


Parade Technologies, Ltd.
2023 ANNUAL GENERAL MEETING of MEMBERS
MEETING MINUTES
(Translation)

Meeting Type: Physical shareholders meeting

Time: June 15, 2023, 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 (including voted via electronic transmission), representing 67,416,543 shares entitled to vote for or against each of the resolutions as set out below, accounted for 85.19% of the total 79,132,001 issued shares. Chairman Ji Zhao, Independent Director Jen-Lin (Norman) Shen (Chairman of the Audit Committee), Director Darren Huang, and Independent Director Huei-Chu (Laura) Huang, a total of four Directors, attended this Annual General Meeting of Members. The number of Directors present has exceeded half of the total 7 Director seats.

Attendees: Kuan-Hung Lin, CPA, PricewaterhouseCoopers, Taiwan

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

Kuowei Wu, Vice President of Finance and Accounting, Parade Technologies, Ltd.

Chairman: Ji Zhao, Chairman of the Board of Directors

Recorder: Yo-Ming Chang, Head of Corporate Governance

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 (Omitted)

Report Items

1. To report the 2022 business (See Attachment I)
2. To report the 2022 review report by the Audit Committee (See Attachment II)
3. To report the implementation of the 2022 Share Repurchase and Incentive Plan.

Explanatory Notes:

- (1) The result of the 2022 Share Repurchase Plan is as below:

Series	the first repurchase in year 2022
Board resolution date	10/28/2022 (Taiwan Time)
Purpose of repurchase	Transferring to the employees
The set repurchase period	Between 10/31/2022 and 12/30/2022
The actual repurchase period	Between 10/31/2022 and 12/28/2022
The set repurchase price range (per share)	NT\$ 473.5 to NT\$ 1,040
The actual repurchase price range (per share)	NT\$ 580 to NT\$ 836
Average repurchase price per share	NT\$ 773.74
The set maximum repurchase shares	2,000,000 common stocks
Accumulated number of shares already repurchased	2,000,000 common stocks
Value spent on the repurchase	NT\$ 1,547,477,102
Number of shares transferred and cancelled	202,107 common stocks
Accumulated number of shares already repurchased	2,045,662 common stocks
Accumulated percentage of repurchased shares to total number of shares issued (%)	2.52%

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

4. To report the allocation of 2022 employees' cash bonuses and the Directors' remuneration.

Explanatory Notes:

Considering the "Amended and Restated Memorandum and Articles" and the Company's 2022 annual profits before tax, the Compensation Committee has recommended to the Board of Directors the approval of distribution and payment of NT\$305,884,526 in cash as the employees' bonuses and NT\$53,640,000 in cash as Directors' remuneration, respectively, equivalent to US\$10,264,581 and US\$1,800,000, by adopting foreign exchange rate of US\$1=NT\$29.80.

5. To report the distribution of 2022 profit and cash dividend.

Explanatory Notes: The distribution of 2022 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 2022	10/28/2022	21.79115352	1,724,497,979
the second half year of 2022	04/26/2023	8.80 (Note)	714,516,044

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 2022 business report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 2022 business report is attached hereto as Attachment I.
- (2) Please ratify the above-mentioned the 2022 Business Report.

Resolution: 67,297,543 shares were represented at the time of voting (including voted via electronic transmission); 63,992,691 votes voted in favor for the proposal (including voted via electronic transmission), representing 95.08% of the total votes held by the members present in the meeting, 16,198 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 3,288,654 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 2022 audited consolidated financial statements (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2022 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, Mr. Lin Kuan-Hung and Ms. Chou Hsiao-Tzu, of PricewaterhouseCoopers Taiwan and reviewed by the Audit Committee, evidenced by the review report issued by the Audit Committee.
- (2) The 2022 independent accountants' audit report and above-mentioned consolidated financial statements are attached hereto as Attachment III.
- (3) Please ratify the above-mentioned 2022 audited consolidated financial statements.

Resolution: 67,297,547 shares were represented at the time of voting (including voted via electronic transmission); 63,992,696 votes voted in favor for the proposal (including voted via electronic transmission), representing 95.08% of the total votes held by the members present in the meeting, 16,198 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 3,288,653 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 2022 profit distribution plan (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2022 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 2022 Profit Distribution Table is attached hereto as Attachment IV.
- (3) Please approve the above-mentioned 2022 Profit Distribution Proposal.

Resolution: 67,297,547 shares were represented at the time of voting (including voted via electronic transmission); 64,088,494 votes voted in favor for the proposal (including voted via electronic transmission), representing 95.23% of the total votes held by the members present in the meeting, 1,168 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 3,207,885 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 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 change in the "Checklist for Protecting Shareholders of Foreign Issuer" and the Company's operation needs, certain amendments to the Company's Amended and Restated Articles of Association are recommended
- (2) The comparison table of the amended to the amended and restated articles is attached hereto as Attachment VI.
- (3) Please approve the above-mentioned proposal.

Resolution: 67,297,547 shares were represented at the time of voting (including voted via electronic transmission); 62,098,514 votes voted in favor for the proposal (including voted via electronic transmission), representing 92.27% of the total votes held by the members present in the meeting (and represented 98.64% of 62,954,662 votes, being the total number of votes cast by the members as, being entitled to do so, vote in person or by proxy (including via electronic transmission) at the meeting), 856,148 votes voted against the proposal (including voted via electronic transmission), 0 votes voted invalid the proposal, and 4,342,885 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 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.

There were no questions from shareholders at this Annual General Meeting of Members.



