Stock Code: 4755

SAN FU CHEMICAL CO., LTD.

Handbook for the 2024 Annual Shareholders' Meeting

Meeting Time: June 12, 2024

Place: 3F, No.9, Section 1, Nanjing East Road, Taipei City

Okura Prestige Taipei Hotel (Nikko Reception Hall #2)

I. Meeting Procedure

1. Call the Meeting to Order
2. Chairman’s Remarks
3. Report Items
4. Proposals and Resolutions
5. Election Matters
6. Discussion Items
7. Extraordinary Motions
8. Adjournment

II. Meeting Agenda

SAN FU CHEMICAL CO., LTD.
Year 2024
Agenda of Annual Shareholders' Meeting

Method of Convening: Physical Shareholders' Meeting

Meeting Time: 09:00 a.m. June 12, 2024 (Wednesday)

Place: 3F, No.9, Section 1, Nanjing East Road, Taipei City
Okura Prestige Taipei Hotel (Nikko Reception Hall #2)

1. Call the Meeting to Order
2. Chairman's Remarks
3. Report Items
   (1) 2023 Business Report
   (2) The Audit Committee Review Report
   (3) Adoption of the proposal for distribution of 2023 dividends to shareholders
   (4) Adoption of the proposal for distribution of 2023 Remuneration of Directors 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
   (6) Proposal for Amendments of the Rules and Procedures for Meeting of Board of Directors
4. Proposals and Resolutions
   (1) Adoption of the 2023 Business Report and Financial Statements
   (2) Adoption to the Proposal for Distribution of 2023 Profits
5. Election Matters
   (1) Election of the 9th term of Directors
6. Discussion Items
   (1) Proposal for issuance of cash dividends from capital reserve
   (2) Proposal for Amendment of the Article of Incorporation
   (3) Proposal to facilitate the plan for application for registration as one of the TWSE/ TPEx listed Companies by the Company's subsidiary "San Fu Biotech Co., Ltd.", the Company may proceed with the disposal of the subsidiary's shares and give up participation in the cash capital increase plan of the subsidiary Company
   (4) Proposal for Release the Prohibition on Directors from Participation in Competitive Business
7. Extraordinary Motions
8. Adjournment

III. Report Items

Report No. 1:
2023 Business Report

Explanation:
The 2023 Business Report is attached as page 10 ~15, (Attachment 1)

Report No. 2:
The Audit Committee Review Report

Explanation:
The Audit Committee Review Report is attached as page 16 (Attachment 2)

Report No. 3:
Adoption of the proposal for distribution of 2023 cash dividend

Explanation:
(1) In accordance with article 28-1 of the Company's Articles of Incorporation, 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) Two Hundred One Million Four Hundred and Twelve Thousand New Taiwan Dollars only (NT$ 201,412,000) shall be appropriated from the distributable earnings, and cash dividends shall be distributed at NT$ 2.0 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:
Adoption of the proposal for distribution of 2023 Remuneration of Directors and Remuneration of Employees

Explanation:
(1) According to the Company's Articles of Incorporation, the amount of remuneration allocated to the directors, supervisors and employees in 2023 is New Taiwan Dollars Eleven Million Six Hundred Twenty-Six Thousand and Two Hundred Only (NT$11,626,200), 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:
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 JGZFZ No. 1010012865 and JGZFZ 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, 2023 is NT$27,056,432, so as to let shareholders know the impact of the adjustment of distributable surplus and the amount of special surplus reserve set forth.

Report No. 6:

Amendment to the Rules and Procedures for Board of Directors' Meeting

Explanation:

Proposal for an amendment to the Rules and Procedures for Board of Directors' Meeting in order to meet the legal requirements to set up an audit committee, a copy of the proposed amendment is attached in the Meeting Agenda, pp. 38~39 (Attachment 4)

IV. Proposals and Resolutions

Proposal 1: (Proposed by the Board of Directors)
Adoption of the 2023 Business Report and Financial Statements

Explanation:
(1) 2023 Company's Business Report, unconsolidated 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 above-mentioned Company's Business Report, Independent Auditor's Report and Financial Statements are attached in the Meeting Agenda, pp. 10 ~15 (Attachment 1) and pp. 17-37 (Attachment 3).
(3) Please acknowledge.

