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paragon AG: Planning now complete for China business

- Own plant in Greater Shanghai area
- Joint venture with Chinese automotive supplier not to be implemented
- Experienced China expert to be General Manager
- Production due to start at end of 2015

Delbrück, April 22, 2015 – paragon AG has completed the planning for its Chinese operation. The sales subsidiary already in Shanghai since 2012 will be expanded into a manufacturing operation and will move in the coming months into new premises offering ideal conditions in Kunshan not far from Shanghai. Production is scheduled to begin in the fall of 2015. The joint venture originally planned will not be implemented.

The new plant will in future manufacture air quality sensors – an area in which paragon is the absolute global market leader –, air quality improvement systems, and stepper motors for display instruments. The company plans to expand its product range in a second stage. Kunshan is less than 50 kilometers from Shanghai and is in one of the most economically advanced areas in China. The plant is located in the “German Industrial Park” – currently home to 70 medium-sized companies, of which 33 are German. Kunshan offers excellent production conditions, well-trained specialist staff, and functional infrastructure.

Comments Klaus Dieter Frers, CEO of paragon AG: “We will now supply the Chinese market independently. We will benefit not least from several Chinese automakers acquired in recent months

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as new customers with corresponding order volumes. To this end, we will shortly be moving into the building let and specially fitted out for paragon in Kunshan, where our sales activities will then also be based."

paragon has attracted Wolfgang Ketter – a highly reputed automotive product manufacturing expert with more than 25 years of experience in the automotive industry – as General Manager for its Chinese business. Wolfgang Ketter has in recent years and among other roles already acted as head of the Chinese division for a global automotive supplier. He was responsible for developing several production sites in China and for acquiring new customers and suppliers. "Mr. Ketter can contribute many years of experience in China to his activities. His profile is a perfect match for paragon and the task ahead", stressed CEO Klaus Frers.

paragon had initially planned to enter into a joint venture with a Chinese automotive supplier. It has become apparent in the meantime that the trust placed in the potential partner was not sufficiently justified. The Managing Board has therefore decided in favor of a proprietary plant in China.

Adds Frers: "Cooperation has to be based on trust. Where that is no longer the case, it does not make sense to cooperate. We have acquired major orders in China under our own steam. We will soon be manufacturing these at our own plant without having to worry about our expertise being stolen."

Company profile

Listed in the regulated market (Prime Standard) of Deutsche Börse AG in Frankfurt am Main, paragon AG develops, produces, and sells advanced automotive electronics solutions. The portfolio of this direct supplier to the automotive industry includes products in the following business segments: Sensors, Acoustics, Cockpit, Electromobility, and Body Kinematics. Headquartered in Delbrück (North Rhine-Westphalia), paragon AG has branches in Suhl (Thuringia), Nuremberg (Bavaria), St. Georgen (Baden-Württemberg), and Shanghai (China), the SphereDesign subsidiary in Bexbach (Saarland) and

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a subsidiary in Austin (Texas, United States).

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