

  
Parade Technologies, Ltd.  
2021 ANNUAL GENERAL MEETING of MEMBERS  
MEETING MINUTES  
(Translation)

Time: August 20, 2021, 9:00 a.m., Taipei Local Time

Place: 14F., No.335, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan

Present: Members in person or by proxy (including voted via electronic transmission), representing 70,192,503 shares entitled to vote for or against each of the resolutions as set out below, accounted for 87.28% of the total 80,418,730 issued shares

Chairman: Jen-Lin Shen, Independent Director

Directors: Jen-Lin Shen, Independent Director

Attendees: Hsiao-Tzu Chou, CPA, PricewaterhouseCoopers, Taiwan

Ying-Yi Lee, Attorney, Chen & Lin Attorneys-at-Law

Judy Wang, Chief Financial Officer, Parade Technologies, Inc.

Attendees by Live Streaming: Jack Zhao, Chairman of the Board of Directors

Mark Qu, Vice Chairman

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.

### **Commencement (Omitted)**

### **Chairman Remarks**

Due to the outbreak of the COVID-19, Chairman of the Board of Directors can only attend this meeting by live streaming. Chairman of the Board of Directors fully authorized Jen-Lin Shen, the chair of Audit Committee, as the Chairman of 2021 annual general meeting of members.  
Omitted

## Report Items

1. To report the 2020 business (See Attachment I)
2. To report the 2020 review report by the Audit Committee (See Attachment II)
3. To report the implementation of the 2020 Share Repurchase and Incentive Plan

### Explanatory Notes:

(1) The results of the 2020 Share Repurchase Plan is as below:

Series	the first repurchase in year 2020
Board resolution date	12/18/2020 (Taiwan Time)
Purpose of repurchase	Transferring to the employees
The set repurchase period	Between 12/21/2020 and 02/20/2021
The actual repurchase period	Between 12/22/2020 and 01/28/2021
The set repurchase price range (per share)	NT\$ 798 to NT\$ 1,685
The actual repurchase price range (per share)	NT\$ 1,065 to NT\$ 1,385
Average repurchase price per share	NT\$ 1,202.10
The set maximum repurchase shares	374,690 common stocks
Accumulated number of shares already repurchased	374,000 common stocks
Value spent on the repurchase	NT\$ 449,585,981
Number of shares transferred and cancelled	0
Accumulated number of shares already repurchased	374,000 common stocks
Accumulated percentage of repurchased shares to total number of shares issued ( % )	0.46%
Reason for non-completion of the share repurchase at expiry of the repurchase period	The company did not complete the proposed share repurchases at the expiry of the repurchase period because the Company repurchasing its own shares may not execute the repurchase by odd-lot trading.

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

4. To report the allocation of 2020 employees' cash bonuses and the Directors' remuneration

### Explanatory Notes:

Considering the "Amended and Restated Memorandum and Articles" and the Company's 2020 annual profits before tax, the Compensation Committee has recommended to the Board of Directors the approval of distribution and payment of

NT\$230,743,604 in cash as the employees' bonuses and NT\$80,404,983 in cash as Directors' remuneration, respectively, equivalent to US\$7,808,582 and US\$2,720,981, by adopting foreign exchange rate of US\$1=NT\$29.55.

5. To report the distribution of 2020 profit and cash dividend

Explanatory Notes: The distribution of 2020 profit and cash dividend is as below:

Period	Date of the board of directors resolution	NT\$ per share	Total amount (NT\$)
the first half year of 2020	10/28/2020	9.12111221	733,641,246
the second half year of 2020	04/28/2021	12.61 (Note)	1,019,066,708

Note: The Chairman of the Board of Directors of the Company is authorized to adjust the ultimate cash dividend per share based on the total amount of profits resolved to be distributed.

## Proposals

1. To ratify the 2020 Business Report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 2020 business report is attached hereto as Attachment I.
- (2) Please ratify the above-mentioned the 2020 Business Report.

Resolution: 70,140,007 shares were represented at the time of voting (including voted via electronic transmission); 63,176,789 votes voted in favor for the proposal (including voted via electronic transmission), representing 90.07% of the total votes held by the members present in the meeting, 1,033 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 6,962,185 votes voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

2. To adopt the Company's 2020 audited consolidated financial reports (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2020 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 2020 independent accountants' audit report and above-mentioned consolidated financial statements are attached hereto as Attachment III.

