

**Parade Technologies, Ltd.**  
**(the “Company”)**  
**2015 ANNUAL GENERAL MEETING of MEMBERS**  
**MEETING MINUTES**  
**(Translation)**

**Time:** June 25, 2015, 9:00 a.m., Taipei Local Time

**Place:** 7F., No.236, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan

**Present:** Members in person or by proxy, representing 39,217,981 shares entitled to vote for or against each of the resolutions as set out below, accounted for 52.10% of the total 75,278,935 issued shares

**Chairman:** Ji Zhao, Chairman of the Board of Directors

**Directors:** Ji Zhao, Chairman of the Board of Directors  
Ming Qu, Vice Chairman  
Jen-Lin (Norman) Shen, Independent Director

**Attendees:** Hua-Ling Liang, CPA, PricewaterhouseCoopers, Taiwan  
Ying-Yi Lee, Attorney, Chen & Lin Attorneys-at-Law  
Judy Wang, Senior Vice President of Finance, Parade Technologies, Inc.

**Recorder:** Yo-Ming Chang

The necessary quorum of members was present in person or by proxy and the Chairman declared the meeting duly constituted and the Company may proceed to business.

**Chairman Remarks (Omitted)**

**Report Items:**

1. To report the 2014 business report (See Attachment I)
2. To report the 2014 review report by the Audit Committee (See Attachment II)

3. To report the implementation of the 2015 Share Repurchase and Incentive Plan

Explanatory Notes:

- (1) The results of the 2015 Share Repurchase Plan is as below:

Series	the first repurchase in year 2015
Board resolution date	3/4/2015 (Taiwan Time)
Purpose of repurchase	Transferring to the employees
The set repurchase period	Between 3/5/2015 and 5/4/2015
The actual repurchase period	Between 3/9/2015 and 3/17/2015
The set repurchase price range (per share)	NT\$ 204.00 to NT\$ 447.50
The actual repurchase price range (per share)	NT\$ 306.00 to NT\$ 309.00
Average repurchase price per share	NT\$ 307.53
The set maximum repurchase shares	252,000 common shares
Accumulated number of shares already repurchased	252,000 common shares
Value spent on the repurchase	NT\$ 77,496,917
Number of shares transferred and cancelled	Note
Accumulated number of shares already repurchased	252,000 common shares
Accumulated percentage of repurchased shares to total number of shares issued ( % )	0.33%

Note: The shares are expected to be transferred to employees in May 2015.

- (2) Share Repurchase and Employee Incentive Plan is attached hereto as Attachment XII.

## **Proposals and Discussions**

1. To ratify the 2014 Business Report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 2014 business report is attached hereto as Attachment I.  
(2) Please ratify the above-mentioned Business Report.

Resolution: 39,140,481 shares were represented at the time of voting; 36,228,699 voted in favor for the proposal, representing 92.56% of the total votes held by the members present in the meeting, 0 voted against the proposal, 0 voted invalid the proposal, and 2,911,782 voted abstained/no voted the proposal. This proposal as

proposed by the board of directors was duly passed as ordinary resolution of the Company.

2. To adopt the Company's 2014 audited consolidated financial report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2014 consolidated financial statements, including Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows, have been approved by the Board of Directors, audited by independent auditors, Ms. Chou Hsiao-Tzu and Ms. Liang Hua-Ling, of PricewaterhouseCoopers Taiwan and reviewed by the Audit Committee, evidenced by the review report issued by the Audit Committee.
- (2) The 2014 independent accountants' audit report and above-mentioned consolidated financial statements are attached hereto as Attachment III.
- (3) Please ratify the above-mentioned 2014 audited consolidated financial statements.

Resolution: 39,140,481 shares were represented at the time of voting; 36,228,699 voted in favor for the proposal, representing 92.56% of the total votes held by the members present in the meeting, 0 voted against the proposal, 0 voted invalid the proposal, and 2,911,782 voted abstained/no voted the proposal. This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

3. To approve the 2014 profit distribution plan (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2014 profits distribution table has been approved by the Board of Directors. The table has been reviewed and evidenced by the report issued by the Audit Committee.
- (2) The proposed profits distribution table/plan is to distribute 2014 Retained Earnings Available for Distribution, inclusive of distribution of the profits to the shareholders at the total amount of NT\$378,811,143, equivalent to cash dividend per share of NT\$5.02, equivalent to US\$0.1619, by adopting foreign exchange rate of US\$1=NT\$31.00.
- (3) In the event of any change in the number of issued and outstanding shares for whatever reason, such as purchase back of the Company's shares, issue of new shares upon exercise of employee stock option, issue restricted shares to employees, transfer or cancellation of the treasury shares or other analogue events, it is proposed to authorize the Chairman to adjust the dividend ratio based

on the total amount of profits resolved to be distributed in the 2015 Annual General Meeting of Members and the number of total issued and outstanding shares on the record date for distribution and proceed relevant matters.

- (4) It is proposed to authorize the Board of the Directors to determine the record date of the cash and stock dividends after this profit proposal is approved by this 2015 Annual General Meeting of Members.
- (5) The 2014 Profit Distribution Table is attached hereto as Attachment IV.
- (6) Please approve the above-mentioned 2014 Profit Distribution Proposal.

#### Note

The Company's 2014 dividend distribution is according to Article 113 of the Company's Articles of Association. If there are remaining profits, the Company may appropriate 2% as bonuses to the Directors and additional not less than 5% of the remaining profits as employee bonus. Thereafter, having considered the financial, business and operational factors, the board may propose and specify the percent of any remaining profits after above deductions plus accumulated retained earnings to be distributed as dividends for the Members' approval. Therefore, the 2014 dividend distribution is proposed in compliance with the Company's Sixth-D Amended and Restated Articles of Association.

