

Stock Code : 5340

BAOTEK INDUSTRIAL MATERIALS LTD.

2021 Annual Shareholders' Meeting

Meeting Agenda

June 10, 2021

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1. Meeting Procedure

BAOTEK INDUSTRIAL MATERIALS LTD.

Procedure of the 2021 Regular Shareholder Meetings

Call Meeting to Order

Chairman's Address

Reported Matters

Acknowledged Matters

Matters for Discussion

Extemporaneous Motions

Adjournment

2. Annual Shareholders' Meeting Agenda

BAOTEK INDUSTRIAL MATERIALS LTD.

2021 Annual Shareholders' Meeting Agenda

Time : June 10, 2021 Tue. at 9 a.m

Address : 3F., No.9, Damo St., Yangmei Dist., Taoyuan City 32643, Taiwan (R.O.C.)
(Yangmei Farmers' Association 3F)

Procedure of Meeting :

1. Attendance Report, Call Meeting to Order
2. Chairman's Address
3. Reported matters :
 - (1) Business Report of 2020 and Business Outlook of 2021.
 - (2) Audit Committee's review of the 2020 final report.
 - (3) To report the performance assessments and compensation levels of directors, and managerial officers.
 - (4) Other reported matters.
4. Acknowledged matters :
 - (1) Acknowledgment of the 2020 Financial Statements.
 - (2) Acknowledgment of the 2020 Deficit Compensation.
5. Matters for Discussion :
 - (1) Discussion of amendments to the Company's "Articles of Incorporation".
 - (2) Discussion to approve the lifting of non-competition restrictions for directors of the Company.
6. Extemporary Motions
7. Adjournment

3. Reported Matters

1. Business Report of 2020 and Business Outlook of 2021, for your honor's approval.
Explanation : Business Report of 2020, for details, please refer to Annex 1 [please refer to pages 13~16 of this manual].
2. Audit Committee's review of the 2020 final report, for your honor's approval.
Explanation : Inspection Report of Audit Committee, for details, please refer to Annex 2 [please refer to page 17 of this manual].
3. To report the performance assessments and compensation levels of directors, and managerial officers, for your honor's approval.
Explanation : Performance Assessment Result of directors and managerial officers, and the relevance and reasonableness of remuneration, please refer to Annex 3 [please refer to page 18 of this manual].
4. Other reported matters.
Explanation : The company's 2021 regular shareholders' meeting accepts proposals from March 29, 2021 to April 8, 2021, and there is no shareholder proposal.

4. Acknowledged Matters

Case 1

Proposed by the Board of Directors

Proposal : Acknowledgment of the 2020 Financial Statements.

Explanation : 1. The financial statements of 2020 was audited by Chiang, Tsai-Yen and Liu, Chien-Yu of Pricewaterhouse Coopers(PwC), and issue an audit report of unqualified opinion.

2. The above financial statements and the company's 2020 annual business report have been verified by the audit committee, and an audit report has been issued.

3. The business report of 2020, for details, please refer to Annex 1 [please refer to pages 13~16 of this manual]. Independent auditor's report and financial statements, for details, please refer to Annex 4 [please refer to pages 19~28 of this manual], For your adoption.

Resolution :

Case 2

Proposed by the Board of Directors

Proposal : Acknowledgment of the 2021 Deficit Compensation was submitted for recognition.

Explanation : 1. In accordance with the provisions of the Company Law and the Articles of Incorporation of the Company, there is a proposal to make up for losses.

2. The company's net profit after tax of 2020 is NT\$95,733,157. After deducting NT\$224,668,566 to make up for the losses of previous years, and deducting NT\$3,366,755 from the actuarial loss of other comprehensive profit, and loss determined benefit plans for 2020, and deducting NT\$1,503,850 from the disposition of equity measured through the fair price of other consolidated profit/loss. The loss to be made up for this year is NT\$133,806,014, so there is no surplus available for distribution.

3. Table of Deficit Compensation of 2020, for details, please refer to Annex 5 [please refer to page 29 of this manual]. For your adoption.

Resolution :

5. Matters for Discussion

Case 1**Proposed by the Board of Directors**

Proposal : It is proposed to amend the Company's "Articles of Incorporation" for discussion.

Explanation : 1. In accordance with the laws and regulations, it is proposed to amend the Company's Articles of Incorporation. The amendments are as follows:

- (1) In accordance with Article 228-1, Paragraph 3 of the Company Law, Article 30-1 of the Articles of Incorporation was amended.
 - (2) Add the date of this amendment and amend Article 33 of the Articles of Incorporation.
2. The comparison table of amendment of Articles of Incorporation. For details, please refer to Annex 6 [please refer to page 30 of this manual] for discussion.

Resolution :

Case 2**Proposed by the Board of Directors**

Proposal : Proposal for the release on the prohibition of directors' participation in competing businesses for discussion.

Explanation : 1. According to Article 209 of the Companies Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."

2. If the directors of the company, while serving as directors of similar businesses listed in the business scope of the company, request the permission of the shareholders 'meeting and lift the restrictions on directors' competition, as long as they do not violate the company's interests. Directors who are themselves or others belong to the company's business scope, as detailed in Annex 7 [please refer to page 31 of this manual] for discussion.

Resolution :

6. Extemporany Motions

7. Attachment

Business Report

I. Achievements of business in 2020

A. State of implementation on business plan:

The company's net revenue in 2020 was NT\$1,450,112 thousand, which is a decrease of 2% when compared with the net revenue of NT\$1,479,692 thousand in 2019. The sales volume in 2020 was 56,599 thousand meters, which is a decrease of 1.5% when compared with the sales volume of 57,458 thousand meters in 2019. Net profit before tax in 2020 was NT\$74,678 thousand, which is a decrease of 26.06% when compared with the net profit before tax of NT\$100,992 thousand in 2019. The business plan had a slow growth mainly caused by pandemic COVID-19 and disputes arising out of nations between US and China, leading to a conservative trend of customers placing orders, as well as foreign exchange loss resulted from New Taiwan Dollar having significant appreciation in 2020.