(3) Please ratify the above-mentioned 2020 audited consolidated financial statements.

Resolution: 70,140,007 shares were represented at the time of voting (including voted via electronic transmission); 63,176,789 votes voted in favor for the proposal (including voted via electronic transmission), representing 90.07% of the total votes held by the members present in the meeting, 1,033 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 6,962,185 votes voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

3. To approve the 2020 profit distribution plan (Proposed by the Board of Directors)

Explanatory Notes:

(1) The Company's 2020 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 2020 Profit Distribution Table is attached hereto as Attachment IV.

(3) Please approve the above-mentioned 2020 Profit Distribution Proposal.

Resolution: 70,140,007 shares were represented at the time of voting (including voted via electronic transmission); 63,135,789 votes voted in favor for the proposal (including voted via electronic transmission), representing 90.01% of the total votes held by the members present in the meeting, 111,033 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 6,893,185 votes voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

## **Discussions**

1. To approve 2021 Employee Restricted Stock Awards Plan (Proposed by the Board of Directors)

Explanatory Notes:

(1) The Company has established this 2021 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 2021 Employee Restricted Stock Awards Plan (the "2021 RSA Plan") are as below:

I. Expected total number of the Restricted Stock Awards ("RSA") issuance: 700,000 ordinary 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:

When the Company has achieved its business objectives, the RSAs granted hereunder will be vested at the equal rate of 25% per year over four (4) years from the RSA vesting commencement date. Each 25% will be vested on the anniversary of the RSA vesting commencement date provided that the Company has achieved its business objectives and such grantee employee continuously serves the Company or the subsidiary wholly owned by the Company to each corresponding anniversary.

The chairman shall propose and submit the respective RSA vesting commencement date to the board of directors of the Company for the approval. The RSA vesting commencement date is not required to be the date when the RSA is granted, the date when the board of directors approves such grant, or the date when the grantee employee was on board.

The Company business objectives shall be that either the gross margin ratio or the operating margin ratio of the Company for the year before the vesting date do not fall below the average of those of ASMedia Technology Inc., Focaltech Systems, Co. Ltd., HIMAX Technologies, Inc., Novatek Microelectronics Corp., and Realtek Semiconductor Corp. for the same year

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\$854,000,000 over four years. (2) The dilution effect on the Company's earnings per share is approximately NT\$0.378. The total numbers to be issued under this plan is approximately 0.87% of the Company's total issued and outstanding shares (80,812,510 shares as of March 31, 2021).

(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 by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors before the issuance of RSA hereunder.

(4) Please discuss and approve the above proposal.

Resolution: 70,140,007 shares were represented at the time of voting (including voted via electronic transmission); 58,735,214 votes voted in favor for the proposal (including voted via electronic transmission), representing 83.73% of the total votes held by the members present in the meeting, 4,460,933 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 6,943,860 votes voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as supermajority 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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Shen, Jen Lin  
Chairman



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Yo-Ming Chang  
Recorder



**Parade Technologies, Ltd.  
2020 Business Report**

Dear Shareholders,

2020 was an unusual year. The COVID pandemic hit our world. It changed the way people live and conduct business. Study-at-home and work-at-home became necessary to battle COVID's spread. As a result, the demand for electronic devices, including PC, Notebooks, Chromebooks, and tablets, etc., has been soaring. Parade's businesses, including high-speed devices, panel solutions, and TrueTouch, are at the core of these systems. Our employees have been working diligently to meet the strong demand. Consequently, Parade continuously broke our records and delivered an outstanding result in both revenue and net income. The execution of our 2020 annual plan was good. The revenue and net income in 2020 were US\$518.34 million or NT\$15.28 billion and US\$118.95 million or NT\$3.51 billion, respectively.

To strengthen our high-speed market position, we made the strategic move to acquire Fresco Logic in mid-2020. Fresco Logic is a fabless semiconductor company specializing in USB Type-C and its hub technology and devices. With the addition of Fresco Logic, Parade expands its USB Type-C technology and product offerings and takes the lead position for USB4 and future USB5 technology development.

Also, it was our primary focus to expand our manufacturing capacity during the year. Our engineering teams were mobilized to port and re-qualify selected products to various FABs and manufacturing sites. As a result, our capability to meet customer demand has advanced significantly. Furthermore, we strengthened our product leadership by offering state of the art high-speed products and advanced integrated panel devices. We are confident that our advanced technology and strong product portfolio will propel our growth and market share gains along with our solid financial performance.