The Company's planned 2014 cash dividend to be distributed is NT\$5.02 per share. The post-dividend after tax basic earnings per share is NT\$16.48, and the dividend payout ratio is 30.46%. The Company having considered the fact that the Company is at the growth stage, the need of cash for mid- and short-term business development plans, the dividend payout ratio of the past years, and having referred to the dividend payout ratio of other foreign issuers listed in Taiwan, the board proposed and submitted such dividend distribution plan for the members' resolution. Therefore, the Company's 2014 dividend payout ratio of 30.46% is reasonable and appropriate.

Resolution: 39,140,481 shares were represented at the time of voting; 36,028,699 voted in favor for the proposal, representing 92.05% of the total votes held by the members present in the meeting, 0 voted against the proposal, 0 voted invalid the proposal, and 3,111,782 voted abstained/no voted the proposal. This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

4. To approve 2015 Employee Restricted Stock Awards Plan (Proposed by the Board of Directors)

Explanatory Notes:

(1) The Company has established this 2015 Employee Restricted Stock Awards Plan to attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests. Within one year from the date of the shareholders resolution, the Company may, depending on its actual need, register with the competent authority single tranche or multiple tranche of the restricted shares for the employees. For the number of shares effectively registered, the Company may issue the shares all at once or by tranches. The Chairman is authorized to determine the actual issuance date.

(2) The material terms of 2015 Employee Restricted Stock Awards Plan (the "2015 RSA Plan") are as below:

I. Expected total number of the Restricted Stock Awards ("RSA") issuance:  
400,000 shares, with par value NT\$ 10 per share.

II. The terms and conditions of issuance

i. Issue price: Each RSA will be issued without consideration.

ii. Vesting conditions: The RSAs will be vested at the equal rate of 25% per year over four (4) years from the date the RSAs are granted; each 25% will be vested on the anniversary of the date the RSAs are granted to the grantee employee who has continuously served the Company to each corresponding anniversary.

iii. Restrictions before RSA is vested:

①. The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the RSAs, or otherwise dispose of the RSAs in any other manner.

②. All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian (as applicable).

③. The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or

indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the “Restricted Share and Cash Distribution”). For the avoidance of doubt, for the purpose of this Plan, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.

④. In the case that the grantee employee is an ROC citizen, such employee shall, immediately after the Company issues the RSAs to such employee, trust such RSAs to the trustee designated by the Company in accordance with the Company’s instruction and, unless otherwise provided hereunder, shall be continuously trusted till the full satisfaction of the vesting conditions. Any and all the Restricted Share and Cash Distribution derived from the unvested RSAs shall also be put in the trust. In the case that the grantee employee is non-ROC citizen, such employee shall put the RSA with a custodian bank for custody.

⑤. In the event the employee’s employment is terminated or inheritance occurs, etc., all the rights attached to the unvested RSAs will be forfeited on the date when the termination of employment or inheritance takes effect, and the Company may redeem such unvested RSAs at no consideration, and then shall cancel such RSAs.

⑥. Other conditions of the plan please refer to Attachment V.

III. Qualifications and conditions for employees and the numbers of shares distributable or subscribable: The eligible employees are limited to the employees of the Company or of the subsidiary wholly owned by the Company who serve as the full-time employees before the RSA are granted. The Chairman shall propose and submit the list of grantee employees and the number of RSAs to be granted to the board of directors of the Company for the approval, in the case of granting the RSA to an employee who serves as directors and/or officers, to the compensation committee of the Company for review and recommendation and then to the board of directors of the Company for final approval. The actual employees and the number of RSA to be granted will be decided according to relevant laws and regulations and within the limitation of amount thereof, considering seniority, job level, work performance, overall contribution, special achievement, and other factors necessary for management, etc., and considering the Company’s operational needs and development strategy.

IV. The reasons why it is necessary to issue the new RSAs: To attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests.

V. The expected amount of expenses and the dilution effect on the Company's earnings per share and any other impact on shareholder's equity: (1) NT\$115,200,000 over four years. (2) The dilution effect on the Company's earnings per share is approximately NT\$0.093. The total numbers to be issued under this plan is approximately 0.53% of the Company's total issued and outstanding shares (75,488,379 shares as of January 31, 2015).

(3) After being approved by the shareholders' resolution, if any amendment is necessary due to any change of laws or regulations, any demand by the competent authority or any requirement of the circumstance, it is proposed to authorize the Chairman or the person designated by the Chairman to make necessary amendment and submit to the board of directors for approval.

(4) Please discuss and approve the above proposal.

Resolution: 39,140,481 shares were represented at the time of voting; 35,005,657 voted in favor for the proposal, representing 89.44% of the total votes held by the members present in the meeting, 1,223,042 voted against the proposal, 0 voted invalid the proposal, and 2,911,782 voted abstained/no voted the proposal. This proposal as proposed by the board of directors was duly passed as supermajority resolution of the Company.

5. To approve the amendment of the Company's Amended and Restated Articles of Association (Proposed by the Board of Directors)

Explanatory Notes:

(1) In response to the notice from the Authorities, certain changes to the Company's Memorandum and Articles of Association are required or advised.

(2) The comparison table of the amended articles is attached hereto as Attachment XI.

(3) Please approve the above-mentioned proposal.

Resolution: 39,140,481 shares were represented at the time of voting; 36,228,699 voted in favor for the proposal, representing 92.56% of the total votes held by the members present in the meeting, 0 voted against the proposal, 0 voted invalid the proposal, and 2,911,782 voted abstained/no voted the proposal. This proposal as proposed by the board of directors was duly passed as special resolution of the

Company.

## **Questions and Motions**

There is no *ad hoc* motion after consultation with all present shareholders. The Chairman declares that the meeting is adjourned.

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Ji Zhao  
Chairman

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Yo-Ming Chang  
Recorder



**Parade Technologies, Ltd.  
2014 Business Report**

Dear Shareholders,

Year 2014 was a phenomenal growth year for Parade. We achieved record revenue of US\$205.39 million, or NT\$6.23 billion in 2014, which represented 44.76% year over year growth as compared to 2013. The growth was driven by continued penetration of our eDP (embedded DisplayPort) LCD timing controllers (TCON) as well as our high-speed interface ICs in DisplayPort, HDMI, SATA and USB 3.1 applications. Leveraging our leading technology and superior product design capability, combined with our close collaboration with Tier 1 OEM customers and chip set vendors, Parade has successfully sustained our leadership position in the markets we serve.

