

Chung Hwa Pulp Corporation

Rules of Board Meetings

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. When a board meeting is convened, the management department (or the unit designated by the Board of Directors) shall have the relevant information ready for the attending directors' reference.

Depending on the agenda, members of the relevant departments or subsidiaries may be notified to attend a board meeting. When necessary, CPAs, attorneys, or other professionals may also be invited to attend the meeting as non-voting participants and to make explanatory statements. However, they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time when more than half of the directors are in attendance. If half of all the directors are not in attendance at the appointed meeting time, the chair may announce a postponement to the same day, provided that no more than two such postponements may be made. If after two postponements the number of directors present is still insufficient, the chair may reconvene the meeting by following the procedure under Paragraph 2, Article 3.

The term "all directors" in the preceding paragraph and in Subparagraph 2, Paragraph 2, Article 16 shall be counted as the number of members actually in office at the given time.

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 follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

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

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

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, Paragraph 3 shall apply.

At any time during the course of the meeting, if the chair is unable to lead the meeting for any reason or fails to close it according to Paragraph 2, then Article 7, Paragraph 2 shall apply for the selection of an agent.

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.