

 **Chung Hwa Pulp Corporation**

2023 Annual General Meeting of Shareholders

Meeting Handbook

Date: June 30, 2023

Venue: 3F, No.24, Sec. 1, Hangzhou S. Rd., Taipei City, GIS Convention Center

Note: This is a translation of the meeting handbook of the 2023 Annual general meeting of shareholders of Chung Hwa Pulp Corporation. This translation is intended for reference only and nothing else, the company here by disclaims any and all liabilities whatsoever for the translation. The Chinese text of the handbook shall govern all and any matters related to the interpretation of the subject matter stated herein.

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Chung Hwa Pulp Corporation
The Meeting Agenda of 2023 Annual General Meeting of Shareholders

Date and Time: June 30, 2023 (Friday), 9 A.M. (Taipei Time)

Venue: 3F, No.24, Sec. 1, Hangzhou S. Rd., Taipei City.

GIS MOTC Convention Center

Convocation method: Physical

Meeting Procedure:

1. Meeting Called to Order
2. Chairperson Taking Seat
3. Chairperson's Remarks
4. Items to Report
5. Ratifications
6. Extraordinary Motions
7. Meeting Adjourned

Items to Report

1. CHP's 2022 Business Report is presented for review.

Proposed by the Board of Directors

Description:

- (1) CHP's 2022 consolidated revenue is reported at NT\$23,651,129 thousand, gross profit at NT\$2,552,141 thousand, operating income at NT\$240,572 thousand, net profit for the current year at NT\$539,691 thousand, of which NT\$445,934 thousand was attributed to the owners' net profit; the earnings per share was NT\$0.41.
- (2) Please refer to Appendices 1-3 (please refer to pages 5 to 27) for the Business Report and the related financial statements.

2. Audit Committee's Review of 2022 Financial Statements is presented for review.

Proposed by the Audit Committee

Description:

CHP's 2022 consolidated and individual financial reports have been audited and certified by CPAs, and have been reviewed and examined by the Audit Committee along with the Business Report and Proposal for Profit Distribution. Please refer to Appendices 1-5 (please refer to pages 5 to 29).

3. CHP's 2022 Distribution of cash dividends is presented for review.

Proposed by the Board of Directors

Description:

CHP plans to distribute a cash dividend of NT\$0.30 per share for ordinary shares, totaling NT\$326,067,395, for 2022. July 28, 2023 has been set as the baseline date for the dividends. This was considered and approved by the Audit Committee on March 10, 2023 and by the Board of Directors on March 15, 2023. Please report to the shareholders' meeting in accordance with the Company's Articles of Incorporation.

4. CHP's 2022 Distribution of Remuneration to Employees and Directors is presented for review.

Proposed by the Board of Directors

Description:

CHP plans to distribute NT\$5,000,000 as the 2022 remuneration for employees and NT\$6,500,000 for directors' compensation, which was approved by the meeting of the Remuneration Committee on March 10, 2023, and resolved at the meeting of the Board of Directors on March 15, 2023. Please report to the shareholders' meeting in accordance with the Company's Articles of Incorporation.

5. Report the amendment to Rules of Board Meetings for review.

Proposed by the Board of Directors

Description:

- (1) To enhance corporate governance operations according to order Ching-Kuan-Cheng-Fa-Tze No. 1110383263 issued by the Financial Supervisory Commission on August 5, 2022, the Board of Directors passed the partial amendment to the Company's Rules and Procedures for Board of Directors Meetings on November 11, 2022.
- (2) Please refer to Appendix 6 (please refer to pages 30 to 36) for the full text and comparison table of amended Rules of Board Meetings.

Ratifications

1. CHP's 2022 financial reports are presented for ratification.

Proposed by the Board of Directors

Description:

The Company's 2022 financial reports have been audited by the CPAs, and the statements and business report have been reviewed by the Audit Committee. Please refer to Appendices 1 - 4 (please refer to pages 5 to 28) for details.

Resolution:

2. CHP's 2022 Profit Distribution Proposal is presented for ratification.

Proposed by the Board of Directors

Description:

- (1) The Company's 2022 net profit after tax is NT\$445,934,171 (currency is assumed to be New Taiwan Dollars (NT\$) hereunder); after adding the surplus from the previous year in terms of undistributed earnings of NT\$1,970,005,360 and the confirmed welfare plan remeasurement of NT\$47,088,627, recognizing changes in investee equity of NT\$9,908,503 and the disposal of investments under the equity method of (NT\$16,572,509), and after appropriating a statutory legal reserve of NT\$48,635,879, a total of NT\$2,407,728,273 is available for distribution. The amount to be distributed is NT\$0.30 per ordinary share, amounting to NT\$326,067,395. The remaining NT\$2,081,660,878 shall be reserved as the undistributed ending balance.
- (2) To coordinate with computer checks and difficulties in currency exchange, the distribution of cash dividends will be rounded down to the nearest NT\$1. The sum of all fractional dividends less than NT\$1 will be recognized as other income of the Company.
- (3) The cash dividend distribution ratio is calculated based on the actual number of the Company's outstanding shares on December 31, 2022. At a later date, if the amount of outstanding shares is affected by the repurchase of shares, the transfer or cancellation of treasury stock, or other factors, and if the dividend payout ratio is affected by shareholders renouncing their rights to dividends and bonuses, it is proposed to authorize the Chairman to make adjustments based on the actual amount of outstanding shares on the ex-dividend date.
- (4) In accordance with the Company's Articles of Incorporation, cash dividends are distributed by the resolution of the Board of Directors and reported to the shareholders' meeting. It is proposed to set July 28, 2023, as the ex-dividend date.
- (5) Please refer to Appendix 5 for the Profit Distribution table for 2022 (please refer to page 29) for details.

Resolution:

Extraordinary Motions

Appendix

Appendix 1

2022 Business Report

The performance of the world economy in 2022 was disappointing due to the impact of the Russia-Ukraine war, mutating viruses, and high inflation. Most countries have tightened their monetary policies to tackle high inflation. However, the negative impacts of rising inflation, policy tightening, and financial pressures have weakened the global economy. According to the Taiwan Institute of Economic Research's latest forecast released in January 2023, the GDP growth rate in 2023 is 2.58%, 0.33 percentage points lower than the 2.91% of the November 2022 update.

Regarding the international paper industry, Russia is a major exporter of wood chips and energy. However, the outbreak of the Russia-Ukraine war skyrocketed global pulp prices in 2022. Short-fiber pulp prices, for example, soared from US\$600 per ton in early 2022 to US\$900 by the end of the year, a 50% increase. Long-fiber pulp prices also rose from an average of US\$750-800 in 2021 to above US\$1,000 at one point last year. High pulp prices throughout the year have placed an unbearable burden on downstream virgin pulp manufacturers. The highest price in history for wood chips was US\$190 per ton. Yet in 2022, market prices ranged from US\$240 to US\$300, setting a new record. A shortage of wood chips due to the worldwide timber supply shortage caused the record-high prices. In the international recycled paper market, the price of AOCC tumbled rapidly in July 2021. It once broke above US\$320 per ton in 2022, fell to the lowest point of US\$125 in September 2022, recovered shortly after, and consolidated between US\$160-180. One can see that raw materials with natural fiber characteristics are still becoming more and more precious resources in the worldwide supply chain. Although demand might fluctuate sharply in the short term, the long-term uptrend won't change easily. However, CHP is still striving for stable performance under extreme uncertainty.

CHP's consolidated operating income for 2022 amounted to approximately NT\$23.65 billion, an increase of about NT\$1.62 billion from NT\$22.03 billion in 2021. The net profit after tax attributable to the Company in 2022 is approximately NT\$446 million. The Company produced 381,178 metric tons of pulp in 2022. In addition to 231,210 metric tons for Company use, domestic pulp sales were 74,490 metric tons, and export sales were 84,255, totaling 158,745 metric tons. Paper production was 386,153 metric tons. Domestic paper sales was 204,857 metric tons and export sales was 230,038, totaling 434,895 metric tons. Cardboard production for the year was 124,852 metric tons and sales were 167,767 metric tons.

