

Stock Code : 5340

BAOTEK INDUSTRIAL MATERIALS LTD.

2022 Annual Shareholders' Meeting

Meeting Agenda

June 17, 2022

Table of Contents

1. Meeting Procedure	1
2. Meeting Agenda	3
3. Reported Matters	5
4. Acknowledged Matters	7
5. Matters for Discussion	9
6. Election Matters	11
7. Other Proposals	13
8. Extemporaneous Motions	15
9. Attachment	
Annex 1 : Business Report	17
Annex 2 : Inspection Report of Audit Committee.....	20
Annex 3 : Performance Assessment Result of Directors and Managers, and the Relevance and Reasonableness of Remuneration.....	21
Annex 4 : Independent Auditors' Report and Financial Statements	22
Annex 5 : Table of Annual Deficit Compensation	32
Annex 6 : Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Revision	33
Annex 7 : List of Director (Include Independent Director) Candidate	47
Annex 8 : List of Positions of Directors concurrently serving in other companies ...	48
10. Appendix	
Appendix 1 : Rules of Procedure for Shareholders Meetings.....	50
Appendix 2 : Articles of the Company.....	53
Appendix 3 : Rules for Election of Directors.....	58
Appendix 4 : Acquisition or Disposal of Assets Procedure (Before Amendment)....	60
Appendix 5 : Shareholding of Directors.....	75
Appendix 6 : Effect upon business performance, earnings per share and ROE of any stock dividend distribution.....	76

1. Meeting Procedure

BAOTEK INDUSTRIAL MATERIALS LTD.

Procedure of the 2022 Regular Shareholder Meetings

Call Meeting to Order

Chairman's Address

Reported Matters

Acknowledged Matters

Matters for Discussion

Election Matters

Other Proposals

Extemporaneous Motions

Adjournment

2. Annual Shareholders' Meeting Agenda

BAOTEK INDUSTRIAL MATERIALS LTD.

2022 Annual Shareholders' Meeting Agenda

Time : June 17, 2022 Fri. at 9 a.m

Form : Entity Shareholders' Meeting

Address : No.3, Qingnian Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)
(China Motor Training Center)

Procedure of Meeting :

1. Attendance Report, Call Meeting to Order
2. Chairman's Address
3. Reported matters :
 - (1) Business Report of 2021 and Business Outlook of 2022.
 - (2) Audit Committee's review of the 2021 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 2021 Business Report and Financial Statements.
 - (2) Acknowledgment of the 2021 Deficit Compensation.
5. Matters for Discussion :
 - (1) Discussion of amendments to the Company's "Acquisition or Disposal of Assets Procedure" .
6. Election matters :
 - (1) To elect the Company's 11th term of Directors.
7. Other Proposals :
 - (1) Discussion to approve the lifting of non-competition restrictions for directors of the Company.
8. Extemporaneous Motions
9. Adjournment

3. Reported Matters

1. Business Report of 2021 and Business Outlook of 2022, for your honor's approval.
Explanation : Business Report of 2021, for details, please refer to Annex 1 [please refer to pages 17~19 of this manual].
2. Audit Committee's review of the 2021 final report, for your honor's approval.
Explanation : Inspection Report of Audit Committee, for details, please refer to Annex 2 [please refer to page 20 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 21 of this manual].
4. Other reported matters.
Explanation : The company's 2022 regular shareholders' meeting accepts proposals from March 4, 2022 to March 14, 2022, and there is no shareholder proposal.

4. Acknowledged Matters

Case 1

Proposed by the Board of Directors

Proposal : Acknowledgment of the 2021 Financial Statements.

Explanation : 1. The financial statements of 2021 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 2021 annual business report have been verified by the audit committee, and an audit report has been issued.

3. The business report of 2021, for details, please refer to Annex 1 [please refer to pages 17~19 of this manual]. Independent auditor's report and financial statements, for details, please refer to Annex 4 [please refer to pages 22~31 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 2021 is NT\$52,945,270. After deducting NT\$133,806,014 to make up for the losses of previous years, and plus the other comprehensive gain and losses in terms of the defined benefit plans for 2021 of NT\$2,112,620, and deducting NT\$38,077,579 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\$116,825,703, so there is no surplus available for distribution.

3. Table of Deficit Compensation of 2021, for details, please refer to Annex 5 [please refer to page 32 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 " Acquisition or Disposal of Assets Procedure " for discussion.

Explanation: 1. It was announced that some articles of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” was amended in accordance with the Decree Chin-Guan-Cheng-Fa-Zi No. 1110380465 dated Jan. 28, 2022 from Financial Supervisory Commission.

2. it is proposed to amend the Company's “Acquisition or Disposal of Assets Procedure” .
- 3.The comparison table for the procedures for acquisition or disposal of assets before and after revision, please refer to Annex 6 [please refer to page 33~46 of this manual] for discussion.

Resolution :

6. Election Matters

Case 1

Proposed by the Board of Directors

Proposal : To elect the Company's 11th term of Directors.

Explanation: 1. The terms of office of the Company's 10th Board of Directors lasts three years, starting from Jun. 21, 2019 to Jun. 20, 2022. As it is about to expire, the re-election will be conducted in the ordinary shareholders' meeting this year in accordance with the Company Act. The previous Board of Directors will leave office as the newly elected directors takes office.

2. In accordance with the provisions in Article 18 of the Articles of Incorporation, we proposed to elect 7 directors (including 3 independent directors) for the 11th Board of directors during the regular shareholders' meeting, who will serve for three years (from Jun. 17, 2022 to Jun. 16, 2025). The newly elected directors will take office immediately after the election.

3. The Company adopts candidate nomination system for the election of directors (including independent directors) and the list of candidates was approved by the 10th Board of Directors during the 12th meeting. List of director (include independent director) candidate, as detailed in Annex 7 [please refer to page 47 of this manual] for election.

Election Result :

7. Other Proposals

Case 1

Proposed by the Board of Directors

Proposal : Discussion to approve the lifting of non-competition restrictions for directors of the Company.

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 a director of the Company is required to work concurrently the same or similar tasks as the Company's business at the same time, he/she may request the approval by the shareholders' meeting and be released from the prohibition of competing for the Company's business to the extent that it is not contrary to the Company's interests. List of positions of directors concurrently serving in other companies, as detailed in Annex 8 [please refer to page 48 of this manual] for discussion.

Resolution :

8. Extemporany Motions

9. Attachment

Business Report

I. Achievements of business in 2021

A. State of implementation on business plan :

The Company's net revenue for 2021 was NT\$1,403,923 thousand, a 3% decrease compared to 2020. The sales volume of 56,332 thousand meters in 2021 is similar to the sales volume of 56,599 thousand meters in 2020. Overall gross profit performance in 2021 was comparable to that in 2020. Net income before tax for 2021 was NT\$65,971 thousand, a decrease of 12% compared to 2020, mainly due to an increase in marketing and administrative expenses, which were affected by the significant increase in international shipping prices and higher environmental expenses.

A series of international events occurred in 2021, including the shortage of containers in Europe and the United States, the congestion in Hong Kong, the continuous fever of the global coronavirus, the continuous appreciation of the New Taiwan dollar, and the installation of the Company's new machines. However, the Company is actively transforming its products and optimizing its product portfolio, and its team is working towards stabilizing sales volume, reducing costs and increasing value-added products to reduce the impact of uncontrollable factors such as exchange rates and the market.

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		2020	2021
Financial income and expenditure	Operating revenue	1,450,112	1,403,923
	Net operating margin	182,165	181,308
	Profit before income tax	74,678	65,971
Profitability	Return on asset (%)	4.74	2.52
	Return on equity (%)	5.56	2.94
	Ratio of income before tax to paid-in capital (%)	3.83	3.38
	Profit margin (%)	6.60	3.77
	Earnings per share (NT\$)	0.49	0.27

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. The Company focuses on the development and introduction of Low Dk (NE glass) series products and the mass production of interfacially compatible, high reliability processing fluid formulations for high frequency/high speed materials.

