



Shin Foong Specialty and Applied Materials Co., Ltd.

2021 Annual General Meeting Meeting Handbook

Time: June 25, 2021 at 11 a.m. (Friday)

Venue: No. 101, Ln. 120, Fu'an Rd., Zhutian Township, Pingtung County

911161, Taiwan (R.O.C.)(Angel Garden Leisure Farm Angel Church)

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

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2021 Annual General Meeting of Shareholders Meeting Notice

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

Meeting Agenda:

- I. Chairman's Address
- II. Items to Report
 - (I) The Company's Business Report for 2020.
 - (II) Audit Committee's Review Report on the 2020 Financial Statements.
 - (III) The Company's Employee and Director Compensation for 2020.
- III. Items to Ratify
 - (I) The Company's Financial Statements for 2020.
 - (II) The Company's proposal for 2020 profit distribution.
- IV. Discussion Items
 - (I) To amend the Company's rules of procedure for Shareholders Meetings.
 - (II) To revise the Articles of Incorporation.
- V. Extraordinary Motions
- VI. Adjournment

Items to Report

I. Summary: The Company's Business Report for 2020. (Proposed by the board of directors)

Details:

(I) The Company produced 142,965 tons of product in 2020, up 52,498 tons or 58.0% from the 90,467 tons reported in the previous year. Total volume sold amounted to 141,604 tons, up 49,231 tons or 53.3% from the 92,373 tons reported in the previous year. The value of products sold amounted to NT\$5,268,419 thousand, up 61.1% from the NT\$3,271,203 thousand reported in the previous year.

(II) The Company reported operating revenues of NT\$5,268,419 thousand, gross profits totaling NT\$2,663,942 thousand that represented a gross profit margin of 50.6%, and operating profits totaling NT\$2,201,860 thousand that represented an operating profit margin of 41.8% in 2020. After adding non-operating net revenues of NT\$3,718 thousand, pre-tax profit was reported at NT\$2,205,578 thousand; after deducting NT\$427,747 thousand of income tax expense, the Company concluded its net income at NT\$1,777,831 thousand that was 238.4% higher than last year's NT\$525,375 thousand, representing a net profit margin of 33.7%. EPS was calculated at NT\$16.85, which was NT\$11.84 higher compared to last year's NT\$5.01.

Overall, performance in 2020 had improved over 2019 on virtually every aspect due to capacity expansion, strong market demand, employees' contribution, appropriate marketing strategy, and upward selling price adjustment at the right timing.

(III) A copy of the business report has been provided in Appendix 1 for reference.

II. Summary: Audit Committee's Review Report on the 2020 Financial

Statements. (Proposed by the board of directors)

Details:

(I) The Company's financial statements for the year 2020 have been audited by CPAs and reviewed by the Audit Committee together with the business report and earnings appropriation proposal. Please refer to Appendices 6-7 for a copy of Independent Auditor's Report and Audit Committee's Review Report.

(II) The Audit Committee convener shall recite the review report.

III. Summary: The Company's Employee and Director Compensation for 2020.

(Proposed by the board of directors)

Details: The Company's proposal to allocate NT\$10,000,000 of director remuneration and NT\$35,392,223 of employee remuneration from 2020 earnings had been reviewed during the 4th meeting of the 3rd Remuneration Committee and approved by the board of directors.

Items to Ratify

- I. Summary: The Company's Financial Statements for 2020 for ratification.
(Proposed by the board of directors)

Details: The Company's financial statements for the year 2020 have been audited by CPAs and reviewed by the Audit Committee together with the business report, in which the Audit Committee found no misstatement. All relevant information (including the business report, balance sheet, statement of comprehensive income, statement of changes in equity, and cash flow statement) have been presented in Appendices 1-5 and were submitted for acknowledgment.

Resolution:

- II. Summary: The Company's proposal for 2020 profit distribution for ratification. (Proposed by the board of directors)

Details:

- (I) The Company reported a net income of NT\$1,777,830,584 for 2020; after adding opening unappropriated earnings of NT\$569,388,320 and deducting NT\$4,119,677 of actuarial gains/losses on the pension plan, the Company had NT\$2,343,099,227 of earnings that were available for distribution. A decision has been made to make NT\$177,371,091 of provision for legal reserve and pay common share cash dividends at NT\$10.00 per share for a total of NT\$1,061,741,410; the remaining NT\$1,103,986,726 shall be retained for appropriation in the following year. 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) Current cash dividends of NT\$1,061,741,410 at NT\$10.00 per share will be paid to shareholders based on the names and shareholding position shown on the shareholder registry as of the dividend

baseline date. The distribution percentage mentioned above was calculated based on the 106,174,141 shares outstanding as of March 11, 2021.

(IV) The motion is open for acknowledgment.

Resolution:

Discussion Items

- I. Summary: To amend the Company's rules of procedure for Shareholders Meetings ; the motion is open for resolution. (Proposed by the board of directors)

Details:

- (I) Proposal to make partial amendments to the Company's "Shareholder Meeting Conference Rules" in accordance with Letter No. Tai-Zheng-Zhi-Li-11000014461 issued by Taiwan Stock Exchange Corporation on January 29, 2021. Please refer to Appendix 9 of this meeting handbook for a comparison of changes made to "Shareholder Meeting Conference Rules."
- (II) The motion is open for resolution.

Resolution:

- II. Summary: To revise the Articles of Incorporation ; the motion is open for resolution. (Proposed by the board of directors)

Details:

- (I) Proposal to increase authorized capital in support of the Company's future expansion plans and make corresponding amendments to "Articles of Incorporation." Please refer to Appendix 10 of this meeting handbook for a comparison of changes made to Articles of Incorporation.
- (II) The motion is open for resolution.

Resolution:

Extraordinary Motions

Appendix

- I. Business Report
- II. Standalone Balance Sheet, Consolidated Balance Sheet
- III. Standalone Statement of Comprehensive Income, Consolidated Statement of Comprehensive Income
- IV. Standalone Statement of Changes in Equity, Consolidated Statement of Changes in Equity
- V. Standalone Cash Flow Statement, Consolidated Cash Flow Statement
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