Since COP21 adopted the Paris Agreement in 2015, CHP actively invested in bio-based materials for developing fixed carbon to establish a supply chain for recyclable and circular materials. Sludge generated from the pulping process and leftover wood chips can be recycled and reused for other applications, including asphalt, landscaping, and agricultural improvement. CHP will continue to promote the Circuwell non-plastic food-safe paper products and utilize the characteristics of the fixed carbon content of paper to produce circular, low-carbon products by focusing on a circular economy as the development core to fill the diverse demands of the packaging, food, and electronics industries.

Looking ahead to 2023, we will continue to improve the quality of our products and expand their cross-market applications, ensure a stable supply of raw materials and imported products, and actively grow the green supply chain and ESG commitments. CHP built cogeneration systems at its Hualien, Taitung, and Jiutang mills. To invest in net-zero transformation, CHP will gradually increase the proportion of renewable energy and make it the power mill's source of calorific value. The Hualien mill will obtain renewable energy generation equipment certification for 20,000 KW in the first quarter of 2023. The rooftop solar PV systems for the Taitung and Jiutang mills were completed at the end of 2022, substantially increasing the use of solid recovered fuel and biomass energy and significantly reducing carbon emissions. The liquefied natural gas equipment that will fully replace heavy oil for the Guanyin mill will be completed in 2023. CHP plans to transform the energy structure of each mill according to its production capacity characteristics and local conditions. Diverse renewable energy sources such as agricultural waste, biogas power generation, and biomass boilers are already in place. By pairing these sources with systematic energy management models, CHP improved energy efficiency and ensured energy independence. CHP is heading toward the ultimate goals of corporate net zero, sustainability, and carbon neutrality.

Sustained development has always been the greatest common denominator of CHP's business. With 3R (Recycle/Reclaim/Regenerate) as the core strategy, CHP actively achieved the consistent production of forest, pulp, and paper, built a sustainable, circular management system, and then promoted it to the specialty materials industry. CHP is effecting a new circular economy blueprint one step at a time. Looking to the future, CHP will also adhere to robust operations. CHP will focus on becoming green and move towards green energy, manufacturing, and products.

Appendix 2

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 805,296	2	\$ 536,128	2
Financial assets at fair value through profit or loss - current	26,082	-	2,459	-
Financial assets at fair value through other comprehensive income - current	1,729,041	5	1,650,599	5
Financial assets at amortized cost - current	470,342	1	220,074	1
Notes and accounts receivable	3,268,971	9	3,446,252	10
Notes and accounts receivable from related parties	482,649	2	456,010	1
Other receivables from related parties	6,255	-	107,737	-
Inventories	4,987,857	14	4,281,553	13
Biological assets	3,255,711	9	3,193,535	9
Other current assets	<u>903,700</u>	<u>3</u>	<u>517,590</u>	<u>1</u>
Total current assets	<u>15,935,904</u>	<u>45</u>	<u>14,411,937</u>	<u>42</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	492,716	2	577,531	2
Financial assets at amortized cost - non-current	132,283	1	-	-
Investments accounted for using the equity method	769,254	2	818,496	3
Property, plant and equipment	16,151,011	46	16,436,919	48
Right-of-use assets	478,428	1	474,998	1
Investment properties	755,542	2	256,610	1
Deferred tax assets	127,439	-	127,841	-
Prepayments for equipment	131,197	-	492,402	2
Net defined benefit assets	366,066	1	291,779	1
Other non-current assets	<u>99,331</u>	<u>-</u>	<u>79,943</u>	<u>-</u>
Total non-current assets	<u>19,503,267</u>	<u>55</u>	<u>19,556,519</u>	<u>58</u>
TOTAL	<u>\$ 35,439,171</u>	<u>100</u>	<u>\$ 33,968,456</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 2,640,000	7	\$ 3,992,759	12
Short-term bills payable	249,851	1	5,649,221	17
Financial liabilities at fair value through profit or loss - current	9,005	-	7,486	-
Notes and accounts payable	1,760,322	5	1,528,096	5
Notes and accounts payable to related parties	251,203	1	434,313	1
Other payables	1,029,904	3	1,123,646	3
Other payables to related parties	-	-	2,223	-
Current tax liabilities	1,510	-	1,666	-
Lease liabilities - current	32,663	-	26,092	-
Other current liabilities	<u>368,860</u>	<u>1</u>	<u>438,342</u>	<u>1</u>
Total current liabilities	<u>6,343,318</u>	<u>18</u>	<u>13,203,844</u>	<u>39</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	8,690,645	24	792,992	2
Deferred tax liabilities	2,073,441	6	2,060,083	6
Lease liabilities - non-current	29,015	-	26,939	-
Other non-current liabilities	<u>208,142</u>	<u>1</u>	<u>251,034</u>	<u>1</u>
Total non-current liabilities	<u>11,001,243</u>	<u>31</u>	<u>3,131,048</u>	<u>9</u>
Total liabilities	<u>17,344,561</u>	<u>49</u>	<u>16,334,892</u>	<u>48</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	<u>11,028,353</u>	<u>31</u>	<u>11,028,353</u>	<u>33</u>
Capital surplus	<u>35,632</u>	<u>-</u>	<u>28,880</u>	<u>-</u>
Retained earnings				
Legal reserve	268,212	1	226,257	1
Special reserve	1,186,894	3	1,186,894	3
Unappropriated earnings	<u>2,456,364</u>	<u>7</u>	<u>2,453,095</u>	<u>7</u>
Total retained earnings	<u>3,911,470</u>	<u>11</u>	<u>3,866,246</u>	<u>11</u>
Other equity	<u>945,713</u>	<u>3</u>	<u>682,659</u>	<u>2</u>
Treasury shares	<u>(136,726)</u>	<u>-</u>	<u>(136,726)</u>	<u>-</u>
Total equity attributable to owners of the Company	15,784,442	45	15,469,412	46
NON-CONTROLLING INTERESTS	<u>2,310,168</u>	<u>6</u>	<u>2,164,152</u>	<u>6</u>
Total equity	<u>18,094,610</u>	<u>51</u>	<u>17,633,564</u>	<u>52</u>
TOTAL	<u>\$ 35,439,171</u>	<u>100</u>	<u>\$ 33,968,456</u>	<u>100</u>

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$ 23,648,721	100	\$ 22,034,226	100
Sales returns and allowances	<u>131,863</u>	<u>1</u>	<u>110,871</u>	<u>-</u>
Net sales	23,516,858	99	21,923,355	100
Other operating revenue	<u>134,271</u>	<u>1</u>	<u>108,495</u>	<u>-</u>
Total operating revenue	<u>23,651,129</u>	<u>100</u>	<u>22,031,850</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold	21,010,240	89	19,548,884	89
Other operating cost	<u>86,345</u>	<u>-</u>	<u>83,883</u>	<u>-</u>
Total operating costs	<u>21,096,585</u>	<u>89</u>	<u>19,632,767</u>	<u>89</u>
(LOSS) GAIN FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS				
	<u>(2,403)</u>	<u>-</u>	<u>3,395</u>	<u>-</u>
GROSS PROFIT	<u>2,552,141</u>	<u>11</u>	<u>2,402,478</u>	<u>11</u>
OPERATING EXPENSES				
Selling and marketing	1,834,629	8	1,660,255	8
General and administrative	327,441	1	365,017	2
Research and development	<u>149,499</u>	<u>1</u>	<u>104,754</u>	<u>-</u>
Total operating expenses	<u>2,311,569</u>	<u>10</u>	<u>2,130,026</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>240,572</u>	<u>1</u>	<u>272,452</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs	(145,485)	(1)	(89,635)	-
Share of profit of associates	188,961	1	108,630	-
Interest income	16,923	-	8,061	-
Dividend income	95,858	1	148,767	1
Gain from bargain purchase	18,792	-	22,018	-
Other income	92,294	-	99,113	-
Gain on disposal of property, plant and equipment	109	-	30	-
Loss on disposal of investments	-	-	(159)	-
Foreign exchange gain	83,837	-	17,633	-
Loss on financial instruments at FVTPL	(40,909)	-	(56,417)	-
Other losses	<u>(6,075)</u>	<u>-</u>	<u>(5,815)</u>	<u>-</u>
Total non-operating income and expenses	<u>304,305</u>	<u>1</u>	<u>252,226</u>	<u>1</u>

