

Chung Hwa Pulp Corporation

Procedures for Preventing Insider Trading

Article 1 In accordance with the “scope of information with material impact and its method of disclosure” in Article 157-1 and Article 157-1, Paragraph 4 of the Securities and Exchange Act, the transactions of stocks and equity-type securities by internal personnel of the Company shall be processed information with material impact and its method of announcement based on these Procedures.

Article 2 Definitions

(I) Insiders: Insiders include

1. the Company’s Directors, managerial officers, and natural persons delegated by them to perform duties in accordance with Article 27, Paragraph 1 of the Company Act. Stocks and equity-type securities held by the insiders as specified in the Subparagraph shall include those held by their spouses and minor children as well as those held in the name of others.
2. Shareholders who hold more than 10% of the Company’s shares. Stocks and equity-type securities held by the insiders as specified in the Subparagraph shall include those held by their spouses and minor children as well as those held in the name of others.
3. The Company’s employees of the Company who have learned the information by reason of occupational or controlling relationship.
4. Individuals who are no longer among those listed in the preceding three subparagraphs but have only lost such status within the last six months.
5. The Company’s employees who have learned such information from individuals specified in the four subparagraphs above.

(II) Other equity-type securities": They shall include convertible corporate bonds, corporate bonds with warrants, stock warrants, call (put) warrants, certificates of payment for shares, stock warrant certificates, certificates of entitlement to new shares, bond conversion entitlement certificates, Taiwan Depositary Receipts, and other equity-type securities.

(III) Material information that may affect the prices of the Company’s stocks: Such information refers to information that involves the Company's finances, business, mergers and acquisitions, and supply and demand for the company's securities, and anything that has a significant influence on share prices or investors' decisions.

(IV) The material information “with material impact on the financial or business status of the Company” in Paragraph 3 of this Article refers to one of the following:

1. Dishonored negotiable instruments due to insufficient funds, blacklisting by a financial institution, or any other loss of creditworthiness.
2. Litigation, non-litigious claims, administrative penalties, administrative litigation, or the execution of seizures or dispositions that have material impact on the Company's financial and business status.

3. Serious drop in the output, complete or partial suspension of work, lease of the Company's factory or its main facilities, or complete or partial pledge of the material assets which has had a significant impact on the Company's business.
4. Any event specified under Article 185, Paragraph 1 of the Company Act.
5. Judgment by the competent court to prohibit the transfer of the Company's shares under Article 287, Paragraph 1, Item 5 of the Company Act.
6. Changes in the Company's chairman, president, or directors totaling more than one-third of the board.
7. Change in the auditing and certifying accountant. However, changes due to internal adjustments in the accounting office shall not be included.
8. Execution, amendment, termination, and rescindment of the important memoranda, strategic alliances or other cooperative business plans, or important contracts, change in the material contents of the business plan, completion of new product development, successful development of trial products, and formal entrance into mass production, or acquisition of other enterprises, acquisition or assignment of patent rights, exclusive trademark use rights, copyrights, or other intellectual property rights transactions, which have a material impact on the finances or business of the Company.
9. Other important events with material impact on the continuation of company operation.
10. Major public or private offerings of equity-related securities, capital reductions, mergers, acquisitions, divestments, share exchange, share conversion, direct or indirect investments, and major changes to the above.
11. Corporate restructuring, bankruptcy, dissolution, delisting, or any major changes to the above.
12. Provisional suspension of a Director's duty to the extent that it renders the board unable to function, or a total dismissal the Company's Independent Directors.
13. Occurrence of major disasters, protests, strikes, pollution, and any event that causes significant losses to the Company; or any decision by the competent authority to suspend or cease the Company's business activities, or to void or revoke its business licenses.
14. Where the Company's related parties, main debtor or debtor's guarantor is found to have checks returned or undergone bankruptcy, debt restructuring or other similar matters; and where a borrower endorsed/guaranteed by the Company is unable to repay notes, loans, or other debt obligations when due.
15. Any lack of internal controls that results in conspiracies, non-arm's length transactions, or misappropriation of the Company's assets.
16. Partial or total discontinuance of business relationships between the Company and its main customers or suppliers.
17. Where one of the following conditions apply to the Company's Financial Report:

(1) Failure to disclose or report information in accordance with Article 36 of

the Securities and Exchange Act.

(2) Errors or omissions that are subject to re-statement according to Article 6 of the Enforcement Rules.