Ji Zhao
Chairman



Yo-Ming Chang
Recorder

**Parade Technologies, Ltd.
2022 Business Report**

Dear Shareholders,

In 2022, we encountered a volatile and challenging business environment. We went through the strict COVID lock-down in our Asia offices in early 2022. It was followed by the large wave of COVID infections in mid and late 2022. While we practiced work-from-home in all of our offices, productivity and the development schedule were negatively impacted. Business travel and customer visits were minimal during the first 9 months of 2022. Entering 2023, the pandemic is finally behind us and COVID rules are relaxed in every region of our world. Our offices are fully back to normal. Our employees are healthy. Project development is moving forward with full speed. Customer engagements are significantly increasing with many face-to-face meetings.

After red-hot demand in the first half of 2022, the classic and notorious boom-and-bust cycle of the semiconductor industry took shape in the 2nd half of 2022. This was the result of the huge growth of our industry in the prior two years when shortages and capacity expansion dominated the scene. Parade experienced a similar downturn since the 2nd half of 2022. The sudden reduction of demand was in all of our product lines. Inventory significantly increased. Our team worked very hard to fight and adapt to such a quick turn of market conditions. Consequently, our growth paused. The revenue and net income in 2022 were \$679.92 million (NT\$20.06 billion) and \$167.25 million (NT\$4.90 billion), respectively. The results were slightly lower than those in 2021.

It was clear to us in the middle of 2022 that the severe semiconductor downturn was coming. We worked hard to cut down our manufacturing outputs to the minimum to manage the inventory levels. We re-negotiated with our manufacturing partners on several Long-Term Agreements (LTAs) to reflect the reality of lower market demand conditions. Such efforts significantly reduced the burden of our inventory and maintained financial health.

In 2022, the market demand for higher speed products continued. The advanced specs of HDMI 2.1, DisplayPort 2.1, USB 4.0 (40Gbps) and Thunderbolt 4 were adopted by notebook OEMs broadly. Our cutting-edge USB 4 retimer supporting both DisplayPort 2.1 and Thunderbolt 4 specs were successfully designed into several Tier 1 customers' notebook systems and entered into volume production. Our HDMI 2.1 retimer and DisplayPort 2.0 to HDMI2.1 protocol converter are market leaders and are enjoying high market shares. We also successfully developed and announced the PCIe Gen 5/CXL (32Gbps) retimer.

USB technology and products have been entering every aspect of consumer electronics. The acquisition of Fresco Logic, a USB specialty company in 2020, allows us to continue increasing our market coverage and offer high-speed USB HUB, PD and integrated devices with USB HUB, PD and protocol converters. The Fresco Logic team remains critical for achieving our overall high-speed strategy.

We continue to advance our high-speed technologies to meet demand for cutting-edge high-speed PCI-Gen 6 (64Gbps) and USB 4.2 (80Gbps) specs. The products for server and high-end PC markets based on these specs are under development.

Automobiles, especially electric vehicles (EV), are emerging as a new market for Parade. The advanced newer vehicles require more computing power for ADAS systems and advanced displays. High-speed PCIe, USB, HDMI and DisplayPort devices and their converter devices play significant roles in achieving such functionalities. We successfully designed our auto grade high-speed devices into the vehicles of the leading auto manufacturers. We are glad to see that EVs on the street are carrying Parade's high-speed devices. We expect that Parade's solutions will gain more high-speed device adoption in the automotive market.

Parade has been well recognized as the leader on embedded DisplayPort (eDP) Tcon in the panel industry. The advanced eDP-Tcon devices require high-speed technology on glass, where Parade has unique and proven high-speed technologies. Our eDP-Tcon supports not only LCD notebook panels but also new generation panels including AMOLED and mini-LED. While offering advanced and competitive eDP-Tcon solutions for the general market, we also develop 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. The development of TTcon (Touch-Tcon) and tTED (touch-Tcon-Embedded-Driver) products has been our focus. The addition of our silicon contents increases the integration level for notebook panels. Our total panel system solutions with TTcon and our SIPI based TSD (Touch-Source-Driver) have been qualified by multiple panel customers and will enter volume production. TTcon bundled with TSD solutions significantly increase our value in each panel.

Parade's LCD source driver portfolio has increased significantly. The large source driver portfolio enables us to provide optimized solutions to our panel customers. In addition, the robustness of Parade's SIPI interface and its high-speed performance win over customer designs especially in high-end systems. 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. Such TSD devices along with our TTcon devices provide a total solution for touch enabled LCD panels and allow us to win market share.

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

Moreover, it is an emerging trend that automotive and EV customers would like to adopt panels with high dynamic range (AMOLED and mini-LED panels) and touch integrated display solutions. Parade's advanced display technologies become ideal to address their needs. We are excited to have opportunities to develop such technologies for the automotive display market. We believe that the automotive display market is a unique opportunity to expand our business.

Parade's consolidated net income in 2022 was US\$167.25 million (NT\$4.90 billion), a decrease of 10.77% from US\$187.44 million (NT\$5.24 billion) in 2021. Earnings per diluted share in 2022 were US\$2.06 (NT\$60.35), a decrease of 11.21% from US\$2.32 (NT\$64.79) in 2021. Gross profit margin in 2022 was 46.5% compared to 47.68% in 2021 while operating profit margin was 26.47%, down from 29.17% in the prior year.

