



Stock Code  
(TWSE)  
4766

# **Nan Pao Resins Chemical Co., Ltd.**

## **Handbook for the 2018 General Shareholders' Meeting**

**Meeting time: 10 a.m., June 14, 2018**

**Venue: Nan Pao Meeting Room, No. 12, Nanhaipu, Nanhai Vil.,  
Xigang Dist., Tainan City**

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# **Chapter I. Meeting Procedures**

- I. Call the Meeting to Order
- II. Chairman's remarks
- III. Management Presentation
- IV. Proposals
- V. Discussions
- VI. Motions
- VII. Adjournment

## **Chapter II. Meeting Agenda**

Meeting time: 10 a.m., June 14, 2018

Venue: Nan Pao Meeting Room, No. 12, Nanhaipu, Nanhai Vil., Xigang Dist.,  
Tainan City

Chair: Chairman Wu, Cheng-Hsien

### **I. Management Presentation**

1. 2017 Business Report
2. The Company's 2017 Audit Committee Review Report.
3. Employees and Directors' Remuneration Distribution Report for 2017
4. Established the Company's "Code of Ethical Conduct"

### **II. Proposals**

1. Proposal for Adoption of 2017 Business Report and Financial Statements
2. Proposal for recognition of the distribution of 2017 net income

### **III. Discussion**

Amendments of the Company's "Rules of Procedure for the Shareholders' Meeting."

### **IV. Motions**

### **V. Adjournment**

## **I. Management Presentation**

### **Motion One**

Purpose: To report on the Company's 2017 Business Report.

Explanation: Please refer to Attachment 1 on Page 6 of the Handbook for the Company's 2017 Business Report.

### **Motion Two**

Purpose: To report on the Company's 2017 Audit Committee Review Report.

Explanation: Please refer to Attachment 2 on Page 7 of the Handbook for the 2017 Annual Financial Reports by the Audit Committee.

### **Motion Three**

Purpose: To report on Employee and Director Remuneration Status in 2017.

Explanation: (1) Pursuant to Article 25 of the Company's Articles of Association, the Company allocates 2% to 6% of employee remuneration and no more than 3% of directors' compensation after deducting the portions of employee and directors' remuneration from the pretax profit of the year.

(2) The Company proposes to distribute NT\$ 35 million as employee's remuneration and NT\$ 18 million as directors' compensation for 2017. All payout will be in cash.

### **Motion Four**

Purpose: Establishment of the Company's "Code of Ethical Conduct."

Explanation: For the behaviors of Company directors and managers to comply with ethical standards and for Company stakeholders to better understand the Company's ethical standards, the Company has established "Code of Ethical Conduct" in accordance with Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies. Please refer to Attachment 3 of the Handbook.

## **II. Proposals**

### **Motion One**

Subject: Adoption of the 2017 Business Report and Financial Statements.

Explanation: (1) The Company's 2017 Financial Statements have been reviewed by CPA Liao, Hung-Ju and CPA Kung, Jun from Deloitte Taiwan and a Report of Unqualified Opinion has been issued. Please refer to Attachment 4 of the Handbook on Pages 10 to 29.

(2) The Board of Directors has passed the resolution for the aforementioned financial statements on April 12, 2018. Therefore, the financial statements and the Business Report are presented to the Shareholders' Meeting for adoption.

Resolution:

### **Motion Two**

Subject: Adoption of the 2017 Appropriation of Net Income.

Explanation: (1) the Company's profit after tax had been NT\$881,874,696. The Company proposes to draft Disposition of Net Income pursuant to Article 26 of the Company's Articles of Association. Please refer to Attachment 5 on Page 30 of the Handbook.

(2) The Company proposes to pay a cash dividend of NT\$5 per share, and cumulative cash dividend payout will be NT\$543,103,900.

(3) After adoption from the Shareholders' Meeting, the Board of Directors will be delegated to establish the base date for dividend payment, payout date, and relevant subsequent matters.