The axial change of industrial products is relatively stable, and PTFE coating is the main application along with aerospace, high-temperature filter bags and heat insulation materials.

In 2022, the Company will continue to advance the introduction and mass production of Low Dk (NE glass) series products and enhance our manufacturing capabilities. We will not only respond to the market demand for high-end materials, but also strive to meet the needs of our customers for Low Dk materials when developing high-end products.

Completion in 2021 :

Mass production of NE fabric products 2116, 1078, 1035 by transferred technology of NTB.

NE 2116, 1078, 1035 processing cloth trial production by transferred technology of NTB.

II. Overview of 2022 Business Plan

The Company estimates sales of a total of 56,000 thousand meters in 2022 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

According to IHS Markit's observation of the recent international economic situation, the global epidemic is still severe and the Delta variant virus continues to spread, coupled with the rapid spread of the Omicron variant virus in Europe and the U.S. Many countries have restarted their epidemic prevention and restriction measures, which will affect global production and supply. On the domestic front, manufacturing end-use demand continues to be strong, coupled with the continued visibility of the semiconductor boom and the domestic industry's leading position in technology research and development, manufacturers are optimistic about the performance of the boom in the next six months.

According to the World Bank's latest forecast, China's economic expansion will slow to 5.1% this year from 8% last year and grow by 5.2% in 2023, partly due to lingering epidemic restrictions and tightening regulatory policies by Beijing authorities. The World Bank lowered U.S. gross domestic product (GDP) growth by 1.2 percentage points to 5.6% last year, and forecasts expansion to slow to 3.7% this year and 2.6% next year.

The report notes that growth in advanced economies is expected to slow to 3.8% in 2022 from 5% in 2021, which the World Bank says will allow advanced economies to return to pre-epidemic levels of output in 2023 and complete the cycle recovery. On the other hand, emerging markets and developed economies are estimated to expand by 4.6% in 2022, down from 6.3% last year. The World Bank believes that these regions have suffered a significant loss of output due to the epidemic and that neither investment nor output will return to pre-epidemic levels in 2023.

David Malpass, president of the World Bank, said the outbreak continues to lay cloud over the growth outlook and could lead to further revisions to the growth forecast if the outbreak continues to fester. He mentioned that developing countries, in particular, face long-term problems related to low vaccination rates, global macro policies, and debt burdens.

In response to the changes in the international situation in 2022, the Company has maintained a stable business strategy to cope with the changes in the international situation. We will continue to adopt the following measures for the future development strategy:

- In line with our product application transformation strategy, we are optimizing our product portfolio towards 5G applications, advanced driver assistance system applications for automobiles and satellite signal transmission applications for space.
- Develop new Low Dk (NE glass) series products.
- High compatibility and high reliability product strategy for high frequency/high speed material interface.
- Pursue sustainable management as our goal.
- Dedicate to the promotion of corporate 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 : Hayashi Hisanobu

President : Yoshida, Kohichi

Accounting Officer : Liu, Chun-Chen

Audit Committee's Review Report

The Board of Directors made the Company's 2021 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
2022 Annual Shareholders' Meeting of
BAOTEK INDUSTRIAL MATERIALS LTD.

Chairman of the Audit Committee: Chang, Chih-Liang

February 24, 2022

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 2021 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. 2021 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.

Annex 4

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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, 2021 and 2020, 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, 2021 and 2020, 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 in different countries with 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 the transaction amounts prior to and after the balance sheet date are significant to the financial statements. Thus, we consider the cutoff of warehouse sales revenue 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 custodians.
3. Confirmed the inventory quantities with warehouse custodians 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(5) for description of inventories. As of December 31, 2021, inventory and allowance for inventory valuation losses amounted NT\$351,319 thousand and NT\$13,450 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

February 24, 2022

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.

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

BAOTEK INDUSTRIAL MATERIALS LTD.
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 61,433	3	\$ 100,423	5
1110	Financial assets at fair value through profit or loss - current	6(2)	1,246	-	84	-
1120	Current financial assets at fair value through other comprehensive income	6(3) and 12(3)	-	-	50,663	2
1170	Accounts receivable, net	6(4)	299,613	14	328,837	16
1180	Accounts receivable - related parties	6(4) and 7	93,647	4	100,103	5
1200	Other receivables		12,215	1	17,754	1
1210	Other receivables due from related parties	7	752	-	621	-
130X	Inventories	6(5)	337,869	16	290,508	14
1410	Prepayments		11,914	1	5,838	-
1470	Other current assets		10,606	-	15,484	1
11XX	Current Assets		<u>829,295</u>	<u>39</u>	<u>910,315</u>	<u>44</u>
Non-current assets						
1600	Property, plant and equipment	6(6), 7 and 8	1,235,946	57	1,048,127	51
1755	Right-of-use assets	6(7)	4,600	-	6,743	-
1840	Deferred income tax assets	6(20)	37,336	2	50,889	3
1900	Other non-current assets		44,674	2	44,597	2
15XX	Non-current assets		<u>1,322,556</u>	<u>61</u>	<u>1,150,356</u>	<u>56</u>
1XXX	Total assets		<u>\$ 2,151,851</u>	<u>100</u>	<u>\$ 2,060,671</u>	<u>100</u>

(Continued)

BAOTEK INDUSTRIAL MATERIALS LTD.
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ 15	-	\$ -	-
2170	Accounts payable		20,996	1	16,417	1
2180	Accounts payable - related parties	7	184,488	8	147,912	7
2200	Other payables	6(8)	100,936	5	84,526	4
2220	Other payables - related parties	6(8) and 7	18	-	19,341	1
2280	Current lease liabilities	6(23)	1,882	-	5,959	-
2300	Other current liabilities	6(13)	323	-	2,500	-
21XX	Current Liabilities		<u>308,658</u>	<u>14</u>	<u>276,655</u>	<u>13</u>
Non-current liabilities						
2580	Non-current lease liabilities	6(23)	2,727	-	816	-
2640	Net defined benefit liability, non-current	6(9)	8,318	1	12,238	1
2645	Guarantee deposits received		34	-	34	-
25XX	Non-current liabilities		<u>11,079</u>	<u>1</u>	<u>13,088</u>	<u>1</u>
2XXX	Total Liabilities		<u>319,737</u>	<u>15</u>	<u>289,743</u>	<u>14</u>
Equity						
Share capital						
3110	Share capital - common stock	6(10)	1,948,940	90	1,948,940	95
Retained earnings						
3350	Accumulated deficit	6(11)	(116,826) (5)	(133,807) (7)		
Other equity interest						
3400	Other equity interest	6(12)	-	-	(44,205) (2)	
3XXX	Total equity		<u>1,832,114</u>	<u>85</u>	<u>1,770,928</u>	<u>86</u>
Significant contingent liabilities and unrecognised contract commitments						
3X2X	Total liabilities and equity		<u>\$ 2,151,851</u>	<u>100</u>	<u>\$ 2,060,671</u>	<u>100</u>

