

Stock Code: 4755



**SAN FU CHEMICAL CO., LTD.**

**Handbook for the 2022  
Annual Shareholders' Meeting  
Reference materials for various proposals**

**Meeting Time: June 17, 2022**

**Place: 4F, No.3, Lane 39, Section 2, Zhongshan North Road, Taipei City**

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## **I. Meeting Procedure**

1. Call the Meeting to Order
2. Chairman's Address
3. Report Items
4. Proposals and Resolutions
5. Discussion Items
6. Extraordinary Motions
7. Adjournment

## **II.Meeting Agenda**

### **SAN FU CHEMICA CO., LTD.**

**Year 2022**

### **Agenda of Annual Shareholders' Meeting**

Meeting Time: 09:00 a.m. June 17, 2022 (Friday)

Place: 4F, No.3, Lane 39, Section 2, Zhongshan North Road, Taipei City  
(Regent Taipei V1)

1. Call the Meeting to Order
2. Chairman's Address
3. Report Items
  - (1) 2021 Business Report
  - (2) The Audit Committee Review Report
  - (3) Adoption of the proposal for distribution of 2021 dividends to shareholder
  - (4) Adoption of the proposal for distribution of 2021 Remuneration of Directors and Supervisors and Remuneration of Employees
  - (5) Adoption of the proposal for applying to the International Financial Reporting Standards (IFRS) for adjustments to the Company's distributable surplus and the amount of special surplus reserve recorded
4. Proposals and Resolutions
  - (1) Adoption of the 2021 Business Report and Financial Statements
  - (2) Adoption to the Proposal for Distribution of 2021 Profits
5. Discussion Items
  - (1) Issue of cash dividends from capital reserve
  - (2) Amendment to the Company's Articles of Incorporation
  - (3) Amendment to the Rules of Procedure for Shareholders' Meetings
  - (4) Amendment to the Operational Procedures for Acquisition and Disposal of Assets
6. Extraordinary Motions
7. Adjournment

### III. Report Items

**Report No. 1:** (Proposed by the Board of Directors)

2021 Business Report

**Explanation:**

The 2021 Business Report is attached as pp [ 6 ~11 ], (Attachment 1)

**Report No. 2:** (Proposed by the Board of Directors)

The Audit Committee Review Report on 2021

**Explanation:**

The Audit Committee Review Report is attached as pp. [ 12 ] (Attachment 2)

**Report No. 3:** (Proposed by the Board of Directors)

Adoption of the proposal for distribution of 2021 cash dividend

**Explanation:**

- (1) In accordance with article 28 of the Company's articles of association, the Board of Directors is authorized to make a special resolution to distribute all or part of the dividends and bonuses in the form of cash and report to the shareholders' meeting.
- (2) New Taiwan Dollars Three Hundred and Two Million One Hundred and Eighteen Thousand only (NT\$ 302,118,000) shall be appropriated from the distributable earnings, and cash dividends shall be distributed at three New Taiwan Dollars (NT\$ 3) per share. The shareholding ratio of shareholders shall be calculated up to the dollar and the amount less than one dollar distributed to the shareholders shall be transferred to the Company's other income based on the ex dividend base date.
- (3) This proposal was passed by a special resolution of the Board of Directors and authorized the **Chairman** of the Board of Directors to set another ex dividend base date, issue date and other related matters. If the Company's share capital before the dividend bonus base date changes and affects the total number of outstanding shares, resulting in the change of the shareholder's dividend distribution ratio, the **Chairman** of the Board of Directors is authorized to make full adjustment.

**Report No. 4:** (Proposed by the Board of Directors)

Adoption of the proposal for distribution of 2021 Remuneration of Directors and Supervisors and Remuneration of Employees

**Explanation:**

- (1) According to the Company's articles of association, the amount of remuneration allocated to the directors, supervisors and employees in 2021 is New Taiwan Dollars Sixteen Million Five Hundred and Eighty-Eight Thousand Only (NT\$16,588,000), respectively, which is distributed in cash.
- (2) The proposal for remuneration of directors, supervisors and employees referred to in the preceding paragraph has been approved by the Company's remuneration committee and the Board of Directors.

**Report No. 5:** (Proposed by the Board of Directors)

Adoption of the proposal for applying to the International Financial Reporting Standards (IFRS) for adjustments to the Company's distributable surplus and the amount of special surplus reserve recorded

**Explanation:**

- (1) Special surplus reserve shall be provided in accordance with letters JGZFF No. 1010012865 and JGZFF No. 1010047490 issued by the Financial Supervisory Commission and Questions on the application of special surplus reserve after adoption of international financial reporting standards (IFRSs).
- (2) In accordance with the provisions of the previous circular, the amount of special surplus reserve

set aside by the amount of equity deduction as of December 31, 2021 is NT\$21,445,989, so as to let shareholders know the impact of the adjustment of distributable surplus and the amount of special surplus reserve set forth.