(Continued)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 544,877	2	\$ 524,678	2
INCOME TAX EXPENSE	<u>(5,186)</u>	<u>-</u>	<u>(61,305)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>539,691</u>	<u>2</u>	<u>463,373</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	58,450	-	(89,995)	-
Unrealized (loss) gain on investments in equity instruments at FVTOCI	(6,372)	-	295,445	1
Share of the other comprehensive income of associates	5,835	-	57,090	-
Tax effect of items that will not be reclassified	(11,690)	-	17,999	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	262,049	1	(76,581)	-
Gain on hedging instruments	-	-	5,249	-
Share of the other comprehensive income (loss) of associates	<u>45,126</u>	<u>1</u>	<u>(23,070)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>353,398</u>	<u>2</u>	<u>186,137</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 893,089</u>	<u>4</u>	<u>\$ 649,510</u>	<u>3</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 445,934	2	\$ 488,231	2
Non-controlling interests	<u>93,757</u>	<u>-</u>	<u>(24,858)</u>	<u>-</u>
	<u>\$ 539,691</u>	<u>2</u>	<u>\$ 463,373</u>	<u>2</u>
TOTAL COMPREHENSIVE GAIN (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 765,984	3	\$ 686,133	3
Non-controlling interests	<u>127,105</u>	<u>1</u>	<u>(36,623)</u>	<u>-</u>
	<u>\$ 893,089</u>	<u>4</u>	<u>\$ 649,510</u>	<u>3</u>

(Continued)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.41</u>		<u>\$ 0.45</u>	
Diluted	<u>\$ 0.41</u>		<u>\$ 0.45</u>	

(Concluded)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company													
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity			Non-controlling Interests	Total Equity	
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instrument	Treasury Share			Total
BALANCE AT JANUARY 1, 2021	1,102,835	\$ 11,028,353	\$ 29,821	\$ 226,257	\$ 1,186,894	\$ 2,033,543	\$ 3,446,694	\$ (338,941)	\$ 761,027	\$ (5,249)	\$ (136,726)	\$ 14,784,979	\$ 2,200,775	\$ 16,985,754
Adjustments for the changes in equity of associates	-	-	(2,136)	-	-	(759)	(759)	-	-	-	-	(2,895)	-	(2,895)
Unclaimed dividends	-	-	1,220	-	-	-	-	-	-	-	-	1,220	-	1,220
Net profit (loss) for the year ended December 31, 2021	-	-	-	-	-	488,231	488,231	-	-	-	-	488,231	(24,858)	463,373
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(72,412)	(72,412)	(87,886)	352,951	5,249	-	197,902	(11,765)	186,137
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	415,819	415,819	(87,886)	352,951	5,249	-	686,133	(36,623)	649,510
Disposal of investments accounted for using the equity method	-	-	(25)	-	-	1,650	1,650	-	(1,650)	-	-	(25)	-	(25)
Disposal of investments in equity instruments designated as at FVTOCI by associates	-	-	-	-	-	2,842	2,842	-	(2,842)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2021	1,102,835	11,028,353	28,880	226,257	1,186,894	2,453,095	3,866,246	(426,827)	1,109,486	-	(136,726)	15,469,412	2,164,152	17,633,564
Appropriation of 2021 earnings														
Legal reserve	-	-	-	41,955	-	(41,955)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(441,134)	(441,134)	-	-	-	-	(441,134)	-	(441,134)
Adjustments for the changes in equity of associates	-	-	5,958	-	-	-	-	-	-	-	-	5,958	-	5,958
Unclaimed dividends	-	-	794	-	-	-	-	-	-	-	-	794	-	794
Net profit for the year ended December 31, 2022	-	-	-	-	-	445,934	445,934	-	-	-	-	445,934	93,757	539,691
Other comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	-	47,088	47,088	273,827	(865)	-	-	320,050	33,348	353,398
Total comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	-	493,022	493,022	273,827	(865)	-	-	765,984	127,105	893,089
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	18,911	18,911
Disposal of investments in equity instruments designated as at FVTOCI by associates	-	-	-	-	-	9,908	9,908	-	(9,908)	-	-	-	-	-
Difference between the consideration received and the carrying amount of the associates' net assets during actual disposal	-	-	-	-	-	(16,572)	(16,572)	-	-	-	-	(16,572)	-	(16,572)
BALANCE AT DECEMBER 31, 2022	<u>1,102,835</u>	<u>\$ 11,028,353</u>	<u>\$ 35,632</u>	<u>\$ 268,212</u>	<u>\$ 1,186,894</u>	<u>\$ 2,456,364</u>	<u>\$ 3,911,470</u>	<u>\$ (153,000)</u>	<u>\$ 1,098,713</u>	<u>\$ -</u>	<u>\$ (136,726)</u>	<u>\$ 15,784,442</u>	<u>\$ 2,310,168</u>	<u>\$ 18,094,610</u>

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 544,877	\$ 524,678
Adjustments for:		
Depreciation and amortization expenses	1,223,412	1,198,553
Expected credit loss (reversed) recognized	(1,570)	5,150
Loss on financial instruments at FVTPL	40,909	56,417
Finance costs	145,485	89,635
Interest income	(16,923)	(8,061)
Dividend income	(95,858)	(148,767)
Share of profit of associates	(188,961)	(108,630)
Gain on disposal of property, plant and equipment	(109)	(30)
Loss on disposal of investments	-	159
Gain on lease modification	(31)	-
Write-downs (reversal of write-downs) of inventories	20,178	(4,648)
Unrealized gain on foreign currency exchange	(4,971)	(8,080)
Loss (gain) on changes in fair value less costs to sell of biological assets	2,403	(3,395)
Gain from bargain purchase	(18,792)	(22,018)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(63,017)	(47,539)
Notes and accounts receivable	202,054	(649,197)
Notes and accounts receivable from related parties	(25,871)	18,823
Inventories	(714,771)	(505,393)
Biological assets	(14,660)	119,601
Other current assets	(387,152)	305,169
Net defined benefit assets	(15,837)	(372,368)
Notes and accounts payable	233,971	33,873
Notes and accounts payable to related parties	(188,918)	55,626
Other payables	(107,993)	148,176
Other payables to related parties	(2,271)	-
Other current liabilities	47,297	(92,333)
Cash generated from operations	612,881	585,401
Interest received	14,361	8,036
Interest paid	(145,043)	(90,457)
Income tax paid	(146)	(4,705)
Net cash generated from operating activities	<u>482,053</u>	<u>498,275</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction on investments accounted for financial assets at FVTOCI	-	26,122
Purchase of financial assets at amortized cost	(587,377)	-
Proceeds from sale of financial assets at amortized cost	221,732	5,000
Proceeds from sale of financial instruments for hedging	-	5,303

(Continued)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Purchase of investments accounted for using the equity method	\$ (25,332)	\$ (30,222)
Proceeds from disposal of investment accounted for using equity method	258,673	19,975
Payments for property, plant and equipment	(1,338,410)	(1,768,736)
Proceeds from disposal of property, plant and equipment	294	53
Decrease in other receivables from related parties	103,762	3,276
Increase in other non-current assets	(28,207)	(19,455)
Decrease in prepayments for equipment	361,666	108,217
Dividends received	<u>159,858</u>	<u>202,577</u>
Net cash used in investing activities	<u>(873,341)</u>	<u>(1,447,890)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(1,352,759)	2,359,734
Decrease in short-term bills payable	(5,399,370)	(648,139)
Proceeds from long-term borrowings	8,700,000	3,100,000
Repayments of long-term borrowings	(800,000)	(3,700,000)
Increase in other payables to related parties	-	3,213
Repayment of the principal portion of lease liabilities	(33,192)	(27,788)
(Decrease) increase in other non-current liabilities	(47,047)	12,703
Cash dividends	(441,134)	-
Increase in non-controlling interests	18,911	-
Capital surplus transferred from unclaimed dividends	<u>794</u>	<u>1,220</u>
Net cash generated from financing activities	<u>646,203</u>	<u>1,100,943</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>14,253</u>	<u>(1,804)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	269,168	149,524
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>536,128</u>	<u>386,604</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 805,296</u>	<u>\$ 536,128</u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Chung Hwa Pulp Corporation

Opinion

We have audited the accompanying consolidated financial statements of Chung Hwa Pulp Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter identified in the consolidated financial statements for the year ended December 31, 2022 is as follows:

Estimation of Expected Credit Loss of Accounts Receivable

The accounts receivable of the Group is material in amount. In consideration of the business volume, the recoverability of accounts receivable is not only subject to each customer’s financial condition but also management’s estimation and judgment. Therefore, the estimation of expected credit loss recognized on accounts receivable was identified as a key audit matter.