During the past year, we observed that the market trend towards higher resolution displays, consequently demand for high-speed data transmission and lower power consumption, accelerated in notebook, tablet, smartphone, all-in-one computer. In notebook PCs, increasing adoption of high resolution panels beyond Full HD propelled significant penetration of eDP interface as a replacement for the traditional LVDS display interface. The advanced eDP solution with Panel Self Refresh (PSR) gained en route to slim notebook market with high resolution panels. In addition, the speed of various interfaces broadly used in consumer and PC market advanced significantly owing to high resolution display and storage data transfer. Evidently, consumer electronics market started to adopt HDMI 2.0 standard which employs 6Gbps data rate to support 4K2K LCD TV. USB 3.0 Promoter Group also announced the USB Type-C connector which defines the next generation connectors, supporting both high-speed data and video interfaces reaching 10Gbps data rate. All these market trends and movements have created an enormous opportunity for Parade.

In 2014, we announced a new series of eDP TCON devices that feature Panel Self Refresh (PSR) and emphasis low power consumption for portable platforms. We also introduced a new eDP TCON device for 4K LCD panels designed for monitors and all-in-one computers. This is the first TCON that supports the use of standard DisplayPort SST (Single Stream Transport) protocol for 4K resolution, which appreciably extends our market reach.

For high-speed interface products, we added a new family member, HDMI 2.0 jitter-cleaning repeater, which enables the support of 4K2K TVs at 60 frames per second and greatly simplified the challenging implementation of HDMI 2.0 in video sources. During the past two years, many OEM customers have depended on our unique HDMI 1.4 jitter-cleaners to make 3Gbps work. Now we raised the performance bar to 6Gbps by enabling HDMI 2.0.

In addition to DisplayPort and HDMI, Parade also announced the industry's first active switch for USB Type-C host devices that support DisplayPort Alternate Mode. This switch enables USB signals and DisplayPort signals to share a single compact USB Type-C connector. Most recent releases of the new MacBook as well as Chromebook Pixel both adopted USB Type-C connectors, signaling very positive industry embracement by Tier 1 OEM customers. We anticipate this application will remain a focus area for Parade and thus create healthy growth opportunities.

Worth noting that, starting from the second half of 2014, we started shipping our point-to-point high-speed source drivers, i.e., Scalable Intra Panel Interface (SIPI), for use within LCD display panels. With the state-of-the-art performance in high data transmission rate and low power consumption, we secured meaningful design wins with both OEM and panel customers. In addition, we continued to research and develop technologies and solutions of integrated driver ICs for the smartphone market. We hope both segments could significantly expand our serviceable addressable market (SAM) and serve as the future growth engines.

The consolidated net income in 2014 was US\$40.47 million (NT\$1.23 billion), an increase of 76.83% from US\$22.88 million (NT\$679 million) in year 2013. Earnings per diluted share in 2014 were US\$0.53 (NT\$16.15), up 76.67% from US\$0.30 (NT\$9.02) in 2013. Gross profit margin was 41.28% as compared to 43.49% in 2013, while operating profit margin was 21.25% up from 18.08% of the prior year. Net profit margin was 19.70%, an increase of 3.57% from 16.13% in 2013.

Parade believes our employees and intellectual property are the most important assets of the company. We are committed to recruiting and investing in highest quality research & development (R&D) staff, in order to expand our technology capabilities and portfolios. As of December 31, 2014, Parade has a total of 293 employees including 189 in R&D. Geographically, we continuously expanded our resources in Taiwan, Shanghai, Nanjing and USA offices. Helped by our R&D focus, we filed 2 patents in 2014 and held 8 granted patents and 15 patent applications pending by end of 2014.

Looking forward, we believe we will continue to benefit from the increasing demand of bandwidth to support higher display resolutions, higher speed data transmission, and lower power consumption in mobile devices. With our leading position in eDP TCON technologies and broad adoption by global tier-1 customers, we believe Parade is well positioned to generate outstanding results for our shareholders.

We appreciate the solid support from all of our shareholders!

Jack Zhao  
Chairman and CEO  
May 5, 2015

## Audit Committee's Report

The Board of Directors has prepared the Company's 2014 Business Report, 2014 consolidated Financial Statements and proposal for allocation of profits. The CPA firm of PricewaterhouseCoopers was retained to audit Parade's consolidated Financial Statements and has issued an audit report relating to the consolidated Financial Statements. The Business Report, consolidated Financial Statements and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Parade Technologies, Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Parade Technologies, Limited.

Chairman of the Audit Committee: Norman Shen



May 5, 2015

**REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE**

To the Board of Directors and Shareholders of Parade Technologies, Ltd.

We have audited the accompanying consolidated balance sheets of Parade Technologies, Ltd. and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Parade Technologies, Ltd. and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission of the Republic of China.

*PricewaterhouseCoopers, Taiwan*

March 4, 2015

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2014 AND 2013**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2014		December 31, 2013	
		Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$ 4,600,434	70	\$ 3,459,081	69
Available-for-sale financial assets - current		34,365	-	32,172	1
Accounts receivable, net	6(2)	1,084,808	17	1,023,236	21
Inventories, net	6(3)	431,792	7	229,216	5
Other current assets		194,387	3	75,003	1
<b>Total current assets</b>		<b>6,345,786</b>	<b>97</b>	<b>4,818,708</b>	<b>97</b>
<b>Non-current assets</b>					
Property, plant and equipment, net	6(4)	121,864	2	91,340	2
Intangible assets		6,228	-	8,007	-
Deferred income tax assets	6(14)	3,880	-	3,086	-
Other non-current assets		47,551	1	61,370	1
<b>Total non-current assets</b>		<b>179,523</b>	<b>3</b>	<b>163,803</b>	<b>3</b>
<b>TOTAL ASSETS</b>		<b>\$ 6,525,309</b>	<b>100</b>	<b>\$ 4,982,511</b>	<b>100</b>

