

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 of the Company meets once every quarter.

The reasons for calling a Board meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.

All matters set out in the subparagraphs of Article 12, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason.

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. Meetings of the Board shall be called and chaired by the chairperson of the Board. However, the first meeting of each newly elected Board shall be called and chaired by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to do so.

When the chairperson of the Board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and 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 Company shall submit the following items for discussion by the Board:

I. Corporate business plan.

II. Annual financial reports.

III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter the "Act"), and assessment of the effectiveness of the internal control system.

IV. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.

V. Offering, issuance, or private placement of any equity-type securities.

VI. Appointments and dismissal of finance, accounting and internal audit managers.

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

VIII. Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or Board meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in Subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$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 director 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 attend in person any meeting of the Board. With respect to a matter prescribed in Paragraph 1 that must be approved by resolution at a Board meeting, all independent directors shall attend the meeting in person or appoint another independent director to attend the meeting as a proxy. If independent directors have opposing or reserved opinions, these opinions shall be recorded in the Board meeting records; if independent directors cannot personally attend Board meeting to express their opposing or reserved opinion, they shall give a written opinion before the meeting unless they have an appropriate reason and the opinion shall be recorded in the Board meeting records.

Article 13. When the chair at a Board meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

When a proposal comes to a vote at a Board meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved. If a dissent is put forth upon inquiry made by the chair, the matter shall be brought to vote.

The method of voting shall be the chair's selection of either of the following; in case an attendee is of dissenting opinion, resolution shall be made upon opinion of a bigger proportion of the attendees.

I. A show of hands or a vote by voting machine..

II. A roll call vote.

III. A vote by ballot.

IV. A vote by a method selected at the Company's discretion.

The directors present at the meeting in the preceding two paragraphs do not include directors prohibited from exercising voting rights pursuant to Article 15, paragraph 1.

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 any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and

may not act as another director's proxy to exercise voting rights on that matter. The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 3 of that Act, apply to resolutions of Board meetings when a Board director is prohibited by the preceding paragraph from exercising voting rights.

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. The provisions of Article 2, paragraph 2 of Article 3, Articles 4 to 6, Article 8 to 11, and Articles 13 to 16 shall apply mutatis mutandis to the procedure for meetings of the managing directors of the Company, provided that if a meeting of managing directors is scheduled to be convened within seven days, the notice to each managing director may be made two days in advance.

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