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

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(13) and 7	\$ 1,403,923	100	\$ 1,450,112	100
5000	Operating costs	6(5)(18)(19) and 7	(1,222,615)	(87)	(1,267,947)	(87)
5900	Net operating margin		<u>181,308</u>	<u>13</u>	<u>182,165</u>	<u>13</u>
	Operating expenses	6(18)(19)				
6100	Selling expenses		(34,123)	(2)	(27,156)	(2)
6200	Administrative expenses		(64,648)	(5)	(58,141)	(4)
6300	Research and development expenses		(11,430)	(1)	(9,771)	(1)
6450	Impairment gain	12(2)	<u>13</u>	-	<u>17</u>	-
6000	Total operating expenses		<u>(110,188)</u>	<u>(8)</u>	<u>(95,051)</u>	<u>(7)</u>
6900	Operating profit		<u>71,120</u>	<u>5</u>	<u>87,114</u>	<u>6</u>
	Non-operating income and expenses					
7100	Interest income	6(14)	55	-	73	-
7010	Other income	6(15)	11,401	1	9,478	1
7020	Other gains and losses	6(16)	(16,549)	(1)	(21,872)	(2)
7050	Finance costs	6(17)	(56)	-	(115)	-
7000	Total non-operating income and expenses		<u>(5,149)</u>	<u>-</u>	<u>(12,436)</u>	<u>(1)</u>
7900	Profit before income tax		<u>65,971</u>	<u>5</u>	<u>74,678</u>	<u>5</u>
7950	Income tax (expense) benefit	6(20)	(13,025)	(1)	21,055	2
8200	Profit for the year		<u>\$ 52,946</u>	<u>4</u>	<u>\$ 95,733</u>	<u>7</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gain (loss) on defined benefit plan	6(9)	\$ 2,641	-	(\$ 4,209)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(12)	6,127	-	6,551	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	(528)	-	842	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>8,240</u>	<u>-</u>	<u>3,184</u>	<u>-</u>
8300	Other comprehensive income for the year		<u>\$ 8,240</u>	<u>-</u>	<u>\$ 3,184</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 61,186</u>	<u>4</u>	<u>\$ 98,917</u>	<u>7</u>
	Basic and diluted earnings per share (in dollars)					
9750	Earnings per share	6(21)	<u>\$ 0.27</u>		<u>\$ 0.49</u>	

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

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Notes	Share capital - common stock	Accumulated deficit	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
<u>2020</u>				
	\$ 1,948,940	(\$ 224,669)	(\$ 52,260)	\$ 1,672,011
	-	95,733	-	95,733
6(3)(9)(12)(20)	-	(3,367)	6,551	3,184
	-	92,366	6,551	98,917
6(3)(12)	-	(1,504)	1,504	-
	\$ 1,948,940	(\$ 133,807)	(\$ 44,205)	\$ 1,770,928
<u>2021</u>				
	\$ 1,948,940	(\$ 133,807)	(\$ 44,205)	\$ 1,770,928
	-	52,946	-	52,946
6(3)(9)(12)(20)	-	2,113	6,127	8,240
	-	55,059	6,127	61,186
6(3)(12)	-	(38,078)	38,078	-
	\$ 1,948,940	(\$ 116,826)	\$ -	\$ 1,832,114

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

BAOTEK INDUSTRIAL MATERIALS LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 65,971	\$ 74,678
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets or liabilities at fair value through profit or loss	6(16)	(1,162)	(84)
Depreciation expense	6(6)(7)(18)	111,540	105,655
Expected credit gain	12(2)	(13)	(17)
(Gain) losses on disposal of property, plant and equipment	6(6)(16)	(438)	127
Property, plant and equipment reclassified to expense		-	10
Gain on lease modification	6(7)(16)	-	(29)
Interest income	6(14)	(55)	(73)
Interest expense	6(17)	56	115
Dividend income	6(15)	(3,415)	(4,546)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		29,235	60,732
Accounts receivable - related parties		6,458	(8,861)
Other accounts receivable		5,539	(2,569)
Other receivables due from related parties		(131)	(547)
Inventories		(47,361)	61,667
Prepayments		(6,076)	11,845
Other current assets		4,878	(4,400)
Other non-current assets		-	(20,982)
Changes in operating liabilities			
Notes payable		15	-
Accounts payable		4,579	472
Accounts payable - related parties		36,576	(19,363)
Other accounts payable		5,513	3,611
Other accounts payable - related parties		17	(91)
Other current liabilities		(2,177)	1,981
Net defined benefit liability, non-current		(1,279)	(1,580)
Cash inflow generated from operations		208,270	257,751
Interest acquired		55	73
Interest paid		(56)	(119)
Dividend received		3,415	4,546
Net cash flows from operating activities		<u>211,684</u>	<u>262,251</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at amortized cost		-	5,096
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	56,790	32,111
Acquisition of property, plant and equipment	6(22)	(301,452)	(179,859)
Proceeds from disposal of property, plant and equipment		441	42
Increase in refundable deposits		(77)	(20,965)
Net cash flows used in investing activities		<u>(244,298)</u>	<u>(163,575)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(23)	100	204,385
Decrease in short-term loans	6(23)	(100)	(220,385)
Payment of lease liability	6(7)(23)	(6,376)	(5,486)
Net cash flows used in financing activities		<u>(6,376)</u>	<u>(21,486)</u>
Net (decrease) increase in cash and cash equivalents		(38,990)	77,190
Cash and cash equivalents at beginning of year	6(1)	100,423	23,233
Cash and cash equivalents at end of year	6(1)	<u>\$ 61,433</u>	<u>\$ 100,423</u>

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

BAOTEK INDUSTRIAL MATERIALS LTD.
Table of Annual Deficit Compensation in 2021

Unit : New Taiwan Dollar

Item	Sum
Accumulated losses at the beginning of the period	(133,806,014)
Net profit after tax in 2021	52,945,270
Other comprehensive profit and loss (actuarial benefits of defined benefit plans)	2,112,620
The disposition of equity measured by the fair price of other consolidated profit/loss	(38,077,579)
Losses to be made up at the end of the period	(116,825,703)

Chairman : Hayashi Hisanobu

President : Yoshida Kohichi

Accounting Officer : Liu, Chun-Chen

BAOTEK INDUSTRIAL MATERIALS LTD.

Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Revision

After the Revision	Before the Revision	Explanation
<p>Article 1 : In order to strengthen the company's asset management, <u>in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</u>, this handling procedure is formulated for compliance.</p>	<p>Article 1 : In order to strengthen the company's asset management, established in accordance with Article 36-1 of the Securities and Exchange Act.</p>	<p>This article is amended in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>
<p>Article 2 : The term "assets" as used in this handling procedure <u>includes the following</u>:</p> <ol style="list-style-type: none"> <u>1.</u> Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. <u>2.</u> Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. <u>3.</u> Memberships. <u>4.</u> Patents, copyrights, trademarks, franchise rights, and other intangible assets. <u>5.</u> Right-of-use assets. <u>6.</u> Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). <u>7.</u> Derivatives. <u>8.</u> Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. <u>9.</u> Other major assets. 	<p>Article 2 : Assets referred to in this procedure, include long and short term securities investments (including Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities), Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment, Memberships, Intangible assets (including Patents, copyrights, trademarks, franchise rights, and other intangible assets), Right-of-use assets, Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables), Derivatives, Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law, and Other major assets.</p>	<p>This article is amended in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>
<p>Article 2-1 : Definition of terms 1.~6. (Omitted) <u>7.</u> For the calculation of 10 percent of total assets , the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial</p>	<p>Article 2-1 : Definition of terms 1.~6. (Omitted) <u>7.</u> The "<u>most recent financial statement</u>" refers to the <u>financial statement that the company has publicly disclosed and has been certified, certified or reviewed by an accountant before acquiring or disposing of assets.</u></p>	<p>The existing Article 7 is deleted and Article 8 is moved to Article 7 in the amended articles.</p>

After the Revision	Before the Revision	Explanation
Reports by Securities Issuers shall be used.	8. For the calculation of 10 percent of total assets , the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.	
Article 3 : Limits of Amounts Quotas for real property and right-of-use assets thereof or securities acquired by the company and <u>each</u> subsidiary for non-business use, in accordance with the following total and quota regulations: (Omitted)	Article 3 : Limits of Amounts The Company and each subsidiaries <u>acquire the assets mentioned in the preceding article</u> , and the quota for <u>purchasing</u> non-business real property and right-of-use assets or securities shall be handled in accordance with the following total and quota regulations respectively. (Omitted)	This article is amended in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
Article 3-1 : Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of <u>Securities and Exchange Act</u> , the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <u>When issuing an appraisal report or opinion, it shall comply with the self-regulatory rules of its respective peer associations</u>	Article 3-1 : Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of <u>the Act</u> , the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following :</u>	This article is amended in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".

