



Shin Foong Specialty and Applied Materials Co., Ltd.

2022 Annual General Meeting Meeting Handbook

Time: June 29, 2022 at 11 a.m. (Wednesday)

**Venue: No. 101, Ln. 120, Fu'an Rd., Zhutian Township, Pingtung
County 911161, Taiwan (R.O.C.)(Angel Garden Leisure Farm
Angel Church)**

Table of Contents

	Page
Meeting Agenda	1
1. Reports, Acknowledgments, and Discussions	2
2. Election , and Other motions	5
3. Special Motions	5
Appendix	6
1. Business Report	7
2. Standalone Balance Sheet, Consolidated Balance Sheet	10
3. Standalone Statement of Comprehensive Income, Consolidated Statement of Comprehensive Income	12
4. Standalone Statement of Changes in Equity, Consolidated Statement of Changes in Equity	16
5. Standalone Cash Flow Statement, Consolidated Cash Flow Statement	18
6. Standalone Independent Auditor's Report, Consolidated Independent Auditor's Report	22
7. Audit Committee's Review Report	30
8. 2021 Earnings Appropriation Chart	31
9. Articles of Incorporation	32
10. Procedures for Acquisition or Disposal of Assets	39
11. Shareholder Meeting Conference Rules	51
12. List of Director and Independent Director Candidates	75
13. Content of proposal to remove the competition for the Company's directors	77
14. Directors' Shareholding	78

(A complete financial report is available at: <http://newmops.tse.com.tw>)

Shin Foong Specialty and Applied Materials Co., Ltd.

2022 Annual General Meeting Agenda

Time: 11:00 a.m. (Wednesday), June 29, 2022

Location: No. 101, Lane 120, Fu'an Road, Fengming Village, Zhutian Township,
Pingtung County (Angel Garden)

Meeting Proceeding:

I. Chairperson's opening remarks

II. Reports

(I) Presentation of the Company's 2021 business report and financial statements.

(II) Presentation of Audit Committee's 2021 examination report.

(III) Presentation of the Company's 2021 earnings appropriation plan.

(IV) Presentation of the Company's 2021 employee compensation and directors remuneration proposal.

III. Acknowledgments

(I) The Company's 2021 final accounting books and statements are submitted for acknowledgment.

(II) The Company's 2021 earnings appropriation plan is submitted for acknowledgment.

IV. Discussions

(I) Amendments to the Company's "Articles of Incorporation" are submitted for ratification.

(II) Amendments to the Company's "Procedures for Acquisition or Disposal of Assets" are submitted for ratification.

(III) Amendments to the Company's "Shareholder Meeting Conference Rules" are submitted for ratification.

V. Election

Election of the 16th term of board of directors, including 4 directors and 3 independent directors.

VI. Other motions

Proposal to release newly elected directors and the juristic persons represented from non-competition restrictions.

VII. Special Motions

VIII. Adjournment

Reports

- I. Subject: Presentation of the Company's 2021 business report and financial statements. (Proposed by the board of directors)

Details:

- (I) In 2021, the Company recorded the operating revenues of NT\$8,161,714 thousand; the gross profit of NT\$4,925,151 thousand with a gross profit margin of 60.3%; the operating profit of NT\$4,366,172 thousand with an operating margin of 53.5%; and a net income after tax of NT\$3,476,386 thousand representing a net margin of 42.6% and after tax earnings of NT\$32.74 per share.
- (II) Please refer to Appendix 1 for the Business Report.

- II. Subject: Presentation of Audit Committee's 2021 examination report. (Proposed by the board of directors)

Details:

- (I) The Company's financial statements for the year 2021 have been audited by CPAs and reviewed by the Audit Committee together with the business report and earnings appropriation plan. Please refer to Appendices 6-7 for the Independent Auditor's Report and Audit Committee's examination report.
- (II) The Audit Committee convener shall recite the review report.

- III. Subject: Presentation of the Company's 2021 earnings appropriation plan. (Proposed by the board of directors)

Details:

- (I) The Company reported a net income of NT\$3,476,386,317 for 2021, and after adding undistributed earnings of NT\$1,103,986,726 and deducting NT\$1,090,865 of actuarial gains/losses on the pension plan, the Company's distributable earnings amounted NT\$4,579,282,178. After the provision of a legal reserve amounting NT\$347,529,545, it is proposed to distribute cash dividend of NT\$15.00 per common share, totaling NT\$1,592,612,115, and the remaining NT\$2,639,140,518 will be retained for distribution in the following years. Please refer to Appendix 8 for details.
- (II) The amount of cash dividend payments shall be calculated and truncated to the nearest NT\$1. Fractions that do not amount to a full NT\$1 shall be recognized as other income.
- (III) The dividend in cash amounting NT\$1,592,612,115, equivalent to NT\$15.00 per share will be distributed based on shareholders and number of shareholding recorded on the shareholder registry as of

the ex-dividend date. The abovementioned distribution ratio is calculated using the actual outstanding shares of 106,174,141 shares as of February 25, 2022.