B. Implementation of budget:

The Company did not make financial estimates pursuant to rules, thus, not applicable.

C. Financial receipts, disbursements and analysis of profitability:

Unit : NT\$1,000

Item/Year		2019	2020
Financial income and expenditure	Total operating income	1,479,692	1,450,112
	Gross operating profits	201,978	182,165
	Interest of income tax	100,992	74,678
Profitability	Return on asset (%)	5.81	4.74
	Return on Equity (%)	7.06	5.56
	Ratio of income before tax to paid-in capital (%)	5.18	3.83
	Profit margin before tax (%)	7.69	6.60
	Earnings Per Share (NT\$)	0.58	0.49

D. State of Research & Development (R&D):

The roadmap in 2020 continued that of 2019, basically subject to 5G application, Advanced Driver Assistance System (ADAS) and communication satellite signal transmission application. Concerned about the change of volume, if light is targeted to the same mobile communication network coverage, the quantity of 5G mobile base has to be 5 times as that of 4G; plus that the area for 5G mobile base floor is estimated to be twice as that for 4G, hence, the demand for materials would mostly have increase nearly 10 times. Concerned about the demand and characteristic of material, the demand for thinner material is likely rising up with signal transmission in higher speed and increased floor number of high-frequency multiple floor, except for low and stable Dk and Df.

The roadmap for industrial application goes more relatively stable, basically subject to PTFE coating for Food Industry/ Packaging Bag, while including applications of Aerospace/Aviation 、 Filtration and Insulation fields.

The Research & Development (R&D) in 2021 focuses on introduction and mass production of Low Dk (NE glass) product lines, while continuing on the guideline accurately for the previous year, including more focus on high-compatible interface made of high-frequency/high-speed materials, reliable mass production of liquid formula, more significant improvements on Dk uniformity of process for SS Conjugate products, benefiting to develop 5G material field smoothly.

Achievements in 2020 :

- NTB technology transferring to mass production of SS product.
- Customers' basis of certification and mass production from NTB technology transferring to Hi-Correspondent liquid series (470) of products.
- Customers' basis of certification and mass production from NTB technology transferring to PPE correspondent liquid series (570) of products.
- Completion of trial-production for NTB technology transferring to NE products.

II. Overview of 2021 Business Plan

The Company estimates sales of a total of 57,000 thousand meters in 2021 and operating strategy and management guidelines are stated as follows:

- Getting started by maintaining strategic cooperation with customers and producing high-end products for co-operation of high-end markets and R&D of products.
- Highlights on high-frequency and high-speed applied cloud products among electric industry;
- Increase the degree of mutual dependency by improving service quality for strategic customer bases, getting rid of cutthroat price competition mode and seeking for profitability by more supply of value-added products and higher technology to customers.
- Intensify degree of technology R&D for industrial materials and solidify supply chain of aerospace and environmental-protection green energy applied products to EU and US markets.
- Reduce cost by production-sales coordination policy and higher daily activation. Profitability is achieved by fee budgetary management mode and product portfolio adjustment with the advantages of quality and cost.
- The direction for the company development in the upcoming years remains subject to growth and profitability with active R&D progress for new era.

III. The effect that external competition, laws and regulations as well as overall operating environment on the Company's developmental strategy in the upcoming years

In view of global market, the COVID-19 pandemic, US-CHINA trade war, Biden Team's win in the US Presidential Election, US against China policy reflecting on the technology supply chain etc. had quite considerable influence on the global supply chain amid industries in 2020.

As indicated from IHS Markit estimate, global economy growth rate declined by 4.8% in 2020 and the economic growth rate that primary nations including but not limited to US, Japan and Eurozone region etc. showed negative mostly; it expects growth of 4.3% in 2021 with the demand return for global industrial production and consumption. OECD also predicts global economy to decline by up to 4.5% in 2020 and grow by 5.0% in the next year. In view of Taiwan economy, benefited from civil investment, stable growth of government expenditure and significant increase of production capacity for semiconductor, IT and communication products in Taiwan, it complies with new-emerged applications like 5G, cloud computation and pandemic driven tele-business opportunities, facilitating stable growth of export. In accordance with the prediction by primary institute, economy growth rate in 2020 has gone beyond 1% and Directorate-General of Budget, Accounting and Statistics, Executive Yuan even issued 2.54% at the end of November; it expects to reach up to 3.83% in 2021.

Equipped with robust hardware advantages including core capability of electronic manufacture industry and cluster of supply chain amid industries, business opportunities included but not limited to AI medicine, AI manufacture etc. in 2021 become mature gradually. Large-scale company in Taiwan demonstrated new inputs to enterprise and industry through joint venture and merger & acquisition (M&A) projects. Technology industry in Taiwan needs to play full of the existed advantages, develop software & hardware integration and application strategies across industries, target to international market and go toward upgrade amid industries.

Industrial Technology Research Institute (ITRI) predicts constant effect of COVID-19 pandemic on economy and daily life in 2021 on the basis of "New economic pulsation amid industries after pandemic in 2021"; with work-at-home and conference meeting becoming routines in daily life, employee becomes more comfortable with work and life at home that "network security" rises up an issue requiring concern. Furthermore, AI, IoT, 5G applications become mature now and more comprehensive technology innovation ecology circles like 0-touch trends included but not limited to tele work, con-call outpatient service all deepen end-user demand for network communication and new technology application. New-emerged technology such as 5G, cloud, big data, AI, IoT, chip and other technologies link up more tightly, becoming a dependent ecology circle, no longer lack of coordination, also achieve much higher computation efficiency and more innovative applications.