After the Revision	Before the Revision	Explanation
<p><u>and the following matters:</u></p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations. 	<ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy, and</u> reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations. 	
<p>Article 4 : Procedures for the acquisition or disposal of real property, equipment or right-of-use assets</p> <p>1.~3.(Omitted)</p> <p>4. Property, Equipment or Right-of-Use Asset Valuation Report In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1)Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction</p>	<p>Article 4 : Procedures for the acquisition or disposal of real property, equipment or right-of-use assets</p> <p>1.~3.(Omitted)</p> <p>4. Property, Equipment or Right-of-Use Asset Valuation Report In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser <u>(The items to be recorded in the appraisal reports are listed in Annex I)</u> and shall further comply with the The following provisions:</p> <p>(1)Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a</p>	<p>This article is amended in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>

After the Revision	Before the Revision	Explanation
<p>shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2)Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4)<u>No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date;</u> provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2)Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4)<u>Appraiser before the contract is established, no more than 3 months may elapse between the date of the appraisal report issued and the contract execution date;</u> provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 5 : Acquisition or disposal of securities investment processing procedures</p> <p>1.~3. (Omitted)</p> <p>4. Obtain an accountant's opinion</p> <p>Acquiring or disposing of securities shall, prior to the date of</p>	<p>Article 5 : Acquisition or disposal of securities investment processing procedures</p> <p>1.~3. (Omitted)</p> <p>4. Obtain an accountant's opinion</p> <p>Acquiring or disposing of securities shall, prior to the date of</p>	<p>This article is amended in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public</p>

After the Revision	Before the Revision	Explanation
<p>occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</u></p>	<p>occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. <u>One of the following situations</u> and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF :</u></p> <p><u>(1).Acquiring or disposing of securities that are not traded on a stock exchange or business office of a securities firm.</u></p> <p><u>(2).Acquiring or disposing of privately placed securities.</u></p>	<p>Companies".</p>
<p>Article 7 : Related party transaction</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions in accordance <u>with Article 3 to Article 6 and Article 8</u> and this Article are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions. The calculation of the transaction amounts referred to in <u>the preceding subparagraph</u> shall be made in accordance with Article 11, Paragraph 1 (7). When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Appraisal and operating procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent</p>	<p>Article 7 : Related party transaction</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions in accordance <u>with the provisions in Article 3~6 and 8</u> and this Article are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions <u>of the preceding Section.</u> <u>In addition,</u> when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the provisions in Article 11, paragraph 1 (8).</p> <p>2. Appraisal and operating procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a</p>	<p>1. The Paragraph 2, Subparagraphs 3 to 5 of the existing article are moved to Subparagraphs 2 to 4 of the amended article.</p> <p>2. Paragraph 2, Subparagraph 5 was added in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” .</p> <p>3. Paragraph 2, Subparagraph 2 of the existing article is moved to Subparagraph 6 of the amended article. With the addition of Subparagraph 5, the calculation of the amended transaction amount is included in the transaction submitted to the shareholders' meeting for approval.</p>

After the Revision	Before the Revision	Explanation
<p>or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors' resolution:</p> <ol style="list-style-type: none"> (1)The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2)The reason for choosing the related party as a transaction counterparty. (3)With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions in Paragraph 3, Subparagraph (1) and (4) of this Article. (4)The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. (5)Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (6)An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the provisions. (7)Restrictive covenants and other important stipulations associated with the transaction. <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or provisions authorized capital, the company's board of directors may pursuant to the provisions in Article 4, paragraph 2, subparagraph 1 delegate the board chairman to</p>	<p>related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors' resolution:</p> <ol style="list-style-type: none"> (1)The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2)The reason for choosing the related party as a transaction counterparty. (3)With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions in Paragraph 3, Subparagraph (1) and (4) of this Article. (4)The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. (5)Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (6)An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the provisions. (7)Restrictive covenants and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts referred to in <u>the preceding paragraph</u> shall be done in accordance with Article 11, paragraph 1 (8) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items submitted to audit committee for approval and Board of Directors'</p>	

After the Revision	Before the Revision	Explanation
<p>decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>B. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>If the company has set up independent directors, when the proposal is submitted for discussion by the board of directors pursuant to the provisions, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the board of directors meeting.</p> <p>Where the Company has established an audit committee, the items that shall be approved by the audit committee in accordance shall be approved by at least one-half of all members of the audit committee and submitted to the board of directors for resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p> <p><u>If the transaction in subparagraph 1 between the Company or a subsidiary not belonging to a domestic public company amounts to more than 10% of the company's total assets, the Company shall submit the information listed in the subparagraph 1 to the shareholders' meeting for approval before signing the transaction contract and making the payment. However, this does not apply to transactions between the Company and its parent, subsidiaries, or between its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in the first paragraph and the preceding paragraph shall be done in accordance with Article 11, Paragraph 1 (7) herein, and</p>	<p>resolution for adoption in accordance with the provisions in these <u>Regulations</u> are exempt from counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or provisions authorized capital, the company's board of directors may pursuant to the provisions in Article 4, paragraph 2, subparagraph 1 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>B. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p><u>In addition</u>, if the company has set up independent directors, when the proposal is submitted for discussion by the board of directors pursuant to the provisions <u>in paragraph 1</u>, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the board of directors meeting.</p> <p>Where the Company has established an audit committee, the items that shall be approved by the audit committee in accordance <u>with paragraph 1</u> shall be approved by at least one-half of all members of the audit committee and submitted to the board of directors for resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in the preceding paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of</p>	

After the Revision	Before the Revision	Explanation
<p>"within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items submitted to <u>shareholders' meeting</u>, the audit committee for approval, and directors' meeting for resolution in accordance with the provisions <u>in these Procedures</u> are exempt from counted toward the transaction amount.</p> <p>3. Assess the reasonableness of the trading cost (1)~(4) (Omitted) (5)Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>A. A special reserve shall be set aside by the Company in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>B. The members of the Company's Audit Committee who are independent directors shall handle the matter in accordance with Article 218 of the Company Act.</p> <p>C. Actions taken pursuant to the preceding two items shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the aforementioned provisions may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a</p>	<p>persons currently holding those positions.</p> <p>3. Assess the reasonableness of the trading cost (1)~(4) (Omitted) (5)Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>A. A special reserve shall be set aside by the Company in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>B. The members of the Company's Audit Committee who are independent directors shall handle the matter in accordance with Article 218 of the Company Act.</p> <p>C. Actions taken pursuant to the preceding two items shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p><u>And the Company and the public company that uses the equity method to account for its investment in the Company</u> that have set aside a special reserve under the aforementioned provisions may not utilize the special reserve until they have recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was</p>	

After the Revision	Before the Revision	Explanation
<p>premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>(6)Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 1 and Paragraph 2 of this Article, and the appraisal provisions related to the reasonableness of the trading cost in Paragraph 3, Subparagraphs (1), (2), and (3) of this Article do not apply:</p> <p>A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p><u>D. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> <p>(7)When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Paragraph 3, Subparagraph (5) of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p><u>D. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> <p>(6)Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 1 and Paragraph 2 of this Article, and the appraisal provisions related to the reasonableness of the trading cost in Paragraph 3, Subparagraphs (1), (2), and (3) of this Article do not apply:</p> <p>A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>(7)When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Paragraph 3, Subparagraph (5) of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
<p>Article 8 : Procedures governing the acquisition or disposal of intangible assets or its right-of-use assets or memberships</p>	<p>Article 8 : Procedures governing the acquisition or disposal of intangible assets or its right-of-use assets or memberships</p>	<p>This article is amended in accordance with the provisions of the "Regulations Governing</p>

