquet activities.

Welfare facilities	Employee parking lot
Employee Insurance	In addition to statutory insurance, we provide group insurance, including accident insurance, accident medical insurance, hospitalization and surgical medical insurance, cancer insurance, and travel insurance for peace of mind.
Flexible working hours	Implement flexible adjustments to the regular working hours, allowing colleagues to adjust their work schedules according to their personal needs for family care.
Employee bereavement support	Establish a bereavement policy to provide additional care for the family members of employees in the event of their death, whether it is work-related or non-work-related.
Employee gatherings	Organize occasional employee dinners, and the office provides coffee and snacks.
Other benefits	To ensure a balance between work and quality of life, employees can request parental leave or other types of leave without pay based on their family or personal needs. They can resume their duties after completing the designated tasks or phases.
Employee Welfare Committee	Establish Employee Welfare Committee that provides welfare allowances such as travel subsidies, relocation assistance, marriage and funeral assistance, childbirth grants, and medical condolence money.

#### B. Employee training and development status:

The company has established an "Education and Training Policy" to conduct pre-employment and on-the-job training for employees. With the belief that "people are the company's greatest asset," we provide comprehensive training programs and avenues for professional development to our colleagues. The employees' training and development status is taken into consideration as a performance assessment factor during the annual review. Here is the summary of employee training and development for the year 2024:

Category	No. of classes	Total Attendees	Training Hours	Training Costs(NT\$)
Professional Skill Training	44	101	426.5	105,931
Supervisory Skills Training	5	22	34.5	0
General Education Training	35	247	54.5	0
Total	83	370	515.5	105,931

#### C. Retirement System and its Implementation

The company has established an employee retirement plan in accordance with the relevant provisions of the Labor Standards Act. It allocates 4% of the total monthly salary as employee retirement reserve and deposits it into a dedicated account with the Central Trust of China. In compliance with the Labor Standards Act, the company processes the payment of employee retirement benefits. Starting from July 1, 2005, employees who choose to apply the Labor Pension Act retirement pension system have 6% of their monthly salary allocated to their individual retirement pension account with the Labor Insurance Bureau to ensure a stable post-retirement life for employees.

Pension System	Explanation	Pension Calculation
Old System Retirement Pension (Labor Standards Act)	Based on the employee's total monthly salary, a monthly contribution is made and deposited into the Old System Retirement Pension Trust Account. The accumulated amount of labor retirement reserve fund for fiscal year 2024 was NT\$19.812 million.	For the first 15 years of service, the company provides 2 times the base pay for each year of service. From the 16th year, the company provides 1 time the base pay for each year of service, up to a maximum of 45 times the base pay. For employees who have worked for less than half a year, the calculation is based on half a year, and for those who have worked for more than half a year, the calculation is based on one year. (The base pay is calculated based on the average salary of the last 6 months before retirement.)
New System Retirement Pension (Labor Pension Act)	Based on the employee's insured salary level, a monthly contribution is made and deposited into the individual account. The contribution rate for fiscal year 2024 was 6%, and the amount of contributions was NT\$1.485 million.	1.Lump-Sum Pension Payments : A one-time payment that includes the principal and accumulated earnings from the individual retirement account. 2.Monthly Pension Payments : The accumulated principal and earnings in the individual retirement account are used to calculate the monthly retirement benefit amount based on factors such as life expectancy, interest rates, and other relevant factors according to the annuity life table. The Monthly Pension Paymentst is disbursed regularly on a quarterly basis.

#### D. Agreement situation between labor and management

To create a harmonious labor-management relationship, the company has established channels for employee complaints such as a labor-management conference and an employee complaint mailbox, allowing for smooth communication of employee grievances. As a result, the company has maintained a harmonious labor-management relationship since its establishment and has not experienced any significant labor disputes that require coordination.

#### E. Status of measures to protect employee rights and interests

In addition to establishing an employee handbook in accordance with legal regulations to clearly define various labor conditions and protect employee rights, the company has also set up a labor-management conference, an employee welfare committee, and an employee complaint mailbox in accordance with legal regulations. All employee rights and interests can be fairly and reasonably processed through these channels. To date, the company has not experienced any issues that have harmed employee rights and interests.

#### F. Measures to ensure the personal safety and protection of employees and their implementation

The company is committed to providing a safe working environment and improving occupational safety and related protection measures to protect the physical and mental health of employees.

(a). District-wide access control system

To provide a safe working environment for employees and protect their personal safety, facial recognition systems are installed at the company's main entrances, and access control and monitoring systems are set up in public office areas and the factory.

(b). Workplace environmental safety and protection measures

(1) Air conditioning and ventilation equipment is serviced once a year.

(2) Water dispensers are serviced four times a year.

(3) A fire protection system is installed and integrated with the security alarm system.

(4) Soft lighting is used in the office environment to reduce eye strain.

(5) Smoking is prohibited throughout the office area except in designated smoking areas.

(c). Establishment of safety and health work rules

To maintain workplace safety and health, ensure the safety of employees' lives, property, and physical health, and prevent various accidents, safety and health work rules are established in accordance with the law. The responsibilities of personnel at all levels (managers and workers) are clearly defined, and operation principles for various work and equipment are specified.

(d). Regular occupational safety and health seminars and fire drills

According to relevant laws and regulations, occupational safety and health management personnel are appointed and two occupational safety seminars and fire drills are held each year to reduce potential risks in the workplace and the probability of occupational accidents.

(e). Employee health checkups

To strengthen employee health management and maintain employee physical health, employee health checkups are conducted every two years.

(f). Prevention and treatment of sexual harassment

To prevent sexual harassment in the workplace, maintain gender equality in the workplace, and uphold personal dignity, measures to prevent and punish sexual harassment in the workplace are established, and a responsible unit is established within the company to establish a complete complaint mechanism.

- (2). Labor-Management Disputes: In the current and previous years up to the date of printing, the company has disclosed any losses incurred due to labor-management disputes and estimated amounts of potential losses as well as measures to respond to such disputes. If an estimate cannot be made reasonably, the company must state this fact.

In the most recent year up to the date of printing, the company did not experience any losses due to labor-management disputes, and the possibility of future losses due to such disputes is very low.