(4) The appropriation of net income is based on the number of outstanding Company shares on the date of the Board of Directors' resolution. If subsequent changes occur to the number of outstanding Company shares due to various circumstances, the Company proposes for the Shareholders' Meeting to delegate the Board to handle all relevant matters.

Resolution:

### **III. Discussion**

**(Proposed by the Board of Directors)**

Subject: Amendment of the Company's "Rules of Procedure for the Shareholders' Meeting."

Explanation: To comply with development trends in international corporate governance, the Company has established an Audit Committee and proposed to amend certain Articles in the Company's "Rules of Procedures for the Shareholders' Meeting." Please refer to Attachment 6 for a table of comparison on the Articles before and after the amendments on Pages 31 to 32 of the Handbook.

Resolution:

### **IV. Motions**

### **V. Adjournment**



**Chapter III.    Attachments**  
**Attachment 1**

**Attachment 2**

## Attachment 3

### **Nan Pao Resins Chemical Co., Ltd. Code of Ethical Conduct**

1. Purpose: To establish a positive behavioral model in the Company and to help all interested parties better understand the ethical standards, for compliance purpose, the Code of Ethical Conduct has been established in accordance with the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies.
2. Boundaries: Company directors and managers, including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company.
- 3: Definition: None.
- 4: Obligation: None.
- 5: Contents:
  - 5.1 Preventing Conflicts of Interest
    - 5.1.1 Directors and managers shall perform their duties in an objective and efficient manner, and to prevent personal interest from intervening or to possibly intervene the overall interest of the Company, leading to conflicts of interests. Directors and managers shall avoid using the advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship.
    - 5.1.2 The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the aforementioned persons.
  - 5.2 Minimizing incentives to pursue personal gain

When the Company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company, and refrain from the following:

    - a. Plan to obtain personal gains by using Company assets, Company information, or their role in the Company;
    - b. Obtain personal gains by using Company assets, company information, or their role in the Company.
    - c. Compete with the Company.
  - 5.3 Obligation to Confidentiality

The directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.
  - 5.4. Fair Trade

Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

5.5. Safeguarding and proper use of Company assets

All directors and managerial officers have the responsibility to safeguard Company assets and to ensure that they can be effectively and lawfully used for official business purposes and to prevent theft, negligence in care, or the waste of assets from directly impacting the Company's profitability.

5.6. Compliance

All directors and managerial officers shall strengthen their compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

5.7. Encouraging reporting on illegal or unethical activities:

The Company shall raise awareness of ethics internally and encourage employees to report to a Company director, managerial officer, chief internal auditor, or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct. The Company has established in place the "Internal and External Reporting Handling Procedures," and the Company shall do its best to maintain the confidentiality of the whistleblower's identity and to protect the person's safety from possible revenge or threat.

5.8. Disciplinary measures

When a director or managerial officer violates the code of ethical conduct, the Company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. For remedial actions, in case the violator believes that the disciplinary measures were inappropriate, leading to the infringement of the violator's legal rights, the violator may report grievances through the Grievance Reporting Procedures.

5.9. Procedures for exemption

Any exemption for directors or managerial officers from compliance with the Code be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of Independent Directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the Board resolution to forestall any arbitrary or dubious exemption from the Code, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

5.10. Measure of disclosure

This Code of Ethical Conduct is disclosed in the Company's website, Annual Report, prospectus, and the MOPS. The same applies to all amendments.

6. Attachments: None.

7. References: None.

8: Amendments:

8.1 Version 1.0 published on April 5, 2017

8.2 Version 1.1 published on December 21, 2017

8.3 Board of Directors passed the resolution for amendments on March 20, 2018. Version 2.0 is immediately in effect and reported to the Shareholders' Meeting on June 14, 2018.