The audit procedures that we performed in respect of the above key audit matter included the following:

1. We obtained the reports of impaired receivables impairment and assessed the reasonableness of the methodology and data used in the reports.
2. We tested the receivables aging schedule and reviewed the calculation of expected credit loss for reasonableness of the recognized expected credit loss on receivables.
3. We tested the recoverability of receivables by analyzing overdue accounts and by verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer's credit policy control and tracking of overdue receivables.

Other Matter

We have also audited the parent company only financial statements of Chung Hwa Pulp Corporation as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, and is therefore the key audit matter. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our

report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Wan Lin and Hui-Min Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Appendix 3

CHUNG HWA PULP CORPORATION**BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash	\$ 215,175	1	\$ 122,275	1
Financial assets at fair value through profit or loss - current	-	-	1,095	-
Financial assets at fair value through other comprehensive income - current	1,688,524	5	1,611,921	5
Notes and accounts receivable	2,383,235	7	2,352,789	8
Accounts receivable from related parties	1,108,431	4	1,269,430	4
Inventories	4,256,307	13	3,471,713	11
Other current assets	<u>623,128</u>	<u>2</u>	<u>303,059</u>	<u>1</u>
Total current assets	<u>10,274,800</u>	<u>32</u>	<u>9,132,282</u>	<u>30</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	492,716	2	577,531	2
Investments accounted for using the equity method	6,030,887	19	5,730,921	19
Property, plant and equipment	13,997,814	43	14,182,152	46
Right-of-use assets (Notes 4 and 14)	51,897	-	52,724	-
Investment properties (Notes 4 and 15)	755,542	2	256,610	1
Deferred tax assets (Notes 4 and 20)	123,590	1	124,211	-
Prepayments for equipment	102,005	-	463,130	1
Net defined benefit assets (Notes 4 and 17)	366,066	1	291,779	1
Other non-current assets	<u>75,824</u>	<u>-</u>	<u>63,235</u>	<u>-</u>
Total non-current assets	<u>21,996,341</u>	<u>68</u>	<u>21,742,293</u>	<u>70</u>
TOTAL	<u>\$ 32,271,141</u>	<u>100</u>	<u>\$ 30,874,575</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 2,599,000	8	\$ 3,965,759	13
Short-term bills payable (Note 16)	249,851	1	5,649,221	18
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	8,650	-	-	-
Notes and accounts payable	1,540,173	5	1,360,462	4
Accounts payable to related parties (Note 24)	253,749	1	445,852	2
Other payables	820,636	2	909,056	3
Lease liabilities - current (Notes 4 and 14)	26,496	-	26,014	-
Other current liabilities	<u>189,795</u>	<u>1</u>	<u>164,279</u>	<u>1</u>
Total current liabilities	<u>5,688,350</u>	<u>18</u>	<u>12,520,643</u>	<u>41</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	8,690,645	27	792,992	2
Deferred tax liabilities (Notes 4 and 20)	2,073,441	6	2,060,084	7
Lease liabilities - non-current (Notes 4 and 14)	25,807	-	27,212	-
Other non-current liabilities	<u>8,456</u>	<u>-</u>	<u>4,232</u>	<u>-</u>
Total non-current liabilities	10,798,349	33	2,884,520	9
Total liabilities	<u>16,486,699</u>	<u>51</u>	<u>15,405,163</u>	<u>50</u>
EQUITY (Notes 4 and 18)				
Share capital	<u>11,028,353</u>	<u>34</u>	<u>11,028,353</u>	<u>36</u>
Capital surplus	<u>35,632</u>	<u>-</u>	<u>28,880</u>	<u>-</u>
Retained earnings				
Legal reserve	268,212	1	226,257	-
Special reserve	1,186,894	4	1,186,894	4
Unappropriated earnings	<u>2,456,364</u>	<u>7</u>	<u>2,453,095</u>	<u>8</u>
Total retained earnings	<u>3,911,470</u>	<u>12</u>	<u>3,866,246</u>	<u>12</u>
Other equity	<u>945,713</u>	<u>3</u>	<u>682,659</u>	<u>2</u>
Treasury shares	<u>(136,726)</u>	<u>-</u>	<u>(136,726)</u>	<u>-</u>
Total equity	<u>15,784,442</u>	<u>49</u>	<u>15,469,412</u>	<u>50</u>
TOTAL	<u>\$ 32,271,141</u>	<u>100</u>	<u>\$ 30,874,575</u>	<u>100</u>

CHUNG HWA PULP CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$ 20,420,474	100	\$ 19,514,804	100
Sales returns and allowances	<u>131,863</u>	<u>-</u>	<u>110,871</u>	<u>-</u>
Net sales	20,288,611	100	19,403,933	100
Other operating revenue	<u>74,559</u>	<u>-</u>	<u>49,647</u>	<u>-</u>
Total operating revenue	<u>20,363,170</u>	<u>100</u>	<u>19,453,580</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold	18,299,149	90	17,189,991	88
Other operating cost	<u>42,017</u>	<u>-</u>	<u>37,684</u>	<u>-</u>
Total operating costs	<u>18,341,166</u>	<u>90</u>	<u>17,227,675</u>	<u>88</u>
GROSS PROFIT	<u>2,022,004</u>	<u>10</u>	<u>2,225,905</u>	<u>12</u>
OPERATING EXPENSES				
Selling and marketing	1,799,729	9	1,626,601	9
General and administrative	200,557	1	246,038	1
Research and development	<u>51,269</u>	<u>-</u>	<u>36,886</u>	<u>-</u>
Total operating expenses	<u>2,051,555</u>	<u>10</u>	<u>1,909,525</u>	<u>10</u>
(LOSS) GAIN FROM OPERATIONS	<u>(29,551)</u>	<u>-</u>	<u>316,380</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs	(139,113)	(1)	(85,055)	-
Share of profit of subsidiaries and associates	346,579	2	108,758	-
Interest income	1,435	-	423	-
Dividend income	93,942	1	147,091	1
Other income	87,874	-	80,475	-
Gain on disposal of property, plant and equipment	176	-	-	-
Loss on disposal of investments	-	-	(159)	-
Foreign exchange gain (loss)	202,175	1	(12,929)	-
Loss on financial instruments at FVTPL	(112,241)	(1)	(3,875)	-
Other losses	<u>(3,054)</u>	<u>-</u>	<u>(4,209)</u>	<u>-</u>
Total non-operating income and expenses	<u>477,773</u>	<u>2</u>	<u>230,520</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	448,222	2	546,900	3
INCOME TAX EXPENSE	<u>(2,288)</u>	<u>-</u>	<u>(58,669)</u>	<u>-</u>

(Continued)

CHUNG HWA PULP CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET PROFIT FOR THE YEAR	\$ 445,934	2	\$ 488,231	3
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	58,450	-	(89,995)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(8,212)	-	284,189	1
Share of the other comprehensive income of subsidiaries and associates	7,675	-	68,346	-
Tax effect of items that will not be reclassified	(11,690)	-	17,999	-
Items that may be reclassified subsequently to profit or loss:				
Gain on hedging instruments	-	-	5,249	-
Share of the other comprehensive gain (loss) of subsidiaries and associates	273,827	2	(87,886)	-
Other comprehensive income for the year, net of income tax	320,050	2	197,902	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 765,984	4	\$ 686,133	4
EARNINGS (LOSS) PER SHARE				
Basic	\$ 0.45		\$ (0.18)	
Diluted	\$ 0.45			
EARNINGS PER SHARE (Note 21)				
Basic	\$ 0.41		\$ 0.45	
Diluted	\$ 0.41		\$ 0.45	