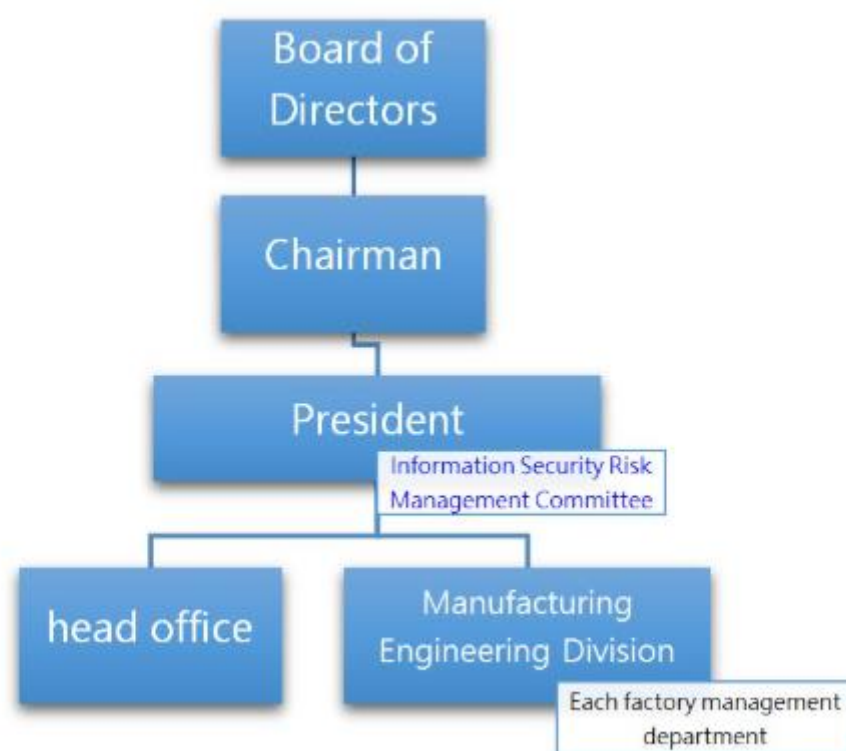
## 6. Cyber Security Management

- (1). Describe the framework for managing Cyber Security risks, Cyber Security policies, specific management plans, and resources allocated to Cyber Security management.

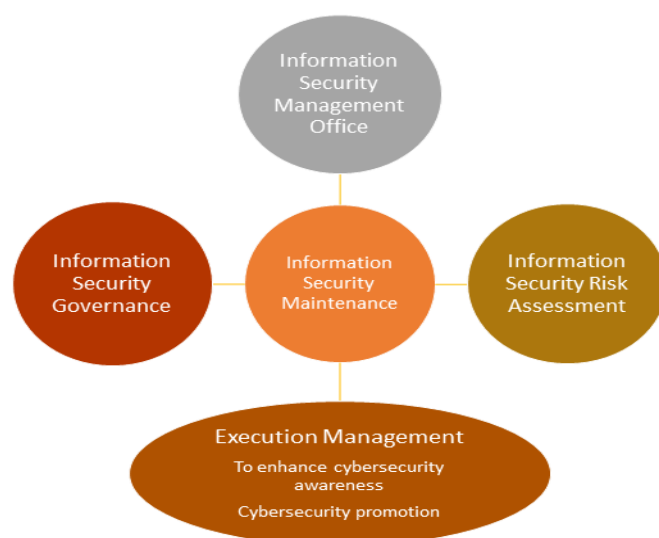
With the introduction of information technology, associated risks also arise. The more we rely on information technology, the greater the information risks become. There are risks of loss, damage, alteration, or theft of various types of information. These risks can lead to significant losses of important assets and information.

To enhance information security, the Information Security Risk Management Committee was established in July 2019. This committee is responsible for reviewing the governance, planning, supervision, and execution of information security policies across business units. Its

goal is to build information security defense capabilities and promote a strong awareness of information security among colleagues. Additionally, in August 2024, the company obtained Information Security Liability Insurance with coverage amounting to NT\$10,000 to protect against the risk of inadvertent disclosure of critical information leading to penalties or claims.



A. Cyber Security Policy



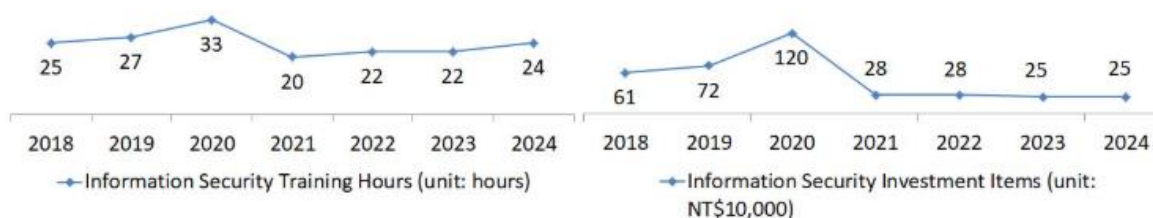
Information Security Strategy		
Information Security Governance	<ul style="list-style-type: none"> <li>Continuous improvement of management systems</li> <li>Risk control and strengthening prevention</li> </ul>	Continuous improvement of management systems, strengthening education and training, designing information security infrastructure, and protective technologies.
Compliance	<ul style="list-style-type: none"> <li>Regular review/revision</li> <li>Establishing compliance mechanism</li> </ul>	Establish a compliance mechanism, regularly review and revise relevant operational guidelines to comply with information security standards.

(Annual Information Security Governance Report to the Board of Directors)

B. Specific management plans and resources invested in Cyber Security management.

Information security management measures		
Type	Explanation	Work Tasks
System Availability	Measures for system availability and service interruption handling	<ul style="list-style-type: none"> <li>System and Network Availability Monitoring and Notification Mechanism</li> <li>Measures for Service Interruption Response</li> <li>Local and Off-site Data Backup Measures</li> <li>Regular Disaster Recovery Drills</li> </ul>
Access Control Management	Measures for personnel account, permission and management of system misuse behavior	<ul style="list-style-type: none"> <li>Management and Review of Personnel Account Permissions</li> <li>Periodic Inventory of Personnel Account Permissions</li> </ul>
Permission Management	Measures for controlling personnel access to systems and data transmission channels	<ul style="list-style-type: none"> <li>Measures for Controlling Data Leakage Channels</li> <li>Analysis of Operational Behavior Logs</li> <li>Management of Encryption for Important Documents</li> </ul>
External Threats	Measures for Protecting Internal System Vulnerabilities Measures for Virus Protection	<ul style="list-style-type: none"> <li>Detection and Updating of Host/Computer Vulnerabilities</li> <li>Virus Protection and Malware Detection</li> </ul>

Resources invested in Cyber Security: :



(2). In the most recent year and up to the date of the annual report, the losses, potential impacts, and response measures due to significant Cyber Security incidents are reported.