(3) Auditors' opinions that are other than "unqualified" or "modified unqualified." However, exception can be given if the opinions relate to the amortization of reported losses over a certain number of years, as permitted by law, or the use of unaudited or auditor-reviewed statements for presenting amounts and losses of long-term equity investments reported in the 1st quarter, 3rd quarter, and semi-annual financial reports.

18. Major discrepancies between the Company's financial forecast and its actual performance; or major changes (corrections) to the original financial forecast.

19. Where the Company is repurchasing shares of the Company.

20. Where the Company purchases securities issued by a listed company or discontinues such purchases.

21. Where the Company acquires or disposes of material assets.

22. Where the Company issues foreign overseas securities and material events have occurred that require immediate public disclosure or report in accordance with the laws and regulations of the country in which the securities are listed or regulations of the securities market.

23. Other events with material impact on the financial and business status of the Company, the Company's share prices, or investment decisions of a reasonably prudent investor.

(V) The material information "with material impact on the market demand and supply and open acquisition of the Company's shares" in Paragraph 3 of this Article refers to one of the following:

1. The Company's securities traded on the centralized securities exchange market or the OTC securities market are subject to a public tender offer or suspension of a public tender offer.

2. Any material change in the shareholding of the Company or its controlling company.

3. The Company's securities traded on the centralized securities exchange market or the OTC securities market are subject to an event of bidding, auctioning, material default in settlement, change of the original method of trading, or suspension, limitation, or termination of trading, or there is any circumstance that may lead to any such event.

4. Any other matter relating to the market supply and demand of such securities that would have a material impact on the company's stock price or on the investment decisions of a reasonably prudent investor.

(VI) The date of existence of the information shall be the date of the fact, agreement, contract signature, payment, request, execution of transaction, transfer of title, resolution of the Board of Directors, or other precise date based on concrete evidence specified in the two preceding Articles, whichever comes first.

Article 3 The insiders of the Company, upon learning of information with material impact on the Company's share prices or solvency for repaying principal or interest, may not trade

shares or securities of the Company or other equity-type securities, or sell the Company's non-equity-type corporate bonds that are on the market or traded at business offices of securities firms 18 hours before or after the public disclosure.

Article 4 The Company's Directors, managerial officers, and employees shall carry out their duties with the attention and loyalty of a prudent administrator based on the principle of good faith and they shall be required to sign a confidentiality agreement.

Article 5 Any organization or person outside of the Company that is involved in any corporate action of the Company relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans, or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any material inside information of the Company.

Article 6 The Company shall comply with the following principles when making external disclosures of material inside information:

(I) The information disclosure shall be accurate, complete and prompt.

(II) The information disclosure shall be based on facts.

(III) The information shall be fairly disclosed.

Article 7 Any disclosure of the Company's material inside information, except as otherwise provided by law or regulation, shall be made by the Company's spokesperson, or by a deputy spokesperson acting in such capacity in a confirmed sequential order. When necessary, the disclosure may be made directly by the person in charge of the Company.

Article 8 The Company shall process information with material impact on the Company's stock prices in accordance with related regulations and its internal regulations. They shall be disclosed in accordance with the following methods:

(I) Information specified in Article 2, Paragraph 3 of the Procedures shall be entered into the Market Observation Post System.

(II) Information specified in Article 2, Paragraph 4 of the Procedures shall be disclosed through one of the following methods:

1. Entry on the Market Observation Post System.
2. Announcement on the Market Information System of the Taiwan Stock Exchange Corporation.
3. Reports in non-local pages of more than two national daily newspapers, national TV news programs, or digital reports issued by the aforementioned media. The disclosure time shall be calculated by the newspaper distribution (6 a.m. for morning papers and 3 p.m. for evening papers), the first broadcast on TV news, or the entry on the digital website, whichever comes later.

Article 9 The Procedures shall be included as part of the Company's internal control system.

Internal auditors shall periodically learn about the compliance status to ensure the implementation of insider trading prevention procedures.

Article 10 The Company shall educate directors, managerial officers, and employees on the Procedures and related regulations.

Article 11 Violation of the Procedures by insiders of the Company shall be punished.

Article 12 All matters not covered herein shall be processed in accordance with related provisions of the “Regulations Governing the Scope of Material Information and the Means of its Public Disclosure Under Article 157-1, Paragraphs 5 and 6 of the Securities and Exchange Act”.

Article 13 The Procedures shall be implemented after the approval of the Company's Board of Directors. The same shall apply to all amendments.