We continue to focus on our employees and intellectual property. High-quality engineering talent is critical to our success. We are committed to recruiting and investing in our employees to build up corporate structures and to execute our product roadmap. We invested heavily to modernize our network infrastructure to improve our security and strengthened our IT team capability and capacity. As of December 31, 2022, Parade has 745 employees, up 75 from 2021. Out of 745 employees, 497 were engaged in research, development and related engineering. We hold 276 granted patents and have 39 patent applications pending at the end of the year 2022.

While 2022 was a tough year to manage, we are confident that our leadership, strategy, technologies, and market opportunities will lead to continued growth for our business. We believe Parade is well-positioned to generate favorable results for our shareholders.

We appreciate the support from all of our shareholders!

Jack Zhao
Chairman
April 26, 2023

Audit Committee's Report

The Board of Directors has prepared the Company's 2022 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 26, 2023

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, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of 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 2022 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 2022 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) of the consolidated financial statements where the goodwill impairment has been discussed.

The Group acquired the mobile touchscreen business and the high-speed business in 2015 and 2020, respectively. The balance of goodwill arising from such acquisitions as at December 31, 2022 was NT\$2,331,796 thousand.

The Group uses an independent expert's valuation report, which was based on the management's 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 of management's expert 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, and assessed budget achievement in previous years.
3. We assessed the appropriateness of key assumptions used, such as growth rate and discount rate.

Inventory impairment losses

Description

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

Losses on inventories and allowances as at December 31, 2022 was NT\$5,053,503 thousand and NT\$585,416 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 that came into effect 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgement and 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.

Lin, Kuan-Hung

Chou, Hsiao-Tzu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 6,975,384	31	\$ 9,201,743	48
1170	Accounts receivable, net	6(2)	1,065,863	5	1,394,595	7
130X	Inventories, net	6(3)	4,468,087	20	2,097,554	11
1470	Other current assets		621,454	3	343,437	2
11XX	Total current assets		<u>13,130,788</u>	<u>59</u>	<u>13,037,329</u>	<u>68</u>
Non-current assets						
1600	Property, plant and equipment, net	6(4)	495,523	2	487,868	3
1755	Right-of-use assets	6(5)	162,812	1	234,571	1
1780	Intangible assets	6(6)	3,164,291	14	3,044,207	16
1840	Deferred income tax assets	6(17)	356,894	2	244,042	1
1900	Other non-current assets	6(7)	4,761,390	22	2,093,609	11
15XX	Total non-current assets		<u>8,940,910</u>	<u>41</u>	<u>6,104,297</u>	<u>32</u>
1XXX	TOTAL ASSETS		<u>\$ 22,071,698</u>	<u>100</u>	<u>\$ 19,141,626</u>	<u>100</u>

(Continued)