Resolution:

Proposal 2: (Proposed by the Board of Directors)
Adoption to the Proposal for Distribution of 2023 Profits

Explanation:
(1) The Company's after-tax net profit for the year 2023 was NT$444,457,563, less actuarial gains and losses included in retained earnings of NT$1,060,214, the said amount will be set aside according to the law of statutory surplus reserve of NT$44,339,735 and minus the special surplus reserve of NT$27,056,432. After adding the balance amount to the beginning of the current period accumulated undistributed surplus of NT$ 1,993,288,061, its total distributable surplus will be NT$ 2,365,289,243.
(2) With the approval of the Board of Directors, the aforesaid profit distribution plan for 2023 is hereby formulated as follows:

San Fu Chemical Co., Ltd.	
Proposal for Distribution of 2023 Profits	
	Unit: New Taiwan Dollars
Undistributed surplus at the beginning of the period	1,993,288,061
Add: net profit after tax of the current period	444,457,563
Add: actuarial gains and losses included in retained earnings	(1,060,214)
Adjusted undistributed surplus	2,436,685,410
Less: 10% statutory surplus reserve	(44,399,735)
Less: allocated special surplus reserve	(27,056,482)
Distributable surplus	2,365,289,243
Distributable Items	
Less: dividend of shareholders (Note)	(201,412,000)
Undistributed surplus at the end of the period	2,163,877,243

Note: Distribution of cash dividend at NT$2.0 per share is recommended

Chairman: Manager: Chief accountant:

Resolution:

V. Election Matters

Proposal 1: (Proposed by the Board of Directors)
Proposal for election of the 9th term of Directors

Explanation:

1. The term of office of the Company's 9th directors (including independent directors) will expire on July 4, 2024. In order to cooperate with the Company's 2024 annual shareholders' meeting, the current directors (including independent directors) agree to be elected at this annual shareholders' meeting and their positions shall be dismissed after the new directors (including independent directors) have been elected.

2. According to Article 18 of the Company's Articles of Incorporation, "The Company shall have 5 to 9 directors", the election this time is based on a candidate nomination system. It is planned to elect 9 directors including 3 independent directors, who will be appointed by the shareholders from the candidate list. The qualifications of independent directors and other matters to be complied with shall be handled in accordance with relevant laws and regulations.

3. The newly appointed directors (including independent directors) will take office immediately after the conclusion of the 2024 annual shareholders' meeting and will serve a term of three years, from June 12, 2024 to June 11, 2027. The current directors will resign immediately after the conclusion of this shareholders' meeting.

4. This election shall be conducted in accordance with the Company's Rules and Proceduress for Election of Directors.

5. The List of Candidates Nominated for the 9th Term of Board has been approved by the Board of Directors of the Company on May 2, 2024. The relevant List of Candidates Nominated can be found on pages 40-42 of this Handbook (Attachment Five).

Election results:

VI. Discussion Items

Proposal 1: (Proposed by the Board of Directors)
Proposal for issuance of cash dividends from capital reserve

Explanation:

(1) It is proposed to allocate NT$151,059,000 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$1.5 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:

Proposal 2: (Proposed by the Board of Directors)
Proposal for amendment of the Company's Articles of Incorporation

Explanation:

(1) In order to comply with the future organizational planning of the Company and relevant laws and regulations, it is proposed to amend certain articles of the Company's "Articles of Incorporation."

(2) A comparative table of the current and amended articles is available on page 43 of this handbook (Attachment 6).

Resolution:

Proposal 3: (Proposed by the Board of Directors)
Proposal to facilitate the plan for application for registration as one of the TWSE/ TPEx listed Companies by the Company's subsidiary "San Fu Biotech Co., Ltd.", the Company may proceed with the disposal of the subsidiary's shares and give up participation in the cash capital increase plan of the subsidiary Company

Explanation:

(1) In order to support the operational development of the subsidiary, San Fu Biotech Co., Ltd. (hereinafter referred to as "San Fu Biotech "), attract and retain necessary professional talents, integrate resources to improve operational performance, and comply with the regulations for applying for listing of stocks, when San Fu Biotech is registered as one of the TWSE/ TPEx listed Companies, the Company, its subsidiaries, directors, supervisors, representatives, shareholders and their related parties holding shares of San Fu Biotech, totaling more than 10% of the total issued shares at the time of listing, shall not exceed 70% of the total issued shares. In order to plan for future listing of stocks and to maintain the Company's control over San Fu Biotech above 50%, it is proposed to seek approval to dispose of shares of San Fu Biotech before its approval to be listed on the TWSE/ TPEx stock exchange markets.

1: Abandoning Subscription to San Fu Biotech 's issuance of common stocks for cash
San Fu Biotech 's pricing for issuance of stocks for cash should not be lower than the net asset value per share of the most recent audited or reviewed financial statements by an accountant approved by the Board of Directors prior to the cash capital increase resolution. Considering the operational development of San Fu Biotech, attracting and retaining professional talents to enhance operational performance, in addition to legally reserving 10-15% of the cash capital increase shares for subscription by San Fu Biotech and employees of controlling or subsidiary companies meeting certain conditions, the Company may abandon the subscription of San Fu Biotech 's cash capital increase shares. These shares will be subscribed by all shareholders of the Company according to their shareholding proportions. In case of insufficient subscription or abandonment of subscription by the Company's shareholders, when San Fu Biotech negotiates subscription with specific individuals, priority shall be given to employees and management teams of the Company and its affiliates, as well as investors beneficial to the operational development of San Fu Biotech. San Fu Biotech 's Board of Directors shall determine the actual issuance price, number of shares, negotiation with specific individuals, and operational schedule based on market conditions and the Company's operational situation.