(Concluded)

CHUNG HWA PULP CORPORATION

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital (Notes 4 and 18)		Capital Surplus (Notes 4 and 18)	Retained Earnings (Notes 4 and 18)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity			Total Equity	
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		Total	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Hedging Instrument		Treasury Shares
BALANCE AT JANUARY 1, 2021	1,102,835	\$ 11,028,353	\$ 29,821	\$ 226,257	\$ 1,186,894	\$ 2,033,543	\$ 3,446,694	\$ (338,941)	\$ 761,027	\$ (5,249)	\$ (136,726)	\$ 14,784,979
Adjustments for the changes in equity of subsidiaries and associates	-	-	(2,136)	-	-	(759)	(759)	-	-	-	-	(2,895)
Unclaimed dividend	-	-	1,220	-	-	-	-	-	-	-	-	1,220
Net profit for the year ended December 31, 2021	-	-	-	-	-	488,231	488,231	-	-	-	-	488,231
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(72,412)	(72,412)	(87,886)	352,951	5,249	-	197,902
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	415,819	415,819	(87,886)	352,951	5,249	-	686,133
Disposal of investments accounted for using the equity method	-	-	(25)	-	-	1,650	1,650	-	(1,650)	-	-	(25)
Disposal of investments in equity instruments designated as at FVTOCI by associates	-	-	-	-	-	2,842	2,842	-	(2,842)	-	-	-
BALANCE AT DECEMBER 31, 2021	1,102,835	11,028,353	28,880	226,257	1,186,894	2,453,095	3,866,246	(426,827)	1,109,486	-	(136,726)	15,469,412
Appropriation of 2021 earnings												
Legal reserve	-	-	-	41,955	-	(41,955)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(441,134)	(441,134)	-	-	-	-	(441,134)
Adjustments for the changes in equity of subsidiaries and associates	-	-	5,958	-	-	-	-	-	-	-	-	5,958
Unclaimed dividend	-	-	794	-	-	-	-	-	-	-	-	794
Net profit for the year ended December 31, 2022	-	-	-	-	-	445,934	445,934	-	-	-	-	445,934
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	47,088	47,088	273,827	(865)	-	-	320,050
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	493,022	493,022	273,827	(865)	-	-	765,984
Disposal of investments in equity instruments designated as at FVTOCI by associates	-	-	-	-	-	9,908	9,908	-	(9,908)	-	-	-
Difference between the consideration received and the carrying amount of the associates' net assets during actual disposal	-	-	-	-	-	(16,572)	(16,572)	-	-	-	-	(16,572)
BALANCE AT DECEMBER 31, 2022	1,102,835	\$ 11,028,353	\$ 35,632	\$ 268,212	\$ 1,186,894	\$ 2,456,364	\$ 3,911,470	\$ (153,000)	\$ 1,098,713	\$ -	\$ (136,726)	\$ 15,784,442

CHUNG HWA PULP CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 448,222	\$ 546,900
Adjustments for:		
Depreciation and amortization expenses	1,003,388	984,552
Expected credit loss (reversed) recognized	(1,570)	5,150
Loss on financial instruments at FVTPL	112,241	3,875
Finance costs	139,113	85,055
Interest income	(1,435)	(423)
Dividend income	(93,942)	(147,091)
Share of profit of subsidiaries and associates	(346,579)	(108,758)
Net gain on disposal of property, plant and equipment	(176)	-
Net loss on disposal of investments	-	159
Gain on lease modification	(75)	-
Write-downs (reversal of write-downs) of inventories	20,178	(4,648)
Unrealized gain on foreign currency exchange	(4,971)	(8,080)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(102,496)	400
Notes and accounts receivable	(24,081)	(558,945)
Notes and accounts receivable from related parties	160,999	(298,714)
Inventories	(804,772)	(459,834)
Other current assets	(323,766)	346,963
Net defined benefit assets	(15,837)	(372,368)
Notes payable and accounts payable	183,905	39,226
Notes and accounts payable to related parties	(192,103)	78,607
Other payables	(90,439)	98,247
Other current liabilities	25,315	12,907
Cash generated from operations	91,119	243,180
Interest received	1,435	423
Interest paid	(141,609)	(83,936)
Income tax (paid) received	(120)	709
Net cash (used in) generated from operating activities	<u>(49,175)</u>	<u>160,376</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction on financial assets at FVTOCI	-	26,122
Proceeds from the sale of financial instruments for hedging	-	5,303
Proceeds from disposal of investments accounted for using equity method	253,501	19,975
Payments for property, plant and equipment	(1,278,378)	(1,602,528)
Proceeds from disposal of property, plant and equipment	294	-
Increase in other non-current assets	(21,511)	(11,629)
Decrease in prepayments for equipment	361,125	106,206
Dividend received	157,942	205,490
Net cash used in investing activities	<u>(527,027)</u>	<u>(1,251,061)</u>

(Continued)

CHUNG HWA PULP CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	\$ (1,366,759)	\$ 2,332,734
Decrease in short-term bills payable	(5,399,370)	(648,139)
Proceeds from long-term borrowings	8,700,000	3,100,000
Repayments of long-term borrowings	(800,000)	(3,700,000)
Repayment of the principal portion of lease liabilities	(28,653)	(26,361)
Increase (decrease) in other non-current liabilities	4,224	(51)
Cash dividends	(441,134)	-
Capital surplus transferred from unclaimed dividends	<u>794</u>	<u>1,220</u>
Net cash generated from financing activities	<u>669,102</u>	<u>1,059,403</u>
NET INCREASE (DECREASE) IN CASH	92,900	(31,282)
CASH AT THE BEGINNING OF THE YEAR	<u>122,275</u>	<u>153,557</u>
CASH AT THE END OF THE YEAR	<u>\$ 215,175</u>	<u>\$ 122,275</u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Chung Hwa Pulp Corporation

Opinion

We have audited the accompanying financial statements of Chung Hwa Pulp Corporation (the “Company”) which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2022. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter identified in the financial statements for the year ended December 31, 2022 is as follows:

Estimation of Expected Credit Loss of Accounts Receivable

The accounts receivable of the Company is material in amount. In consideration of the business

volume, the recoverability of accounts receivable is not only subject to each customer's financial condition but also management's estimation and judgment. Therefore, the estimation of expected credit loss recognized on accounts receivable was identified as a key audit matter.

The audit procedures that we performed in respect of the above key audit matter included the following:

1. We obtained the reports of impaired receivables impairment and assessed the reasonableness of the methodology and data used in the reports.
2. We tested the receivables aging schedule and reviewed the calculation of expected credit loss for reasonableness of the recognized expected credit loss on receivables.
3. We tested the recoverability of receivables by analyzing overdue accounts and by verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer's credit policy control and tracking of overdue receivables.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the financial statements for the year ended December 31, 2022, and is therefore the key audit matter. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our

report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Wan Lin and Hui-Min Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

Audit Committee's Review Report

The Company's 2022 business report, financial statements and proposal of earnings distribution proposal, and auditors' reports relating to the financial statements were compiled by the Board of Directors, and have been examined and determined to be correct and accurate by the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To: 2023 Annual General Shareholders' Meeting

Chung Hwa Pulp Corporation

Audit Committee Convener: Wan-Yu Liu

March 15, 2023

Chung Hwa Pulp Corporation

Profit Distribution Table for 2022

UNIT: NTD

Item	Amount
Distributable retained earnings	
A. Unappropriated earnings at beginning of the fiscal year	1,970,005,360
B. Net profit for the year ended Dec 31, 2022	445,934,171
C. Re-measurement of defined benefit plans	47,088,627
D. Recognizing changes in investee equity	9,908,503
E. Gain on disposal of investments accounted for using equity method	(16,572,509)
Total	2,456,364,152
Distribution Items	
1. Legal Reserve	48,635,879
2. Cash Dividend(0.3 per share)	326,067,395
3. Unappropriated retained earnings	2,081,660,878
Total	2,456,364,152