LIABILITIES AND EQUITY		Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2170	Accounts payable		\$ 399,308	2	\$ 1,130,616	6
2200	Other payables	6(8)	2,970,174	13	2,519,249	13
2230	Current income tax liabilities	6(17)	394,513	2	517,012	3
2280	Lease liabilities - current	6(5)	81,569	-	98,946	-
2300	Other current liabilities		413,782	2	278,008	1
21XX	Total current liabilities		<u>4,259,346</u>	<u>19</u>	<u>4,543,831</u>	<u>23</u>
Non-current liability						
2580	Lease liabilities - non-current	6(5)	81,243	1	135,625	1
25XX	Non-current liabilities		<u>81,243</u>	<u>1</u>	<u>135,625</u>	<u>1</u>
2XXX	Total liabilities		<u>4,340,589</u>	<u>20</u>	<u>4,679,456</u>	<u>24</u>
Equity attributable to owners of the Company						
Share capital						
		6(11)				
3110	Ordinary shares		811,913	4	808,638	4
Capital reserves						
		6(12)				
3200	Capital reserves		4,192,921	19	4,319,491	24
Retained earnings						
		6(13)				
3310	Legal reserve		1,011,400	5	1,011,400	5
3320	Special reserve		122,461	-	1,221,272	6
3350	Unappropriated earnings		13,537,528	61	10,737,604	56
Other equity						
3400	Other equity		208,496	1	(2,070,966)	(11)
3500	Treasury shares	6(11)	(2,153,610)	(10)	(1,565,269)	(8)
31XX	Equity attributable to owners of the Company		<u>17,731,109</u>	<u>80</u>	<u>14,462,170</u>	<u>76</u>
3XXX	Total equity		<u>17,731,109</u>	<u>80</u>	<u>14,462,170</u>	<u>76</u>
Significant events after the balance sheet date						
		11				
3X2X	TOTAL LIABILITIES AND EQUITY		<u>\$ 22,071,698</u>	<u>100</u>	<u>\$ 19,141,626</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, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31			
		2022		2021	
		Amount	%	Amount	%
4000 Revenue	6(14)	\$ 20,055,284	100	\$ 19,994,646	100
5000 Cost of goods sold	6(3)(15)(16)	(10,739,544)	(54)	(10,463,279)	(52)
5900 Gross profit		<u>9,315,740</u>	<u>46</u>	<u>9,531,367</u>	<u>48</u>
Operating expenses	6(15)(16) and 7				
6100 Sales and marketing expenses		(887,170)	(4)	(887,522)	(5)
6200 General and administrative expenses		(664,390)	(3)	(661,551)	(3)
6300 Research and development expenses		(2,497,656)	(13)	(2,152,636)	(11)
6000 Total operating expenses		<u>(4,049,216)</u>	<u>(20)</u>	<u>(3,701,709)</u>	<u>(19)</u>
6900 Operating income		<u>5,266,524</u>	<u>26</u>	<u>5,829,658</u>	<u>29</u>
Non-operating income and expenses					
7100 Interest income		63,911	1	2,685	-
7010 Other income		4,396	-	4,259	-
7020 Other gains and losses		<u>40,002</u>	<u>-</u>	<u>(28,069)</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>108,309</u>	<u>1</u>	<u>(21,125)</u>	<u>-</u>
7900 Income before income tax		<u>5,374,833</u>	<u>27</u>	<u>5,808,533</u>	<u>29</u>
7950 Income tax expense	6(17)	<u>(476,514)</u>	<u>(3)</u>	<u>(564,026)</u>	<u>(3)</u>
8000 Net income for the year from continuing operations		<u>4,898,319</u>	<u>24</u>	<u>5,244,507</u>	<u>26</u>
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8361 Other comprehensive income (loss), before tax, exchange differences on translation		<u>1,921,654</u>	<u>10</u>	<u>(419,844)</u>	<u>(2)</u>
8360 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		<u>1,921,654</u>	<u>10</u>	<u>(419,844)</u>	<u>(2)</u>
8500 Total comprehensive income for the year		<u>\$ 6,819,973</u>	<u>34</u>	<u>\$ 4,824,663</u>	<u>24</u>
Net income attributable to:					
8610 Owners of the Company		<u>\$ 4,898,319</u>	<u>24</u>	<u>\$ 5,244,507</u>	<u>26</u>
Comprehensive income attributable to:					
8710 Owners of the Company		<u>\$ 6,819,973</u>	<u>34</u>	<u>\$ 4,824,663</u>	<u>24</u>
Earnings per share					
9750 Basic earnings per share	6(18)	<u>\$ 61.35</u>		<u>\$ 66.29</u>	
9850 Diluted earnings per share	6(18)	<u>\$ 60.35</u>		<u>\$ 64.79</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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent														
Notes	Ordinary shares	Capital Reserves				Retained Earnings			Other Equity			Total Equity		
		Paid-in capital in excess of ordinary shares	Capital reserve from treasury share transactions	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	
Year 2021														
	Balance at January 1, 2021	\$ 807,803	\$ 2,562,171	\$ 172,025	\$ 101,332	\$ 1,308,393	\$ 8,289	\$ 807,466	\$ 421,955	\$ 8,661,514	(\$ 922,654)	(\$ 1,076,893)	(\$ 167,707)	\$ 12,683,694
	Net income for 2021	-	-	-	-	-	-	-	-	5,244,507	-	-	-	5,244,507
	Other comprehensive loss for 2021	-	-	-	-	-	-	-	-	-	(419,844)	-	-	(419,844)
	Total comprehensive income (loss)	-	-	-	-	-	-	-	-	5,244,507	(419,844)	-	-	4,824,663
	Exercise of employee stock options	6(10)(11) 526	12,920	-	(5,863)	-	-	-	-	-	-	-	-	7,583
	Issuance of restricted stocks	860	-	-	-	107,519	-	-	-	-	-	(108,379)	-	-
	Vesting of restricted stocks	6(10)(11) -	440,281	-	-	(440,281)	-	-	-	-	-	-	-	-
	Adjustment of turnover rate of restricted stocks	-	-	-	-	(47,134)	-	-	-	-	-	47,134	-	-
	Cancellation of restricted stocks ordinary shares and related cash dividend recovered	(551)	-	-	-	551	-	-	-	1,881	-	-	-	1,881
	Share-based compensation cost	6(11) -	-	14,949	-	-	-	-	-	-	-	409,670	-	424,619
	Tax deduction exceeds cumulative share-based payment expenses	6(10)(16) -	-	-	-	-	84,339	-	-	-	-	-	-	84,339
	Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(1,707,978)	(1,707,978)
	Treasury shares reissued to employees	-	-	-	-	-	-	-	-	-	-	-	310,416	310,416
	Earnings appropriation													
	Legal reserve	-	-	-	-	-	203,934	-	(203,934)	-	-	-	-	-
	Special reserve	-	-	-	-	-	-	799,317	(799,317)	-	-	-	-	-
	Cash dividends	-	-	-	-	-	-	-	(2,167,047)	-	-	-	-	(2,167,047)
	Balance at December 31, 2021	\$ 808,638	\$ 3,015,372	\$ 186,974	\$ 95,469	\$ 929,048	\$ 92,628	\$ 1,011,400	\$ 1,221,272	\$ 10,737,604	(\$ 1,342,498)	(\$ 728,468)	(\$ 1,565,269)	\$ 14,462,170
Year 2022														
	Balance at January 1, 2022	\$ 808,638	\$ 3,015,372	\$ 186,974	\$ 95,469	\$ 929,048	\$ 92,628	\$ 1,011,400	\$ 1,221,272	\$ 10,737,604	(\$ 1,342,498)	(\$ 728,468)	(\$ 1,565,269)	\$ 14,462,170
	Net income for 2022	-	-	-	-	-	-	-	-	4,898,319	-	-	-	4,898,319
	Other comprehensive income for 2022	-	-	-	-	-	-	-	-	-	1,921,654	-	-	1,921,654
	Total comprehensive income	-	-	-	-	-	-	-	-	4,898,319	1,921,654	-	-	6,819,973
	Exercise of employee stock options	6(10)(11) 3,572	126,708	-	(57,343)	-	-	-	-	-	-	-	-	72,937
	Vesting of restricted stocks	-	367,850	-	-	(367,850)	-	-	-	-	-	-	-	-
	Adjustment of turnover rate of restricted stocks	-	-	-	-	(20,845)	-	-	-	-	-	20,845	-	-
	Cancellation of restricted stocks ordinary shares and related cash dividend recovered	6(11) (297)	805	-	-	297	-	-	-	1,439	-	-	-	2,244
	Share-based compensation cost	6(10)(16) -	-	-	-	-	-	-	-	-	-	336,963	-	336,963
	Tax deduction exceeds cumulative share-based payment expenses	-	-	-	-	-	29,912	-	-	-	-	-	-	29,912
	Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(1,547,482)	(1,547,482)
	Treasury shares reissued to employees	6(10)(11) -	(19,141)	(186,974)	-	-	-	-	-	-	-	-	959,141	753,026
	Proceeds from exercise of disgorgement	-	-	-	-	-	11	-	-	-	-	-	-	11
	Earnings appropriation													
	Special reserve	-	-	-	-	-	-	(1,098,811)	1,098,811	-	-	-	-	-
	Cash dividends	-	-	-	-	-	-	-	(3,198,645)	-	-	-	-	(3,198,645)
	Balance at December 31, 2022	\$ 811,913	\$ 3,491,594	\$ -	\$ 38,126	\$ 540,650	\$ 122,551	\$ 1,011,400	\$ 122,461	\$ 13,537,528	\$ 579,156	(\$ 370,660)	(\$ 2,153,610)	\$ 17,731,109