- In 2024, the company held one Cyber Security management committee meeting to review the implementation of Cyber Security policies in each unit. No incidents affecting the company's Cyber Security occurred during that year.
- In the current year, one off-site backup drill was conducted to strengthen employee response and awareness of Cyber Security risks.

7. Important Contract : None.

## V. Review of Financial Conditions, Financial Performance, and Risk Management

### 1. Analysis of Financial Status

- (1) The main reasons for changes in consolidated assets, liabilities, and shareholders' equity in the past two years, as well as their impact, are as follows:

Unit: NT\$ thousand

Item \ Year	2024	2023	Difference	
	Amount	Amount	Amount	%
Current Assets	1,608,781	1,184,218	424,563	35.85
Fixed Assets	272,987	257,501	15,486	6.01
Intangible Assets	770	48	722	1504.17
Other Assets	300,554	119,524	181,030	151.46
Total Assets	2,183,092	1,561,291	621,801	39.83
Current Liabilities	314,554	299,601	14,953	4.99
Long-term Liabilities	15,352	4,518	10,834	239.8
Other Liabilities	398,597	31,387	367,210	1169.94
Total Liabilities	728,503	335,506	392,997	117.14
Share Capital	969,622	840,422	129,200	15.37
Capital surplus	843,454	697,863	145,591	20.86
Retained Earnings	(201,884)	(132,295)	(69,589)	52.60
Other Equity	(156,603)	(180,205)	23,602	(13.1)
Treasury Shares	0	0	0	0
Non-controlling Interests	0	0	0	0
Total Equity	1,454,589	1,225,785	228,804	18.67
<p>1. Changes in the past two years exceeding 20% and with an amount exceeding NT\$10 million are as follows:</p> <p>Increase in current assets: Mainly due to the issuance of corporate bonds and capital increase in cash during the year 2024, as well as an increase in assets held for sale.</p> <p>Increase in other assets: Mainly due to an increase in right-of-use assets, prepaid equipment purchases, and refundable deposits in 2024.</p> <p>Increase in total assets: Mainly due to the increase in current assets and other assets in 2024.</p> <p>Increase in long-term liabilities: Mainly due to an increase in long-term borrowings in 2024.</p> <p>Increase in other liabilities: Mainly due to the issuance of corporate bonds and an increase in lease liabilities in 2024.</p> <p>Increase in total liabilities: Mainly due to the increase in long-term and other liabilities in 2024.</p> <p>Increase in capital reserve: Mainly due to the issuance of restricted stock and corporate bonds in 2024.</p> <p>Decrease in retained earnings: Mainly due to an increase in after-tax losses in 2024.</p> <p>These changes have no significant impact on the company.</p> <p>2. Future Plans: The company will continue to focus on improving operational performance to achieve stable profitability and enhance the overall financial structure of the company.</p>				

#### (2) Future Response Actions

The company will continue to focus on improving operational performance to achieve stable profitability and will work towards strengthening the company's financial structure.

## 2. Analysis of Financial Performance

- (1) The main reasons and their impact on the changes in consolidated operating revenue, net income, and pre-tax net income in the past two years are as follows:

Unit: NT\$ thousand

Item \ Year	2024	2023	Difference	
	Amount	Amount	Amount	%
Gross Sales	353,985	372,669	(18,684)	(5.01)
Cost of Sales	283,109	261,048	22,061	8.45
Gross Profit	70,876	111,621	(40,745)	(36.5)
Operating Expenses	216,664	144,160	72,504	50.29
Operating Income	(145,788)	(32,539)	(113,249)	348.04
Non-operating Income and Expenses	7,078	60,341	(53,263)	(88.27)
Income before tax	(138,710)	27,802	(166,512)	(598.92)
Tax benefit(Expense)	46,997	62,083	(15,086)	(24.3)
Loss from Discontinued Operations (Note)	26,388	15,634	10,754	68.79
Net Profit	(212,095)	(49,915)	(162,180)	324.91
<p>In the past two years, the following changes have occurred, with a percentage change of over 20% and an amount exceeding NT\$10 million:</p> <p>Decrease in operating margin: Due to decrease in operating revenue and increase in operating costs.</p> <p>Increase in operating expenses: Due to increase in research and development expenses.</p> <p>Decrease in operating net profit: Due to decrease in operating margin and increase in operating expenses.</p> <p>Decrease in non-operating income and expenses: Due to decrease in other income.</p> <p>Decrease in pre-tax net profit: Due to increase in operating expenses and decrease in non-operating income and expenses in 2024.</p> <p>Increase in income tax paid: Due to increase in operating expenses leading to decrease in current income tax paid.</p> <p>Increase in loss of suspended business unit: Due to loss of suspended subsidiary in 2024.</p> <p>Decrease in net profit after tax: Due to decrease in revenue and increase in expenses in 2024.</p> <p>These changes have not had a significant impact on the company.</p>				

Note: The planned disposal of a subsidiary in 2024 meets the requirements of IFRS 5 "Hold for Sale and Discontinued Operations." Accordingly, the assets to be disposed of have been reclassified as non-current assets held for sale. As these assets meet the definition of a discontinued operation, they are presented as such. To align with the presentation of discontinued operations in the 2024 statement of comprehensive income, the discontinued operation items in the 2023 statement have been reclassified to enhance the relevance and comparability of financial information of comprehensive income between the two periods.