Parade kept its growth momentum in the high-speed interface market in the year 2020. We successfully entered the automotive and server markets with mass production shipments of our advanced high-speed devices.

These market gains have come from the expanded recognition of Parade's leadership in the high-speed interface segment. The acquisition and successful integration of Fresco Logic solidify and expand our USB market position. Our view is that USB and USB Type-C has become the dominant interface across many platforms as the number of ports and speed has increased dramatically. Parade has excelled in high-speed technology and products in the areas of DisplayPort, HDMI, etc. With the acquisition of Fresco Logic USB technology, talent, and

products, we now offer a complete high-speed product portfolio to our customers for large-scale adoption.

In a couple of years, USB4 (40Gbps) will become popular, and USB5 (80Gbps) will enter the market. The successful development of these products requires great high-speed expertise and talent. Parade has invested in high-speed areas for many years with a broad high-speed product portfolio and strong tier 1 customer relationships. We are positioned well on the advancement of standards and technologies. Furthermore, our development of server-class PCIe Gen 4 (16Gbps) high-speed products scored many Tier 1 design wins after rigid system qualification, and our products have begun mass production shipments. We are advancing to PCIe Gen 5 (32Gbps) technology and product development. We expect PCIe Gen 4 and Gen5 will become an important product segment.

Parade strengthened its leading position and extensive knowledge in embedded DisplayPort (eDP) Tcon for the LCD panel industry. Parade eDP-Tcons are powering many advanced panels with high resolution, high refresh rate, and high dynamic range (HDR). Those advanced eDP-Tcon devices require high-speed technology on glass, where Parade has unique and proven high-speed technologies. Our eDP-Tcon also supports various advanced panel technologies including AMOLED and mini-LED. While offering advanced and competitive eDP-Tcon solutions for the general market, we developed customized eDP-Tcon products for the advanced displays of the leading global brands. We have been working with panel industry leaders to advance display technologies and products to new highs. Our PSR TED (Tcon-Embedded-Driver) product is first of its kind and has enabled a new class of narrow-bezel and low-power panels for notebooks and tablets. As a result, TED products have been shipping in large volume and gaining momentum. We are further challenging ourselves by working with the panel industry to develop the world's 1st PSR tTED (touch- Tcon-Embedded-Driver) devices. tTED technology and product are enabled by industry-leading integration of functions and features, further demonstrating Parade's leadership.

Parade's SIPI LCD source driver scored large-scale design wins and gained significant market share during the year. Our strategy to bundle the sale of our high-speed SIPI source drivers and leading eDP-Tcon delivered unmatched value and advantages for our customers. Furthermore, the advanced SIPI high-speed performance became essential to gaming displays which demand a high display refresh rate of up to 360Hz. SIPI high-speed technology with our HDR display technology is the leading gaming display solution. With such a high-speed SIPI source driver and our advanced eDP-Tcon, we have been gaining market share. We further advanced our SIPI technology to SIPI 2.0 to enable touch analog-front-end (AFE) and source driver integration for TSD (Touch-Source-Driver) devices. We believe that such TSD devices will become popular in the coming years.

Our TrueTouch products continue serving customers in many applications, including Smartwatches and AMOLED smartphone panels. The touch IPs have been integrated into current and new category display products, for example, tTED and TSD devices.

Parade's consolidated net income in 2020 was US\$118.95 million (NT\$3.51 billion), an increase of 51.07% from US\$78.74 million (NT\$2.43 billion) in 2019. Earnings per diluted share in 2020 were US\$1.48 (NT\$43.73), an increase of 49.49% from US\$0.99 (NT\$30.69) in 2019. Gross profit margin was 44.05% compared to 42.71% in 2019 while operating profit margin was 24.12%, up from 20.30% the prior year.

As we enter 2021, we continue to focus on employees and intellectual property. We are committed to recruiting and investing in the highest quality research & development (R&D) staff. As of December 31, 2020, Parade has 581 employees, up 94 from 2019. Out of 581 employees, 362 were engaged in research, development and related engineering. We hold 258 granted patents and have 32 patent applications pending at the end of the year 2020.

We are confident that our leadership, strategy, technologies, and product portfolio will provide advanced solutions to the broad market and will lead to our growth. We are expanding our market to the industrial, automotive, and advanced display areas. As the COVID-19 pandemic has been easing in many places and the economy is recovering, Parade will continue to grow across our product portfolio in 2021. We believe Parade is well-positioned to generate good results for our shareholders.

