

Chung Hwa Pulp Corporation

Articles of Incorporation

Chapter I General Provisions

- Article 1 The Company shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name is 中華紙漿股份有限公司, and Chung Hwa Pulp Corporation in the English language.
- Article 2 The business scope of the Company includes as follows:
- I. A101011 Seedling.
 - II. A201010 Reforestation.
 - III. A201030 Special Forest Business.
 - IV. A202040 Logging.
 - V. A299990 Other Logging Services.
 - VI. C501010 Lumbering.
 - VII. C501030 Plywood Manufacturing.
 - VIII. C501040 Reconstituted Wood Manufacturing.
 - IX. C601010 Pulp Manufacturing.
 - X. C601020 Paper Manufacturing.
 - XI. C601990 Other Paper.
 - XII. C801010 Basic Industrial Chemical Manufacturing.
 - XIII. C805020 Plastic Sheets & Bags Manufacturing.
 - XIV. C114010 Food Additives Manufacturing.
 - XV. CB01010 Machinery and Equipment Manufacturing.
 - XVI. D101050 Cogeneration Business.
 - XVII. F107190 Wholesale of Plastic Sheets & Bags.
 - XVIII. F107200 Wholesale of Chemistry Raw Material.
 - XIX. F107990 Wholesale of Other Chemical Products.
 - XX. F121010 Wholesale of Food Additives.
 - XXI. F207190 Retail of Plastic Sheets & Bags.
 - XXII. F207200 Retail of Chemistry Raw Material.
 - XXIII. F221010 Retail of Food Additives.
 - XXIV. H701010 Residence and Buildings Lease Construction and Development.
 - XXV. H701040 Specialized Field Construction and Development.
 - XXVI. H701060 New County and Community Construction and Investment.
 - XXVII. H701090 Renovation and Maintenance for Urban Renewal.
 - XXVIII. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company has established its headquarters in Hualien County, Taiwan, and opens subsidiaries or branch offices and production/marketing units as needed.
- Article 4 Public announcements of the Company are made pursuant to Article 28 of the Company Act.
- Article 5 The Company can only engage in external guarantees and endorsements of notes with companies, and under circumstances provided in the following:
- I. Operations necessary for the business of the Company and investees.
 - II. Guarantee transactions for another company in the same industry.
- Article 6 The Company's investments in other enterprises is not be subject to the limit of 40 percent of its paid-in capital as imposed by Article 13 of the Company Act.

Chapter II Shares

- Article 7 The total amount of capital of the Company is NT\$13 billion, being divided into 1.3 billion shares of par value NT\$10 per share, and authorizing the board of directors to issue in installments.
- Article 8 The registered share certificates the Company adopts are affixed with signature or seal of three or more directors, indicating thereon the paragraphs of Article 162 of the Company Act, assigned with serial numbers, and duly certified or authenticated by the competent authority or a certifying institution appointed by the competent authority before issuance.
- The Company may be exempted from printing the aforesaid share certificates provided that it shall appoint a centralized securities custody enterprise to make recordation of the issue of such shares.
- Article 9 Upon opening a new account, the shareholder shall supply a specimen chop, where the specimen chop is registered, replaced, lost, destroyed, or upon transfer of stock certificates, registration of change, pledges, and lost reporting procedures, the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by competent authority shall apply.
- Article 10 The original copies and application should be submitted to the Company for the renewal of soiled or mutilated stock certificates; however, when authenticity is beyond recognition, the preceding provision of lost share certificates applies, mutatis mutandis.
- Article 11 Taiwan Depository & Clearing Corporation may request a large par value securities substitute by means of consolidation, in which the costs are borne by the company.
- Article 12 Where the Company processes a shareholder's application to issue replacement stocks due to splits and such split stocks do not exceed 1,000 shares, the company may charge a handling fee, except where the stocks were obtained through inheritance.
- Article 13 The Company shall not handle any requests for transfers of shares within 60 days prior to the regular shareholders' meeting, 30 days prior to the special shareholders meeting, or five days prior to the record date for the distribution of dividends, bonuses or other interests.