2: Cooperating with San Fu Biotech 's Application for Registration to be listed on the Emerging Stock Market or on the TWSE/ TPEx stock exchange markets:
The Company shall allocate shares for subscription by securities firms and oversubscription in accordance with relevant laws and regulations, as well as the regulations related to registration to be listed on the Emerging Stock Market or on the TWSE/ TPEx stock exchange markets. The number and price of shares allocated shall be jointly agreed upon by the Company, based on relevant laws and regulations, market conditions at the time, and the operational situation of San Fu Biotech, in consultation with the underwriter.

(2) The matters related to the abandonment of subscription to San Fu Biotech 's issuance of stocks for cash and allocation of shares, as mentioned above, are proposed to be submitted to the shareholders' meeting for resolution to authorize the Board of Directors to handle the subsequent allocation of shares and to jointly determine the price with the underwriter based on the market conditions and operational situation at that time.

(3) The aforementioned matters related to the allocation of shares for San Fu Biotech and the abandonment of subscription to cash capital increase have been approved by the Audit Committee and subsequently approved by the Board of Directors. It is proposed to seek authorization from the shareholders' meeting for the Board of Directors of the Company to handle these matters with full authority.

Resolution:

Proposal 4: (Proposed by the Board of Directors)
Proposal for Release the Prohibition on Directors from Participation in Competitive Business

Explanation:

(1) Pursuant to Article 209, Paragraph 1 of the Company Act, which states that "Directors, for themselves or others, engaging in activities within the Company's scope of the business shall explain the important content of their actions to the shareholders' meeting and obtain its permission."

(2) If any of the directors newly elected at the 2024 annual shareholders' meeting engage in investment or operation of activities similar or identical to the Company's, and such activities do not harm the interests of the Company, it is proposed to seek approval from the shareholders'

meeting to release the non-competition restrictions on such directors and their representatives.

(3) The list of candidates of directors nominated and their concurrent positions for the proposed release the non-competition restrictions are detailed in the accompanying documentation.

Title	Name	Positions Concurrently Held at the Company or Other Companies
Director	Wu Hsin-Hung	Director International Nitto Technology Co., Ltd. Director, Hong Cheng Enterprise Corp. Chairman, Li Fu Carbonic Acid Corp. Director, San Fu Global Ltd. Director, Fangda Investment Corp. Director, Beimin Corp. Chairman, San Fu Biotech Co., Ltd.
Director	San Fu Global Ltd Representative: - Zhang Chun-Ming	Chairman, San Fu Global Ltd. Director, Air Products San Fu Co., Ltd.
Director	Tsai, Chieh Jung	Director, San Fu Biotech Co., Ltd. Chairman, International Nitto Technology Co., Ltd. Director, Li Fu Carbonic Acid Corp.
Director	Su Tian-Bao	General Manager, and Director, International Nitto Technology Co., Ltd. Director, San Fu Biotech Co., Ltd Director, Shanghai San Fu Ming Electronic Materials Co., Ltd.
Director	Liang Guo-Yuan	Director,Yuanta Commercial Bank Independent Director of ARTERY Technology
Director	Zhang Yi-Zong	Chairman, Real Green Foods Corporation Director, Fangda Corporation Director, Fangchun Trading Corporation Director, Jinmingcheng Corp. Director, Fulu Culture Foundation Director, San Fu Global Ltd. Director, Air Products San Fu Co., Ltd. Director, Li Fu Carbonic Acid Corp. Director, Beaming Co., Ltd. Director,Versum Materials Taiwan Co., Ltd. Director, Biorich Biotech Technology Co., Ltd. Director, Green TFL Co., Ltd
Independent Director	Wu Dong-Ming	Chairman, Taiwan Fuhbic Corporation Vice Chairman, Shin Kong Financial Holding Co., Ltd. Chairman, Xinming Enterprise Corporation Chairman, Xinli Enterprise Corporation
Independent Director	Hsieh, Yong-Fen	Chairman and General Manager of Materials Analysis Technology Inc. (MA-Tek) Chairman of MA-tek Testing (Shanghai) Co., Ltd. Chairman of Yake Technology Consulting (Co., Ltd.) Chairman of MA-Tek (Xiamen) Co., Ltd. Chairman of MA-Tek Education Consulting (Xiamen) Co., Ltd. Chairman of MA-TEK USA Chairman of Workflow Enhancement Technology Inc. Chairman of Ya Sih Technology Chairman MA-tek Testing (Suzhou) Co., Ltd.

Resolution:

VI. Extraordinary Motions

VII. Adjournment