We appreciate the solid support from all of our shareholders!

Jack Zhao  
Chairman and CEO  
April 28, 2021

## Audit Committee's Report

The Board of Directors has prepared the Company's 2020 Business Report, 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



April 28, 2021

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

***Opinion***

We have audited the accompanying consolidated balance sheets of Parade Technologies, Ltd. and subsidiaries (the “Group”) as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

***Basis for opinion***

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. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group’s 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2020 consolidated financial statements are stated as follows:

## **Goodwill impairment**

### Description

Refer to Note 4(14) (impairment of non-financial assets), Note 5(2) (critical accounting estimates and assumptions) and Note 6(6) (intangible assets) to the consolidated financial statements where the goodwill impairment has been discussed.

The Group acquired the mobile touchscreen business in previous year. The balance of goodwill arising from the acquisition as at December 31, 2020 was NT\$1,401,678 thousand.

The Group uses 5-year cash flow forecasts to determine the recovery amount of goodwill; however, the measurement results in a large extent depend on management's assumptions, including the discount rate and the estimated growth rate used, which are subject to management's judgements with considerable uncertainty. Therefore, the goodwill impairment assessment is a key audit matter this year.

### How our audit addressed the matter

Our procedures in relation to the key audit matter included:

1. Evaluated the rationality of the evaluation model using the nature of the Group.
2. We confirmed that the future cash flow used in the evaluation model is consistent with the next 5-year budget provided by the Group.
3. We assessed the appropriateness of key assumptions used, such as growth rate and discount rate.

## **Significant acquisition**

### Description

Refer to Note 4(22) (business combinations), Note 6(6) (intangible assets) and Note 6(14) (business combinations) to the consolidated financial statements where the significant acquisition has been discussed.

The Group acquired 100% of the share capital of Fresco Logic. Inc. in 2020. The balance of goodwill arising from the acquisition as at December 31, 2020 was NT\$698,917 thousand.

The accounting treatment of the aforementioned acquisition of additional shares in Fresco Logic. Inc. was in accordance with International Financial Reporting Standards ("IFRS") 3 "Business Combinations". The recognition and measurement of identifiable intangible assets resulting from the acquisition was based on management's expectations for future operations and prospects of Fresco Logic. Inc., which involved management's subjective judgement and critical estimates. Therefore, the significant acquisition assessment is a key audit matter this year.

### How our audit addressed the matter

Our procedures in relation to the key audit matter included:

1. We interviewed the Group's management to understand the purpose of the acquisition, evaluation process, determination of the consideration, and we also reviewed the Board of Directors' meeting minutes and the acquisition agreements to verify the related meeting resolutions were consistent with the acquisition agreement.
2. We assessed the competence and objectivity of the independent appraisers engaged by the management and reviewed the reasonableness of major assumptions and original data used in recognizing and measuring the identifiable intangible assets in the Purchase Price Allocation report. Procedures performed by us and our internal specialists were as follows:
  - (1) We reviewed the valuation methods and the calculations formula used in the valuation by the independent appraisers.
  - (2) We reviewed and compared the expected growth rate as well as gross margin used in the valuation with historical data.
  - (3) We reviewed the discount rate used in the valuation and compared with the rate of return from similar assets in the trade markets.
  - (4) We evaluated the basis used in assessing the useful lives of identifiable intangible assets.
3. We reviewed the accounting treatments and disclosures in the financial statements relating to this acquisition.

### **Inventory impairment losses**

#### Description

Refer to Note 4(10) (inventories), Note 5(2) (critical accounting estimates and assumptions) and Note 6(3) (inventories) to the consolidated financial statements where the inventory impairment losses have been discussed.

Losses on inventories and allowances as at December 31, 2020 was NT\$1,835,180 thousand and NT\$220,168 thousand, respectively. The rapid changes in the technology of the industries in which the Group is involved and the net realizable value used in the evaluation of obsolete inventories often involve subjective judgements and therefore highly uncertain estimates. Inventories are measured at the lower of cost and net realizable value. The impact of inventories and its allowance for diminution in value has a significant impact on the financial statements. Therefore, the loss on inventories and allowances assessment is a key audit matter this year.