Another global issue is continued enlarged influential power by climate change and sustainable governance; global warmth worsens ceaselessly and in the face of its impact, "sustainability" theory turned to action officially in 2020 and became a crucial part of corporate governance. Corporate also spread its social influential power via diversified new ways. As the key role in the international supply chain, Taiwan's low-carbon transformation plays a vital role in the sustainable development amid national industries, in addition to less effect on climate change by procuring green power, improving energy efficiency and other ways.

In a response to pandemic, US-China trade war, climate change and other effects on international economic situation in 2021, crisis is also a chance. Our roadmap will keep going toward product application and transformation. In the face of new living patterns from "digital transformation" and "digital business", in addition to 5G, ADAS and aerospace satellite signal transmission application, product applications will also include R&D of Low Dk (NE glass) series of product lines, and product strategy on high compatible and reliable interface of high-frequency/high-speed materials. We will also respond such potential impact of climate change earlier, getting started by development strategy of upgrading energy efficiency. Corporate governance becomes a global trend and we will cooperate with R.O.C. Government on the promotion of "Corporate Governance 3.0" and be dedicated to sustainable governance.

As indicated from above business plan report and its included description of operation, we will keep improving our operating performance with the excellence spirit, achieving to the best with our customers and sharing operating achievements with shareholders.

Chairman : Alan Chiang General Manager : Yoshida, Kohichi Accounting Supervisor : Liu, Chun-Chen

Annex 2

Inspection Report of Audit Committee

The Board of Directors made the Company's 2020 Stand-alone financial statements which were certified by the accountants who are Chiang, Tsai-Yen and Liu, Chien-Yu of PricewaterhouseCoopers, Taiwan (PwC). The business report and Statements of Deficit Compensation are approved by the Audit Committee, and it is considered that there is no disagreement, and in accordance with Article 14.4 of the Securities and Exchange Act and Article 219 of the Company Act made a report, please review it.

To
2021 Annual Shareholders' Meeting of
BAOTEK INDUSTRIAL MATERIALS LTD.

Audit Committee Convener : Chang, Chih-Liang

March 18, 2021

BAOTEK INDUSTRIAL MATERIALS LTD.
Performance Assessment Result of Directors and Managers,
and the relevance and reasonableness of remuneration

The results of the individual performance assessments of the directors and managerial officers, and the connection between and reasonableness of the contents and amounts of their individual compensation and performance assessment results :

1. Performance assessment result :

- (1) The Directors of the Company assess individual director's performance pursuant to the " Remuneration Committee Charter " and the " Self-Evaluation or Peer Evaluation of the Board of Directors ", and take the result as the reference base to prescribe remuneration respectively. Aggregated from 2020 performance assessment results, Directors have made a clear understanding of the Company target and duty, responsibility of a director, participating in operations and interacting with operational team well, indicating good condition of overall operation by the Board of Directors.
- (2) The Managers of the Company assess individual manager's annual performance pursuant to the departmental KPI achievements and Annual Individual Performance Scale, and take the result as the reference base to prescribe remuneration respectively. 2020 Managers' Performance Assessment Rating showed first-class to outstanding, representing good performance.

2. Amounts of individual remuneration and performance assessment result, as well as reasonableness :

- (1) The remuneration for the Directors of the Company has no changeable remuneration except for monthly fixed travelling expenses. Directors' remuneration is in accordance with the Articles of Incorporation.
- (2) The remuneration for the Managers of the Company is prescribed in terms of the salary policy, the salary level of the position comparing to that in peer industry, scope of duty prescribed for the position and contribution to the Company's operational target.
- (3) The remuneration item and amount for the Director and Manager of the Company as well as performance assessing result showed reasonable.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of BAOTEK INDUSTRIAL MATERIALS LTD.

Opinion

We have audited the accompanying balance sheets of BAOTEK INDUSTRIAL MATERIALS LTD. as at December 31, 2020 and 2019, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BAOTEK INDUSTRIAL MATERIAL LTD. as at December 31, 2020 and 2019, and its financial performance and its 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of BAOTEK INDUSTRIAL MATERIAL LTD. in accordance with the Norm of Professional Ethics for Certified Public Accountant in 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 Company's financial statements of the current period are stated as follows:

Cutoff of warehouse sales revenue

Description

Refer to Note 4(22) for details of revenue recognition. The Company recognises sales revenue when goods are drop-shipped from factories directly and when customers accept the goods. The supporting documents of revenue recognition include reports or other information provided by warehouse custodians and inventory movement record of warehouse.

As there are hubs located around the world and numerous custodians, the frequency and contents of statements provided by custodians vary, and customers are in various locations around the world, the process of revenue recognition contains numerous manual procedures. Since there are numerous daily revenue from hubs and from FOB destination and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, revenue cutoff has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures relative to the above key audit matter:

1. Obtained an understanding of the Company's operations and industry, and assessed the reasonableness of the policy and procedures to recognise revenue.
2. Assessed and checked the appropriateness of cutoff of sales revenue around the balance sheet date, and verified the statements provided by the warehouse custodian.
3. Confirmed the inventory quantities with warehouse custodian and agreed the results to accounting records. In addition, inspected the reason for the difference between the confirmation replies and accounting records and tested the reconciling items made by the Company in order to confirm whether the significant differences have been adjusted.
4. Confirmed the inventory quantities by performing physical inventory count observation and agreed the results to accounting records.