Chung Hwa Pulp Corporation

Comparison Table of Amended Rules of Board Meetings

Article Number	After Amendment	Before Amendment	Description
Article 3	<p>The board meeting shall be convened once every quarter.</p> <p>A notice of the reasons for convening a board meeting shall be given to each director seven days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>The notice for convening a board meeting may be effected by means of electronic transmission with the prior consent of the recipients.</p> <p>All matters set forth under Article 12, Paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.</p>	<p>The board meeting shall be convened once every quarter.</p> <p>A notice of the reasons for convening a board meeting shall be given to each director seven days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>The notice for convening a board meeting may be effected by means of electronic transmission with the prior consent of the recipients.</p> <p>All matters set forth under Article 12, Paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion <u>except in the case of an emergency or for other legitimate reason.</u></p>	<p>Since the matters set forth under Article 12, Paragraph 1 are important matters related to company performance, they shall be specified in the notice to give directors sufficient information and time to evaluate the proposals before making a decision.</p>
Article 12	<p>The following items shall be submitted to the board of directors for discussion:</p> <ol style="list-style-type: none"> I. The Company's business plan. II. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer. III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system. IV. Implementation or amendment of guidelines for major financial operations including asset acquisition and disposal, trading derivatives, lending funds to other parties, and making of endorsement and guarantees for other parties in accordance with Article 36-1 of the Securities and Exchange Act. V. The offering, issuance, or private placement of equity-type securities. <u>VI. The election or discharge of the chairperson.</u> <u>VII. The appointment or discharge of</u> 	<p>The following items shall be submitted to the board of directors for discussion:</p> <ol style="list-style-type: none"> I. The Company's business plan. II. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer. III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system. IV. Implementation or amendment of guidelines for major financial operations including asset acquisition and disposal, trading derivatives, lending funds to other parties, and making of endorsement and guarantees for other parties in accordance with Article 36-1 of the Securities and Exchange Act. V. The offering, issuance, or private placement of equity-type securities. <u>VI. The appointment or discharge of a financial, accounting, or internal audit officer.</u> 	<p>According to Article 208, Paragraphs 1 and 2 of the Company Act, the election of the chairperson is a duty and power of the board of directors. Although the discharge of the chairperson is not expressly provided by the law, it is more reasonable for the board of directors who resolved the election to make the decision. Paragraph 6 is added to</p>

	<p>a financial, accounting, or internal audit officer.</p> <p><u>VIII.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>IX.</u> Decisions that require a resolution of the shareholders' meeting or the board of directors according to Article 14-3 of the Securities and Exchange Act, other laws, or the articles of incorporation or other important matters specified by the competent authorities.</p> <p>The "related persons" mentioned in Subparagraph 8 of the preceding paragraph refers to the related persons as defined by the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD 100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director shall be in attendance at board meetings; in the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under Paragraph 1, all independent directors shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses an objection or reservation, the matter shall be recorded in the board meeting minutes; if an independent director intends to express an objection or</p>	<p><u>VII.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>VIII.</u> Decisions that require a resolution of the shareholders' meeting or the board of directors according to Article 14-3 of the Securities and Exchange Act, other laws, or the articles of incorporation or other important matters specified by the competent authorities.</p> <p>The "related persons" mentioned in Subparagraph 7 of the preceding paragraph refers to the related persons as defined by the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD 100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director shall be in attendance at board meetings; in the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under Paragraph 1, all independent directors shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses an objection or reservation, the matter shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a</p>	<p>specify that both the election and discharge of the chairman shall require a resolution of the board.</p>
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	reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.	legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.	
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Chung Hwa Pulp Corporation

Rules of Board Meetings (After Amendment)

Article 1. For the purpose of soundness of Board of Directors governance and function of supervision and management, the Rules of Procedure for Meetings of Board of Directors (hereinafter the "Board") are adopted pursuant to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2. The main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for Board meetings shall be handled in accordance with the these regulations herein.

Article 3. The board meeting shall be convened once every quarter.

A notice of the reasons for convening a board meeting shall be given to each director seven days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

The notice for convening a board meeting may be effected by means of electronic transmission with the prior consent of the recipients.

All matters set forth under Article 12, Paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.

Article 4. The Board of the Company shall appoint Finance and Accounting Dept. as the agenda working group.

The agenda working group shall prepare agenda items for Board meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.

A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the Board.

Article 5. When a meeting of the board of directors is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.

All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

When a director attends other directors to attend directors meeting by proxy, a letter of authorization shall be presented, and the scope of responsibilities and obligations based on the purpose of the meeting shall be stated.

A proxy under paragraph 2 may accept a proxy from one person only.

Article 6. A Board meeting shall be held at the location and during the business hours of the company, or at a place and time convenient to all directors and suitable for holding such a meeting.

Article 7. The Company's board meetings shall be convened and chaired by the Chairman. However, the first meeting of a newly-elected board shall be convened by the director who receives the highest number of votes during the shareholders' meeting. Meetings shall be chaired by the persons who convene them; in cases where there are two or more conveners, one of whom shall be elected to chair the meeting.

If the Chairman is unable to perform such duties due to leave of absence or any other reason, the Vice Chairman shall act on the Chairman's behalf. If the Company has no Vice Chairman or if the Vice Chairman is also unable to perform duties due to leave of absence or any reason, the Chairman shall appoint one of the directors to act on the Chairman's behalf. If the Chairman does not appoint a deputy, the remaining directors shall appoint an acting chairperson from among themselves.

Article 8. Upon calling of a Boarding meeting, the administration department (or the agenda working group appointed by the Board) shall prepare comprehensive pre-meeting materials for directors' reference whenever necessary.

When holding a meeting of the board, the Company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants. When necessary, the company may also invite certificated public accountants, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

When the time of a meeting has arrived and over one-half all Board directors are present, the meeting chair may announce convening of the meeting; when the time of a meeting has arrived and one-half all Board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Article 3, paragraph 2.

The term "all Board directors" as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.

Article 9. The company shall record on audio or video tape the entire proceedings of a Board meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a Board meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where a Board meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the company.

Article 10. Agenda items for regular Board meetings shall include at least the following:

I. Reports

1. Minutes of the last meeting and action taken.
2. Reporting on important financial and business matters.
3. Reporting on internal audit report.
4. Other important matters to be reported.

II. Discussions

1. Items for continued discussion from the last meeting.
2. Items for discussion at this meeting.

III. Extraordinary Motions

Article 11. A Board meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.

If at any time during the proceeding of a Board meeting the directors sitting at the meeting are not over half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case paragraph 3 of Article 8 shall apply mutatis mutandis.

Article 12. The following items shall be submitted to the board of directors for discussion:

- I. The Company's business plan.
- II. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.
- IV. Implementation or amendment of guidelines for major financial operations including asset acquisition and disposal, trading derivatives, lending funds to other parties, and making of endorsement and guarantees for other parties in accordance with Article 36-1 of the Securities and Exchange Act.
- V. The offering, issuance, or private placement of equity-type securities.
- VI. The election or discharge of the chairperson.
- VII. The appointment or discharge of a financial, accounting, or internal audit officer.

VIII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.

IX. Decisions that require a resolution of the shareholders' meeting or the board of directors according to Article 14-3 of the Securities and Exchange Act, other laws, or the articles of incorporation or other important matters specified by the competent authorities

The "related persons" mentioned in Subparagraph 8 of the preceding paragraph refers to the related persons as defined by the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD 100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director shall be in attendance at board meetings; in the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under Paragraph 1, all independent directors shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses an objection or reservation, the matter shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes..

Article 13. The meeting chairperson may announce to discontinue further discussions if the agenda is considered to have been sufficiently discussed to proceed with the voting.

The Company's motion is considered passed if the chairperson receives no objections from any attending directors, which has the same effect as voting. Should anyone express objections after being inquired by the chairperson, the agenda will proceed to the voting process.

The chairperson may choose to proceed with voting in any of the following methods, but if there is any objection from any attendants, the chairperson shall proceed according to the opinion of the majority:

- I. Voting with a show of hands or using voting instruments.
- II. Vote by roll call.
- III. Ballot votes.
- IV. Any other methods chosen by the Company.