### How our audit addressed the matter

Our procedures in relation to the key audit matter included:

1. The valuation of inventory impairment losses adopted the understanding of the nature of the industry, and it is confirmed that the accounting policy is consistent with the previous period.
2. Understood the Group's inventory control procedures and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
3. Verified the appropriateness of the logic for evaluating the inventory aging report to confirm that the report information is consistent with the Company's policies.
4. Reviewed the historical information of inventories, supplemented by inspecting the amount of provision after the reference period, and then assessed the reasonableness of the loss provision.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chou, Hsiao-Tzu

Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2021

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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 consolidated 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 consolidated 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, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 8,519,679	51	\$ 8,106,000	59
1170	Accounts receivable, net	6(2)	1,578,725	10	1,197,533	8
130X	Inventories, net	6(3)	1,615,012	10	943,784	7
1470	Other current assets		484,108	3	301,249	2
11XX	<b>Total current assets</b>		<u>12,197,524</u>	<u>74</u>	<u>10,548,566</u>	<u>76</u>
<b>Non-current assets</b>						
1600	Property, plant and equipment, net	6(4)	366,648	2	277,838	2
1755	Right-of-use assets	6(5)	249,796	2	181,543	2
1780	Intangible assets	6(6)(14)	3,211,223	19	2,374,609	17
1840	Deferred income tax assets	6(19)	190,661	1	113,956	1
1900	Other non-current assets		352,725	2	276,096	2
15XX	<b>Total non-current assets</b>		<u>4,371,053</u>	<u>26</u>	<u>3,224,042</u>	<u>24</u>
1XXX	<b>TOTAL ASSETS</b>		<u>\$ 16,568,577</u>	<u>100</u>	<u>\$ 13,772,608</u>	<u>100</u>

(Continued)

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY		Notes	December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2170	Accounts payable		\$ 1,240,882	8	\$ 786,191	6
2200	Other payables	6(7)	1,706,070	10	738,687	5
2230	Current income tax liabilities	6(19)	527,976	3	616,281	4
2280	Lease liabilities - current	6(5)	75,801	-	65,937	1
2300	Other current liabilities		160,159	1	190,109	1
21XX	<b>Total current liabilities</b>		<u>3,710,888</u>	<u>22</u>	<u>2,397,205</u>	<u>17</u>
<b>Non-current liability</b>						
2580	Lease liabilities - non-current	6(5)	173,995	1	115,606	1
25XX	<b>Non-current liabilities</b>		<u>173,995</u>	<u>1</u>	<u>115,606</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>3,884,883</u>	<u>23</u>	<u>2,512,811</u>	<u>18</u>
Equity attributable to owners of the Company						
Share capital						
3110	Ordinary shares	6(10)	807,803	5	799,205	6
Capital reserves						
3200	Capital reserves	6(11)	4,152,210	26	3,159,096	23
Retained earnings						
3310	Legal reserve	6(12)	807,466	5	807,466	6
3320	Special reserve		421,955	3	8,324	-
3350	Unappropriated earnings		8,661,514	52	7,518,192	55
Other equity						
3400	Other equity		( 1,999,547)	( 13)	( 930,761)	( 7)
3500	Treasury shares	6(10)	( 167,707)	( 1)	( 101,725)	( 1)
31XX	<b>Equity attributable to owners of the Company</b>		<u>12,683,694</u>	<u>77</u>	<u>11,259,797</u>	<u>82</u>
3XXX	<b>Total equity</b>		<u>12,683,694</u>	<u>77</u>	<u>11,259,797</u>	<u>82</u>
Significant events after the balance sheet date						
3X2X	<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 16,568,577</u>	<u>100</u>	<u>\$ 13,772,608</u>	<u>100</u>