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax for the year		\$ 5,374,833	\$ 5,808,533
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including the right-of-use assets)	6(4)(5)	313,480	272,319
Amortization	6(6)	340,936	442,184
Loss on disposal of equipment	6(4)	35	2,417
Loss on disposal of intangible assets	6(6)	19,817	-
Share-based compensation cost	6(10)(16)	969,164	913,618
Interest income		(63,911)	(2,685)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		481,391	139,785
Inventories		(2,140,923)	(527,908)
Other current assets		(1,078,797)	(223,290)
Changes in operating liabilities			
Accounts payable		(855,072)	(75,409)
Other payables		(275,698)	426,155
Other current liabilities		105,341	122,349
Cash inflow generated from operations		3,190,596	7,298,068
Interest received		63,911	2,685
Income tax paid		(718,678)	(476,455)
Income tax received		7,219	52
Net cash flows from operating activities		<u>2,543,048</u>	<u>6,824,350</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(4)	(171,548)	(296,457)
Acquisition of intangible assets	6(6)	(13,901)	(11,065)
Increase in refundable deposits	6(7)	(2,215,017)	(1,834,320)
Increase in other prepayments		(357,512)	(223,186)
Net cash flows used in investing activities		<u>(2,757,978)</u>	<u>(2,365,028)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from exercise of employee stock options		72,937	7,583
Cash dividends paid	6(13)	(2,622,127)	(1,752,708)
Repayment of the principal portion of lease liabilities	6(5)(19)	(109,154)	(109,202)
Purchase of treasury shares		(1,547,482)	(1,707,978)
Proceeds from exercise of disgorgement		11	-
Treasury shares reissued to employees	6(10)	959,141	310,416
Cash dividend recovered from cancellation of share-based compensation		2,244	1,881
Net cash flows used in financing activities		<u>(3,244,430)</u>	<u>(3,250,008)</u>
Effect of exchange rate changes		1,233,001	(527,250)
Net (decrease) increase in cash and cash equivalents		(2,226,359)	682,064
Cash and cash equivalents at beginning of year		9,201,743	8,519,679
Cash and cash equivalents at end of year		<u>\$ 6,975,384</u>	<u>\$ 9,201,743</u>

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


Parade Technologies., Ltd.
盈餘分配表 (Proposal of Profit Distribution)
 民國一百一十一年十二月三十一日 (December 31, 2022)

項目 (Description)		NTS		US\$	
		小計 (Subtotal)	合計 (Total)	小計 (Subtotal)	合計 (Total)
民國一百一十一年年度稅後淨利(註)	FY 2022 Net Income (Note)	4,898,318,552	4,898,318,552	167,247,877	167,247,877
減:	subtract:				
提列10%法定盈餘公積	10% legal reserve	-	-	-	-
提列特別盈餘公積 - 上半年度	Special reserve - 1st Half	(1,220,037,994)		(42,480,432)	
提列特別盈餘公積 - 下半年度	Special reserve - 2nd Half	(114,137,160)		(3,214,187)	
民國一百一十一年年度可供分配盈餘	Retained Earnings in 2022 Available for Distribution		6,232,493,706		212,942,496
加:	Plus:				
以前年度未分配盈餘	Unappropriated Retained Earnings of Previous Years	9,134,923,249		304,245,712	
至一百一十一年年底可分配盈餘	Retained Earnings Available for Distribution as of 12/31/2022		15,367,416,955		517,188,208
分配項目:	Distribution Items:				
普通股股東紅利-現金(每股21.24元) - 上半年度	- 1st Half, Cash dividends to ordinary shareholders (NT\$21.24 per share)	1,724,497,979		60,062,156	
普通股股東紅利-現金(每股8.80元) - 下半年度	- 2nd Half, Cash dividends to ordinary shareholders (NT\$8.80 per share)	714,516,044		23,561,782	
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	2,439,014,023		83,623,938	
期末未分配盈餘	Unappropriated Retained Earnings		12,928,402,932		433,564,270

Chairman: Ji Zhao



President: Ming Qu



CFO: Judy Wang



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 applicable subscription qualification and 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., and the Chairman shall not be authorized to decide.*): In the event the intended Qualified Employee transferee is an officer of the Company, the list shall be first submitted to the compensation committee of the Company for approval and recommendation to the Board of Directors for affirmation and final approval; while in the event the intended Qualified Employee transferee is not an officer of the Company, the list shall be first submitted to the audit committee of the Company for approval and recommendation to the Board of Directors for affirmation and final approval. In the event the intended Qualified Employee transferee is an employee of the subsidiary, considering that the subsidiary does not establish a compensation committee, regardless of the position held by the intended Qualified Employee transferee in the subsidiary, in the event the intended transferee also acts as an officer of the Company, the list shall be first submitted to the compensation committee of the Company for approval and recommendation to the Board of Directors for affirmation and final approval; while in the event the intended transferee does not act as an officer of the Company, the list shall be first submitted to the audit committee of the Company for approval and recommendation to the Board of Directors for affirmation and final approval.