The attending directors mentioned in the previous two paragraphs do not include directors who are prohibited from voting under Article 15, Paragraphs 1 and 2.

Article 14. Except as otherwise stated in the Act or in the Company Act, a resolution on a matter at a Board meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.

When there is an amendment or an alternative to same 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. If one of the proposals is approved by vote, the rest is deemed voted down, none of which requires re-vote.

Vote monitoring and counting is appointed by the chair when necessary, provided that scrutineer shall be a director.

The result of voting shall be reported on the spot and prepared in the minutes.

Article 15. If a director, or a corporate entity that the director represents, is considered an interested party in the discussed agenda, a full disclosure is required during the current meeting session. The director shall recuse himself/herself from all discussions and voting if it is in conflict with the Company's interests. In which case, the director may not exercise voting rights on behalf of other directors.

If a director's spouse or relatives of second degree, or companies that have a control and affiliation relationship with a director are stakeholders of the aforementioned discussed agenda, the director shall be considered as an interested party to such matters.

A resolution of the Company's board of directors subject to any director who may not exercise the voting right as specified in the preceding two paragraphs shall be handled according to the rules under Article 180, Paragraph 2 of the Company Act applied mutatis mutandis from Article 206, Paragraph 4 of the same act.

Article 16. Minutes shall be prepared of the discussions at Board meetings. The meeting minutes shall record the following.

- I. Session (or year), time, and place of the meeting.
- II. Name of the meeting chair.
- III. Attendance of directors at the meeting, including the names and the number of directors present, excused, and absent.
- IV. Names and titles of those attending the meeting as nonvoting participants.
- V. Name of minutes taker.
- VI. Matters reported at the meeting.
- VII. Discussion items: the resolution method and the result for each proposal; a summary of the comments made by directors, experts, or other persons; an explanation of the important aspects of the relationship of interest as referred to in Paragraph 1 of the preceding article, the reasons for recusal and non-recusal, and the status of recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Paragraph 4, Article 12.
- VIII. Extraordinary motions: the name of the mover, the resolution method and the result for each motion; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons for recusal and non-recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
- IX. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a meeting of the Board shall be stated in the meeting minutes and within two days of the meeting be published on Market Observation System designated by Financial Supervisory Commission.

- I. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
- II. Any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all Board directors.

The attendance book forms a part of the minutes for each Board meeting and shall be well preserved during the existence of the company.

The minutes of a Board meeting shall bear the signature or seal of both the meeting chair and the minute taker; a copy of the minutes shall be distributed to each director within 20 days after the meeting, and well preserved as important company records during the existence of the company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

Article 17. Apart from matters referred to in paragraph 1 of Article 12, which are required to be submitted for discussion by the Board, when the Board delegates any exercise of its powers pursuant to laws or regulations or the company's articles of incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.

Article 18. (This article has been deleted.)

Article 19. Adoption and amendment of these regulations shall be approved by the Board of the Company and submitted to Shareholders' meeting for reporting.

Chung Hwa Pulp Corporation

Articles of Incorporation

48th amended on June 17th, 2022

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 Company's scope of business is as follows:
- I. A101011 Seeding.
 - II. A201010 Forestation.
 - III. A201030 Special forest business.
 - IV. A202040 Logging.
 - V. A299990 Other logging services.
 - VI. C301010 Spinning of yarn.
 - VII. C501010 Lumbering.
 - VIII. C501030 Plywood manufacturing.
 - IX. C501040 Reconstituted wood manufacturing.
 - X. C601010 Pulp manufacturing.
 - XI. C601020 Paper manufacturing.
 - XII. C601030 Paper containers manufacturing.
 - XIII. C601040 Processed paper manufacturing.
 - XIV. C601050 Domestic and sanitary paper products manufacturing.
 - XV. C601990 Manufacture of other paper products.
 - XVI. C801010 Basic industrial chemical manufacturing.
 - XVII. C801100 Synthetic resin and plastic manufacturing.
 - XVIII. C802090 Cleaning products manufacturing.
 - XIX. C802120 Industrial and additive manufacturing.
 - XX. C802160 Adhesive tapes manufacturing.
 - XXI. C805010 Plastic sheets, pipes and tubes manufacturing.
 - XXII. C805020 Plastic sheets & bags manufacturing.
 - XXIII. C114010 Food additives manufacturing.
 - XXV. CB01010 Machinery and equipment manufacturing.
 - XXVI. CZ99990 Other industrial products manufacturing not elsewhere classified.
 - XXVII. D101050 Steam and electricity paragenesis.
 - XXVIII. F107030 Wholesale of cleaning preparations.
 - XXIX. F107190 Wholesale of plastic sheets & bags.
 - XXX. F107200 Wholesale of chemistry raw material.
 - XXXI. F107990 Wholesale of other chemical products.
 - XXXII. F113010 Wholesale of machinery.
 - XXXIII. F113990 Wholesale of other machinery and tools.
 - XXXIV. F121010 Wholesale of food additives.
 - XXXV. F207030 Retail sale of cleaning preparations.
 - XXXVI. F207190 Retail sale of plastic sheets & bags.

XXXVII.F207200 Retail sale of chemistry raw material.
XXXVIII. F213080 Retail sale of other machinery and equipment.
XXXIX. F221010 Retail of food additives.
XL.F299990 Retail sale of other retail trade not elsewhere classified.
XLI. F399040 Retail business without shop.
XLII.F401010 International trade.
XLIII. H701010 Residence and buildings lease construction and development.
XLIV.H701040 Specialized field construction and development.
XLV. H701060 New county and community construction and investment.
XLVI. H701090 Renovation, or maintenance within the renewal area.
XLVII. 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 extends external guarantees and check endorsements to companies and organizations, and is limited to the following circumstances:

I. Required for the businesses of the Company and the business scope the Company invests in.

II. Related to inter-industry guarantees.

Article 6 The Company's investments in other enterprises are 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 Stocks of the Company shall be registered, signed, or sealed by directors representing the Company, list the items of Article 162 of the Company Act, and certified by the securities authority or a bank competent to serve as attestors for the issuance of share certificates under the laws, prior to given a serial number and issued according to law.

Stocks issued according to the preceding paragraph are not required to be printed. The Company shall contact the centralized securities depository enterprise institution for registration of the share certificates.

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 The Company's shareholders' meetings are of two kinds: the regular meeting and special meetings.
- I. Regular meetings of shareholders are held within six months after the end of the fiscal year.
 - II. Special meetings are convened according the Company Act when necessary.
- The Company's regular meetings shall be held by video conferencing or other method approved by the central competent authority..
- 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 The Articles of Incorporation were established 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; 45th amended on June 21, 2019; and 46th amended on June 30, 2020, and the 47th amended was made on July 7, 2021, and the 48th amended was made on June 17, 2022.

Chung Hwa Pulp Corporation Rules of Procedure for the Shareholders' Meetings

Amended on June 17th, 2022

- Article 1. These Rules are formulated in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and serve as the basis for the Company's shareholders' meeting governance mechanism.
- Article 2. The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3. Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
- Changes to the method of convening the Company's shareholders' meeting shall be subject to a resolution of the Board of Directors, and shall be made no later than before the shareholders' meeting notice is dispatched. This 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. This Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 30 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, this 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 this Company and the professional shareholder services agent designated thereby.
- This Company shall provide the aforementioned meeting agenda and supplemental meeting materials to the shareholders on the day of the shareholders' meeting via the following methods:
1. Distributed on-site at the meeting place when holding physical shareholders' meetings.
 2. Distributed on-site at the meeting place and uploaded to the video-conferencing platform when holding physical shareholder's meetings with assistance of video conferencing.
 3. Uploaded to the virtual-meeting platform when holding shareholder's meetings via video conferencing.
- 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. Matters pertaining to the election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing the status of the Company as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 hereof shall be itemized in the reasons for convening and the essential contents shall be explained, and shall not be brought up as extraordinary motions. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or by the Corporation, and the website shall be indicated in the above notice.
- The notices for convening the shareholders' meeting have stated the election of directors and supervisors and the date on which they assume office. After the re-election is completed, the same meeting cannot change the date of assumption of office through extraordinary motions or other methods.
- Shareholders holding 1 percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting, however only one matter shall be allowed in each single proposal. If a proposal contains more than one matter, then the said proposal shall not be included in the agenda. A shareholder proposal that urges the Corporation to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the Board of Directors. 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.
- Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals in writing or by way of electronic transmission, and the

location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words. Proposals containing more than 300 words will not 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 discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, this Corporation 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 exclusion of any shareholder proposals not included in the agenda.