After the Revision	Before the Revision	Explanation
<p>1.~3. (Omitted)</p> <p>4. Acquisition of CPA opinion Where <u>the Company</u> acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>1.~3. (Omitted)</p> <p>4. Acquisition of CPA opinion Where <u>a public company</u> acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	<p>the Acquisition and Disposal of Assets by Public Companies".</p>
<p>Article 11 : Procedures for Public Disclosure of Information</p> <p>1. Items and standards required for public announcement and regulatory filing</p> <p>(1)Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2)Merger, demerger, acquisition, or transfer of shares.</p> <p>(3)Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4)Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, <u>and the transaction amount is more than NT\$500 million.</u></p> <p>(5)Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint</p>	<p>Article 11 : Procedures for Public Disclosure of Information</p> <p>1. Items and standards required for public announcement and regulatory filing</p> <p>(1)Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2)Merger, demerger, acquisition, or transfer of shares.</p> <p>(3)Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4)Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, <u>and the transaction amount meets any of the following criteria:</u> <u>A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</u></p>	<p>1. This article is amended in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p> <p>2. The capital of the Company has not reached NT\$10 billion, hence, Paragraph 1, Subparagraph 4 of this Article is amended.</p> <p>3. As the Company is not engaged in the business of construction, Paragraph 1, Subparagraph 5 of this Article is removed, and Subparagraphs 6 to 8 of the existing article are moved to the Subparagraphs 5 to 7 of the amended articles.</p> <p>4. The format of the relevant announcement is based on the format specified by the FSC website, hence,</p>

After the Revision	Before the Revision	Explanation
<p>construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding <u>five</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds <u>or foreign government bonds with credit ratings not lower than the sovereign rating of our country.</u></p> <p>B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds</u> or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>subscription or buy back exchange traded notes,</u> or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(7) The calculation of the transaction amounts in the <u>mentioned Subparagraphs (1) to (6)</u> shall be as follows:</p> <p>A. The amount of any individual transaction.</p> <p>B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset</p>	<p><u>B. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</u></p> <p><u>(5) Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</u></p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding <u>six</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds.</p> <p>B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm</p>	<p>Paragraph 4 of the existing article is removed.</p>

After the Revision	Before the Revision	Explanation
<p>with the same transaction counterparty within the preceding year.</p> <p>C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in <u>this Subparagraph</u> refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these need not be counted toward the transaction amount.</p> <p>2. The deadline for public announcement and regulatory filing If the Company acquires or disposes of assets with the first item of this Article that should be announced and the transaction amount reaches the standard that should be announced and reported in this Article, the Company shall publicly announce and report the relevant information <u>in the appropriate format as prescribed by regulations</u> within 2 days counting inclusively from the date of occurrence of the fact.</p> <p>3.Public announcement and regulatory filing procedures (Omitted)</p>	<p>of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p><u>(8)</u> The calculation for the transaction amount in the preceding paragraph is as follows:</p> <p>A. The amount of any individual transaction.</p> <p>B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used <u>in the preceding paragraph</u> refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>2. The deadline for public announcement and regulatory filing If the Company acquires or disposes of assets with the first item of this Article that should be announced and the transaction amount reaches the standard that should be announced and reported in this Article, the Company shall publicly announce and report the relevant information within 2 days counting inclusively from the date of occurrence of the fact.</p> <p>3.Public announcement and regulatory filing procedures</p>	

After the Revision	Before the Revision	Explanation
	<p>(Omitted)</p> <p>4. <u>Announcement format</u></p> <p>(1) <u>The announcement format for the announcement of the Company's purchases and sales of securities of its parent and subsidiaries or affiliates on the domestic and overseas centralized trading markets or over-the-counter (OTC) is as shown in Annex II.</u></p> <p>(2) <u>The announcement format of the items and contents to be announced for the acquisition of real property by way of engaging others to build on its own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, joint construction and separate sale is as shown in Annex III.</u></p> <p>(3) <u>The format of the announcement of acquisition or disposal of real property, right-to-use assets and equipment, and acquisition of real estate and right-to-use assets from related parties is shown in Attachment IV.</u></p> <p>(4) <u>The format of the announcement of marketable securities, intangible assets or their right-to-use assets, trading of membership certificates and disposal of debts by financial institutions on the trading market or securities dealers' business offices is as shown in Annex V.</u></p> <p>(5) <u>The format of the announcement for investment in Mainland China is as shown in Annex VI.</u></p> <p>(6) <u>Derivative commodity traders, the announcement of public deduction within two days from the date of occurrence of the fact is shown in one of the Annex VII.</u></p> <p>(7) <u>Engaged in derivative commodity traders, the announcement format before the tenth day of each month is as shown in Annex VII-2.</u></p> <p>(8) <u>The announcement format for merger, demerger, acquisition, or transfer of shares can be referred to in Annex VIII.</u></p>	
<p>Article 17 : These Procedures were approved by the Board of Directors on April 25, 1995.</p>	<p>Article 17 : These Procedures were approved by the Board of Directors on April 25, 1995.</p>	<p>Add the date of this revision.</p>

After the Revision	Before the Revision	Explanation
<p>The 1st amendment was approved by shareholders' meeting on May 29, 1995.</p> <p>The 2nd amendment was approved by the Board of Directors on February 28, 1997.</p> <p>The 3rd amendment was approved by the Board of Directors on December 20, 1999.</p> <p>The 4th amendment was approved by the Board of Directors on April 19, 2000.</p> <p>The 5th amendment was approved by the Board of Directors on March 18, 2003.</p> <p>The 6th amendment was approved by the Board of Directors on March 20, 2006 and approved by the shareholders' meeting on June 14, 2006.</p> <p>The 7th amendment was approved by the Board of Directors on March 19, 2007 and approved by the shareholders' meeting on June 13, 2007.</p> <p>The 8th amendment was approved by the Board of Directors on March 18, 2012 and approved by the shareholders' meeting on June 13, 2012.</p> <p>The 9th amendment was approved by the Board of Directors on March 5, 2014 and approved by the shareholders' meeting on June 6, 2014.</p> <p>The 10th amendment was approved by the Board of Directors on March 14, 2017 and approved by the shareholders' meeting on June 20, 2017.</p> <p>The 11th amendment was approved by the Board of Directors on March 14, 2019 and approved by the shareholders' meeting on June 21, 2019.</p> <p><u>The 12th amendment was approved by the Board of Directors on February 24, 2022 and approved by the shareholders' meeting on June 17, 2022.</u></p>	<p>The 1st amendment was approved by shareholders' meeting on May 29, 1995.</p> <p>The 2nd amendment was approved by the Board of Directors on February 28, 1997.</p> <p>The 3rd amendment was approved by the Board of Directors on December 20, 1999.</p> <p>The 4th amendment was approved by the Board of Directors on April 19, 2000.</p> <p>The 5th amendment was approved by the Board of Directors on March 18, 2003.</p> <p>The 6th amendment was approved by the Board of Directors on March 20, 2006 and approved by the shareholders' meeting on June 14, 2006.</p> <p>The 7th amendment was approved by the Board of Directors on March 19, 2007 and approved by the shareholders' meeting on June 13, 2007.</p> <p>The 8th amendment was approved by the Board of Directors on March 18, 2012 and approved by the shareholders' meeting on June 13, 2012.</p> <p>The 9th amendment was approved by the Board of Directors on March 5, 2014 and approved by the shareholders' meeting on June 6, 2014.</p> <p>The 10th amendment was approved by the Board of Directors on March 14, 2017 and approved by the shareholders' meeting on June 20, 2017.</p> <p>The 11th amendment was approved by the Board of Directors on March 14, 2019 and approved by the shareholders' meeting on June 21, 2019.</p>	

BAOTEK INDUSTRIAL MATERIALS LTD.**List of candidates for directors (including Independent Directors)**