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, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Notes	2020		2019	
		Amount	%	Amount	%
4000 Revenue	6(15)	\$ 15,279,588	100	\$ 11,810,592	100
5000 Cost of goods sold	6(3)	( 8,547,608)	( 56)	( 6,766,981)	( 57)
5900 Gross profit		<u>6,731,980</u>	<u>44</u>	<u>5,043,611</u>	<u>43</u>
Operating expenses	6(17)(18) and 7				
6100 Sales and marketing expenses		( 683,701)	( 5)	( 574,796)	( 5)
6200 General and administrative expenses		( 515,969)	( 3)	( 412,845)	( 3)
6300 Research and development expenses		( 1,848,443)	( 12)	( 1,657,519)	( 14)
6450 Expected credit loss	12(3)	-	-	( 367)	-
6000 Total operating expenses		<u>( 3,048,113)</u>	<u>( 20)</u>	<u>( 2,645,527)</u>	<u>( 22)</u>
6900 Operating income		<u>3,683,867</u>	<u>24</u>	<u>2,398,084</u>	<u>21</u>
Non-operating income and expenses					
7100 Interest income	6(16)	28,885	-	105,793	1
7010 Other income		4,512	-	2,381	-
7020 Other gains and losses		( 18,237)	-	9,776	-
7000 Total non-operating income and expenses		<u>15,160</u>	<u>-</u>	<u>117,950</u>	<u>1</u>
7900 <b>Income before income tax</b>		<u>3,699,027</u>	<u>24</u>	<u>2,516,034</u>	<u>22</u>
7950 Income tax expense	6(19)	( 193,231)	( 1)	( 82,275)	( 1)
8000 <b>Net income for the year from continuing operations</b>		<u>3,505,796</u>	<u>23</u>	<u>2,433,759</u>	<u>21</u>
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8361 Other comprehensive loss, before tax, exchange differences on translation		( 657,703)	( 4)	( 298,672)	( 3)
8360 Components of other comprehensive loss that will not be reclassified to profit or loss		( 657,703)	( 4)	( 298,672)	( 3)
8500 <b>Total comprehensive income for the year</b>		<u>\$ 2,848,093</u>	<u>19</u>	<u>\$ 2,135,087</u>	<u>18</u>
Net income, attributable to:					
8610 Owners of the Company		<u>\$ 3,505,796</u>	<u>23</u>	<u>\$ 2,433,759</u>	<u>21</u>
Comprehensive income attributable to:					
8710 Owners of the Company		<u>\$ 2,848,093</u>	<u>19</u>	<u>\$ 2,135,087</u>	<u>18</u>
Earnings per share					
9750 Basic earnings per share	6(13)	<u>\$ 44.86</u>		<u>\$ 31.54</u>	
9850 Diluted earnings per share	6(13)	<u>\$ 43.73</u>		<u>\$ 30.69</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, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent												
Notes	Capital Reserves				Retained Earnings				Other Equity			Total
	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	
<b>Year 2019</b>												
	\$ 790,147	\$ 1,937,262	\$ 124,014	\$ 719,348	\$ 36,423	\$ 807,466	\$ 246,657	\$ 5,825,247	\$ 33,721	(\$ 595,341 )	(\$ 203,450 )	\$ 9,721,494
	-	-	-	-	-	-	-	2,433,759	-	-	-	2,433,759
	-	-	-	-	-	-	-	-	( 298,672 )	-	-	( 298,672 )
	-	-	-	-	-	-	-	2,433,759	( 298,672 )	-	-	2,135,087
Exercise of employee stock options	6(9)(10) 1,793	24,541	( 10,855 )	-	-	-	-	-	-	-	-	15,479
Issuance of restricted stocks	6(9) 8,026	-	-	408,787	-	-	-	-	-	( 416,813 )	-	-
Vesting of restricted stocks	-	257,891	-	( 257,891 )	-	-	-	-	-	-	-	-
Adjustment of turnover rate of restricted stocks	-	-	-	( 44,762 )	-	-	-	-	-	44,762	-	-
Cancellation of restricted stocks ordinary shares and related cash dividend recovered	6(9)(10) ( 761 )	-	-	761	-	-	-	1,604	-	-	-	1,604
Share-based compensation cost	6(9)(18) -	-	-	-	-	-	-	-	-	301,582	-	301,582
Tax deduction exceeds cumulative share-based payment expenses	-	-	-	-	( 36,423 )	-	-	-	-	-	-	( 36,423 )
Treasury shares reissued to employees	6(9) -	-	-	-	-	-	-	-	-	-	101,725	101,725
Earnings appropriation												
Special reserve	6(12) -	-	-	-	-	-	( 238,333 )	238,333	-	-	-	-
Cash dividends	6(12) -	-	-	-	-	-	-	( 980,751 )	-	-	-	( 980,751 )
Balance at December 31, 2019	\$ 799,205	\$ 2,219,694	\$ 113,159	\$ 826,243	\$ -	\$ 807,466	\$ 8,324	\$ 7,518,192	(\$ 264,951 )	(\$ 665,810 )	(\$ 101,725 )	\$ 11,259,797
<b>Year 2020</b>												
	\$ 799,205	\$ 2,219,694	\$ 113,159	\$ 826,243	\$ -	\$ 807,466	\$ 8,324	\$ 7,518,192	(\$ 264,951 )	(\$ 665,810 )	(\$ 101,725 )	\$ 11,259,797
	-	-	-	-	-	-	-	3,505,796	-	-	-	3,505,796
	-	-	-	-	-	-	-	-	( 657,703 )	-	-	( 657,703 )
	-	-	-	-	-	-	-	3,505,796	( 657,703 )	-	-	2,848,093
Exercise of employee stock options	6(9)(10) 1,560	25,899	( 11,827 )	-	-	-	-	-	-	-	-	15,632
Issuance of restricted stocks	6(9) 7,677	-	-	813,089	-	-	-	-	-	( 820,766 )	-	-
Vesting of restricted stocks	-	316,578	-	( 316,578 )	-	-	-	-	-	-	-	-
Adjustment of turnover rate of restricted stocks	-	-	-	( 15,000 )	-	-	-	-	-	15,000	-	-
Cancellation of restricted stocks ordinary shares and related cash dividend recovered	6(9)(10) ( 639 )	-	-	639	-	-	-	1,685	-	-	-	1,685
Share-based compensation cost	6(9)(18) -	-	172,025	-	-	-	-	-	-	394,683	-	566,708
Tax deduction exceeds cumulative share-based payment expenses	-	-	-	-	8,289	-	-	-	-	-	-	8,289
Purchase of treasury shares	6(9) -	-	-	-	-	-	-	-	-	-	( 167,707 )	( 167,707 )
Treasury shares reissued to employees	6(9) -	172,025	( 172,025 )	-	-	-	-	-	-	-	101,725	101,725
Earnings appropriation												
Special reserve	6(12) -	-	-	-	-	-	413,631	( 413,631 )	-	-	-	-
Cash dividends	6(12) -	-	-	-	-	-	-	( 1,950,528 )	-	-	-	( 1,950,528 )
Balance at December 31, 2020	\$ 807,803	\$ 2,734,196	\$ 101,332	\$ 1,308,393	\$ 8,289	\$ 807,466	\$ 421,955	\$ 8,661,514	(\$ 922,654 )	(\$ 1,076,893 )	(\$ 167,707 )	\$ 12,683,694