(Continued)

**PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2014 AND 2013**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	December 31, 2014		December 31, 2013	
		Amount	%	Amount	%
<b>Current liabilities</b>					
Accounts payable		\$ 341,624	5	\$ 486,222	10
Other payables	6(5)	352,228	5	254,005	5
Current income tax liabilities	6(14)	291,588	5	177,686	4
Other current liabilities		118,364	2	70,817	1
<b>Total current liabilities</b>		<b>1,103,804</b>	<b>17</b>	<b>988,730</b>	<b>20</b>
<b>Total liabilities</b>		<b>1,103,804</b>	<b>17</b>	<b>988,730</b>	<b>20</b>
<b>Equity attributable to owners of the Company</b>					
<b>Share capital</b> 6(8)					
Ordinary shares		754,604	12	747,257	15
<b>Capital reserves</b> 6(9)					
Capital reserves		1,651,739	26	1,442,109	29
<b>Retained earnings</b> 6(10)					
Legal reserve		241,672	4	173,757	4
Special reserve		78,218	1	93,524	2
Unappropriated earnings		2,578,037	39	1,615,443	32
<b>Other equity</b>					
Other equity		117,235	1	( 78,309)	( 2)
<b>Equity attributable to owners of the Company</b>					
<b>Company</b>		<b>5,421,505</b>	<b>83</b>	<b>3,993,781</b>	<b>80</b>
<b>Total equity</b>		<b>5,421,505</b>	<b>83</b>	<b>3,993,781</b>	<b>80</b>
<b>Significant contingent liabilities and unrecognized contract commitments</b> 9					
<b>Significant events after the balance sheet date</b> 11					
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 6,525,309</b>	<b>100</b>	<b>\$ 4,982,511</b>	<b>100</b>

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



**PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Notes	For the years ended December 31			
		2014		2013	
		Amount	%	Amount	%
<b>Revenue</b>		\$ 6,225,291	100	\$ 4,212,028	100
<b>Cost of goods sold</b>	6(3)(12)(13)	( 3,656,094)	( 59)	( 2,380,204)	( 57)
<b>Gross profit</b>		<u>2,569,197</u>	<u>41</u>	<u>1,831,824</u>	<u>43</u>
<b>Operating expenses</b>	6(12)(13)(15) and 7				
Sales and marketing expenses		( 298,916)	( 5)	( 229,048)	( 5)
General and administrative expenses		( 215,900)	( 3)	( 168,904)	( 4)
Research and development expenses		( 732,331)	( 12)	( 672,428)	( 16)
<b>Total operating expenses</b>		<u>( 1,247,147)</u>	<u>( 20)</u>	<u>( 1,070,380)</u>	<u>( 25)</u>
<b>Operating income</b>		<u>1,322,050</u>	<u>21</u>	<u>761,444</u>	<u>18</u>
<b>Non-operating income and expenses</b>					
Other income		27,046	1	3,980	-
Other gains and losses		2,202	-	( 5,854)	-
<b>Total non-operating income and expenses</b>		<u>29,248</u>	<u>1</u>	<u>( 1,874)</u>	<u>-</u>
<b>Income before income tax</b>		<u>1,351,298</u>	<u>22</u>	<u>759,570</u>	<u>18</u>
Income tax expense	6(14)	( 125,555)	( 2)	( 80,420)	( 2)
<b>Net income for the year from continuing operations</b>		<u>1,225,743</u>	<u>20</u>	<u>679,150</u>	<u>16</u>
<b>Other comprehensive income</b>					
Currency translation differences of foreign operations		289,534	4	93,081	2
<b>Total comprehensive income for the year</b>		<u>\$ 1,515,277</u>	<u>24</u>	<u>\$ 772,231</u>	<u>18</u>
<b>Net income, attributable to:</b>					
Owners of the Company		<u>\$ 1,225,743</u>	<u>20</u>	<u>\$ 679,150</u>	<u>16</u>
<b>Comprehensive income attributable to:</b>					
Owners of the Company		<u>\$ 1,515,277</u>	<u>24</u>	<u>\$ 772,231</u>	<u>18</u>
<b>Basic earnings per share from continuing operations</b>	6(11)				
		<u>\$</u>	<u>16.48</u>	<u>\$</u>	<u>9.25</u>
<b>Diluted earnings per share from continuing operations</b>	6(11)				
		<u>\$</u>	<u>16.15</u>	<u>\$</u>	<u>9.02</u>