No	Job title	Name	Main study (experience)	Current job	Number of shares held (share)
1	Director	Nitto Boseki Co., Ltd. Representative : Hayashi, Hisanobu	Business Engineering, Social Engineering, 3rd Academy, University of Tsukuba Executive Officer of Nitto Boseki Co., Ltd.	Chairman of Baotek Industrial Materials Ltd. Chairman of Nittobo Asia Glass Fiber Co., Ltd. Executive Officer of Nitto Boseki Co., Ltd.	92,865,791
2	Director	Nitto Boseki Co., Ltd. Representative : Yoshida Kohichi	Electrical Engineering, Engineering Dept. Shibaura Institute of Technology President of Baotek Industrial Materials Ltd.	Director and President of Baotek Industrial Materials Ltd.	92,865,791
3	Director	Nitto Boseki Co., Ltd. Representative : Shigeoka So	Economics, Keio University Assistant Vice President of Baotek Industrial Materials Ltd.	Director of Baotek Industrial Materials Ltd. Head of Planning and Management Department, Glass Fiber Division, Nitto Boseki Co., Ltd.	92,865,791
4	Director	Nitto Boseki Co., Ltd. Representative : Liu, Chun-Chen	Management Institute, National Taiwan University of Science and Technology Vice President of Baotek Industrial Materials Ltd.	Director and Vice President of Baotek Industrial Materials Ltd.	92,865,791
5	Independent Director	Chang, Chih-Liang	Master's degree in business graduate school, Waseda University General manager and deputy chairman of Daiwa-Cathay Capital Markets Co., Ltd.	Independent Director of Baotek Industrial Materials Ltd. Independent director of Hycon Technology Corporation Independent director of FuYu Property Company Limited Director of Antec, Inc.	0
6	Independent Director	Yang, Yan-Shou	Master's degree in Law, Fu Jen University Attorney of HI Law Firm	Independent Director of Baotek Industrial Materials Ltd. Attorney of HI Law Firm	0
7	Independent Director	Wang, Chia-Nan	Master deree in Business Administration, University of Illinois Independent director of Forward Electronics Co., Ltd.	Independent Director of Baotek Industrial Materials Ltd. Independent director of Forward Electronics Co., Ltd. Director of JPP Holding Company Limited	0

Annex 8

BAOTEK INDUSTRIAL MATERIALS LTD.

List of Positions of Directors concurrently serving in other companies

Job title	Name	Job title concurrently hold of the company
Representative of corporate director	Hayashi, Hisanobu	Chairman of Nittobo Asia Glass Fiber Co., Ltd. Managing Executive Officer of Nitto Boseki Co., Ltd. Head of Glass Fiber Division of Nitto Boseki Co., Ltd.
Representative of corporate director	Shigeoka So	Head of Planning and Management Department, Glass Fiber Division, Nitto Boseki Co., Ltd. Director of Nittobo Techno Co., Ltd. Director of Paramount Glass MFG Co., Ltd. Director of Sanko Metal Industries, Inc.
Independent Director	Chang, Chih-Liang	Director of Antec, Inc. Independent director of Hycon Technology Corporation Independent director of FuYu Property Company Limited
Independent Director	Yang, Yan-Shou	Attorney of HI Law Firm
Independent Director	Wang, Chia-Nan	Director of JPP Holding Company Limited Independent director of Forward Electronics Co., Ltd.

10. 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 paid-in 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 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.

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.
The 22th amendment was made on June 10, 2021.

Appendix 3

BAOTEK INDUSTRIAL MATERIALS LTD. Rules for Election of Directors

1. These Regulations are hereby established in accordance with the provisions of the Company Act and the Company's Articles of Incorporation, and all elections of directors of the Company shall be conducted in accordance with these Regulations.
2. The election of directors of the Company shall be held separately at the shareholders' meeting.
3. The election of directors of the Company shall be by registered ballot, and the name of the elector shall be replaced by the attendance number.
4. For the election of directors of the Company, each share shall have the same right to vote as the number of directors to be elected, and the Board of Directors shall prepare and distribute to each shareholder the same number of votes as the number of directors to be elected, and the former votes may be concentrated for the election of one person or allocated for the election of several persons.
5. The directors of the Company shall be elected in accordance with the quotas set forth in the Company's Articles of Incorporation, and those who have received more votes representing the right to vote shall be elected as directors in that order. If shareholder is elected as a director at the same time, he/she shall decide to serve as a director at his/her own discretion before the announcement and reporting of the election list as required by law, and the vacancy shall be filled by the next most elected person. In the event that more than two persons have the same number of votes and the required number of votes is exceeded, lots shall be drawn by those who have the same number of votes.
6. When the Board of Directors prepares the ballot, it should be numbered by attendance and filled in with its weight.
7. At the beginning of the election, the chairman shall designate a number of scrutineers and vote-takers to perform various tasks.
8. The ballot boxes shall be prepared by the Board of Directors and shall be open for inspection by the scrutineers before voting.
9. The elector shall fill in the name of the candidate in the column of the ballot paper and add the shareholder's account number and then put it into the ballot box, except that if a corporation is a shareholder, the name of the corporation or the name of the corporation and its representative shall be listed in the column of the candidate of the ballot paper.
10. The ballot is invalid if one of the following occurs:
 - (1) Those who do not use the ballot papers specified in this rule.
 - (2) Those who put their ballots into the ballot box with blank ballots.
 - (3) If the handwriting is illegible or the alteration is not corrected according to the law.
 - (4) The name of the candidate does not match the register of shareholders.
 - (5) If the number of candidates on the same ballot exceeds the number of places specified, the number of candidates on the same ballot will be increased.
 - (6) If the name of the candidate and the shareholder's account number are not included, other words will be included.
 - (7) The name of the nominee is the same as that of the other shareholders, and the shareholder account number is not included for identification purposes.

11. The ballot boxes for the election of directors shall be set up separately, and the ballot supervisors and tellers shall open the ballot boxes together after the ballots are cast separately.
12. After the voting is completed, the votes will be opened on the spot and the results will be announced by the chairman on the spot.
13. The Board of Directors shall issue separate notices of election to the elected directors.
14. These Regulations shall come into effect upon the approval of the shareholders' meeting; the same applies when amended.
15. These Regulations were approved by the Board of Directors on April 25, 1995; and approved by the shareholders' meeting on May 29, 1995.
The 1st amendment was approved by the Board of Directors on April 19, 2000.
The 2nd amendment was approved by the Board of Directors on March 14, 2019; and approved by the shareholders' meeting on June 21, 2019.

Appendix 4

BAOTEK INDUSTRIAL MATERIALS LTD. Acquisition or Disposal of Assets Procedure (Before Amendment)

I · Purpose and Basis

Article 1 :

In order to strengthen the company's asset management, established in accordance with Article 36-1 of the Securities and Exchange Act.

II · Scope

Article 2 :

Assets referred to in this procedure, include long and short term securities investments (including Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities), Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment, Memberships, Intangible assets (including Patents, copyrights, trademarks, franchise rights, and other intangible assets), Right-of-use assets, Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables), Derivatives, Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law, and Other major assets.

Article 2-1 : Definition of terms

1. Derivatives:

Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law:

Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

5. Date of occurrence:

Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the

competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6. Mainland China area investment:

Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

7. The "most recent financial statement" refers to the financial statement that the company has publicly disclosed and has been certified, certified or reviewed by an accountant before acquiring or disposing of assets.
8. For the calculation of 10 percent of total assets, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

III · Acquisition or Disposition Procedure

Article 3 : Limits of Amounts

The Company and each subsidiaries acquire the assets mentioned in the preceding article, and the quota for purchasing non-business real property and right-of-use assets or securities shall be handled in accordance with the following total and quota regulations respectively.