Valuation of inventory

Description

Refer to Note 4(11) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for description of inventories. As of December 31, 2020, inventory and allowance for inventory valuation losses amounted NT\$303,173 thousand and NT\$12,665 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of electronic glass fabrics. As the Company's inventories belong to a rapidly changing industry and are easily affected by the market price, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. Thus, we consider the valuation of inventory a key audit matter.

How our audit addressed the matter

We performed the following audit procedures relative to the above key audit matter:

1. Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Validated the accuracy of inventory aging report, sampled and confirmed the consistency of quantities and amounts indicated in the inventory listing, and verified the proper categorization of inventory aging report.
3. Evaluated and confirmed the reasonableness of net realisable value, and examined the reasonableness of provision for allowance for inventory valuation losses.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 with 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 financial statements.

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

We also:

1. Identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Chiang, Tsai-yen

Liu, Chien-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 18, 2021

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report 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.

BAOTEK INDUSTRIAL MATERIAL LTD.
BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 100,423	5	\$ 23,233	1
1110	Financial assets at fair value through profit or loss - current	6(2)	84	-	-	-
1120	Current financial assets at fair value through other comprehensive income	6(3) and 12(3)	50,663	2	76,223	4
1136	Current financial assets at amortised cost	6(4)	-	-	5,096	-
1170	Accounts receivable, net	6(5)	328,837	16	389,550	20
1180	Accounts receivable - related parties	6(5) and 7	100,103	5	91,244	5
1200	Other receivables		17,754	1	15,185	1
1210	Other receivables due from related parties	7	621	-	74	-
130X	Inventory	6(6)	290,508	14	352,175	18
1410	Prepayments		5,838	-	17,683	1
1470	Other current assets		15,484	1	11,084	-
11XX	Total current assets		<u>910,315</u>	<u>44</u>	<u>981,547</u>	<u>50</u>
Non-current assets						
1600	Property, plant and equipment	6(7), 7 and 8	1,048,127	51	963,536	49
1755	Right-of-use assets	6(8)	6,743	-	4,246	-
1840	Deferred income tax assets	6(22)	50,889	3	28,992	1
1900	Other non-current assets		44,597	2	2,650	-
15XX	Total non-current assets		<u>1,150,356</u>	<u>56</u>	<u>999,424</u>	<u>50</u>
1XXX	Total assets		<u>\$ 2,060,671</u>	<u>100</u>	<u>\$ 1,980,971</u>	<u>100</u>

(Continued)

BAOTEK INDUSTRIAL MATERIAL LTD.
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	%
Current liabilities						
2100	Short-term loans	6(9)(25) and 8	\$ -	-	\$ 16,000	1
2170	Accounts payable		16,417	1	15,945	1
2180	Accounts payable - related parties	7	147,912	7	167,275	8
2200	Other payables	6(10)	84,526	4	93,841	5
2220	Other payables - related parties	6(10) and 7	19,341	1	1,464	-
2280	Current lease liabilities	6(25)	5,959	-	3,520	-
2300	Other current liabilities	6(15)	2,500	-	519	-
21XX	Total current liabilities		<u>276,655</u>	<u>13</u>	<u>298,564</u>	<u>15</u>
Non-current liabilities						
2580	Non-current lease liabilities	6(25)	816	-	753	-
2600	Other non-current liabilities	6(11)	12,272	1	9,643	1
25XX	Total non-current liabilities		<u>13,088</u>	<u>1</u>	<u>10,396</u>	<u>1</u>
2XXX	Total Liabilities		<u>289,743</u>	<u>14</u>	<u>308,960</u>	<u>16</u>
Equity						
Share capital						
3110	Share capital - common stock	6(12)	1,948,940	95	1,948,940	98
Retained earnings						
3350	Accumulated deficit	6(13)	(133,807)	(7)	(224,669)	(11)
Other equity interest						
3400	Other equity interest	6(14)	(44,205)	(2)	(52,260)	(3)
3XXX	Total equity		<u>1,770,928</u>	<u>86</u>	<u>1,672,011</u>	<u>84</u>
Significant contingent liabilities and unrecognised contract commitments						
3X2X	Total liabilities and equity		<u>\$ 2,060,671</u>	<u>100</u>	<u>\$ 1,980,971</u>	<u>100</u>

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

BAOTEK INDUSTRIAL MATERIAL LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(15) and 7	\$ 1,450,112	100	\$ 1,479,692	100
5000	Operating costs	6(6)(20)(21) and 7	(1,267,947)	(87)	(1,277,714)	(86)
5900	Net operating margin		182,165	13	201,978	14
	Operating expenses	6(20)(21)				
6100	Selling expenses		(27,156)	(2)	(29,289)	(2)
6200	General and administrative expenses		(58,141)	(4)	(56,611)	(4)
6300	Research and development expenses		(9,771)	(1)	(10,401)	(1)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	17	-	(148)	-
6000	Total operating expenses		(95,051)	(7)	(96,449)	(7)
6900	Operating profit		87,114	6	105,529	7
	Non-operating income and expenses					
7100	Interest income	6(16)	73	-	302	-
7010	Other income	6(17)	9,478	1	7,942	1
7020	Other gains and losses	6(18)	(21,872)	(2)	(12,073)	(1)
7050	Finance costs	6(19)	(115)	-	(708)	-
7000	Total non-operating revenue and expenses		(12,436)	(1)	(4,537)	-
7900	Profit before income tax		74,678	5	100,992	7
7950	Income tax expense	6(22)	21,055	2	12,818	1
8200	Profit for the year		<u>\$ 95,733</u>	<u>7</u>	<u>\$ 113,810</u>	<u>8</u>
	Other comprehensive income					
	Other comprehensive income that will not be reclassified to profit or loss					
8311	Loss on defined benefit plan	6(11)	(\$ 4,209)	-	(\$ 559)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(14)	6,551	-	7,321	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	842	-	112	-
8310	Other comprehensive income that will not be reclassified to profit or loss		3,184	-	6,874	-
8300	Other comprehensive income for the year		<u>\$ 3,184</u>	<u>-</u>	<u>\$ 6,874</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 98,917</u>	<u>7</u>	<u>\$ 120,684</u>	<u>8</u>
	Basic and diluted earnings per share (in dollars)					
9750	Earnings per share	6(23)	<u>\$ 0.49</u>		<u>\$ 0.58</u>	