- (2). Sales Forecast for the Next Year and Basis:

Looking ahead to 2025, as global inflation pressures ease and consumer demand rebounds, a TrendForce research report estimates that due to interest rate cuts facilitating capital flows and stimulating business device replacement demand, a growth of 4.9% is expected. In addition to maintaining the existing market share in NB EMI processing products, the company will continue to expand the efforts in the EMI market while actively increasing the revenue contribution from appearance and functional coating products, as well as silicon carbide (SiC) products. Paragon will invest more re-sources into the development of PVD process technology and the application of SiC products in areas such as advanced semiconductor manufacturing, artificial intelligence (AI), 5G networks, electric vehicles (EVs), renewable energy, and wearable

devices (AR) products, continuing the strategy of diversification to mitigate the risks associated with reliance on a single industry or customer base.

(3). Potential Impact on Future Financial Operations and Response Plan:

To expand into new product markets and diversify business risks, the company will continue to focus on developing new applications for silicon carbide (SiC) materials and PVD process technology. Over the next three years, it's estimated that R&D expenditure will account for approximately 10–15% of consolidated revenue. The company will continue to reduce the revenue share from NB EMI processing and continue to develop appearance and functional coating for 3C products, as well as SiC products, to mitigate the risk of product concentration. Additionally, the company will enhance internal management efficiency, cost control capabilities, 103 accounts receivable management, and establish sound management systems to improve operational performance and ensure a healthy financial structure in the face of the challenging global economic environment.

The company's future investment plans for capacity expansion will mainly be supported by its own funds, so there will be no significant impact on the company's finances and capital.

### 3. Analysis of Cash Flow

(1). Cash Flow Analysis for 2024

Unit : NT\$ thousand

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
800,566	(105,235)	373,739	1,069,070	—	—

- A. The net cash inflow from operating activities was NT\$105,235 thousand, primarily due to the current net loss for the fiscal year 2024.
- B. The net cash inflow from investing activities was NT\$290,046 thousand, primarily due to an increase in prepaid equipment and the purchase of financial products.
- C. The net cash outflow from financing activities was NT\$631,391 thousand, primarily due to the issuance of corporate bonds and new shares of the company, restriction of new shares for employees, and increase of long-term loans.
- D. The net increase in cash and cash equivalents for the period was NT\$373,739 thousand, and the ending balance of cash and cash equivalents was NT\$1,069,070 thousand.

(2). Remedy for Cash Deficit and Liquidity Analysis

A. Remedy for Cash Deficit

The company does not have a shortage of cash.

B. Liquid Analysis

Item \ Year	2024	2023	Variance (%)
Cash Flow Ratio (%)	(33.46)	(17.17)	94.89
Cash Flow Adequacy Ratio (%)	27.67	32.35	(14.47)
Cash Reinvestment Ratio (%)	(4.21)	(3.82)	10.20

Analysis of financial ratio change :

The cash flow ratio and cash reinvestment ratio for the fiscal year 2024 were negative, primarily due to the current period's loss.

### (3). Cash Flow Analysis for the Coming Year

Unit: NT\$ thousand

Estimated Cash and Cash Equivalents, Beginning of Year(1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,069,070	(144,766)	(519,614)	404,690	—	—

#### A. Analysis of cash flow changes for the current year:

- (a) Operating activities: It is expected that there will be a net cash outflow from operating activities in the coming year, primarily due to a decrease in revenue.
- (b) Investing and financing activities: Mainly due to the repayment of borrowings and the construction of the Chiayi plant by a subsidiary.

B. Remedial measures for anticipated cash shortage: The Company does not currently have a shortage of cash, so no specific remedial measures are needed.

### 4. Major Capital Expenditure Items in recent years : None.

### 5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

#### (1) Company's investment policy:

The company's investment decisions are made based on factors such as operational needs and considerations for future growth. Relevant departments provide professional information, and the financial unit consolidates the data to present recommendations to the responsible authorities. After the investment proposal is generated, an evaluation should be conducted on the past and future prospects of the target company, market conditions, and its operational capabilities. This evaluation serves as the basis for the decision-making authorities in making investment decisions.

#### (2) Main reasons for profit or loss in fiscal year 2024 and improvement measures:

2024/12/31; Unit: NT\$ thousand

Invested Companies	Investment Amount	share ratios	recognition of recent annual investment gains or losses,	main reasons for profit or loss	improvement plans
MACRO SIGHT INTERNATIONAL CO., LTD.	481,565	100%	9,385	The main reasons for the holding company's profits and losses are determined by the profits and losses of the investee company.	None
Jing Cheng Material Co., LTD.	936,100	100%	(112,580)	In the initial phase of capacity establishment, the administrative and sales costs are relatively high, and no benefits have yet been generated.	The production capacity construction is completed, and the production line output and yield rate are increased.

Invested Companies	Investment Amount	share ratios	recognition of recent annual investment gains or losses,	main reasons for profit or loss	improvement plans
Paragon Cubee auto parts inc.	5,000	50%	-	There were no significant changes in profit or loss.	None

### (3) Future Investment Plan

In the future, depending on demand, the company will continue to expand the production capacity of non-EMI products and silicon carbide (SiC) wafer products. The company's available funds should be sufficient to support the required future investments, with no impact on the finance.

## 6. Analysis and assessment of risk events in recent years and up to the date of publication of the annual report

### (1). Impact of interest rates, exchange rates, and inflation on the company's income and measures for future responses:

#### A. Impact of interest rate changes and measures for future responses:

In fiscal year 2024, the company's interest expenses amounted to NT\$5,872 thousand. Although the impact of interest rate changes on the company's income is not significant, the company will closely monitor global economic trends and utilize relevant interest rate hedging tools or consider adjusting the currency of borrowings to mitigate potential interest rate risks.

#### B. Impact of exchange rate changes and measures for future responses:

The Company is primarily affected by fluctuations in the CNY exchange rate. Changes in the CNY exchange rate may impact the Company's profit and comprehensive income. In 2024, due to exchange rate fluctuations, the Company recognized a foreign exchange gain of NT\$5,086 thousand, accounting for approximately 2.4% of the net loss after tax for the period. Additionally, the foreign exchange translation differences arising from the financial statements of overseas operations were recognized as a net amount of NT\$29,917 thousand, representing about 17.4% of the comprehensive income for the period and approximately 2.06% of the total equity attributable to the Company's owners. Therefore, while exchange rate fluctuations have a minor impact on the Company's profit, they have a relatively higher effect on comprehensive income. Going forward, the Company will closely monitor the exchange rate trend between the New Taiwan Dollar (TWD) and the CNY, and make use of relevant hedging tools to mitigate the risk of future exchange rate fluctuations on operations.