Chapter III Shareholders' Meeting

- Article 14 Shareholders' meeting of the Company shall be of the following two kinds: regular meeting of shareholders and special meeting of shareholders.
- I. Regular meeting of shareholders shall be convened within 6 months after close of each fiscal year.
- II. Special meeting of shareholders is held when necessary pursuant to the Company Act.
- Article 15 Convening of regular and special shareholder's meeting shall notify each registered shareholder 30 and 15 days prior to meeting date respectively.
- Article 16 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.
- Article 17 Except in the circumstances set forth in Item 3, Article 157 of the Company, a shareholder shall have one voting power in respect of each share in his/her/its possession.
- The shares shall have no voting power under any of the following circumstances:
- I. The share(s) of a company that are held by the issuing company itself in accordance with the laws.
- II. The shares of a holding company that are held by its subordinate company, where the total number of voting shares or total shares equity held by the holding company in such a subordinate company represents more than one half of the total number of voting shares or the total shares equity of such a subordinate company.
- III. The shares of a holding company and its subordinate company(ies) that are held by another company, where the total number of the shares or total shares equity of that company held by the holding company and its subordinate company(ies) directly or indirectly represents more than one half of the total number of voting shares or the total share equity of such a company.
- Article 17-1 When the Company holds a shareholders' meeting, voting rights of the shareholders shall be exercised in electronic means and may be exercised by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting

notice.

Shareholders exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived their rights with respect to the extempore motions and amendments to original proposals of that meeting.

- Article 18 Shareholders who cannot attend shareholders' meeting may appoint representatives to attend on their behalf by executing a power of attorney printed and issued by the Company, stating clearly the scope of the authorization. When one person is authorized to act as proxy by over two shareholders, the voting rights represented shall not exceed three percent of the total outstanding shares; voting rights exceeded the said limit shall not be counted. Otherwise, the portion of excessive voting power shall not be counted.
- Article 19 The Chairman of the board of directors shall preside the shareholders' meeting unless the Company Act provides otherwise. In case the Chairman of the board of directors is absent for any cause, the Chairman shall designate one of the directors; in the absence of such a designation, the directors shall elect one from among themselves to preside over the meeting.
- Article 20 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall bear the signature or seal of the chairperson of the meeting; and shall be distributed to all shareholders of the company within 20 days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting may be effected by means of electronic transmission. The aforesaid distribution of the minutes of shareholders' meeting may be effected by means of public notice. The minutes shall be kept permanently throughout the existence of the Company; the attendance record bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Chapter IV Directors

- Article 21 The Company shall have seven to thirteen directors. The Board meeting is authorized to approve the number of directors. A candidate nomination system shall be adopted. Candidates shall be nominated and elected at the shareholders' meeting from the list of candidates in accordance with Article 198 of the Company Act. The term of office shall be three years, and the director may be eligible for re-election.
- In the aforesaid quota of directors, independent directors shall be at least three and not less than representing one-fifth of all directors. Regarding other requirements on independent directors including professional qualifications, restrictions on shareholdings and concurrent positions held, determination of independence, method of nomination, and other compliance matters, the Company shall be set forth in accordance with relevant regulations announced by the competent authority for the securities industry.
- Article 21-1 The Company has established an audit committee since the 17th Board of Directors. The audit committee is composed of the entire number of independent directors which shall not be fewer than three persons in number; one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with relevant regulations or the Articles of Incorporation.
- Article 22 The total registered shares owned by all directors shall not be less than the minimum percentage of total issued shares specified in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.
- Article 23 When the number of vacancies reaches one-third of the total number of directors, the board of directors shall call, within 60 days of the date of occurrence, a by-election for directors at a special shareholders' meeting. The term of office for the director to be elected in the by-election shall be limited to the remaining term of office of the former director.
- Article 24 Directors shall organize board meetings in which their duties are performed. A chairman shall be elected from the directors to represent the Company. If the Chairman is unable to perform such duties due to leave of absence or any other reason, the Chairman shall appoint one of the directors to act on the Chairman's behalf. If no delegate is appointed by the Chairman, one shall be elected from among the directors to act on the Chairman's behalf.
- Article 25 The board of directors shall make decisions on pledge of assets to meet the cash flow requirements for business operations.
- Article 26 The notice of board of directors meeting may be effected by means of electronic transmission. Unless

otherwise provided for in the Company Act, resolutions of the board of directors shall be adopted by a majority of the directors present at a meeting attended by a majority of the directors. A director may appoint another director as his/her proxy to attend the board of directors meetings.

In case a board of directors meeting is held by video conference, then the directors taking part in such a video conference shall be deemed to have attended the meeting in person.

Article 27 Remuneration of directors shall be determined by shareholders' meetings. Payment to employees shall be made in accordance with general standards regardless of the Company's gains or losses.