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

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent											
		Capital Reserves				Retained Earnings			Other equity				
		Ordinary shares	Paid-in capital in excess of ordinary shares	Capital reserve from employee stock options	Capital reserve from restricted stocks	Capital reserve - others	Legal reserve	Special reserve	Unappropriated earnings	Currency translation differences of foreign operations	Unearned compensation	Treasury shares	Total
<b>Year 2013</b>													
Balance at January 1, 2013		\$ 517,215	\$ 1,224,381	\$ 33,570	\$ -	\$ 10,185	\$ 45,268	\$ 8,324	\$ 1,544,574	(\$ 93,524)	\$ -	\$ -	\$ 3,289,993
Share-based compensation cost	6(7)	-	-	51,271	-	-	-	-	-	-	8,946	-	60,217
Exercise of employee stock options	6(7)(8)	12,689	39,456	( 20,804 )	-	-	-	-	-	-	-	-	31,341
Issuance of restricted stocks		4,000	-	-	83,800	-	-	-	-	-	( 87,800 )	-	-
Cancellation of share-based compensation		-	-	-	( 988 )	-	-	-	8	-	988	-	8
Tax deduction exceeds cumulative share-based payment expenses		-	-	-	-	21,238	-	-	-	-	-	-	21,238
Purchase of treasury shares	6(8)	-	-	-	-	-	-	-	-	-	( 69,629 )	( 69,629 )	-
Treasury shares reissued to employees	6(8)	-	-	-	-	-	-	-	-	-	69,629	69,629	-
Earnings appropriation													
Legal reserve		-	-	-	-	128,489	-	( 128,489 )	-	-	-	-	-
Special reserve		-	-	-	-	-	85,200	( 85,200 )	-	-	-	-	-
Stock dividends		213,353	-	-	-	-	-	( 213,353 )	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 181,247 )	-	-	-	( 181,247 )	-
Net income for 2013		-	-	-	-	-	-	-	679,150	-	-	-	679,150
Other comprehensive income for 2013		-	-	-	-	-	-	-	-	93,081	-	-	93,081
Balance at December 31, 2013		<u>\$ 747,257</u>	<u>\$ 1,263,837</u>	<u>\$ 64,037</u>	<u>\$ 82,812</u>	<u>\$ 31,423</u>	<u>\$ 173,757</u>	<u>\$ 93,524</u>	<u>\$ 1,615,443</u>	<u>(\$ 443)</u>	<u>(\$ 77,866)</u>	<u>\$ -</u>	<u>\$ 3,993,781</u>
<b>Year 2014</b>													
Balance at January 1, 2014		\$ 747,257	\$ 1,263,837	\$ 64,037	\$ 82,812	\$ 31,423	\$ 173,757	\$ 93,524	\$ 1,615,443	(\$ 443)	(\$ 77,866)	\$ -	\$ 3,993,781
Share-based compensation cost	6(7)	-	-	45,093	-	-	-	-	-	-	34,747	-	79,840
Exercise of employee stock options	6(7)(8)	4,210	40,732	( 7,034 )	-	-	-	-	-	-	-	-	37,908
Issuance of restricted stocks		3,485	-	-	130,687	-	-	-	-	-	( 134,172 )	-	-
Cancellation of share-based compensation	6(8)	( 348 )	-	-	( 5,175 )	-	-	-	187	-	5,435	-	99
Tax deduction exceeds cumulative share-based payment expenses		-	-	-	-	5,327	-	-	-	-	-	-	5,327
Purchase of treasury shares	6(8)	-	-	-	-	-	-	-	-	-	( 41,920 )	( 41,920 )	-
Treasury shares reissued to employees	6(8)	-	-	-	-	-	-	-	-	-	41,920	41,920	-
Earnings appropriation													
Legal reserve		-	-	-	-	67,915	-	( 67,915 )	-	-	-	-	-
Special reserve		-	-	-	-	-	( 15,306 )	15,306	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 210,727 )	-	-	-	( 210,727 )	-
Net income for 2014		-	-	-	-	-	-	-	1,225,743	-	-	-	1,225,743
Other comprehensive income for 2014		-	-	-	-	-	-	-	-	289,534	-	-	289,534
Balance at December 31, 2014		<u>\$ 754,604</u>	<u>\$ 1,304,569</u>	<u>\$ 102,096</u>	<u>\$ 208,324</u>	<u>\$ 36,750</u>	<u>\$ 241,672</u>	<u>\$ 78,218</u>	<u>\$ 2,578,037</u>	<u>\$ 289,091</u>	<u>(\$ 171,856)</u>	<u>\$ -</u>	<u>\$ 5,421,505</u>

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

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2014	2013
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Income before income tax for the year		\$ 1,351,298	\$ 759,570
Adjustments to reconcile income before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(4)(12)	39,678	34,476
Amortization	6(12)	2,948	2,271
Loss on disposal of equipment		2,251	-
Share-based compensation cost	6(7)(13)	79,840	60,217
Interest income		( 923 )	( 1,707 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		1,587	( 317,081 )
Inventories		( 188,428 )	( 27,426 )
Other current assets		( 108,959 )	( 8,766 )
Other non-current assets		18,449	( 40,545 )
Net changes in liabilities relating to operating activities			
Accounts payable		( 174,610 )	276,243
Other payables		82,545	754
Other current liabilities		43,176	13,991
Cash provided by operations		1,148,852	751,997
Interest received		958	1,661
Income tax paid		( 3,401 )	( 24,409 )
Net cash provided by operating activities		1,146,409	729,249
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in available-for-sale financial assets - current		( 207 )	( 226 )
Acquisition of equipment	6(4)	( 66,832 )	( 36,113 )
Proceeds from disposal of equipment		6	-
Acquisition of computer software		( 776 )	( 7,652 )
Increase in refundable deposits		( 842 )	( 2,909 )
Net cash used in investing activities		( 68,651 )	( 46,900 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from exercise of employee stock options		37,908	31,341
Purchase of treasury shares	6(8)	( 41,920 )	( 69,629 )
Treasury shares reissued to employees		41,920	69,629
Cash dividends paid		( 210,727 )	( 181,247 )
Cash dividend recovered from cancellation of share-based compensation		99	8
Net cash used in financing activities		( 172,720 )	( 149,898 )
Effect of exchange rate changes on cash and cash equivalents		236,315	80,418
Increase in cash and cash equivalents		1,141,353	612,869
Cash and cash equivalents at beginning of year		3,459,081	2,846,212
Cash and cash equivalents at end of year		\$ 4,600,434	\$ 3,459,081

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

## Attachment IV



Parade Technologies, Ltd.