**Attachment 4**  
**(1) Consolidated Financial Statements**





















**(2) Individual Financial Statements**























**Attachment 5**

## Attachment 6

### Nan Pao Resins Chemical Co., Ltd.

#### Comparison Table of Amended Articles for the Rules and Procedures of Shareholders Meeting

Sequence number of the Article	Amended (Version 1.1) Articles	Original (Version 1.0) Articles	Description of amendment
5.1	Unless otherwise provided by regulations, Shareholders' Meeting is convened by the Board of Directors.	Unless otherwise provided by regulations, Shareholders' Meeting is convened by the Board of Directors. The date, venue, purpose for convening the meeting, and motions shall be notified to each shareholder before 20 days before the date of a General Shareholders' Meeting, and 10 days before the date of a Special Shareholders' Meeting.	(Deleted regulations before public issue)
5.1.1.	The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting.....	<del>After public issue, the Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting.....</del>	Articles related to supervisors are amended in response to the establishment of an Audit Committee.
5.1.3.	Election or dismissal of directors, amendments to the Articles of Association, the dissolution, merger, or demerger of the Company, or any matter under Article 185, Paragraph 1 of the	Election or dismissal of directors, supervisors, amendments to the Articles of Association, the dissolution, merger, or demerger of the Company, or any matter under Article	Articles related to supervisors are amended in response to the establishment of an Audit Committee.

Sequenc e number of the Article	Amended (Version 1.1) Articles	Original (Version 1.0) Articles	Description of amendment
	Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.	185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.	
5.4.3.	This Company shall give each attending shareholder the meeting manual, annual report, attending pass, speech note, voting ballot, and other meeting information. When director election is to be conducted, the corresponding ballot shall also be attached.	This Company shall give each attending shareholder the meeting manual, annual report, attending pass, speech note, voting ballot, and other meeting information. When the director or supervisor election is to be conducted, the corresponding ballot shall also be attached.	Articles related to supervisors are amended in response to the establishment of an Audit Committee.
5.5.2.	The Shareholders' Meeting convened by the Board of Directors shall be presided over by the Chairperson in personal and more than half of the Board of Directors and at least one member of each of functional committees shall attend in person. The attendance record shall be documented in the Shareholders' Meeting minutes.	The Shareholders' Meeting convened by the Board of Directors shall be presided over by the Chairperson in personal and more than half of the Board of Directors, at least one seat of the supervisors, and at least one member of each of functional committees shall attend in person. The attendance record shall be documented in the Shareholders' Meeting minutes.	Articles related to supervisors are amended in response to the establishment of an Audit Committee.
5.12.	Election of directors at a Shareholders' Meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced	Election of directors at a Shareholders' Meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced	Articles related to supervisors are amended in response to the establishment of an Audit Committee.

Sequence number of the Article	Amended (Version 1.1) Articles	Original (Version 1.0) Articles	Description of amendment
	on-site immediately, including the names of those elected as directors and the numbers of votes each of them received.	on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes each of them received.	
8.	Amendments: ..... 8.2. The Board of Directors passed the resolution for amendments on March 20, 2018. Version 1.1 is implemented upon resolution from the Shareholders' Meeting on June 14, 2018.	Amendments: .....	Added the latest date of amendment.

# Chapter IV. Appendix

Attachment 1

## **Nan Pao Resins Chemical Co., Ltd.** **Rules and Procedures of Shareholders Meeting**

Resolution passed and established by the Shareholders Meeting on June 27, 2014

1. Purpose: To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
2. Boundaries: The rules of procedures for this Company's shareholders' meetings, except as otherwise provided by law, regulation, or the Articles of Association, shall be as provided in these Rules.
3. Definition: None.
4. Obligation: None.
5. Contents:
  - 5.1. Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors. The date, venue, purpose for convening the meeting, and motions shall be notified to each shareholder before 20 days before the date of a General Shareholders' Meeting, and 10 days before the date of a Special Shareholders' Meeting.
    - 5.1.1. The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. In addition, before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company's and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
    - 5.1.2. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
    - 5.1.3. Election or dismissal of directors or supervisors, amendments to the Articles of Association, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.
    - 5.1.4. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal

containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

5.1.5. Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

5.1.6. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in the discussion of the proposal.

5.1.7. Prior to the date for issuance of the notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the shareholders' meeting, the Board of Directors shall explain the reasons for the exclusion of any shareholder proposals not included in the agenda.