#### IV. Proposals and Resolutions

##### 1. (Proposed by the Board of Directors)

**Proposal:** Adoption of the 2021 Business Report and Financial Statements

**Explanation:**

- (1) 2021 Company's Business Report, Individual Financial Statements and Consolidated Financial Statements, have been approved by the Board of Directors and examined by the Audit Committee of the Company and were audited by two certified public accountants Xu Xiuming and Ong Yaling of independent auditors Deloitte and Touche Taiwan.
- (2) The 2021 Company's Business Report, Independent Auditor's Report and the above-mentioned Financial Statements are attached in the Meeting Agenda, pp. [6~11] (Attachment 1) and pp. [13~34] (Attachment 3).
- (3) Please acknowledge.

**Resolution:**

##### 2. (Proposed by the Board of Directors)

**Proposal:** Adoption to the Proposal for Distribution of 2021 Profits

**Explanation:**

- (1) The Company's after-tax net profit for the year 2021 was NT\$673,644,034, less actuarial gains and losses included in retained earnings of NT\$3,299,629, the said amount will be set aside according to the law of statutory surplus reserve of NT\$67,034,441 and minus the special surplus reserve of NT\$21,445,989. After adding the balance amount to the beginning of the current period accumulated undistributed surplus of NT\$ 1,248,829,977, its total distributable surplus will be NT\$ 1, 830,693,952.
- (2) With the approval of the Board of Directors, the aforesaid profit distribution plan for 2021 is hereby formulated as follows:

<b>San Fu Chemical Co., Ltd.</b>	
<b>Proposal for Distribution of 2021 Profits</b>	
Unit: New Taiwan Dollars	
Undistributed surplus at the beginning of the period	1,248,829,977
Add: net profit after tax of the current period	673,644,034
Less: actuarial gains and losses included in retained earnings	(3,299,629)
Adjusted undistributed surplus	1,919,174,382
Less: 10% statutory surplus reserve	(67,034,441)
Less: allocated special surplus reserve	(21,445,989)
Distributable surplus	1,830,693,952
Distributable Items	
Less: dividend of shareholders (cash dividend of NT\$3.0 per share)	(302,118,000)
Undistributed surplus at the end of the period	1,528,575,952

Chairman:

Manager:

Chief accountant:

**Resolution:**

## V. Discussion Items

### 1. (Proposed by the Board of Directors)

**Proposal:** Issue of cash dividends from capital reserve

**Explanation:**

- (1) It is proposed to allocate NT\$201,412,000 of the capital reserve over the face value of the issued shares to the shares recorded in the shareholders' register on the base date of cash dividend distribution, with NT\$2.0 per share distributed.
- (2) The cash dividends referred to in the preceding paragraph are to be calculated up to NT\$1, and if the amount distributed to the shareholders is less than one dollar shall be transferred to other income of the company.
- (3) If the total number of outstanding shares is affected by the change of the Company's share capital before the dividend bonus base date, resulting in the change of the shareholder's interest distribution ratio, it is proposed to propose to the shareholders' meeting to authorize the Chairman of the Board of Directors to make adjustment at his discretion.
- (4) The chairman is authorized to decide the record date, distribution date or other related matters of shareholders' dividends after the resolution of the shareholders' meeting is passed.

**Resolution:**

### 2. (Proposed by the Board of Directors)

**Proposal:** Amendment to the Company's Articles of Incorporation

**Explanation:**

- (1) Proposal for an amendment to the Company's Articles of Incorporation in order to meet the legal requirements to set up an audit committee.
- (2) A copy of the Comparative Table for the Current and Amended Articles of Incorporation is attached in the Meeting Agenda, pp. [35 ] (Attachment 4)

**Resolution:**

### 3. (Proposed by the Board of Directors)

**Proposal:** Amendment to the Rules of Procedure for Shareholders' Meetings

**Explanation:**

- (1) Proposal for an amendment to the Rules of Procedure for Shareholders' Meetings in order to meet the legal requirements to set up an audit committee.
- (2) A copy of the Comparative Table for the Current and Amended Rules of Procedure for Shareholders' Meetings is attached in the Meeting Agenda, pp. [36~52 ] (Attachment 5)

**Resolution:**

### 4. (Proposed by the Board of Directors)

**Proposal:** Amendment to the Operational Procedures for Acquisition and Disposal of Assets

**Explanation:**

- (1) Proposal for an amendment to the Operational Procedures for Acquisition and Disposal of Assets in order to meet the legal requirements to set up an audit committee.
- (2) A copy of the Comparative Table for the Current and Amended Operational Procedures for Acquisition and Disposal of Assets is attached in the Meeting Agenda, pp. [ 53~59 ] (Attachment 6)

**Resolution:**

## VI. Extraordinary Motions

## VII. Adjournment