#### C. Impact of inflation on the company's income and measures for future responses:

Currently, inflation has not had a significant impact on the company's income. The company will refer to statistical data from the domestic Statistical Bureau of the Ministry of Economic Affairs, research reports, and economic indices from reputable domestic and international economic research institutions and professional investment institutions. Regular review and gathering of relevant information will provide valuable insights for management decision-making.

### (2). Policies, major reasons for profit or loss, and future responses for engaging in high-risk, high-leverage investments, lending funds to others, endorsing guarantees, and engaging

in derivative transactions:

- A. Policies, major reasons for profit or loss, and future responses for engaging in high-risk, high-leverage investments:

The company's primary focus is on the development of its core business and does not venture into other high-risk industries. Furthermore, the company has always maintained a prudent financial management approach and does not engage in high-leverage investments.

- B. Policies, major reasons for profit or loss, and future responses for lending funds to others:

Currently, the company lends funds only to its direct and indirect investments in subsidiary companies where it holds over 100% of the voting rights. The lending of funds to others follows the "Operating Procedures for Lending Funds to Others." The subsidiary companies to which funds are lent maintain sound and stable financial operations, and there have been no losses incurred due to lending of funds to others.

- C. Policies, major reasons for profit or loss, and future responses for endorsing guarantees:

The company provides endorsements and guarantees only to wholly-owned subsidiaries, both directly and indirectly. The endorsement limits are determined based on the "Operating Procedures for Endorsing Guarantees." The subsidiary companies for which guarantees are provided maintain sound and stable financial operations, and there have been no losses incurred due to endorsements and guarantees.

- D. Policies, major reasons for profit or loss, and future responses for engaging in derivative transactions:

The company engages in derivative transactions primarily to mitigate market risks caused by exchange rate and interest rate fluctuations and not for arbitrage or speculative purposes. The company and its subsidiaries comply with relevant regulations issued by regulatory authorities and international financial reporting standards in conducting derivative transactions. The company strictly adheres to the "Asset Acquisition or Disposal Procedure" established by the company.

- (3). Future research and development plans and projected research and development expenses:

In the future, we will continue to improve our core technical capabilities. In addition to continuing to study vacuum sputtering technology, we will invest more resources in the development of silicon carbide (SiC) process technology. In the past five years, the company's investment in R&D expenses accounted for an average of approximately 7.79% of consolidated net operating revenue. , it is expected to invest approximately NT\$52.70 million in R&D expenditures in 2025 to continue investing in the development of new technologies and new processes. It is expected to develop new process equipment and functional coating technology, and specialize in researching new technologies and new materials to expand product applications. The estimated R&D projects and estimated investment costs in 2025 are as follows:

Recent Annual Plan	Planned R&D Expenditure	Current Progress
Development of New Applications for PVD coating	12.20 million	Developing
Development of SiC single crystal manufacturing process technology	40.50 million	Developing

(4). Impact and Countermeasures of Important Policy and Legal Changes, Both Domestic and International, on the Company's Financial Operations

The Company has not been subject to any major domestic or foreign policy or legal changes in recent years that would have affected the Company's finances and business. The company also appoints legal consultants to provide consultation and handle legal issues related to the company.

(5). Impact and Countermeasures of Technological Changes and Industry Transformations on the Company's Financial Operations

The company maintains close connections with domestic and international major manufacturers and maintains good cooperation with domestic research institutions, enabling it to stay informed about industry changes and future technological trends. The company possesses the capability to develop its own technology and is confident in quickly leading the industry in response to new technological requirements and processes, thereby enhancing its competitive advantage. The company will continue to closely monitor market trends and adapt to industry evolution and changes. Therefore, technological changes and industry transformations are not expected to have a significant impact on the company's financial operations.

(6). Impact and Countermeasures of Corporate Image Changes on Crisis Management

Since its establishment, the company has been committed to maintaining its corporate image and complying with legal requirements, guided by the principles of stability and integrity. The company has planned to enter the capital market to attract more talented individuals, strengthen its management team, and share its business achievements with shareholders and the public, fulfilling its social responsibilities. Therefore, there have been no incidents that have jeopardized the company's corporate image.

(7). Expected Benefits, Potential Risks, and Countermeasures of Mergers and Acquisitions

In the most recent year and as of the date of publication of the public prospectus, the company has no plans to acquire other companies. However, should any acquisition plans arise in the future, the company will adopt a prudent evaluation approach to ensure the rights and interests of the shareholders and employees are fully protected.

(8). Expected Benefits, Potential Risks, and Countermeasures of Expanding Production Facilities:

In response to the demand for the development of silicon carbide products by the company's subsidiary Jing Cheng Materials Co., Ltd., the company's subsidiary Jing Cheng Materials Co., Ltd. is expected to build a new silicon carbide factory in Chia Yi to expand production capacity. The funds required for the establishment of the factory are estimated to be 899,530 thousand. In order to support the funds required for the factory construction plan of Jing Cheng Materials Co., Ltd., the company plans to increase its capital in cash by issuing ordinary shares and issuing domestic first-time guaranteed corporate bonds totaling 600 thousand, all of which will be used to increase the capital of its subsidiary Jing Cheng Materials Co., Ltd., plus Jing Cheng Materials Co., Ltd.'s own funds and bank borrowings of RMB 299,530 thousand, the total investment is expected to be RMB 899,530 thousand for the construction of a new silicon carbide factory in Chia Yi. The capital expenditure of the company's factory construction plan has gone through a complete and prudent evaluation process, fully considering the recovery benefits and possible risks. The financial risks arising from it are still within the controllable range and have no significant adverse impact on the company.