1. Amount of our company

- (1)The total amount of long-term investments in securities shall be limited to 100% of the Company's net worth; the amount of a single long-term investment in securities shall be limited to 50% of the Company's net worth.
- (2)The total amount of short-term marketable securities investment is limited to 50% of the Company's net worth; the amount of single long-term marketable securities investment is limited to 20% of the Company's net worth.
- (3)The total amount of real property not for business use and its right-to-use assets held is limited to 10% of the total net worth of the Company. A single non-operating real property and its right-to-use assets are limited to 5% of the total net worth of the Company.

2. Amount of subsidiaries

- (1)The total amount of long-term investments in securities shall be limited to 100% of the net value of each subsidiary; the amount of single long-term investment in securities shall be limited to 50% of the net value of each subsidiary.
- (2)Short-term investments in securities are limited to 50% of the net worth of each subsidiary, while long-term investments in securities are limited to 20% of the net worth of each subsidiary.
- (3)The total amount of real property and right-to-use assets not held for operating use is limited to 10% of the total net worth of each subsidiary. The single real property and its right-to-use assets that are not intended for business use are limited to 5% of the total net value of each subsidiary.

The above net worth items are based on the most recent amounts audited or certified by the Company's accountants or recorded in the certified financial reports.

Article 3-1 :

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for

fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following :

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 4 : Procedures for the acquisition or disposal of real property, equipment or right-of-use assets

1. Appraisal and operating procedures

The Company acquires or disposes of property, equipment or right-to-use assets in accordance with the fixed asset cycle of the Company's internal control system.

2. Procedures for determining the terms of the transaction and the authorization amount

(1)For the acquisition or disposal of real estate, reference shall be made to the announced present value, assessed value, and actual transaction price of nearby real estate; for the right-to-use assets, reference shall be made to one of the methods of inquiry, comparison, bargaining, or tender, and the terms of the transaction and the transaction price shall be resolved and an analysis report shall be submitted to the chairman of the board of directors. If the amount is less than NT\$200 million, the report shall be submitted to the chairman for approval and shall be presented at the most recent board of directors' meeting afterwards; if the amount exceeds NT\$200 million, it must be approved by the board of directors before it can be made.

(2)The acquisition or disposal of equipment or its right-to-use assets shall be made by inquiry, comparison, bargaining or tender, and the amount of which is less than NT\$200 million (inclusive) shall be approved at each level in accordance with the authorization method; if the amount exceeds NT\$200 million, it shall be approved by the chairman and submitted to the board of directors for approval.

3. Units responsible for implementation

When the Company acquires or disposes of property, equipment, or assets with the right to use, the Company shall submit its approval in accordance with the aforementioned approval authority, and then the user department and the management department shall be responsible for the execution.

4. Property, Equipment or Right-of-Use Asset Valuation Report

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser (The items to be recorded in the appraisal reports are listed in Annex I) and shall further comply with the following provisions:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) Appraiser before the contract is established, no more than 3 months may elapse between the date of the appraisal report issued and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 5: Acquisition or disposal of securities investment processing procedures

1. Appraisal and operating procedures

The purchase and sale of the Company's long-term and short-term securities are conducted in accordance with the investment cycle of the Company's internal control system.

2. Procedures for determining the terms of the transaction and the authorization amount

(1) Marketable securities traded in the centralized trading market or securities dealers' offices shall be decided by the responsible unit based on market research and judgment, and if the total amount of investment is less than NT\$200 million (inclusive), the chairman of the board of directors shall approve and report to the board of directors at the most recent board meeting afterwards, and submit an analysis report of unrealized gain or loss on long-term and short-term marketable securities. If the total amount of investment exceeds NT\$200 million, it must be approved by the board of directors before it can be made.

(2) For marketable securities transactions not conducted in the centralized trading market or securities dealers' offices, the most recent audited or reviewed financial statements of the subject company shall be used as a reference for evaluating the transaction price, taking into account its net worth per share, profitability and future development potential, etc. The total investment amount of less than NT\$100 million (inclusive) shall be approved by the chairman of the board of directors and reported

to the board of directors at the latest board meeting afterwards. An analysis of the unrealized gain or loss on long-term and short-term marketable securities will also be presented. If the total amount of investment exceeds NT\$100 million, it must be approved by the board of directors before it can be made.

(3) Investments in low-risk, value-protected securities, including bond funds, money funds, public bonds, commercial paper of financial institutions, repurchase and sale of bonds, outright purchase and sale of bonds etc., are authorized by the board of directors and approved by the chairman and reported to the board of directors at the most recent meeting afterwards.

3. Units responsible for implementation

When the Company invests in long- and short-term securities, the financial unit shall be responsible for the execution of the investment after submitting the approval in accordance with the preceding approval authority.

4. Obtain an accountant's opinion

Acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. One of the following situations and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF :

(1) Acquiring or disposing of securities that are not traded on a stock exchange or business office of a securities firm.

(2) Acquiring or disposing of privately placed securities.

Article 6 :

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 7: Related party transaction

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions in accordance with the provisions in Article 3~6 and 8 and this Article are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.

In addition, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the provisions in Article 11, paragraph 1 (8).

2. Appraisal and operating procedures

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust

enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors' resolution:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a transaction counterparty.
- (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions in Paragraph 3, Subparagraph (1) and (4) of this Article.
- (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the provisions.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with Article 11, paragraph 1 (8) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items submitted to audit committee for approval and Board of Directors' resolution for adoption in accordance with the provisions in these Regulations are exempt from counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or provisions authorized capital, the company's board of directors may pursuant to the provisions in Article 4, paragraph 2, subparagraph 1 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

- A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- B. Acquisition or disposal of real property right-of-use assets held for business use.

In addition, if the company has set up independent directors, when the proposal is submitted for discussion by the board of directors pursuant to the provisions in paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the board of directors meeting.

Where the Company has established an audit committee, the items that shall be approved by the audit committee in accordance with paragraph 1 shall be approved by at least one-half of all members of the audit committee and submitted to the board of directors for resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in the preceding paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

3. Assess the reasonableness of the trading cost

- (1) A public company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

- A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) When acquiring real property or right-of-use assets thereof from a related party and appraising the cost of the real property or right-of-use assets thereof in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article, the Company shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article are uniformly lower than the transaction price, the provisions in Paragraph 3, Subparagraph (5) of this Article shall be taken: However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
- A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - 1. Where undeveloped land is appraised in accordance with the means in the Paragraph 3, Subparagraphs (1), (2) and (3) of this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - B. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to

the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

(5) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article are uniformly lower than the transaction price, the following steps shall be taken:

A. A special reserve shall be set aside by the Company in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

B. The members of the Company's Audit Committee who are independent directors shall handle the matter in accordance with Article 218 of the Company Act.

C. Actions taken pursuant to the preceding two items shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. And the Company and the public company that uses the equity method to account for its investment in the Company that have set aside a special reserve under the aforementioned provisions may not utilize the special reserve until they have recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

D. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

(6) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 1 and Paragraph 2 of this Article, and the appraisal provisions related to the reasonableness of the trading cost in Paragraph 3, Subparagraphs (1), (2), and (3) of this Article do not apply:

A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.

B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.

C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

(7) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Paragraph 3, Subparagraph (5) of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 8: Procedures governing the acquisition or disposal of intangible assets or its right-of-use assets or memberships

1. Appraisal and operating procedures

The Company acquires or disposes of intangible assets or its right-to-use assets or memberships in accordance with the Company's internal control system fixed asset cycle procedures.

2. Procedures governing the acquisition or disposal of assets

With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor. Where the Company has created the position of independent director in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the provisions, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

3. Units responsible for implementation

When the Company acquires or disposes of an intangible asset or its right-to-use asset or membership card, it shall be submitted for approval in accordance with the aforementioned approval authority, and then the user department and the finance department or the administrative department shall be responsible for its execution.