- Article 4. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization. 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 this Corporation 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. After a proxy form has been delivered to this Corporation, 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 this Corporation 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. If the proxy has already been delivered to this Company and the shareholder decides he/she wishes to attend the meeting via video conferencing, the concerned shareholder should notify this Company in writing two days prior to the shareholders' meeting to rescind the notice for proxy. If the cancellation notice is not submitted by the deadline, votes cast at the meeting by the proxy shall prevail.
- Article 5. The venue for a shareholders meeting shall be the premises of this Corporation, 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. When this Company holds a shareholders' meeting via video conferencing, the place of meeting shall not be subject to the limitations of the preceding paragraph.
- Article 6. This Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention. 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. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person. Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. This 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. This Corporation 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. This Corporation 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, pre-printed ballots shall also be furnished. 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 proxy, it may designate only one person to represent it in the meeting. In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with this Company two days before the meeting date. In the event of a virtual shareholders' meeting, this Company shall upload the meeting agenda book, annual report, and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1 To convene a virtual shareholders' meeting, this Company shall include the following in the shareholders' meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events, at least covering the following:
 - (1). To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be eliminated, and the date to which the meeting is postponed or on which the meeting will resume.
 - (2). Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - (3). In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting, meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
 - (4). Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting shall be specified

Article 7. Shareholders meetings that are convened by the Chairman shall be chaired by the Chairman. If the Chairman is unable to perform such duties due to a leave of absence or any other reason, the Chairman may appoint one of the directors to act on the Chairman's behalf. If the Chairman does not appoint a delegate, one shall be elected by the directors from among them.

If the Meeting is chaired by a director other than the Chairman, it shall be one who is familiar with the Company's business and financial status and that had been appointed more than six months prior. The same shall be true for a representative of a juristic person director that serves as chairperson.

It is advisable that shareholders meetings convened by the board of directors be chaired by the Chairman of the Board in person, attended by a majority of directors, at least one independent director 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.

If a shareholders meeting is convened by someone having the right to convene a meeting, but who is not a member of the Board of Directors, the said person shall chair the meeting. If more than one person has the right to convene the meeting, one shall be elected to chair the meeting.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8. This Corporation, 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.

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.

Where a shareholders' meeting is held online, this Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this

Company, and make an uninterrupted audio and video recording of the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Where a virtual shareholders' meeting is convened, this Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9. 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, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the appointed meeting time, and announce related information including the number of shares without voting rights and the number of shares in attendance at the same time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson 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 one third of the total number of issued shares, the chairperson shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, this Company shall also declare the meeting adjourned at the virtual meeting platform.

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. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register with this Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be decided by the board of directors. Relevant motions (including extraordinary motions and amendments to the original motion) should be voted on on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. However, extraordinary motions should be proposed within the scope permitted by law, within the time limit when the chairperson puts the matter before all shareholders present at the meeting, and can only be included in the agenda after receiving approval from the attending shareholders in accordance with legal procedures.

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.

Unless by the resolution of the shareholders' meeting, the chairperson may not declare the meeting ended until all items on the agenda (including extraordinary motions) arranged in the preceding two paragraphs have been completed. The shareholders cannot designate any other person as chairperson and continue the meeting in the same or another place after the meeting is adjourned. If the chairperson 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 chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson 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 chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, and arrange an adequate voting time.

Article 11. 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 chairperson.

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.

Except with the consent of the chairperson, 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 chairperson may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

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.

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

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting may raise questions in writing on the virtual meeting platform from the chairperson declaring the meeting open until the chairperson declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The provisions of Paragraphs 1 to 5 do not apply.

As long as questions raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public on the virtual meeting platform.

Article 12. Voting at a shareholders meeting shall be calculated based the number of shares.

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.

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 this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

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.

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.

Article 13. 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.

When the Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights 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. However, shareholders will be deemed to have waived their rights with respect to extraordinary motions and amendments to original proposals of that meeting.

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 Corporation 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.

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 or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is not submitted by the deadline, 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.

Except as otherwise provided in the Company Act and in the Corporation's Articles of Incorporation, 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 chairperson or a person designated by the chairperson 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.

When there is an amendment or an alternative to a proposal, the chairperson 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 among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of this Corporation.

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.

When this Company convenes a virtual shareholders' meeting, after the chairperson declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chairperson announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chairperson announces the voting session ends, and results of votes and elections shall be announced immediately.

When this Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked by the deadline, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14. The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by this 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, and the names of directors and supervisors not elected and number of votes they received.

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.

Article 15. 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 chairperson 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.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including statistical weights). When directors are elected, the number of votes for each candidate should be disclosed. The minutes shall be kept permanently throughout the life of the Corporation.

Where a virtual shareholders' meeting is convened, in addition to the matters to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chairperson's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents, or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When this Company convenes a virtual shareholders' meeting, other than compliance with the

requirements in the preceding paragraph, this Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting.

- Article 16. On the day of a shareholders' meeting, this Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. In the event of a virtual shareholders' meeting, this Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting. During this Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever a new tally of the total number of shares represented in attendance and the number of shares with voting rights is released during the meeting. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.
- Article 17. Staff handling administrative affairs of the shareholders' meeting shall wear identification badges or arm-bands. The chairperson 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." 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 this Corporation, the chairperson may prevent the shareholder from so doing. When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 18. When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. 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. 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.
- Article 19. In the event of a virtual shareholders' meeting, this Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chairperson has declared the meeting adjourned.
- Article 20. When this Company convenes a virtual shareholders' meeting, both the chairperson and secretary shall be in the same location, and the chairperson shall declare the address of their location when the meeting is called to order.
- Article 21. In the event of a virtual shareholders' meeting, this Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve technical issues. In the event of a virtual shareholders' meeting, when calling the meeting to order, the chairperson shall also declare matters other than under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, and if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters,

accidents, or other force majeure events before the chairperson has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully checked in, but do not attend the postpone or resumed session, shall be counted towards the total number of shares, number of voting rights, and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When this Company convenes a hybrid shareholders' meeting and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting, still meets the minimum legal requirement for a shareholder' meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting shall be counted towards the total number of shares represented by shareholders present at the physical meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on the meeting agenda of the concerned shareholders' meeting

When postponing or resuming a meeting according to the second paragraph, this Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For periods set forth in Article 12, second half, and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph

Article 22. When convening a virtual shareholders' meeting, this Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.

Article 23. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Chung Hwa Pulp Corporation

Name and Current Shareholding of Directors

Book closure date: May. 2, 2023

Position	Name		Date elected	Shareholding while elected			Current shareholding		
				Type	Shares	ratio	Type	Shares	ratio
Chairman	Kirk Hwang	YFY Inc. Representative	6.17.2022	Common Shares	627,827,989	56.93%	Common Shares	627,827,989	56.93%
Director	Jean Liu								
Director	Guu-Fong Lin								
Director	Ray Chen	YFY Paradigm Investment Co., Ltd. Representative	6.17.2022	Common Shares	7,752,732	0.70%	Common Shares	7,752,732	0.70%
Independent Director	Donald Chang		6.17.2022	Common Shares	-	-	Common Shares	-	-
Independent Director	Hsiao-Kan Ma		6.17.2022	Common Shares	-	-	Common Shares	-	-
Independent Director	Wan-Yu Liu		6.17.2022	Common Shares	-	-	Common Shares	-	-
Total					635,580,721	57.63%		635,580,721	57.63%

Total issued shares: 1,102,835,316 shares as of May 2, 2023, and all directors of the company shall hold the shares according to law: 32,000,000 shares and all directors held: 635,580,721 shares.