(IV) Please kindly review.

IV. Subject: Presentation of the Company's 2021 employee compensation and directors remuneration proposal. (Proposed by the board of directors)

Details: It is proposed to allocate NT\$69,764,307 and NT\$20,000,000 for 2021 employee compensation and directors remuneration, respectively. Such a proposal was approved by the 7th meeting of the 3rd Remuneration Committee as well as the board of directors.

Acknowledgments

- I. Subject: The Company's 2021 final accounting books and statements are submitted for acknowledgment. (Proposed by the board of directors)

Details: The Company's 2021 financial statements, which have been audited by CPAs, together with the business report were reviewed by the Audit Committee, and no irregularities were found. All relevant information (including the business report, balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows) have been presented in Appendices 1-5 and were submitted for acknowledgment.

Resolution:

- II. Subject: The Company's 2021 earnings appropriation plan was submitted for acknowledgment. (Proposed by the board of directors)

Details:

(I) The Company's 2021 earnings appropriation plan was approved by the board of directors and examined by the Audit Committee, and please refer to Appendix 8 in the Meeting Handbook.

(II) The motion is open for acknowledgment.

Resolution:

Discussions

- I. Subject: Amendments to the Company's "Articles of Incorporation" are submitted for ratification. (Proposed by the board of directors)

Details:

- (I) Pursuant to Article 162 of the Company Act and for the purpose of allowing more flexibility for the Company convening a shareholders meeting, it is proposed to amend part of the "Articles of Incorporation" in accordance with paragraph 1, Article 172-2 of the Company Act.
- (II) The amended "Articles of Incorporation" and a comparison table can be found in Appendix 9 of this Meeting Handbook.
- (III) The motion is open for resolution.

Resolution:

- II. Subject: Amendments to the Company's "Procedures for Acquisition or Disposal of Assets" are submitted for ratification. (Proposed by the board of directors)

Details:

- (I) In accordance with the provisions in the Jin-Guan-Zheng-Fa-Zi No. 1110380465 issued on January 28, 2022, it is proposed to amend part of the Company's "Procedures for Acquisition or Disposal of Assets".
- (II) The amended "Procedures for Acquisition or Disposal of Assets" and a comparison table can be found in Appendix 10 of this Meeting Handbook.
- (III) The motion is open for resolution.

Resolution:

- III. Subject: Amendments to the Company's "Shareholder Meeting Conference Rules" are submitted for ratification. (Proposed by the board of directors)

Details:

- (I) In response to the amendment to Article 172-2 of the Company Act that prescribes that a company may hold its shareholders' meeting by means of visual communication network, Taiwan Stock Exchange Corporation thereby amended the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" on March 8, 2022. Accordingly, it is proposed to amend part of the Company's

"Shareholder Meeting Conference Rules".

(II) The amended "Shareholder Meeting Conference Rules" and a comparison table can be found in Appendix 11 of the Meeting Handbook.

(III) The motion is open for resolution.

Resolution:

Election

Subject: Election of the 16th term of board of directors, including 4 directors and 3 independent directors. (Proposed by the board of directors)

Details:

- (I) The term of office of the 15th board of directors will expire on June 27, 2022, and in alignment with the date of 2022 general shareholders meeting, the election of the 16th board of directors will be postponed to June 29, 2022.
- (II) Pursuant to Article 20 of the Articles of Incorporation: the Company shall have five to nine directors, and the number to be elected shall be set by the board of directors within the range. The candidate nomination system shall be adopted, and shareholders shall elect directors from among those listed in the slate of director candidates in accordance with Article 198 of the Company Act. Given the total number of directors, the number of independent directors shall not be less than 3 and not less than one-fifth of the total number of directors.
- (III) In compliance with the Articles of Incorporation and for the practical needs of board operation, it is proposed to elect 7 directors for the 16th term of board, including 4 directors and 3 independent directors, and their office shall be assumed immediately after the election in the general meeting on June 29, 2022. Their term of office will be three years that will expire on June 28, 2025.
- (IV) The candidate nomination system is adopted for the Company's election of directors, and the director candidates list proposed by the board of directors can be found in Appendix 12 of this Meeting Handbook.
- (V) Please elect from the list of director candidates in accordance with the Company's "Procedures for Election of Directors".
- (VI) Please kindly vote.

Other motions

Subject: Proposal to release newly elected directors and the juristic persons represented from non-competition restrictions is submitted for ratification. (Proposed by the board of directors)

Details:

- (I) It is stated in paragraph 1, Article 209 of the Company Act that "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.”

(II) A newly elected director of the Company and the juristic-person represented, if engaging in acts of investment or operation in other businesses similar or identical to the Company’s scope of businesses, providing that such acts do not obstruct his/her/its performance of duties, shall request the shareholders’ meeting to exempt the director and the juristic person represented from non-competition restrictions.

(III) Please refer to Appendix 13 for the content of competitive activities engaged by directors to be exempted.

(IV) The motion is open for resolution.

Resolution:

Special Motions