4. Acquisition of CPA opinion

Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 9: Procedures governing the acquisition or disposal of claims from the financial institutions

In principle, the Company does not engage in transactions to acquire or dispose of the debentures of financial institutions. In the future, if the Company wishes to engage in transactions to acquire or dispose of the debentures of financial institutions, the Company will submit them to the board of directors for approval and then establish the evaluation and operating procedures.

Article 10: Procedures governing mergers, demergers, acquisitions, or transfer of shares

1. Appraisal and operating procedures

(1) In the event of a merger, demerger, acquisition, or transfer of shares, the Company shall appoint an attorney, accountant, and underwriter to jointly discuss the estimated timetable for the statutory procedures and organize an ad hoc group to carry out the procedures in accordance with the statutory procedures. And prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

(2) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Paragraph 1, Subparagraph (1) of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act

exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2. Other notes

- (1)Date of Board meeting: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- (2)Confidentiality agreement prior to the event: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (3)Principles for determining and changing the share exchange ratio or acquisition price: A company participating in a merger, demerger, acquisition or transfer of shares shall appoint an accountant, attorney or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, acquisition price or allotment of cash or other property to shareholders and submit it to the shareholders' meeting before the board of directors of both parties. In principle, the share exchange ratio or acquisition price may not be changed arbitrarily, except when the conditions for such change have been stipulated in the contract and disclosed to the public. The conditions under which the share exchange ratio or acquisition price may be changed are as follows:
 - A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - B. An action, such as a disposal of major assets, that affects the company's financial operations.
 - C. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4)Contents to be contained in the contract: In addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the contract of merger, demerger, acquisition or transfer of shares of the Company shall contain the following matters:
 - A. Handling of breach of contract.
 - B. Principles for the handling of equity-type securities previously issued or treasury stock

- previously bought back by any company that is extinguished in a merger or that is demerged.
- C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - D. The manner of handling changes in the number of participating entities or companies.
 - E. Preliminary progress schedule for plan execution, and anticipated completion date.
 - F. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (5) A change in the number of companies participating in the merger, demerger, acquisition, or transfer of shares:
- After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (6) If any company participating in a merger, demerger, acquisition or transfer of shares is not a public company, the Company shall enter into an agreement with such company and shall comply with the provisions of Paragraph 2 Subparagraph (1) of this Article regarding the date of the meeting of the Board of Directors, Subparagraph (2) regarding the prior confidentiality undertaking, and Subparagraph (5) regarding the change in the number of companies participating in a merger, demerger, acquisition or transfer of shares.

Article 11: Procedures for Public Disclosure of Information

1. Items and standards required for public announcement and regulatory filing

- (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (2) Merger, demerger, acquisition, or transfer of shares.
- (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- (4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - B. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (5) Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a

completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.

(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.

(7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

A. Trading of domestic government bonds.

B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(8) The calculation for the transaction amount in the preceding paragraph is as follows:

A. The amount of any individual transaction.

B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.

C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.

D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

2. The deadline for public announcement and regulatory filing

If the Company acquires or disposes of assets with the first item of this Article that should be announced and the transaction amount reaches the standard that should be announced and reported in this Article, the Company shall publicly announce and report the relevant information within 2 days counting inclusively from the date of occurrence of the fact.

3. Public announcement and regulatory filing procedures

(1) The Company shall make the public announcement and regulatory filing of relevant information on the website designated by FSC.

(2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

(3) When the Company at the time of public announcement makes an error or omission in an item

required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

- (4) When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.
- (5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 - A. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - C. Change to the originally publicly announced and reported information.

4. Announcement format

- (1) The announcement format for the announcement of the Company's purchases and sales of securities of its parent and subsidiaries or affiliates on the domestic and overseas centralized trading markets or over-the-counter (OTC) is as shown in Annex II.
- (2) The announcement format of the items and contents to be announced for the acquisition of real property by way of engaging others to build on its own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, joint construction and separate sale is as shown in Annex III.
- (3) The format of the announcement of acquisition or disposal of real property, right-to-use assets and equipment, and acquisition of real estate and right-to-use assets from related parties is shown in Attachment IV.
- (4) The format of the announcement of marketable securities, intangible assets or their right-to-use assets, trading of membership certificates and disposal of debts by financial institutions on the trading market or securities dealers' business offices is as shown in Annex V.
- (5) The format of the announcement for investment in Mainland China is as shown in Annex VI.
- (6) Derivative commodity traders, the announcement of public deduction within two days from the date of occurrence of the fact is shown in one of the Annex VII.
- (7) Engaged in derivative commodity traders, the announcement format before the tenth day of each month is as shown in Annex VII-2.
- (8) The announcement format for merger, demerger, acquisition, or transfer of shares can be referred to in Annex VIII.

Article 12 :

The Company shall comply with the Securities and Exchange Act and related regulations when reporting to the FSC in accordance with Article 11.

Article 13 :

The Company's subsidiaries shall comply with the following regulations:

1. Subsidiary shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of the Regulations Governing the Acquisition and Disposal of Assets.
2. If a subsidiary is not a public company and acquires or disposes of assets up to the standards for announcement and reporting set forth in Chapter 3 of the "Regulations Governing the Acquisition and Disposal of Assets", the parent company shall also make the announcement and reporting on behalf of

the subsidiary.

3. In the announcement and reporting standards for subsidiaries, the term "20% of the Company's paid-in capital or 10% of the Company's total assets" refers to the parent company (the Company) 's paid-in capital or total assets.

Article 14: Punishment

Any employee of the Company who undertakes to acquire and dispose of assets in violation of the provisions of this handling procedure shall be subject to regular reporting and assessment in accordance with the Company's Personnel Management Regulations and Employee Handbook, and shall be punished according to the severity of the situation.

Article 15: Implementation and Amendment

The Company's "procedures for the acquisition or disposal of assets" shall be approved by the audit committee, submitted to the board of Directors for resolution, and submitted to shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the directors' dissenting opinion to the audit committee. Where the Company has created the position of independent director, when the "procedures for the acquisition or disposal of assets" is submitted for discussion in the board of directors meeting, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

When the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in the preceding paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 16: Additional Provisions

Any matters not covered by this procedure shall be handled in accordance with the relevant laws and regulations.

Article 17 :

These Procedures were approved by the Board of Directors on April 25, 1995.

The 1st amendment was approved by shareholders' meeting on May 29, 1995.

The 2nd amendment was approved by the Board of Directors on February 28, 1997.

The 3rd amendment was approved by the Board of Directors on December 20, 1999.

The 4th amendment was approved by the Board of Directors on April 19, 2000.

The 5th amendment was approved by the Board of Directors on March 18, 2003.

The 6th amendment was approved by the Board of Directors on March 20, 2006 and approved by the shareholders' meeting on June 14, 2006.

The 7th amendment was approved by the Board of Directors on March 19, 2007 and approved by the shareholders' meeting on June 13, 2007.

The 8th amendment was approved by the Board of Directors on March 18, 2012 and approved by the shareholders' meeting on June 13, 2012.

The 9th amendment was approved by the Board of Directors on March 5, 2014 and approved by the

shareholders' meeting on June 6, 2014.

The 10th amendment was approved by the Board of Directors on March 14, 2017 and approved by the shareholders' meeting on June 20, 2017.

The 11th amendment was approved by the Board of Directors on March 14, 2019 and approved by the shareholders' meeting on June 21, 2019.

Appendix 5

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 19, 2022, the regular shareholders' meeting had closed. The number of shares held by all directors of the company was 95,098,199 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 : Kajikawa Hiroki								
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	481,000	0.25%	
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	95,098,199	48.80%	

Note1 : Total shares issued on 21 June, 2019: 194,893,964 shares ; Total shares issued on 19 April, 2022: 194,893,964 shares

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

Appendix 6

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

The company has no surplus in the year of 2021 for any stock dividend distribution, so it is not applicable.