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, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Income before income tax for the year		\$ 3,699,027	\$ 2,516,034
Adjustments			
Adjustments to reconcile profit or loss			
Depreciation (including the right-of-use assets)	6(4)(5)	205,734	185,646
Amortization	6(6)	274,286	302,058
Loss on disposal of equipment	6(4)	-	128
Share-based compensation cost	6(9)(18)	566,708	301,582
Interest income	6(16)	( 28,885 )	( 105,793 )
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		( 441,109 )	179,875
Inventories		( 718,449 )	129,513
Other current assets		( 178,585 )	24,018
Changes in operating liabilities			
Accounts payable		494,026	( 161,971 )
Other payables		270,701	128,642
Other current liabilities		( 20,439 )	( 29,177 )
Cash inflow generated from operations		4,123,015	3,470,555
Interest received		28,459	105,674
Income tax paid		( 349,981 )	( 35,845 )
Income tax received		13	-
Net cash flows from operating activities		<u>3,801,506</u>	<u>3,540,384</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of property, plant and equipment	6(4)	( 226,959 )	( 76,972 )
Acquisition of intangible assets	6(6)	( 180,309 )	( 174,119 )
Increase in refundable deposits		( 9,182 )	( 1,702 )
Increase in other prepayments		( 81,261 )	( 48,205 )
Acquisition of subsidiaries	6(14)	( 1,112,458 )	-
Net cash flows used in investing activities		<u>( 1,610,169 )</u>	<u>( 300,998 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from exercise of employee stock options		15,632	15,479
Repayment of the principal portion of lease liabilities	6(5)(21)	( 75,647 )	( 67,877 )
Purchase of treasury shares	6(10)	( 167,707 )	-
Treasury shares reissued to employees	6(9)	101,725	101,725
Cash dividends paid	6(12)	( 1,216,887 )	( 980,751 )
Cash dividend recovered from cancellation of share-based compensation		1,685	1,604
Net cash flows used in financing activities		<u>( 1,341,199 )</u>	<u>( 929,820 )</u>
Effect of exchange rate changes		( 436,459 )	( 215,494 )
Net increase in cash and cash equivalents		413,679	2,094,072
Cash and cash equivalents at beginning of year		8,106,000	6,011,928
Cash and cash equivalents at end of year		<u>\$ 8,519,679</u>	<u>\$ 8,106,000</u>