5.2 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

5.2.1 A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.

5.2.2 After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

5.3. The venue for a shareholders' meeting shall be the premises of the Company, 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. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

5.4. The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

5.4.1. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

5.4.2. The Company 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.

5.4.3. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

5.4.4. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of

attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

5.4.5. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as the proxy, it may designate only one person to represent it in the meeting.

5.5. 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 chairperson shall appoint a director 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.

5.5.1. When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

5.5.2. It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairperson of the Board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

5.5.3. If a shareholders' meeting is convened by a party with the power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

5.5.4. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting.

5.6. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

5.6.1. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

5.7. Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

5.7.1 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 and the attending shareholders still represent less than a third of the total number of issued shares, the Chair shall declare the meeting adjourned.

5.7.2 If the quorum is not met after two postponements as referred to in the preceding paragraph, 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; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.



5.7.3. When, prior to the 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.

5.8. 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.

5.8.1 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.

5.8.2. 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. If the Chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new Chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

5.8.3 The Chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; 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.

5.9 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.

5.9.1 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.

5.9.2. 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.

5.9.3. 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.

5.9.4. After an attending shareholder has spoken, the Chair may respond in person or direct a relevant personnel to respond.

5.10. Voting at a shareholders' meeting shall be calculated based the number of shares.

5.10.1 With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

5.10.2. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as the proxy for any other shareholder.

5.10.3. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

5.10.4. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

5.11. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

5.11.1. When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

5.11.2. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

5.11.3. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

5.11.4. Except as otherwise provided in the Company Act and in the Company's Articles of Association, 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 a vote, for each proposal, the Chair or a person designated by the Chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

5.11.5. When there is an amendment or an alternative to a proposal, the Chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one of them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

5.11.6. 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 the Company.

- 5.11.7. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- 5.12. The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.
- 5.12.1. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- 5.13. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
- 5.13.1. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
- 5.13.2. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.
- 5.14. On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by the proxies and shall make an express disclosure of the same at the place of the shareholders' meeting.
- 5.14.1. If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.
- 5.15. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- 5.15.1. 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."
- 5.15.2. At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the Chair may prevent the shareholder from so doing.
- 5.15.3. When a shareholder violates the rules of procedure and defies the Chair's correction, obstructing the proceedings and refusing to heed calls to stop, the Chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- 5.16. When a meeting is in progress, the Chair may announce a break based on time considerations. If a force majeure event occurs, the Chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- 5.16.1. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another

venue.

5.16.2. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

5.17. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

6. Attachments: None.

7. References: None.

8. Amendments:

8.1. Version 1.0 established upon resolution from the Board of Directors meeting on May 16, 2014.

## **Nan Pao Resins Chemical Co., Ltd.**

### **Articles of Association**

Established upon resolution from the Special Shareholders' Meeting on December 12, 2017.

#### **Section II: General Provisions**

- Article 1     The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be Nan Pao Resins Chemical Co., Ltd.
- Article 2     The Company undertakes the following businesses:  
1. C801060 Synthetic rubber manufacturing  
2. C801100 Synthetic resin and plastic manufacturing  
3. C802120 Industrial catalyst manufacturing  
4. C802200 Coating, paint, dyeing and dyestuff manufacturing  
5. ZZ99999 Business items not prohibited or restricted by law except those requiring special approval
- Article 3     The Company shall have its head office in Tainan City, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up subsidiaries, branch offices, or factories within or outside the territory of the Republic of China when deemed necessary.
- Article 4     The total amount of the Company's reinvestment shall not be subject to the restriction of not exceeding 40% of its paid-in capital, and the Company may act as a guarantor.