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 affect 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.

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

Proposed Amendments	Current Provisions	Reason of Amendment
<p>4. Subject to the provisions in the Statute, the Company shall issue shares without printing share certificates for the Shares issued. Subject to these Articles, the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and these Articles) vary such rights; provided that no Share shall be issued at a discount except in accordance with the Statute. So long as the Shares have been listed on the TPEX or on</p>	<p>4. Subject to the provisions in the Statute, the Company shall issue shares without printing share certificates for the Shares issued. Subject to these Articles, the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and these Articles) vary such rights; provided that no Share shall be issued at a discount except in accordance with the Statute. So long as the Shares have been listed on the TPEX or on</p>	<p>Editorial revisions in English version. No corresponding amendment in the Chinese in need.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>the TSE, notwithstanding anything contained in these Articles and subject always to the laws of <u>the</u> Cayman Islands, the details of the holders of Shares which are traded on the TPEX or on the TSE shall be recorded by TDCC in accordance with Applicable Public Company Rules, and the Company shall recognize as a Member each person identified as a holder of a Share in the records provided by TDCC to the Company and such records shall form part of the Register of Members.</p>	<p>the TSE, notwithstanding anything contained in these Articles and subject always to the law of Cayman Islands, the details of the holders of Shares which are traded on the TPEX or on the TSE shall be recorded by TDCC in accordance with Applicable Public Company Rules, and the Company shall recognize as a Member each person identified as a holder of a Share in the records provided by TDCC to the Company and such records shall form part of the Register of Members.</p>	
<p>63. In the event any of the following resolutions is adopted at a general meeting, any Member who has notified the Company of his/her/its dissent to such a resolution prior to the meeting or at the meeting either in writing or orally but being recorded in the meeting minutes <u>and then has voted against or abstain from voting at the general meeting</u>, is entitled to exercise his/her/its appraisal rights in accordance with these Articles:</p> <p>(a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the</p>	<p>63. In the event any of the following resolutions is adopted at a general meeting, any Member who has notified the Company of his/her/its dissent to such a resolution prior to the meeting or at the meeting either in writing or orally but being recorded in the meeting minutes, is entitled to exercise his/her/its appraisal rights in accordance with these Articles:</p> <p>(a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the</p>	<p>Amendment made in response to the latest amendment of Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>Company's business to others or the regular joint operation of the Company with others;</p> <p>(b)the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;</p> <p>(c)the Company spins off any of its department or business which operates or is able to operate, independently, is involved in any merger, conducts share swap, or acquires or transfers assets and liabilities by way of general assumption or transfer ; and</p> <p>(d)the Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's operations.</p> <p><u>The aforementioned shares for which voting right has been abstained shall not be counted in the number of votes casted by the Members at the meeting.</u></p>	<p>Company's business to others or the regular joint operation of the Company with others;</p> <p>(b)the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;</p> <p>(c)the Company spins off any of its department or business which operates or is able to operate, independently, is involved in any merger, conducts share swap, or acquires or transfers assets and liabilities by way of general assumption or transfer ; and</p> <p>(d)the Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's operations.</p>	
<p>65. If agreement on the price of the shares can be reached between the dissenting Member and the Company,</p>	<p>65. If agreement on the price of the shares can be reached between the dissenting Member and the Company,</p>	<p>Editorial revisions in English version. No</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>the Company shall, subject to compliance with these Articles and the Applicable Laws, repurchase and pay for the shares within ninety (90) days from the date on which the resolution was passed. If no agreement on the price of the shares is reached between the dissenting Member and the Company, the Company shall, within ninety (90) days from the date on which the resolution was passed, pay such dissenting Member the price to which the Company considers to be the fair price; and if the Company does not pay the price to which the Company considers to be the fair price within ninety (90) days from the date on which the resolution was passed, the Company shall be deemed to have agreed to the repurchase price requested by the dissenting Member. If no agreement is reached within sixty (60) days from the date on which the resolution was passed, the Company shall, within 30 days after the last day of the above 60-day period, apply to a competent court, which, for these purposes and to the extent permitted by Applicable Laws, shall include the Taipei District Court, against all the dissenting Members with whom no agreement on the price of shares has been reached for a ruling on</p>	<p>the Company shall, subject to compliance with these Articles and the Applicable Law, repurchase and pay for the shares within ninety (90) days from the date on which the resolution was passed. If no agreement on the price of the shares is reached between the dissenting Member and the Company, the Company shall, within ninety (90) days from the date on which the resolution was passed, pay such dissenting Member the price to which the Company considers to be the fair price; and if the Company does not pay the price to which the Company considers to be the fair price within ninety (90) days from the date on which the resolution was passed, the Company shall be deemed to have agreed to the repurchase price requested by the dissenting Member. If no agreement is reached within sixty (60) days from the date on which the resolution was passed, the Company shall, within 30 days after the last day of the above 60-day period, apply to a competent court, which, for these purposes and to the extent permitted by Applicable Laws, shall include the Taipei District Court, against all the dissenting Members with whom no agreement on the price of shares has been</p>	<p>corresponding amendment in the Chinese in need.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
the price.	reached for a ruling on the price.	
67. The request of a Member pursuant to Articles 63 and 64 shall become ineffective if the Company announces that the Company will no longer proceed with the matters referred to in the relevant resolutions irrespective of whether a Member may have exercised its appraisal right under Articles 63 and 64 or where the Company is prohibited under Applicable Law _s to repurchase the relevant shares. Where a Member fails to make a request within the period prescribed in Articles 64 and 65 above, such Member is deemed to have duly waived its appraisal rights under Articles 63 and 64.	67. The request of a Member pursuant to Articles 63 and 64 shall become ineffective if the Company announces that the Company will no longer proceed with the matters referred to in the relevant resolutions irrespective of whether a Member may have exercised its appraisal right under Articles 63 and 64 or where the Company is prohibited under Applicable Law to repurchase the relevant shares. Where a Member fails to make a request within the period prescribed in Articles 64 and 65 above, such Member is deemed to have duly waived its appraisal rights under Articles 63 and 64.	Editorial revisions in English version. No corresponding amendment in the Chinese in need.
81. A Director or alternate Director who has interests in the matters under discussion at the meeting of the Board shall declare and disclose the nature of such interest to the Company as required by the Applicable Law _s . If any matter described in Article 24(e)(ii) to (v) is under discussion, the Director shall disclose and declare to the Board and the Members in the general meeting the materials terms of his/her/its interests in such transaction and the reason	81. A Director or alternate Director who has interests in the matters under discussion at the meeting of the Board shall declare and disclose the nature of such interest to the Company as required by the Applicable Law. If any matter described in Article 24(e)(ii) to (v) is under discussion, the Director shall disclose and declare to the Board and the Members in the general meeting the materials terms of his/her/its interests in such transaction and the reason	Amendment made in response to the latest amendment of Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.