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)					
民國一百零九年十二月三十一日 (December 31, 2020)					
項目 (Description)		NT\$		US\$	
		小計 (Subtotal)	合計 (Total)	小計 (Subtotal)	合計 (Total)
民國一百零九年度稅後淨利(註)	FY 2020 Net Income (Note)	3,505,795,700	3,505,795,700	118,948,366	118,948,366
減:	subtract:				
提列10%法定盈餘公積	10% legal reserve	203,934,207		7,003,895	
提列特別盈餘公積 - 上半年度	Special reserve - 1st Half	157,003,892		5,079,388	
提列特別盈餘公積 - 下半年度	Special reserve - 2nd Half	343,695,767		11,810,851	
民國一百零九年度可供分配盈餘	Retained Earnings in 2020 Available for Distribution		2,801,161,834		95,054,232
加:	Plus:				
以前年度未分配盈餘	Unappropriated Retained Earnings of Previous Years	6,040,939,121		195,447,357	
至一百零九年底可分配盈餘	Retained Earnings Available for Distribution as of 12/31/2020		8,842,100,955		290,501,589
分配項目:	Distribution Items:				
普通股股東紅利-現金(每股 9.1211221元) - 上半年度	- 1st Half, Cash dividends to ordinary shareholders (NT\$9.1211221 per share)	733,641,246		24,454,708	
普通股股東紅利-現金(每股 12.61元) - 下半年度	- 2nd Half, Cash dividends to ordinary shareholders (NT\$12.61 per share)	1,019,066,708		35,019,475	
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	1,752,707,954		59,474,183	
期末未分配盈餘	Unappropriated Retained Earnings		7,089,393,001		231,027,406

Chairman: Ji Zhao



CEO: Ji Zhao



CFO: Judy Wang





**Parade Technologies, Ltd.**  
**2021 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. When the Company issues employee stock options under Article 56-1, paragraph 1 of "Regulations Governing the Offering and Issuance Securities by Securities Issuers" (the "Regulations"), which applies

mutatis mutandis to the Company in accordance with Article 60 of Regulations Governing the Offering and Issuance of Securities by Foreign Issuers, the cumulative number of shares subscribable by a single employee of the employee stock option, in combination with the cumulative number of RSAs obtained by such employee, may not exceed 0.3 percent of the Company's total issued shares. And the above in combination with the cumulative number of shares subscribable by such employee of employee stock options issued by the Company under Article 56, paragraph 1 of the Regulations, may not exceed 1 percent of the Company's total issued shares.

IV. Total number of RSAs

The total number of restricted shares to be issued under this Plan is 700,000 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

When the Company has achieved its business objectives, the RSAs granted hereunder will be vested at the equal rate of 25% per year over four (4) years from the RSA vesting commencement date. Each 25% will be vested on the anniversary of the RSA vesting commencement date provided that the Company has achieved its business objectives and such grantee employee continuously serves the Company or the subsidiary wholly owned by the Company to each corresponding anniversary.

The chairman shall propose and submit the respective RSA vesting commencement date to the board of directors of the Company for the approval. The RSA vesting commencement date is not required to be the date when the RSA is granted, the date when the board of directors approves such grant, or the date when the grantee employee was on board.

The Company business objectives shall be that either the gross margin ratio or the operating margin ratio of the Company for the year before the vesting date do not fall below the average of those of ASMedia Technology Inc., Focaltech Systems, Co. Ltd., HIMAX Technologies, Inc., Novatek Microelectronics Corp., and Realtek Semiconductor Corp. for the same year.

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 or the subsidiary's rules announced after this Plan has been effective, etc., and the Company may redeem all or portion of 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 by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors before the issuance of RSA hereunder; 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.

**Parade Technologies, Ltd.**

**Share Repurchase and Employee Incentive Plan**

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 five years commencing from the date of repurchase in accordance with this Plan.

(Qualifications of the Transferee)

Article 4. The full-time employees (i) (x) of the Company or (y) of any domestic or foreign company in which more than 50% of its total number of voting shares are directly or indirectly held by the Company and (ii) (x) who have been employed for one year or more from the record date of subscription, or (y)

who 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. For the avoidance of doubt, the full-time employees include the officers.

(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, including the above mentioned subsidiary of 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 Employees)*

(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.