#### **Section II: Shares**

- Article 5     The total capital amount of the Company shall be two billion New Taiwan Dollars, divided into 200 million shares, at a par value of NT\$10 per share, and may be issued separately by the Board of Directors based on actual needs. An amount of NT\$80 million out of the aforesaid capital is reserved to be served as subscription warrants for employees.
- Article 6     All of the shares issued by the Company shall be name-bearing and signed or sealed by at least three of the Company's Directors. Shares can be issued by the competent authority or the competent authority's approved share-issuing institution after the shares are recorded. The Company may issue shares without printing share certificate(s) but shall have the shares registered with the Taiwan Depository & Clearing Corporation.
- Article 7     All changes made to the list of shareholders shall be halted sixty days prior to an upcoming General Shareholders' Meeting, thirty days prior to a Special Shareholders' Meeting, or five days prior to the base date before the Company issues dividends, bonuses, or other interests.

#### **Section III: Shareholders' Meeting**

- Article 8     Shareholders' meeting shall be of two types, namely general and special shareholders' meeting. The former shall be convened once a year within six months after the close of each fiscal year and the latter shall be convened whenever necessary in accordance with laws.
- Article 9     When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. The method of exercise shall be processed in accordance with relevant laws.

In case a shareholder is unable to attend a shareholders' meeting in person, the shareholder may appoint a proxy to attend the shareholders' meeting on behalf by providing a signed and stamped letter of appointment of representation in the format provided by the Company, stating the scope of authorization.

In addition to compliance with Article 177 of the Company Act, the Company shall make arrangements in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies" promulgated by the competent authority.

Article 10 Shareholders Meeting shall be convened the Board of Directors and 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 Chairperson shall appoint a director 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 11 Unless otherwise stated by the law, each share of the Company holds 1 voting right for the Company's shareholders.

Article 12 Except as otherwise provided by the law, a resolution made at a shareholders' meeting shall be adopted at a meeting attended by shareholders representing a majority of the total number of shares issued and at which holds a majority of the votes held by the shareholders present shall be cast in favor of such resolution.

Article 13 The resolutions made in a shareholders' meeting shall be recorded in the minutes and shall be handled in accordance with Article 183 of the Company Act.

Article 14 After public listing, the termination of the Company's ceases of being a public company is subject to the resolution of the Board of Directors and approval from the shareholders' meeting.

#### Section IV: Board of Directors

Article 15 The meeting of the Board of Directors shall be held at least once every quarter. In convening a meeting of the Board of Directors, a notice indicated the purpose(s) for convening the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of urgency, the meeting may be convened at any time.  
The notice may also be affected by written correspondence or by electronic transmission.

Article 16 Regardless of whether the Company makes profits or suffers loss, the Company may pay the directors the remunerations for their performance of their duties. The Board of Directors is authorized to determine such remunerations based on the extent of involvements of the Company's operation and the value of the contribution of the directors and the normal rate adopted by other companies in the same industry, but shall be subject to the top level of salary stipulated in the Company's Procedure of Compensation Management.

Article 17 The Company shall have five to nine directors to be elected at a shareholders' meeting through candidates nominating system from the nominees listed to serve a term of three years. A director may be re-elected. The Company may purchase liability insurance for its directors, within the scope of business during their term of office. The aforesaid Board of Directors must have at least three or one-fifth of all directors, whichever is higher, independent directors. The independent directors are to be elected at a shareholders' meeting from the list of nominees for independent directors. In accordance with the Securities and Exchange Act, the professional

qualifications, shareholding, prohibition on positions held at other companies, nomination and selection process and other matters of the Company's independent directors, are processed under relevant legal regulations.

Article 18 The Company shall set forth the Audit Committee due to operating needs, in accordance with the Securities and Exchange Act. The Audit Committee shall be comprised of all independent directors and its members shall be no less than three persons. The Audit Committee shall be responsible for performing the power of supervisors as provided in the Company Act, the Securities and Exchange Act and other relevant laws and regulations stipulated for supervisors. Supervisors have been abolished on the date of establishment of the Audit Committee. Regulations pertaining to supervisors in the Articles are therefore no longer in effect.