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

BAOTEK INDUSTRIAL MATERIAL LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Share capital - common stock</u>	<u>Accumulated deficit</u>	<u>Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Total equity</u>
<u>2019</u>					
Balance at January 1, 2019		\$ 1,948,940	(\$ 338,032)	(\$ 59,581)	\$ 1,551,327
Net income		-	113,810	-	113,810
Other comprehensive income	6(3)(11)(14)	-	(447)	7,321	6,874
Total comprehensive income		-	113,363	7,321	120,684
Balance at December 31, 2019		<u>\$ 1,948,940</u>	<u>(\$ 224,669)</u>	<u>(\$ 52,260)</u>	<u>\$ 1,672,011</u>
<u>2020</u>					
Balance at January 1, 2020		<u>\$ 1,948,940</u>	<u>(\$ 224,669)</u>	<u>(\$ 52,260)</u>	<u>\$ 1,672,011</u>
Net income		-	95,733	-	95,733
Other comprehensive income	6(3)(11)(14)	-	(3,367)	6,551	3,184
Total comprehensive income		-	92,366	6,551	98,917
Disposal of equip instruments at fair value through other comprehensive income	6(3)(14)	-	(1,504)	1,504	-
Balance at December 31, 2020		<u>\$ 1,948,940</u>	<u>(\$ 133,807)</u>	<u>(\$ 44,205)</u>	<u>\$ 1,770,928</u>

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

BAOTEK INDUSTRIAL MATERIAL LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 74,678	\$ 100,992
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(18)	(84)	213
Depreciation expense	6(7)(8)(20)	105,655	94,753
Expected credit losses	12(2)	(17)	148
(Gain) losses on disposal of property, plant and equipment	6(18)	127	(380)
Property, plant and equipment reclassified to expense		10	-
Gain on lease modification	6(8)(18)	(29)	-
Interest income	6(16)	(73)	(302)
Interest expense	6(19)	115	708
Dividend income	6(17)	(4,546)	(3,993)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		60,732	560
Accounts receivable - related parties		(8,861)	(12,869)
Other receivable		(2,569)	1,592
Other receivables due from related parties		(547)	(74)
Inventory		61,667	35,265
Prepayments		11,845	5,553
Other current assets		(4,400)	(7,281)
Other non-current assets		(20,982)	586
Changes in operating liabilities			
Accounts payable		472	(9,802)
Accounts payable - related parties		(19,363)	4,199
Other accounts payable		3,611	(6,731)
Other accounts payable - related parties		(91)	91
Other current liabilities		1,981	350
Pension liabilities		(1,580)	(18,746)
Cash inflow generated from operations		257,751	184,832
Interest acquired		73	302
Interest paid		(119)	(733)
Dividend received		4,546	3,993
Net cash flows from operating activities		<u>262,251</u>	<u>188,394</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in financial asset at amortized cost	6(4)	5,096	(5,096)
Acquisition of property, plant and equipment	6(24)	(179,859)	(114,762)
Proceeds from disposal of property, plant and equipment		42	380
Decrease (Increase) in refundable deposits		(20,965)	402
Return of capital from current financial assets at fair value	6(3)	-	218
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	32,111	-
Net cash flows used in investing activities		<u>(163,575)</u>	<u>(118,858)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(25)	204,385	899,384
Decrease in short-term loans	6(25)	(220,385)	(972,761)
Payment of lease liability	6(8)(25)	(5,486)	(3,683)
Net cash flows used in financing activities		<u>(21,486)</u>	<u>(77,060)</u>
Net increase (decrease) in cash and cash equivalents		77,190	(7,524)
Cash and cash equivalents at beginning of year	6(1)	23,233	30,757
Cash and cash equivalents at end of year	6(1)	<u>\$ 100,423</u>	<u>\$ 23,233</u>

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

BAOTEK INDUSTRIAL MATERIALS LTD.
Table of Annual Deficit Compensation in 2020

Unit : New Taiwan Dollar

Item	Sum
Accumulated losses at the beginning of the period	(224,668,566)
Net profit after tax in 2020	95,733,157
Other comprehensive profit and loss (to determine the actuarial loss of the welfare plan)	(3,366,755)
The disposition of equity measured by the fair price of other consolidated profit/loss	(1,503,850)
Losses to be made up at the end of the period	(133,806,014)

Chairman : Alan Chiang

Manager : Yoshida, Kohichi

Accounting Supervisor : Liu, Chun-Chen

BAOTEK INDUSTRIAL MATERIALS LTD.
Comparison Table of Amendment of charter of The Company