盈餘分配表 (Proposal of Profit Distribution)

民國一百零三年十二月三十一日 (December 31, 2014)

項目 (Description)		NT\$		US\$	
		小計 (Subtotal)	合計 (Total)	小計 (Subtotal)	合計 (Total)
民國一百零三年度稅後淨利(註)	FY 2014 Net Income (Note)	1,225,743,411	1,225,743,411	40,466,337	40,466,337
減:	subtract:				
提列10%法定盈餘公積	10% legal reserve	122,574,341		4,046,634	
提列特別盈餘公積	Special reserve	-69,894,054		-2,307,462	
民國一百零三年度可供分配盈餘	Retained Earnings in 2014 Available for Distribution		1,173,063,124		38,727,165
加:	Plus:				
以前年度未分配盈餘	Unappropriated Retained Earnings of Previous Years	1,352,098,592		45,535,825	
至民國一百零三年底可分配盈餘	Retained Earnings Available for Distribution as of 12/31/2014		2,525,161,716		84,262,990
分配項目:	Distribution Items:				
普通股股東紅利-現金(每股 5.02元)	- Cash dividends to ordinary shareholders (NT\$5.02 per share)	378,811,143		12,219,714	
普通股股東紅利-股票(每股 0元)	- Stock dividends to ordinary shareholders (NT\$0 per share)	-		-	
分配項目合計	Subtotal	378,811,143		12,219,714	
期末未分配盈餘	Unappropriated Retained Earnings		2,146,350,573		72,043,276
註: 已扣除		Note: After expensing the following:			
員工現金及紅利總金額 NT\$121,799,968元 (US\$3,929,031), 包含:		• Employees' cash bonus and profit sharing of NT\$121,799,968 (US\$3,929,031) including			
(1)已發放之員工現金獎金及紅利總金額: NT\$43,764,731元 (US\$1,411,765)		(1) NT\$43,764,731 (US\$1,411,766) distributed cash bonus; and			
(2)俟2015年股東會決議分派之員工紅利總金額: NT\$78,035,236元 (US\$2,517,266)		(2) NT\$78,035,236 (US\$2,517,266) proposed cash profit sharing to be distributed after 2015 Annual General Meeting of Members			
董事酬勞 NT\$24,010,833元 (US\$774,543)		• Directors' compensation of NT\$24,010,833 (US\$774,543)			
Exchange rate: US\$1.00=NT\$31.00		Exchange rate: US\$1.00=NT\$31.00			

Chairman: Ji Zhao



CEO: Ji Zhao



Sr. VP of Finance: Judy Wang



**Parade Technologies, Ltd.**  
**2015 Employee Restricted Stock Awards Plan**  
**(English Version is for reference only)**

I. Purpose

To attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests, the Company hereby establishes this Employee Restricted Stock Awards Plan (this "Plan").

II. Issuance Period

Within one year from the date of the shareholders resolution, the Company may, depending on its actual need, register with the competent authority single tranche or multiple tranche of the restricted shares for the employees. For the number of shares effectively registered, within one year starting from the date when the effective notice issued by the competent authority is received, the Company may issue the shares all at once or by tranches. The chairman is authorized to determine the actual issuance date.

III. The eligibility of employees

1. The eligible employees are limited to the employees of the Company or of the subsidiary wholly owned by the Company who serve as the full-time employees before the restricted stocks awards for the employee (the "RSA") are granted. For the purpose of this plan, grant means granting without consideration.
2. The chairman shall propose and submit the list of grantee employees and the number of RSAs to be granted to the board of directors of the Company for the approval, in the case of granting the RSA to an employee who serves as directors and/or officers, to the compensation committee of the Company for review and recommendation and then to the board of directors of the Company for final approval. The actual employees and the number of RSA to be granted will be decided according to relevant laws and regulations and within the limitation of amount thereof, considering seniority, job level, work performance, overall contribution, special achievement, and other factors necessary for management, etc., and considering the Company's operational needs and development strategy.
3. For each employee, the total number of RSAs granted to plus the total number of shares issued and issuable upon exercise by such employee of the Special Employee Stock Option of which the term has yet been

expired shall not exceed 0.3% of the total issued and outstanding shares of the Company; and the sum of the number of RSAs granted to plus the total number of shares issued and issuable upon exercise by such employee of all employee stock option of which the term has yet been expired shall not exceed 1% of the total issued and outstanding shares of the Company. For purpose of this Plan, the Special Employee Stock Option shall mean the employee stock option of which the exercise price is lower than the market price.

IV. Total number of RSAs

RSAThe total number of restricted shares to be issued under this Plan is 400,000 ordinary shares, at the par value of NT\$10.

V. Terms and conditions of the issuance

1. Issue price

Each RSA will be issued without consideration.

2. Vesting conditions

The RSAs will be vested at the equal rate of 25% per year over four (4) years from the date the RSAs are granted. Each 25% will be vested on the anniversary of the date the RSAs are granted to the grantee employee who continuously serves the Company to each corresponding anniversary.

3. The class of shares to be issued:

The Company's ordinary share. Except for restrictions provided under Section 4 hereof, other rights and obligations of the RSAs shall be the same as the issued and outstanding ordinary shares of the Company.

4. Restrictions before the vesting conditions are fully satisfied

(1) The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the RSAs, or otherwise dispose of the RSAs in any other manner.

(2) All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian (as applicable).

(3) The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization,

recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason , including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the “**Restricted Share and Cash Distribution**”). For the avoidance of doubt, for the purpose of this Plan, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.

(4) The other rights and obligations of the RSAs shall be the same as the issued and outstanding ordinary shares of the Company.

5. Effect in the event of any non-satisfaction of vesting conditions, early termination of the employment, or inheritance, etc.

(1) Unless otherwise provided under clause (2) hereunder, if the vesting conditions are not fully satisfied, as to the RSAs that would have been vested were the conditions fully satisfied, the Company may redeem such RSAs at no consideration, and then shall cancel such RSAs.

(2) In the event the employee’s employment is terminated or inheritance occurs, etc., all the rights attached to the unvested RSAs will be forfeited on the date when the termination of employment or inheritance takes effect, and the Company may redeem such unvested RSAs at no consideration, and then shall cancel such RSAs.

(a) Retirement or job-leaving (including voluntary resignation, lay off or fire for any reason)

All the rights attached to the unvested RSAs will be forfeited on the date when the retirement or termination of employment (including voluntary resignation, laid off or fire for any reason) takes effect, and the Company may redeem all such RSAs at no consideration, and then shall cancel such RSAs.

(b) Death

All the rights attached to the unvested RSAs will be forfeited upon the date when the employee deceases, and the Company may redeem all such RSAs at no consideration, and then shall cancel

such RSAs.