Article 19 The Chairperson of the Board shall be elected from among the directors by the majority of directors present at a meeting attended by more than two-thirds of directors. The Chairperson shall perform all his/her duties in accordance with laws and regulations, the Articles of Associations, resolutions adopted at shareholders' meetings and the Board of Directors. When the Chairperson of the Board is on leave or for any reason is unable to exercise the powers of the chairperson, one of the directors shall be appointed to act as the Chair by the Chairperson. Where the Chairperson does not make such appointment, directors shall elect one person from among themselves to serve as Chair.

Article 20 Operational policy of the Company and any other material subject matters should be determined by the Board of Directors. Except for the first meeting of the Board of Directors of every new term, which shall be convened pursuant to Article 203 of the Company Act, all other meetings of the Board of Directors shall be convened by the Chairperson of the Board of Directors. When the Chairperson is on leave for any reason, attending directors shall elect one person from among themselves to serve as chair

Article 21 Directors shall attend Board meetings in person. If a director is unavailable to attend a meeting in person, the director may issue a proxy specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting. Directors attending via video conference will be deemed as having attended in person. The resolutions of the Board of Directors meeting shall be made into minutes, be signed and sealed by the Chair, and be distributed to all directors within 20 days after the meeting. The minutes shall record a summary of the essential points of the proceedings, the method of adopting resolutions and the results of the meeting. The minutes, together with the attendance list and proxy, shall be filed and kept at the Company.

Article 22 The Company shall set forth the Audit Committee, which comprises of all the independent directors, in accordance with the Securities and Exchange Act. The duties of the supervisory board stipulated by the Company Act, Securities, and Exchange Act and other legal requirements for supervisors shall be performed by the Audit Committee. The number, duration of term, responsibilities, rules of procedures, and resources to be provided by the Company during fulfillment of obligations of the Audit Committee shall be separately stipulated under the "Audit Committee Charter" in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

## Section V: Managers

- Article 23 The Company may have managers whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

## Section VI: Accounting

- Article 24 After the close of each fiscal year, the Board of Directors shall prepare the following documents and submit the same to the general shareholders' meeting for acceptance:
- (1) Business Report
  - (2) Financial statements.
  - (3) Proposal for profit distribution or loss makeup.

- Article 25 The Company allocates 2% to 6% of employee remuneration and no more than 3% of directors' compensation after deducting the portions of employee and directors' remuneration from the pretax profit of the year. In the case of accumulated losses, the Company shall set aside a specific amount towards the losses and then distribute the compensation to the employees and directors as per the above percentage. Employee's remuneration may be distributed in shares or cash, and the counterparty to whom shares or cash are distributed as employee's remuneration may include the employees of its subordinate companies that meet certain criteria. Distribution of directors and employees' compensation shall be undertaken by a resolution adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors, and a report of such distribution shall be submitted to the shareholders' meeting. The aforementioned compensations for directors and supervisors have been renamed as a bonus to directors upon establishment of the Audit Committee.

- Article 26 If undistributed revenue is present after the closing of the fiscal year, the Company shall distribute the earnings in the following order:
1. Income tax payment.
  2. Offsetting losses in previous years.
  3. Appropriating 10% toward the legal capital reserve.
  4. Other special surplus reserve recognized or reversed in accordance with laws and regulations or supervisory authorities.
  5. A proposal for the distribution of the remaining earnings, plus the accumulated undistributed earnings will be drawn up by the Board of Directors for the approval by the shareholders' meeting.
- As the Company is in a stage of robust growth, after taking into account of the Company's current and future development plan, the dividend policy of the Company is to set aside no less than 10% of distributable earnings as shareholders' dividends and bonuses. Dividends may be distributed by way of the combination of cash dividend and stock dividend, in which cash dividend may be 20% to 100%, with stock dividend ranging from 0% to 80% of the total dividends. However, to maintain the profitability of Company shares, in consideration of the effects of dividends on the Company's business performance, if EPS has declined by more than 20% YoY in the year of dividend distribution, the Board of Directors shall draw up an earnings distribution plan and appropriately adjust the amount and ratio of dividend payout, and dividend payout will be processed upon approval from the shareholders' meeting.

## Section VII: Supplementary Provisions

- Article 27 The internal organization of the Company and the detailed procedures of business



operation shall be determined by the Board of Directors.