(9). Risks and Countermeasures Related to Concentration in Purchasing or Sales

A. Evaluation of Sales Concentration Risk and Countermeasures:

In 2024, the same group's sales accounted for 99.10% of the company's main revenue source. This is mainly due to the fact that the group's global notebook computer case market share is in the leading position among its peers. Due to the business it operates and the industry it belongs to, sales are concentrated to it. The company has actively entered the silicon carbide field since 2021 and acquired Jing Cheng Materials Co., Ltd. as a 100% investment subsidiary. It has continued to build production capacity and is expected to gradually reduce the concentration of sales in the same group.

B. Evaluation of Purchasing Concentration Risk and Countermeasures:

The company has three to five main suppliers. The company has frequent interactions with each supplier and has a good relationship with them. There is no risk of concentration of supplies.

(10). Impact, Risks, and Countermeasures of Changes in Directors, Supervisors, or Shareholders Holding More than 10% of Shares on the Company

As of the printing date of the annual report, there have been no significant changes in the ownership of shares or the composition of directors, supervisors, or shareholders holding more than 10% of shares.

(11). Impact, Risks, and Countermeasures of Changes in Management Control over the Company

As of the printing date of the annual report, there have been no significant changes in the management control over the company.

(12). Major Litigation, Non-Litigation, or Administrative Disputes Involving the Company.

A. The company's litigation, non-litigation or administrative disputes in the past two years and as of the date of publication of the public prospectus that have been adjudicated or are still pending, the results of which may have a significant impact on shareholders' rights or securities prices, should be disclosed. The facts in dispute, the amount of the subject matter, the start date of the litigation, the main parties involved and the current handling situation: None.

B. The company's directors, supervisors, general managers, substantive persons in charge, major shareholders with a shareholding ratio of more than 10% and affiliated companies have been adjudicated or are still in the process of being assigned in the past two years and as of the date of publication of the public statement. Litigation, non-litigation or administrative disputes, the results of which may have a significant impact on the company's shareholders' rights or securities prices: None.

C. The company's directors, supervisors, managers and major shareholders holding more than 10% of the shares have occurred in the past two years and as of the date of publication of the public statement, and the company's current handling of the circumstances specified in Article 157 of the Securities and Exchange Act has occurred. Situation: None.