Article	Current Article	Revised Article	Explanation
Paragraph 1 of article 30	<p>If there is a surplus in the final accounts of the Company of the year, the tax shall be paid to make up for the losses first, and second, 10 percent shall be reserved as statutory surplus reserve, but this is no longer necessary when the statutory surplus reserve has reached the <u>total amount of capital</u> of the Company. The remaining amount shall be added to the undistributed surplus of the previous year after making or turning over the special surplus reserve according to actual needs or the regulations of the competent authority. The BOD shall prepare the Surplus distribution case to present in the shareholders' meeting for resolution of distribution by issuing new shares.</p> <p>The company authorizes the board of directors to attend with more than two-thirds of the directors in accordance with Article 240 of the Company Act, and attended the resolution of more than half of the directors. Dividends and bonus or all or part of the statutory surplus reserve and capital reserve required by Article 241 of the Company Act shall be paid in cash and shall be reported to the shareholders' meeting.</p> <p>The company is currently at a growth stage, the surplus allocation should take into account the future funding needs of the Company and meeting shareholders' needs for cash inflows. If the company distributes is surplus after the annual final accounts, the annual cash dividends paid shall not be less than 20% of the total cash and stock dividends issued in the current year. The shareholders' dividends shall be allocated from the cumulative distributable surplus, and shall not be lower than 10 percent of the annual distributable surplus. However, when the Company has more surplus or sufficient funds, it can increase the cash dividend payment ratio.</p>	<p>If there is a surplus in the final accounts of the Company of the year, the tax shall be paid to make up for the losses first, and second, 10 percent shall be reserved as statutory surplus reserve, but this is no longer necessary when the statutory surplus reserve has reached the <u>total paid-in capital</u> of the Company. The remaining amount shall be added to the undistributed surplus of the previous year after making or turning over the special surplus reserve according to actual needs or the regulations of the competent authority. The BOD shall prepare the Surplus distribution case to present in the shareholders' meeting for resolution of distribution by issuing new shares.</p> <p>The company authorizes the board of directors to attend with more than two-thirds of the directors in accordance with Article 240 of the Company Act, and attended the resolution of more than half of the directors. Dividends and bonus or all or part of the statutory surplus reserve and capital reserve required by Article 241 of the Company Act shall be paid in cash and shall be reported to the shareholders' meeting.</p> <p>The company is currently at a growth stage, the surplus allocation should take into account the future funding needs of the Company and meeting shareholders' needs for cash inflows. If the company distributes is surplus after the annual final accounts, the annual cash dividends paid shall not be less than 20% of the total cash and stock dividends issued in the current year. The shareholders' dividends shall be allocated from the cumulative distributable surplus, and shall not be lower than 10 percent of the annual distributable surplus. However, when the Company has more surplus or sufficient funds, it can increase the cash dividend payment ratio.</p>	In accordance with Article 228-1, Paragraph 3 of the Company Law, make text corrections.
Article 33	This charter was established on July 25, 1992. The 1 st amendment was made on June 23, 1994. The 21 th amendment was made on June 9, 2020.	This charter was established on July 25, 1992. The 1 st amendment was made on June 23, 1994. The 21 th amendment was made on June 9, 2020. <u>The 22th amendment was made on June 10, 2021.</u>	Add the date of this amendment.

Annex 7

BAOTEK INDUSTRIAL MATERIALS LTD.**Job list of directors who belong to the company's business scope for themselves or others**

Job title	Name	Job title concurrently hold of the company
Representative of corporate director	Ko, Charng-Chyi	Chairman of All For Health Biotech Co., Ltd. Chairman of Yang Bi Li Education Foundation of Management. Director of Taiwan Carefor Home Pharmacy Co., Ltd. Director of All Information Inc.
Independent Director	Chang, Chih-Liang	Director of Antec Inc.

8. Appendix

Appendix 1

BAOTEK INDUSTRIAL MATERIALS LTD. Rules of Procedure for Shareholders Meetings

1. The rules of procedures for this Corporation's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
2. This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.
3. Attendance and voting at shareholders meetings shall be calculated based on the number of shares.
4. The venue for the shareholders' meeting shall be within the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
5. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting.

6. This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

7. This Corporation shall make an audio and video recording of the shareholders' meeting procedures. The recorded materials shall be retained for at least 1 year.
8. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made.

If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

9. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. After the meeting adjourns, shareholders shall not elect another chairman to continue the meeting at the original location or find another venue.
10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
12. When a juristic person is appointed to attend as proxy, only one person may be designated to represent in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
13. After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.
14. About the discussion of proposals, when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call for a vote.
15. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chair, provided that all monitoring personnel shall be shareholders of this Corporation. The result of the vote under the preceding paragraph shall be made known immediately and recorded in writing.
16. When a meeting is in progress, the Chair may announce a break based on time considerations.
17. Except as otherwise provided in the Company Act and in this Corporation's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, if upon inquiry

by the meeting Chair no member voices an objection, the matter will be deemed approved, with the same effect as approval by vote.

18. When there is an amendment or an alternative to a proposal, the Chair shall decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
19. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
20. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.
21. This rule was established at the shareholders' meeting on May 29, 1995.
The first amendment was approved by the shareholders meeting on May 27, 1998.
The second amendment was approved by the shareholders' meeting on June 26, 2002.

Appendix 2

BAOTEK INDUSTRIAL MATERIALS LTD. Articles of the company (Before Amendment)

Chapter 1 General Provisions

Article 1 : The Company is incorporated in accordance with the Company Act and registered under the business name of BAOTEK INDUSTRIAL MATERIALS LTD.

Article 2 : The Company's scope of services is set out hereunder:

- 1.C901020 Glass and glass made products manufacturing
- 2.CC01080 Electronic Parts and Components Manufacturing
- 3.F401010 International Trade
- 4.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 : The Company may provide external guarantees for related businesses in respect of business.

Article 3 : The Company has its head office in Taoyuan City, and the Company may establish branches in and out of this country.

Article 4 : Public announcements of the Corporation shall be made in accordance with the article 28 of the Company Act.

Chapter 2 Shares

Article 5 : The total amount of the Company's capital is NT\$2.5 billion, which is further divided into 250 million Shares, with the value per share NT\$10, and issue shares in installments. A total of 15 million shares with the value of NT\$150 million is preserved and with the value per share NT\$10, which will be used for reserved for issuing employee stock options, and the Board is further authorized to issue them in installments thereof. When the company's shares are bought back by the company according to law, the board of directors is authorized to do so in accordance with the law.