Proposed Amendments	Current Provisions	Reason of Amendment
<p>he/she/it votes for or against such matter. <u>The Company shall state the material terms of such Director’s personal interest and the reason why he/she/it votes for or against such matter in the notice of the general meeting; the Company may post the material terms and the reason on the website designated by the ROC competent governmental authority in charge of securities matters or by the Company and state the website address in the above notice.</u> Where the spouse, a blood relative within the second degree of kinship of a director, or any company which controls or is under control by a director has interests in the matters under discussion at the meeting of the Board, such director shall be deemed to have a personal interest in the matter. Notwithstanding the foregoing, no person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director</p>	<p>he/she/it votes for or against such matter. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which controls or is under control by a director has interests in the matters under discussion at the meeting of the Board, such director shall be deemed to have a personal interest in the matter. Notwithstanding the foregoing, no person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established.</p>	

Proposed Amendments	Current Provisions	Reason of Amendment
<p>so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established.</p>		
<p>108. In case a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of applicable laws and regulations and/or these Articles, but not removed by a Supermajority Resolution of a general meeting, the Member(s) holding three (3) percentage or more of the total number of outstanding shares of the Company may, within thirty (30) days after that general meeting, to the extent permissible under Applicable Law, petition any competent court, which for these purposes and to the extent permitted by Applicable Laws, shall include the Taipei District Court, for the removal of such Director and such Director shall be removed upon the final judgment by such court. For clarification, if a relevant court has competent jurisdiction to adjudicate all of the foregoing matters in a single or a series of proceedings, then,</p>	<p>108. In case a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of applicable laws and regulations and/or these Articles, but not removed by a Supermajority Resolution of a general meeting, the Member(s) holding three (3) percentage or more of the total number of outstanding shares of the Company may, within thirty (30) days after that general meeting, to the extent permissible under Applicable Law, petition any competent court, which for these purposes and to the extent permitted by Applicable Laws, shall include the Taipei District Court, for the removal of such Director and such Director shall be removed upon the final judgment by such court. For clarification, if a relevant court has competent jurisdiction to adjudicate all of the foregoing matters in a single or a series of proceedings, then,</p>	<p>Editorial revisions in English version. No corresponding amendment in the Chinese in need.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
for the purpose of this Article, final judgment shall be given by such competent court.	for the purpose of this Article, final judgment shall be given by such competent court.	
<p>113. Unless otherwise provided in the Applicable Public Company Rules, where the Company makes profits before tax for the annual financial year, the Company shall appropriate (i) no less than <u>3.0%</u> and <u>up to 7.5%</u> of such annual profits before tax as employee bonus (the “Employee Bonus”), which shall be distributed in accordance with the incentive programme approved pursuant to Article 9 and may be distributed to employees of the Company and/or the employees of its Subsidiaries and (ii) a maximum of 2% additional Directors’ remunerations. Notwithstanding the foregoing paragraph, if the Company has accumulated losses of the previous years, the Company shall set aside the amount of such accumulated losses prior to the allocation of the Employee Bonus and the above additional Directors’ remunerations. Subject always to the laws of <u>the</u> Cayman Islands, the Employee Bonus may be distributed in the form of cash and/or shares, upon resolution by a majority votes at a meeting of the Board of Directors</p>	<p>113. Unless otherwise provided in the Applicable Public Company Rules, where the Company makes profits before tax for the annual financial year, the Company shall appropriate (i) no less than <u>5%</u> of such annual profits before tax as employee bonus (the “Employee Bonus”), which shall be distributed in accordance with the incentive programme approved pursuant to Article 9 and may be distributed to employees of the Company and/or the employees of its Subsidiaries and (ii) a maximum of 2% additional Directors’ remunerations. Notwithstanding the foregoing paragraph, if the Company has accumulated losses of the previous years, the Company shall set aside the amount of such accumulated losses prior to the allocation of the Employee Bonus and the above additional Directors’ remunerations. Subject always to the laws of Cayman Islands, the Employee Bonus may be distributed in the form of cash and/or shares, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds (2/3)</p>	<p>Editorial revisions in English version. No corresponding amendment in the Chinese in need. And considering the operation need to increase the stability of profit sharing and predictability thereof from both employees and investors, amend the profit sharing percentage from only floor to a range.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>attended by two-thirds (2/3) or more of the Directors. For the avoidance of doubt, for the purpose of calculation of the above Employee Bonus and the additional Directors' remunerations, such "annual profits before tax" shall be without giving effect of the deduction and distribution of such Employee Bonus and the additional Directors' remunerations. The resolutions of Board of Directors regarding the distribution of the Employee Bonus in the preceding sentence shall be reported to the Members at the general meeting after such Board resolutions are passed. 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 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 provide the distribution plan according to the following requirements: If</p>	<p>or more of the Directors. For the avoidance of doubt, for the purpose of calculation of the above Employee Bonus and the additional Directors' remunerations, such "annual profits before tax" shall be without giving effect of the deduction and distribution of such Employee Bonus and the additional Directors' remunerations. The resolutions of Board of Directors regarding the distribution of the Employee Bonus in the preceding sentence shall be reported to the Members at the general meeting after such Board resolutions are passed. 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 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 provide the distribution plan according to the following requirements: If there are profits after the final settlement of account</p>	