7. Other important items : None.

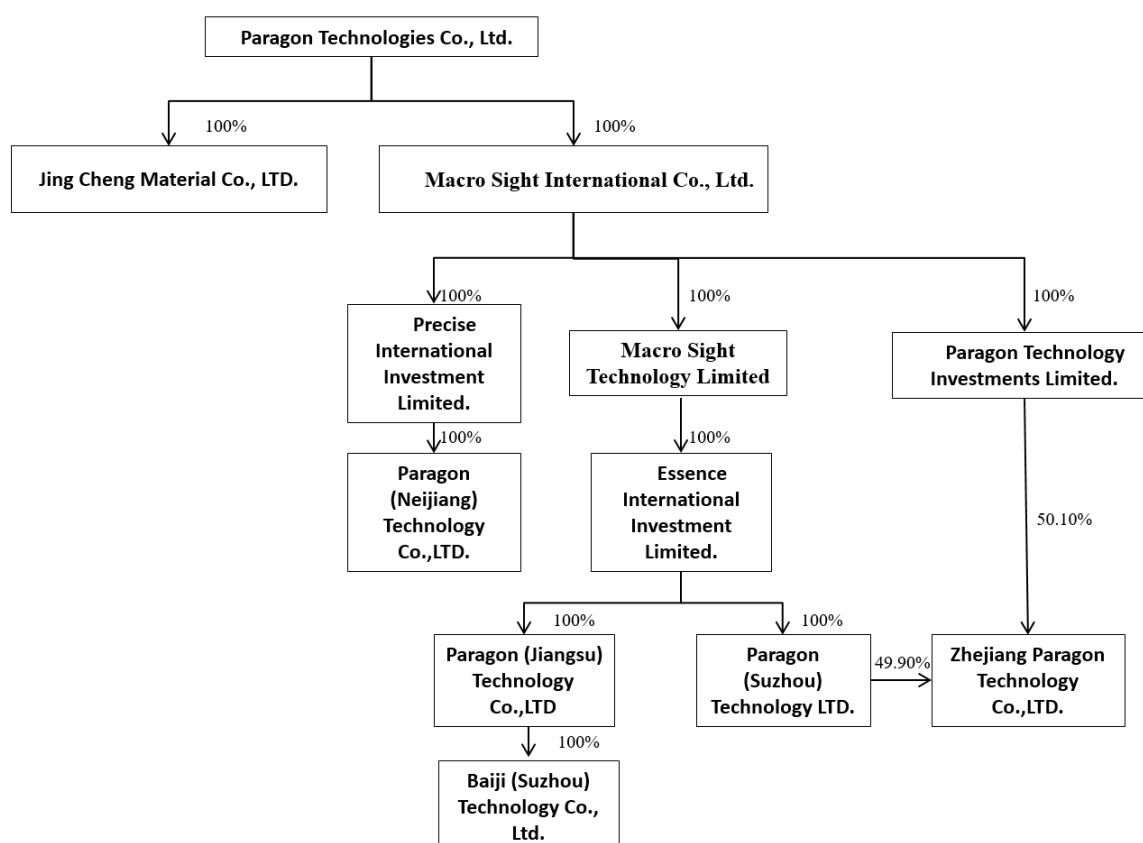
## VI. Special Disclosure

### 1. Summary of Affiliated Companies

#### (1) Consolidated Operating Report of Affiliated Companies

##### A. Affiliated Company Chart

2025/04/13



## B. Basic Information of Affiliated Companies

Company	Establishment Date	Address	Paid-in Capital	Main Business Items
Macro Sight International Co., Ltd.	2001.08.22	Unit 3(I), Main Office Tower, Financial Park Labuan Jalan Merdeka, 87000 Labuan F.T., Malaysia	USD14,133,650	General Investment Affairs
Macro Sight Technology Limited	2000.05.02	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD8,346,851	General Investment Affairs And import/export trade
Clear Smart Investments Limited	2005.09.08	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	(Note1)	General Investment Affairs And import/export trade
Paragon Technology Investments Limited	2007.08.23	Unit D, 16/F ,One Capital Place, 18 Luard Road,Wan Chai,Hong Kong.	USD25,000,000	General Investment Affairs
Essence InternationalInvestment Limited	2008.05.05	Unit D, 16/F ,One Capital Place, 18 Luard Road,Wan Chai,Hong Kong.	USD15,100,000	General Investment Affairs
Precise International Investment Limited.	2008.03.06	Unit D, 16/F ,One Capital Place, 18 Luard Road,Wan Chai,Hong Kong.	USD3,502,000	General Investment Affairs
Paragon (Suzhou) Technology LTD.	2001.03.23	No. 1, Muqiao Street, Suzhou New District, Jiangsu Province, China	USD7,100,000	EMI Processing
Paragon (Kunshan) Technology Co., Ltd.	2007.03.14	Room 2019, Building A, Modern Plaza, Building 18, Weiye Road, Kunshan Development Zone, Jiangsu Province, China	(Note2)	EMI Processing
Zhejiang Paragon Technology Co., LTD.	2008.01.04	No. 1 Jier Road, Sunshine Industrial Park, Anji County, Huzhou City, Zhejiang Province, China	USD49,900,000	Exterior coating processing for car wheels
Paragon (Jiangsu) Technology Co., LTD.	2009.05.08	West side of Jubao Road, Development Zone, Jurong City, Jiangsu Province, China	USD8,000,000	EMI Processing
Paragon (Neijiang) Technology Co., LTD.	2011.06.13	No. 1 Juteng Avenue, Chengxi Industrial Park, Neijiang City, Sichuan Province, China	USD3,000,000	EMI Processing
Baiji (Suzhou) Technology Co., Ltd.	2024.08.29	No. 1, Muqiao Street, Suzhou New District, Jiangsu Province, China	RMB6,500,000	Sputtering equipment after-sales service and equipment parts sales
Jing Cheng Material Co., LTD.	2021.11.16	No. 2, Lane 108, Section 1, Nanshan Road, Wayaoli, Luzhu District, Taoyuan City	NT780,000,000	Silicon carbide technology and material supply

Note1: Clear Smart Investments Limited approved for dissolution on August 19, 2024

Note2: Paragon (Kunshan) Technology Co., Ltd. approved for dissolution on April 23, 2024.

C. Information on Presumed Control and Subsidiary Relationships: None.

D. Industries Covered and Description of Business Cooperation among Affiliated Companies: The industries covered by the affiliated companies as a whole are as follows:

1. Vacuum deposition for EMI shielding services, sales of vacuum deposition equipment and components, and related investment activities.
2. Automotive wheel appearance coating services.
3. General investment activities.
4. Import and export trade: Import and export trade of vacuum deposition equipment and components.
5. Silicon carbide technology and material supply.

E. Names of Directors, Supervisors, and General Managers of Each Related Company and Their Shareholdings.

Company	Title	Name or Representative	Shares	Shareholding Ratio%
Macro Sight International Co., Ltd.	Director	Huang, Yi-Chun	—	—
		Liu, Ming-Yi		
Macro Sight Technology Limited	Director	Huang, Yi-Chun	—	—
Paragon Technology Investments Limited	Director	Chen, Tsai-Pu	—	—
Essence International Investment Limited	Director	Huang, Yi-Chun	—	—
Precise International Investment Limited.	Director	Huang, Yi-Chun	—	—
Paragon (Suzhou) Technology LTD.	Chairman	Yu, Hsiu-Ping	—	—
	Director	Chen, Tsai-Pu	—	—
	Director	Liu, Ming-Yi	—	—
Paragon (Jiangsu) Technology Co., LTD.	Chairman	Yu, Hsiu-Ping	—	—
	Director	Huang, Yi-Chun	—	—
	Director	Liu, Ming-Yi	—	—
Zhejiang Paragon Technology Co., LTD.	Chairman	Liu, Ming-Yi	—	—
	Director	Chen, Tsai-Pu	—	—
	Director	Yu, Hsiu-Ping	—	—
Paragon (Neijiang) Technology Co., LTD	Chairman	Yu, Hsiu-Ping	—	—
	Director	Huang, Yi-Chun	—	—
	Director	Liu, Ming-Yi	—	—
Baiji (Suzhou) Technology Co., Ltd.	Director	Yu, Hsiu-Ping	—	—
Jing Cheng Material Co., LTD.	Chairman	Paragon Technologies Co., Ltd Representative: Liu, Ming-Yi	78,000,000	100%
	Director	Paragon Technologies Co., Ltd Representative: Chen, Tsai-Pu	78,000,000	100%
	Director	Paragon Technologies Co., Ltd Representative: Huang, Yi-Chun	78,000,000	100%

## F. Operating Highlights of the Affiliated Company for 2024

Unit: NT\$ thousand, but earnings (loss) per share is in NTD

Name of Company	Capital amount	Total assets	Total liabilities	Net worth	Operating Revenue	Operating profit	Net profit(loss) (after tax)	Earnings per share (profit/loss) (loss per share)
Macro Sight International Co., Ltd.	481,565	874,225	12,492	861,733	0	(24,327)	9,582	0.68
Macro Sight Technology Limited	280,616	396,778	0	396,778	0	(118)	(359)	(0.04)
Clear Smart Investments Limited (Note1)	0	0	0	0	0	(1)	(46,635)	-
Paragon Technology Investments Limited	777,341	0	959	(959)	0	(149)	27,486	1.10
Essence International Investment Limited	492,640	395,912	467	395,445	0	(313)	(270)	(0.02)
Precise International Investment Limited.	114,159	235,123	63	235,060	0	(183)	41,708	11.91
Paragon (Suzhou) Technology LTD.	240,742	78,712	1,682	77,030	14,754	(32,549)	(5,183)	(0.02)
Paragon (Kunshan) Technology Co., Ltd.(Note2)	0	0	0	0	0	(45,183)	(44,513)	-
Zhejiang Paragon Technology Co., LTD.	1,553,176	1,265	2,357	(1,092)	0	(1,550)	38,995	0.03
Paragon (Jiangsu) Technology Co., LTD.	251,904	339,780	20,966	318,814	151,295	9,565	7,163	0.03
Paragon (Neijiang) Technology Co., LTD.	91,440	272,921	40,544	232,377	214,058	48,532	41,836	0.46
Baiji (Suzhou) Technology Co., Ltd.	29,400	26,408	508	25,900	197	(3,210)	(3,190)	(0.11)
Jing Cheng Material Co., LTD.	780,000	964,421	328,633	635,788	561	(110,820)	(112,580)	(1.44)

Note1: Clear Smart Investments Limited approved for dissolution on August 19, 2024

Note2: Paragon (Kunshan) Technology Co., Ltd. approved for dissolution on April 23, 2024.