Article 6 : The company's stocks are issued in a registered form, signed or stamped by the directors representing the company, and issued after obtaining a bank visa as a stock issuing visa holder according to law.

Article 6-1 : When the Company issues shares, those shares shall be printed together with other shares or otherwise not be printed. The shares not printed shall be kept and recorded by the centralized securities depository enterprise

Article 7 : The company's stock may be merged and reissued in large denomination stocks at the request of Taiwan Securities Central Depository Co., Ltd.

Article 8 : The company's registered stocks are transferred by the endorsement of the stockholders, and the transfer does not record the name of the transferee in the stock, and the transferee's name and address are recorded in the company's shareholder register, it cannot be transferred against the company.

Article 9 : The handling of the company's stock affairs is handled in accordance with the regulations of "Regulations Governing the Administration of Shareholder Services of Public Companies".

Article 10 : The total foreign investment of the company can exceed 40% of the paid-up share capital.

Article 11 : Within 60 days before each regular shareholders' meeting, within 30 days before the shareholders' special meeting, or within 5 days before the company's decision to distribute dividends and bonus or other benefits, the transfer of shares shall be suspended.

Chapter 3 Shareholders' Meeting

Article 12 : There are two types of shareholders' meeting, namely, regular meeting and special meeting. The regular meeting shall be convened within six months after the close of each fiscal year, and the board of directors notifies shareholders 30 days before convening. Whereas, special meetings are held in accordance with the law, when necessary.

Article 13 : When a shareholder is unable to attend the shareholders' meeting for whatever reason, that shareholder shall appoint a proxy to attend by offering solicitation document in accordance with the provisions of Article 177 of the Company Act.

Article 14 : When the shareholders' meeting is held, the director shall be the chairman. When the director is absent, the director shall appoint one person to act as the proxy.

Article 15 : A shareholder, unless otherwise stipulated in Article 179 of the Company Act relating to the circumstances of certain shares as having no voting right, shall have one voting right in respect of each share in his/her/its possession.

Article 16 : A resolution is passed at the shareholders' meeting by a majority of the shareholders present who represent more than half of the total number of its outstanding shares.

Article 17 : Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, signed or sealed by the Chairman of the shareholders' meeting and distributed to the shareholders within 20 days after the meeting. The distribution of the proceedings in the preceding paragraph shall be handled in accordance with the provisions of the Company Act. The proceedings shall record the essentials of the proceedings and their results. The proceedings shall be kept with the company's signature book and the solicitation document of proxy.

Chapter 4 Director

Article 18 : The Company shall appoint 7 to 12 directors for a three-year term and may be re-elected after the term. The election of the directors is done using the candidates nomination system, and the shareholders shall elect the directors from among the nominees for director. The relevant matters of acceptance and announcement of candidates shall be operated according to the Company Act, Securities and Exchange Act and related laws and regulations. The number of appointed directors earlier mentioned shall have no less than 3 independent directors and the same shall not be less than one fifth of the total number of directors of the Company.

Article 19 : When the director's shortfall reaches one third, the board of directors shall convene a special shareholders' by-election within sixty days, and the term of office shall be limited to the period for making up the original office.

Article 20 : In case no election of new director is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

Article 21 : The Board of Directors is composed of all directors. The Management Director is elected by two-thirds of the directors present at the meeting and representing one-half or more of the number of directors present at the meeting. And carry out all affairs of the company in accordance with laws, regulations, resolutions of the shareholders' meeting and the board of directors.

Article 22 : The company's management policy and other important matters are decided by the board of directors. The board of directors shall be convened by the chairman and appointed as the chairman except the first meeting of the board of directors in accordance with the provisions of Article 203 of the Company Act. When the Chairperson of the Board is unable to exercise the powers of the Chairperson, the Chairperson shall appoint one of the directors to act as Chair. Where the Chairperson does not make such a designation, the directors shall select from among themselves one person to serve as Chair.

Article 23 : Unless otherwise stipulated by the Company Act, the board of directors must have more than half of the directors present, with the consent of more than half of the directors. When the director can't attend the BOD meeting, he/she shall present the solicitation document, list the scope of authorization relevant to the subject of the meeting and assign another director to attend the BOD meeting in his/her behalf. The director that is assigned to represent another director can only accept one such assignment.

The participants are deemed present by taking part in the meeting of the Board of Directors using video conference facility when the meeting is conducted by way of video conference. The reason for convening of the Board of Directors shall be stated and the directors are notified of such seven days in advance, but may be convened at any time when there is an emergency. The above notice in respect of convening the meeting shall be done in writing, by electronic email, or by facsimile.

Article 24 : The proceedings of the Board of Directors meeting shall be summarized, signed or sealed by the Chairman, and shall be circulated to the directors within 20 days after the meeting. The minutes should record the essentials of the proceedings and their results. The minutes should be kept in the company together with the signature book of the directors present and the solicitation document of proxy.

Article 25 : In accordance with Article 14.4 of the Securities and Exchange Act, the Company sets up the Audit Committee, which is responsible for the execution of the Company Act, the Securities and Exchange Act and other ordinances of the Audit Committee.

Article 25-1 : During the term of office of the Directors, the company may purchase liability insurance for the scope of the business involved and the liability in accordance with the law for the directors.

Article 25-2 : The remuneration of the directors of the company may be determined by the Remuneration/Compensation committee of the company reported to the board of directors according to the level of participation in the company's operations, the value of the contribution, and the industry standard.

Chapter 5 Manager and Staff

Article 26 : The company may have several managers whose appointment and removal and remuneration shall be determined by the board of directors with the consent of more than half of the directors present and more than half of the directors present.