Proposed Amendments	Current Provisions	Reason of Amendment
<p>there are profits after the final settlement of account of a year (the “Annual Profits”), the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of the Annual Profits as statutory reserve until the statutory reserve amounts to the authorized capital, and (ii) may appropriate a portion of the Annual Profits as special reserve required by Applicable Public Company Rules or government authorities. Thereafter, having considered the financial, business and operational factors, the Board may propose and specify no less than 10% of any remaining of Annual Profits after the above (i) to (ii) plus, at the Board’s sole discretion, a certain percent of 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. The Company may distribute to the Members, in the form of cash, all or a portion of its Dividend and/or</p>	<p>of a year (the “Annual Profits”), the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of the Annual Profits as statutory reserve until the statutory reserve amounts to the authorized capital, and (ii) may appropriate a portion of the Annual Profits as special reserve required by Applicable Public Company Rules or government authorities. Thereafter, having considered the financial, business and operational factors, the Board may propose and specify no less than 10% of any remaining of Annual Profits after the above (i) to (ii) plus, at the Board’s sole discretion, a certain percent of 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. The Company may distribute to the Members, in the form of cash, all or a portion of its Dividend and/or statutory reserve by a majority of</p>	

Proposed Amendments	Current Provisions	Reason of Amendment
<p>statutory reserve by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, and shall subsequently report such distribution to the Members at the general meeting.</p>	<p>the Directors at a meeting attended by two-thirds or more of the total number of the Directors, and shall subsequently report such distribution to the Members at the general meeting.</p>	
<p>124-1 Before any meeting of the Board where a resolution of merger/consolidation and acquisition is put to the vote, the Audit Committee shall review the fairness and reasonableness of the plan and transaction of such merger/consolidation or acquisition, and then report the resolution of its review to the Board and, if the resolution of Members is required under the Statute and/or any other Cayman <u>Islands</u> laws, to the general meeting. The Audit Committee shall engage the independent expert and get the opinion from the independent expert on the fairness of the share exchange ratio and/or the amount of the cash and/or other assets to be distributed to the Members. The Audit Committee's resolution and the independent expert's fairness opinion shall be sent to the Members together with the notice of general</p>	<p>124-1 Before any meeting of the Board where a resolution of merger/consolidation and acquisition is put to the vote, the Audit Committee shall review the fairness and reasonableness of the plan and transaction of such merger/consolidation or acquisition, and then report the resolution of its review to the Board and, if the resolution of Members is required under the Statute and/or any other Cayman laws, to the general meeting. The Audit Committee shall engage the independent expert and get the opinion from the independent expert on the fairness of the share exchange ratio and/or the amount of the cash and/or other assets to be distributed to the Members. The Audit Committee's resolution and the independent expert's fairness opinion shall be sent to the Members together with the notice of general</p>	<p>Editorial revisions in English version. No corresponding amendment in the Chinese in need.</p>

Proposed Amendments	Current Provisions	Reason of Amendment
<p>meeting, or, if the resolution of the Members is not required under the Cayman <u>Islands</u> laws, shall be reported to the Members in the next following general meeting. If the Company posts the Audit Committee’s resolution and the independent expert’s fairness opinion on the website designated by FSC and make the resolution and fairness opinion available to the Members at the venue of the general meeting, those documents shall be deemed as having been sent to the Members.</p>	<p>meeting, or, if the resolution of the Members is not required under the Cayman laws, shall be reported to the Members in the next following general meeting. If the Company posts the Audit Committee’s resolution and the independent expert’s fairness opinion on the website designated by FSC and make the resolution and fairness opinion available to the Members at the venue of the general meeting, those documents shall be deemed as having been sent to the Members.</p>	