(c) Occupational accidents

(i) If the grantee employee cannot continue his/her employment with the Company as a result of occupational accidents, all the RSAs that have been granted will be vested on the date when the termination of employment takes effect, unless otherwise provided by laws or regulations.

(ii) If the grantee employee passes away as a result of occupational accidents, all the RSAs that have been granted will be vested to his/her inheritor(s), unless otherwise provided by laws or regulations.

(d) Job transfer

If any grantee employee applies for transfer to the Company's affiliated enterprises or other companies, clause (a) hereunder will apply to the unvested RSAs. However, if any grantee employee is transferred to the Company's affiliated enterprises or other companies due to the Company's operational needs, the RSAs that have been granted to him/her will not be affected by the job transfer.

(e) Leave of absence without pay

If any grantee employee takes leave of absence without pay under the approval of the Company, the rights attached to the unvested RSAs will resume on the date of his/her reinstatement. However, the time period set forth in the vesting conditions of paragraph 2 shall defer for a period corresponding to the time period of the leave of absence.

(f) Termination of employment due to other causes

In the event of termination or adjustment of employment not set forth above, the chairman or the board of directors may, to the extent permitted by applicable laws and regulation, determine to change or revoke the granted rights.

VI. Procedure of Granting

The chairman is authorized to determine the record date for granting and the record date for share issue for each tranche of issuance.

VII. Acceleration of vesting

If the shareholders' meeting of the Company resolves to have the Company



dissolved, merged into other company or become one hundred percent subsidiary of other company by means of share exchange (or other merger and acquisition methods), whether the vesting conditions are fully satisfied or not, one hundred percent of the RSAs granted to the employee shall become vested from the date when the resolution has been made by the shareholders' meeting.

#### VIII. Confidentiality and effect of breaching

1. After the employee has been granted the restricted shares, the employee shall comply with the confidentiality clause and shall not inquire about or disclose the relevant information to other people (including but not limited to the number of the RSAs granted to such employees and the relevant rights); in the event of any breach thereof, and the Company may redeem all or portion such RSAs at no consideration, and then shall cancel such RSAs.
2. After the RSAs are granted to the employee, if the employee materially breaches the labor contract, employment agreement, work rules or employee handbook, or other the Company's material rules announced after this Plan has been effective, etc., and the Company may redeem all or portion such RSAs at no consideration and then shall cancel such RSAs.

#### IX. Miscellaneous

1. In the case that the grantee employee is an ROC citizen, such employee shall, immediately after the Company issues the RSAs to such employee, trust such RSAs to the trustee designated by the Company in accordance with the Company's instruction and, unless otherwise provided hereunder, shall be continuously trusted till the full satisfaction of the vesting conditions. Any and all the Restricted Share and Cash Distribution derived from the unvested RSAs shall also be put in the trust. In the case that the grantee employee is non-ROC citizen, such employee shall put the RSA with a custodian bank for custody.
2. This plan shall be approved by the board of directors and then submitted to the shareholders' meeting for approval and shall become effective after registration with the competent authority. If any amendment is necessary due to any change of laws or regulations, any demand by the competent authority or any requirement of the circumstance, the chairman is authorized to make necessary amendment and submit to the board of directors for approval; provided, however, that any amendment to the total number of RSAs, the substantial change in the terms and conditions of the issuance, such

amendment shall be submitted to the shareholders' meeting.

3. Any other matters not set forth in this Plan shall be dealt with in accordance with the applicable laws and regulations.

**Comparison Table of Amendments to  
The Amended and Restated Articles of Association**

Proposed Amendments	Current Provisions	Reasons of Amendment
<p>107A <u>Notwithstanding Article 106, for so long as the Shares are listed on the GTSM or the TSE, subject to the Applicable Public Company Rules, if, during a Director's term of office, such Director transfers some or all of his Shares such that he holds less than one half of the total number of Shares which he held as at the date of the general meeting at which his appointment was approved, such Director shall be vacated from office automatically. For the avoidance of doubt, for any Director who has, before the adoption of this Article 107A, transferred more than one half of the Shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and in</u></p>	<p>(Newly added)</p>	<p>Amendment made in response to the requirement of GreTai Securities Market</p>

Proposed Amendments	Current Provisions	Reasons of Amendment
<p><u>such case no approval from the Members shall be required if, and only if, on or after the date of the adoption of this Article 107A, he further transfers one or more Shares such that he holds less than one half of the total number of Shares which he held as at the date of the general meeting at which his appointment was approved.</u></p>		
<p>107B If any person is proposed for appointment as a Director (each such person a "proposed director") at a general meeting (the "relevant general meeting"), such proposed director's appointment shall not become effective (regardless of whether such appointment is purportedly approved at the relevant general meeting, and any resolution which purports to approve such appointment shall be invalid and ineffective), if the proposed director sells or transfers more than one half of the total number of Shares which he</p>	<p>(Newly added)</p>	<p>Amendment made in response to the requirement of GreTai Securities Market</p>

Proposed Amendments	Current Provisions	Reasons of Amendment
<p>holds (or held) at the time of the relevant general meeting, either:</p> <p>(a) during the period after the relevant general meeting and prior to the commencement of such proposed director's term of office; or</p> <p>(b) during the period when the Register of Members of the Company is closed for transfers of Shares, prior to the relevant general meeting.</p>		
<p>113. Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Ordinary Resolution in the case of Article 75 or Supermajority Resolution in the case of Article 24(e)(i), resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. The Board shall</p>	<p>113. Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Ordinary Resolution in the case of Article 75 or Supermajority Resolution in the case of Article 24(e)(i), resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. The Board shall</p>	<p>Amendment made in response to the requirement from the Financial Supervisory Commission.</p>