Article 27 : (Deleted)

Article 28 : (Deleted)

Chapter 6 Final Account

Article 29 : The Company shall, at the end of each fiscal year, submit to its shareholders for their ratification (i) the annual business report, (ii) the financial statements, and (iii) the appropriation of profit and remedy in the event of loss proposal.

Article 30 : If the company makes a profit in the year, no less than 5% should be allocated for employees' compensation and no more than 3% for directors' reward. However, when the company still has accumulated losses, it should reserve the compensation amount in advance.

The current year's profit status referred to in the preceding paragraph refers to the current year's pre-tax benefits after deducting the distribution of employees' compensation and directors' compensation.

Article 30-1 : If there is a surplus in the final accounts of the Company of the year, the tax shall be paid to make up for the losses first, and second, 10 percent shall be reserved as statutory surplus reserve, but this is no longer necessary when the statutory surplus reserve has reached the total amount of capital of the Company. The remaining amount shall be added to the undistributed surplus of the previous year after making or turning over the special surplus reserve according to actual needs or the regulations of the competent authority. The BOD shall prepare the Surplus distribution case to present in the shareholders' meeting for resolution of distribution by issuing new shares.

The company authorizes the board of directors to attend with more than two-thirds of the directors in accordance with Article 240 of the Company Act, and attended the resolution of more than half of the directors. Dividends and bonus or all or part of the statutory surplus reserve and capital reserve required by Article 241 of the Company Act shall be paid in cash and shall be reported to the shareholders' meeting.

The company is currently at a growth stage, the surplus allocation should take into account the future funding needs of the Company and meeting shareholders' needs for cash inflows. If the company distributes its surplus after the annual final accounts, the annual cash dividends paid shall not be less than 20% of the total cash and stock dividends issued in the current year. The shareholders' dividends shall be allocated from the cumulative distributable surplus, and shall not be lower than 10 percent of the annual distributable surplus. However, when the Company has more surplus or sufficient funds, it can increase the cash dividend payment ratio.

Chapter 7 Supplementary Provisions

Article 31 : The company's organizational rules and working rules shall be determined by the board of directors.

Article 32 : Any unspecified matters in this Articles of Incorporation shall be dealt in accordance with the Company Act.

Article 33 : This Article of company was established on July 25, 1992.

The 1st amendment was made on June 23, 1994.

The 2nd amendment was made on May 29, 1995.

The 3rd amendment was made on April 25, 1997.

The 4th amendment was made on June 29, 1997.

The 5th amendment was made on May 27, 1998.

The 6th amendment was made on May 28, 1999.

The 7th amendment was made on June 13, 2000.
The 8th amendment was made on April 6, 2001.
The 9th amendment was made on June 26, 2002.
The 10th amendment was made on April 30, 2003.
The 11th amendment was made on March 29, 2004.
The 12th amendment was made on May 23, 2005.
The 13th amendment was made on June 14, 2006.
The 14th amendment was made on June 13, 2007.
The 15th amendment was made on June 17, 2011.
The 16th amendment was made on June 13, 2012.
The 17th amendment was made on June 10, 2015.
The 18th amendment was made on June 8, 2016.
The 19th amendment was made on June 20, 2017.
The 20th amendment was made on June 21, 2019.
The 21th amendment was made on June 9, 2020.

Appendix 3

BAOTEK INDUSTRIAL MATERIALS LTD. Shareholding of Directors

The company's paid-in capital is NT\$1,948,939,640. A total of 194,893,964 shares have been issued, in accordance with the second paragraph of Article 26 of the "Securities Exchange Act" and "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum number of shares that all directors should hold is 11,693,637 shares.

As of April 12, 2021, the regular shareholders' meeting had closed. The number of shares held by all directors of the company was 95,146,199 shares. Individual directors held shares as follows:

Position	Name	Date of election	Numbers of shares held at the time of election			Numbers of shares held now			Note
			Type	Shares	Percentage of issued shares	Type	Shares	Percentage of issued shares	
Chairman	Nitto Boseki Co., Ltd. Representative: Hayashi, Hisanobu	2019.06.21	Common stock	92,865,791	47.65%	Common stock	92,865,791	47.65%	
Director	Nitto Boseki Co., Ltd. Representative: Igarashi, Kazuhiko								
Director	Nitto Boseki Co., Ltd. Representative: Kajita, Akimasa								
Director	Nitto Boseki Co., Ltd. Representative: Yoshida, Kohichi								
Director	Nitto Boseki Co., Ltd. Representative: Shigeoka So								
Director	Nitto Boseki Co., Ltd. Representative: Tada, Hiroyuki								
Director	Nitto Boseki Co., Ltd. Representative: Liu, Chun-Chen								
Director	Wecktech Biotech Co., Ltd. Representative: Ko, Charng-Chyi	2019.06.21	Common stock	600,000	0.31%	Common stock	529,000	0.27%	
Director	Wang, Cheng-Hsiung	2019.06.21	Common stock	1,751,408	0.90%	Common stock	1,751,408	0.90%	
Independent Director	Chang, Chih-Liang	2019.06.21	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	Yang, Yan-Shou	2019.06.21	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	Wang, Chia-Nan	2019.06.21	Common stock	0	0.00%	Common stock	0	0.00%	
Total			Common stock	95,217,199	48.86%	Common stock	95,146,199	48.82%	

Note1 : Total shares issued on 21 June, 2019: 194,893,964 shares ; Total shares issued on 12 April, 2021: 194,893,964 shares

Note2 : The company has established an Audit Committee ; therefore, the Supervisors' shareholdings requirement is not applicable.

Appendix 4

Effect upon business performance, earnings per share and ROE of any stock dividend distribution :

The company has no surplus in the year of 2020 for any stock dividend distribution, so it is not applicable.