Article 28 In regard to all matters not provided for in these Articles of Association, the Company Act or other laws and regulations shall govern.

Article 29 These Articles of Association were enacted on August 30, 1963, and amended on October 5, 1966 for the first time; on September 21, 1968 for the second time; on June 14, 1971 for the third time; on March 15, 1972 for the fourth time; on March 25, 1973 for the fifth time; on September 27, 1974 for the sixth time; on January 11, 1975 for the seventh time; on December 16, 1975 for the eighth time; on October 20, 1976 for the ninth time; on December 15, 1976 for the tenth time; on November 8, 1978 for the eleventh time; on September 18, 1979 for the twelfth time; on August 30, 1980 for the thirteenth time; on September 23, 1981 for the fourteenth time; on August 20, 1982 for the fifteenth time; on June 23, 1983 for the sixteenth time; on August 20, 1984 for the seventeenth time; on June 27, 1985 for the nineteenth time; on November 1, 1985 for the twentieth time; on May 31, 1986 for the twenty-first time; on April 8, 1987 for the twenty-second time; on October 9, 1987 for the twenty-third time; on May 3, 1988 for the twenty-fourth time; on June 10, 1989 for the twenty-fifth time; on October 12, 1989 for the twenty-sixth time; on April 27, 1990 for the twenty-seventh time; on May 16, 1991 for the twenty-eighth time; on May 4, 1992 for the twenty-ninth time; on June 1, 1993 for the thirtieth time; on June 29, 1994 for the thirty-first time; on May 30, 1995 for the thirty-second time; on June 20, 2000 for the thirty-third time; on December 11, 2000 for the thirty-fourth time; on June 25, 2001 for the thirty-fifth time; on June 27, 2002 for the thirty-sixth time; on May 21, 2004 for the thirty-seventh time; on May 25, 2004 for the thirty-eighth time; on June 28, 2005 for the thirty-ninth time; on June 27, 2006 for the fortieth time; on July 21, 2006 for the forty-first time; on October 23, 2008 for the forty-second time; on June 27, 2011 for the forty-third time; on June 27, 2014 for the forty-fourth time; on June 27, 2016 for the forty-fifth time; on May 16, 2017 for the forty-sixth time; and on December 12, 2017 for the forty-seventh time.

**Nan Pao Resins Chemical Co., Ltd.**  
**Shareholding Status of all Directors**

Record date: April 16, 2018

Title	Name	Date elected	Number of shares held at the time of appointment		Shares currently held	
			Number of shares	Ratio on shares issued %	Number of shares	Ratio on shares issued %
Chairman	Wu, Cheng-Hsien	106.5.16	455,456	0.44%	448,308	0.41%
Director	Representative of Guang Rong Investment Ltd.: Hsu, Ming-Hsien	106.5.16	8,644,248	8.35%	8,868,132	8.16%
Director	Representative of Guang Rong Investment Ltd.: Liu-Chi-Lin					
Director	Representative of Guang Rong Investment Ltd.: Chang, Kuo-Jung					
Director	Pou Chien Chemical Co., Ltd.	106.5.16	20,789,459	20.09%	21,205,248	19.52%
Independent Director	Yun Chen	106.12.12	0	0.00%	0	0.00%
Independent Director	Yung-Cheng Chiang	106.12.12	0	0.00%	0	0.00%
Independent Director	I-Hsi Lee	106.12.12	0	0.00%	0	0.00%
Total			29,889,163		30,521,688	

Remarks: (1) Total shares issued as of May 16, 2017: 103,490,961 shares; total shares issued as of December 12, 2017, and April 16, 2018: 108,620,780 shares.

(2) Legally-required shares to be held from all Company directors: 8,000,000 shares (shareholding from Independent Directors is not calculated toward the shareholding status of directors). As of April 16, 2018, shareholding from all Company directors account for 30,521,688 shares.

(3) The Company has set up an Audit Committee. Hence, the legally required number of shares to be held by supervisors does not apply.