(2) Consolidated financial statements of related enterprises:

Statement on Consolidated Financial Statements of Affiliated Companies:

In accordance with the "Guidelines for the Preparation of Consolidated Financial Statements of Affiliated Companies in the Business Report of Related Party Transactions and Affiliated Reports" for the fiscal year 2024 (from January 1 to December 31, 2024), the companies required to prepare consolidated financial statements of affiliated companies under the said guidelines are the same as those required to prepare consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standards No. 10. Furthermore, the relevant information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, there is no need to prepare separate consolidated financial statements of affiliated companies.

This statement is hereby declared.

Company : Paragon Technologies Co., Ltd.  
Person in charge : Huang, Yi-Chun

March 13 2025

(3). Related Party Report: None.

2. For 2024 and up to the date of printing this annual report, there have been no transactions involving private placement of securities :

Item	2023 First Private Placement 1st session Issue Date : 2023/08/28
Securities under private placement	Common Stock
Date of resolution and approved quantity	2023/06/13 Quantity : Within the quota of 12,000 thousand shares
Basis and rationale for price setting	<p>(1) The reference price for the subscription price of the private common shares in this offering is determined based on the average closing price of the common shares calculated as the simple arithmetic mean of the closing prices of the common shares for either one, three, or five business days immediately preceding the pricing date, excluding any rights issues and dividends. The price is then adjusted by adding back the share price after capital reduction adjustment or the simple arithmetic mean of the closing prices of the common shares for the thirty business days immediately preceding the pricing date, excluding any rights issues and dividends, and then adjusted by adding back the share price after capital reduction adjustment. The higher of the two benchmark calculation prices shall serve as the reference price.</p> <p>(2) The pricing date for the first issuance of private common shares is hereby set as June 26, 2023:</p> <p>(3) The private price in this offering is determined based on the pricing principles established by the resolution of the Shareholders' Meeting of the Company on June 13, 2023. June 26, 2023, is set as the pricing date for this private placement, with (a) the average closing price of the common shares calculated as the simple arithmetic mean of the closing prices for one, three, or five business days immediately preceding the pricing date, excluding any rights issues and dividends, plus the share price after capital reduction adjustment, being NT\$32.8, NT\$31.08, and NT\$30.30 respectively; (b) the average closing price of the common shares calculated as the simple arithmetic mean of the closing prices for the thirty business days immediately preceding the pricing date, excluding any rights issues and dividends, plus the share price after capital reduction adjustment, being NT\$30.36. By selecting (a), the average closing price of the common shares for five business days, which is NT\$30.30, and (b), the average closing price of the common shares for the thirty business days, which is NT\$30.36, the higher of the two is chosen as the reference price, which is NT\$30.36. Taking into account the Company's operating performance, market conditions, and the restrictions under the Securities and Exchange Act regarding the transfer of privately placed securities within three years, NT\$25 is determined as the actual private placement price, not lower than eighty percent of the reference price, and still within the authorized scope of the resolution of the Shareholders' Meeting.</p>

	The company distributed a cash dividend of NT\$0.5 per share, with the ex-dividend date and the record date being June 30, 2023 and July 8, 2023, respectively. The above-mentioned average price is the simple arithmetic mean of the closing prices of ordinary shares, calculated after deducting the price excluding the rights issue.				
Selection method of specified parties	<p>1.The targeted recipients of this private placement are limited to specific persons as defined under Article 43-6 of the Securities and Exchange Act, and they should be strategic investors who can generate benefits for the long-term development, competitiveness, and existing shareholder interests of the company.</p> <p>2.The purpose, necessity, and expected benefits of selecting strategic investors are to meet the operational development needs of the company. Through strategic investors, the company aims to directly or indirectly assist in financial, business, production, technology, procurement, management, and strategic development to enhance its competitiveness, improve operational efficiency, and achieve long-term growth, thereby positively benefiting shareholder interests.</p>				
Reasons for private placement	Considering the current capital market conditions and the need to ensure the timeliness and feasibility of capital raising, it is important to acquire the necessary funds within the shortest period to facilitate the introduction of strategic investors. Furthermore, the restricted transferability of privately placed shares can help ensure a long-term cooperative relationship between the company and the strategic investors.				
Date of payment and completion	2023/07/10				
Information on contributing parties	Target	Eligibility	Quantity Purchased	Relationship with the Company	Participation in Company Operations
	Su Cheng Han	In accordance with Securities and Exchange Act 43-6-2	1,800,000	None	None
	Huang Chang Hua	In accordance with Securities and Exchange Act 43-6-2	500,000	None	None
Actual purchase (or conversion) price	NT\$ 25 per share				
Difference between the actual purchase (or conversion) price and the reference price	The private placement of common shares is set at an actual price of NT\$ 25 per share, which is 90% of the reference price of NT\$ 30.36, meeting the requirement of not being lower than 80% of the reference price.				
Impact of private placement on shareholders' equity (ex. causing an increase in accumulated losses)	The funds raised from this private placement of common shares will be used to enhance operational capital to meet the long-term development needs of the company. The anticipated benefits include improving the company's operational competitiveness, strengthening overall financial structure, and enhancing operational efficiency, all of which are advantageous to shareholder equity.				
Use of funds from private placement and progress of proposed plans	The funds raised from this private placement of common shares will be used to enhance operational capital to meet the long-term development needs of the company. The utilization of these funds is planned to be completed in the third quarter of 2023.				
Effectiveness of private placement	Enhancing the company's operational competitiveness, strengthening the overall financial structure, and improving operational efficiency will be beneficial for the long-term development of the company.				

3. Other Necessary Supplementary Explanations: None.
4. Events Occurring during 2024 and up to the Date of Printing the Annual Report that Have a Significant Impact on Shareholders' Equity or Security Prices as stipulated in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act: None.

Paragon Technologies Co., Ltd.

Chairman Huang, Yi-Chun