Chapter V Managerial Persons

Article 28 The Company may establish managerial personnel whose title, appointment, discharge and remuneration shall comply with Article 29 of the Company Act.

Article 29 The president of the Company manages daily corporate operations pursuant to the board of directors resolutions, supported by vice president and associate vice president.

Chapter VI Accounting

Article 30 The Company's accounting period ends at the end of December. The board of directors shall prepare the following documents related to accounting affairs, and then present and acknowledge them at the shareholders' meeting pursuant to related laws and regulations.

I. Business report.

II. Financial statements.

III. Earnings distribution or accumulated deficit offset proposal.

Article 31 In profitable years, the Company shall allocate no less than 1 percent of profit of the current year as employees' compensation, while allocating no more than 2 percent as directors' compensation. However, the Company's accumulated losses shall be covered prior to such allocations.

Compensation of directors is distributed in cash; compensation of employees, include employees of subsidiaries of the company meeting certain specific requirements, is distributed in cash or stock and authorizing the board of directors to decide on such requirements. The distribution ratio of directors' remunerations and the method of distribution and ratio of employees' remunerations shall be resolved by a majority vote at a meeting attended by more than two-thirds of the directors and shall be reported at the shareholders' meeting.

In calculating employees and directors' compensation, profit of the current year (i.e. pre-tax profit before distribution of employees and directors' compensation) shall first deduct accumulated deficit and the resulting balance is used for calculation of employees and directors' compensation.

Article 31-1 Where the Company has final earnings in a year, except for income tax payable as required, it shall first cover its previous losses, then set aside 10 percent legal reserve and special reserve as required from the remainder, as well as necessary special reserve or retained earnings according to its judgement; the remaining may be paid as dividends of common shares and bonus according to the total amount of shares.

Article 32 In consideration of economic situation and long-term financial planning, and for the purpose of sustainable and stable development, the Company's dividend policy depends on its judgement based on capital budgeting for the coming years; need of funds is first financed by means of retained earnings, followed by necessary reserves for business operations, no less than 20 percent of remaining earnings is distributable as cash dividends, while the remainder is distributable as stock dividends. In cases where capital expenditure is necessary, the aforesaid surplus earnings may be distributed in full by means of stock dividends.

Article 32-1 The Company may, by a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of board members, have the surplus profit distributable as dividends and bonuses in whole or in part distributed in cash, which shall be reported to the shareholders' meeting.

Chapter VII Supplementary Provisions

Article 33 Organic regulations and operational regulations of the Company shall be developed separately.

Article 34 Matters unspecified in these Articles shall be handled in compliance with the Company Act and other relevant laws and regulations.

Article 35 Formulated on July 5, 1968. 1st amended on July 3, 1969; 2nd amended on Mar 5, 1970; 3rd amended on Mar 31, 1971; 4th amended on Mar 28, 1972; 5th amended on Mar 8, 1973; 6th amended on Mar 21, 1974; 7th amended on Mar 27, 1975; 8th amended on Mar 25, 1976; 9th amended on Jul 20, 1976; 10th amended

on Mar 15, 1977; 11th amended on Mar 23, 1978; 12th amended on Mar 21, 1979; 13th amended on Mar 21, 1980; 14th amended on Nov 26, 1980; 15th amended on Mar 27, 1981; 16th amended on Sep 8, 1981; 17th amended on Mar 31, 1982; 18th amended on Mar 31, 1983; 19th amended on Mar 30, 1984; 20th amended on Mar 26, 1985; 21st amended on Mar 27, 1986; 22nd amended on Mar 24, 1987; 23rd amended on Mar 25, 1988; 24th amended on Mar 24, 1989; 25th amended on Mar 23, 1990; 26th amended on Mar 28, 1991; 27th amended on Jun 4, 1991; 28th amended on Mar 28, 1992; 29th amended on Mar 31, 1993; 30th amended on Mar 27, 1995; 31st amended on Mar 27, 1996; 32nd amended on May 8, 1997; 33rd amended on May 14, 1998; 34th amended on Apr 29, 1999; 35th amended on May 9, 2000; 36th amended on May 14, 2002; 37th amended on May 27, 2004; 38th amended on Jun 6, 2006; 39th amended on Jun 13, 2007; 40th amended on Jun 13, 2008; 41st amended on Jun 27, 2012; 42nd amended on Jun 25, 2013; 43rd amended on Jun 24, 2016; 44th amended on June 26, 2018; and 45th amended on June 21, 2019.