Proposed Amendments	Current Provisions	Reasons of Amendment
<p>provide the distribution plan according to the following requirements: If there are profits after the final settlement of account of a year (<u>the “Annual Profits”</u>), the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of <u>the Annual Profits</u> <del>such profits</del> as statutory reserve until the statutory reserve amounts to the authorized capital, (ii) may appropriate a portion of <u>the Annual Profits</u> <del>such profits</del> as special reserve required by Applicable Public Company Rules or government authorities, and (iii) of the remaining <u>of the Annual Profits</u><del>profits</del>, may appropriate 2% as bonuses to the Directors and additional not less than 5% of the remaining profits as employee bonus (the "<b>Employee Bonus</b>"), which shall be distributed in accordance with the incentive programme approved pursuant to Article 9. The Board shall specify the percentages of the bonuses payable to the employees in the distribution plan which may subsequently be subject to the amendment by the</p>	<p>provide the distribution plan according to the following requirements: If there are profits after the final settlement of account of a year, the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of such profits as statutory reserve until the statutory reserve amounts to the authorized capital, (ii) may appropriate a portion of such profits as special reserve required by Applicable Public Company Rules or government authorities, and (iii) of the remaining profits, may appropriate 2% as bonuses to the Directors and additional not less than 5% of the remaining profits as employee bonus (the "<b>Employee Bonus</b>"), which shall be distributed in accordance with the incentive programme approved pursuant to Article 9. The Board shall specify the percentages of the bonuses payable to the employees in the distribution plan which may subsequently be subject to the amendment by the Members by way of the aforementioned Supermajority Resolution. Thereafter, having considered</p>	

Proposed Amendments	Current Provisions	Reasons of Amendment
<p>Members by way of the aforementioned Supermajority Resolution. Thereafter, having considered the financial, business and operational factors, the Board may propose and specify <u>no less than 10% the percent</u> of any remaining <u>of Annual Profits</u> <del>profits</del> after the above (i) to (ii) plus, <u>at the Board's sole discretion, a certain percent of</u> accumulated retained earnings to be distributed as dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules, among them, cash dividend shall not less than 10% of the total Dividend declared.</p>	<p>the financial, business and operational factors, the Board may propose and specify the percent of any remaining profits after the above (i) to (iii) plus accumulated retained earnings to be distributed as dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules, among them, cash dividend shall not less than 10% of the total Dividend declared.</p>	

**Parade Technologies, Ltd.**

**Share Repurchase and Employee Incentive Plan**

**Date: March 4, 2015**

Article 1. In order to motivate employees and enhance their centripetal force, the Company hereby establishes this Share Repurchase and Employee Incentive Plan (this “**Plan**”) pursuant to subparagraph 1 of paragraph 1 of Article 28-2 of Securities and Exchange Act, Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies by Financial Supervisory Commission and other related statutes, regulations and orders. Unless otherwise provided in the applicable laws, the repurchase of the shares and the subsequent transfer thereof to the employees shall be conducted pursuant to this Plan.

(Class, Substance and Limitation Of Rights Of Shares)

Article 2. The shares (the “**Shares**”) to be transferred to the employees are ordinary shares. Unless provided otherwise in the Applicable Laws or this Plan, Shares bear the same rights and obligations as other Company’s outstanding ordinary shares.

(Transfer Period)

Article 3. The Company may transfer the Shares, in whole or in tranches, to the employees within 3 years commencing from the date of repurchase in accordance with this Plan.

(Qualifications of The Transferee)

Article 4. The employees (i) (x) of the Company or (y) of any domestic or foreign company in which the Company’s more than 50% of its total number of voting shares are directly or indirectly held by the Company and (ii) (x) are employed more than one year from the record date of subscription, or (y) have special achievements and are approved by the Board of Directors (individually and collectively referred to as the “**Qualified Employees**”) are eligible to subscribe the Shares up to the number



provided in Article 5 of this Plan.

(Procedure for Transfer)

Article 5. Number of shares to be subscribed by Qualified Employees (*Note: The Board of Directors shall decide the number of Shares to be subscribed by considering factors, such as the Qualified Employees' title, seniority or special achievements to the Company, together with the number of treasury shares held by the Company as of the record date of subscription and the maximum number of Shares subscribable that can be subscribed by an individual employee, etc):*

Article 6. Procedure for Transfer:

- (1) The Company shall make announcement and report and repurchase the Shares within the execution period in accordance with the resolution of Board of Directors,
- (2) According to this Plan, the Board of Directors shall decide and announce the record date of subscription, the criteria for determining the number of Shares to be subscribed, the subscription and payment period, the rights and limitations of Shares, etc..
- (3) The Company shall calculate the number of Shares actually subscribed and paid for. Then the Company shall transfer those Shares and register such transfer.

(Transfer Price per Share)

Article 7. The transfer price of the Shares equals to the average of the actual share repurchase price. If the number of the Company's issued ordinary shares increases or decreases prior to transfer, that transfer price shall be adjusted proportionately. (*Note: If, according to the Company's charter, the transfer price is lower than the average actual share repurchase price, the transfer price shall be approved, prior to transfer, by a resolution of a shareholder meeting adopted by a majority of the*

*shareholders present who represent two-thirds or more of the total number of its outstanding shares. The notice to convene that shareholder meeting of shareholders should itemize the matters listed in section 10-1 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.)*

Adjustment formula of the transfer price:

adjusted Exercise Price = (Exercise Price before adjustment × number of issued and outstanding Shares + subscription price per new Share × number of new Shares) / (number of issued and outstanding Shares + number of new Shares)

(Rights and Obligations of Shares After Transfer)

Article 8. After Shares have been transferred to Qualified Employees and such transfer has been registered, unless provided otherwise, the rights and obligations shall be identical with those originally attached to those shares.

(Other Matters With Respect To The Rights And Obligations Between The Company And Qualified Employees)

Article 9. *(Note: Subject to Securities and Exchange Act, Company Act and other Applicable Laws, the Company may consider to reach an agreement for matters with respect to the rights and obligations between the Company and Qualified Employee)*

(Miscellaneous)

Article 10. This Plan shall take effect after being affirmatively resolved by the Board of Directors and may be amended by a resolution of the Board of Directors.

Article 11. The enactment and any amendment of this Plan shall be reported to the shareholder meeting.