

Chung Hwa Pulp Corporation

Procedures for Repurchase of Shares and Transfer to Employees

Article 1 In order to encourage employees and enhance employees' devotion, the Company established the Procedures for Repurchase of Shares and Transfer to Employees in accordance with Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the provisions of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by the Financial Supervisory Commission. Any repurchase of shares and transfer to employees by the Company, in addition to complying with related laws and regulations, will be carried out in accordance with these Procedures.

(Type of shares to transfer and the rights and restrictions)

Article 2 The shares transferred by the Company to employees are ordinary shares, and their rights and obligations are the same as other ordinary shares in circulation, except as otherwise provided by the relevant laws and these Procedures.

(Transfer period)

Article 3 In accordance with these Procedures, the shares in the present share repurchase may be transferred to employees in a single transfer or multiple transfers within five years from the date of the share repurchase.

(Eligibility requirements for transferees)

Article 4 All full-time employees of the Company who have arrived before the record date for subscription or have made special contributions to the Company, as well as full-time employees who directly or indirectly holds more than 50% of the voting rights of domestic or foreign subsidiaries, are eligible in accordance with the relevant provisions of these Procedures.

(Transfer allocation)

Article 5 The employees shall subscribe to the number of shares as approved in accordance with Article 4. Employees who have not subscribed and completed payment at the conclusion of the designated subscription and payment period will be deemed to have waived their subscription rights. In the event of an insufficient number of subscriptions, the Chairman may contact other qualified employees regarding subscription to the remaining shares.

Article 6 Repurchase and procedures for transfer of shares:

- (1) The repurchase of the Company's shares will be publicly announced, reported, and carried out during the implementation period in accordance with a resolution of the Board of Directors.
- (2) The Chairman is authorized by the Board of Directors to set and announce the record date for employee subscriptions, the numbers of shares to which employees may subscribe, the period for payment for subscriptions, and the rights and restrictions associated with share subscriptions.
- (3) Statistics will be compiled on the numbers of shares actually subscribed and paid for, and the registration of share transfers will be carried out.

(Agreed transfer price per share)

Article 7 The share transfer price for the present repurchase of shares and transfer to employees will be the average of the actual share repurchase prices, provided that if, prior to the transfer, there is either an increase (or decrease) in the number of issued shares of the Company's ordinary shares, the transfer price will be adjusted within a range proportional to the increase (or decrease).

Transfer pricing adjustment formula: Adjusted transfer price = average repurchase price per share x (total number of ordinary shares at the completion of the repurchase by the Company ÷ total number of ordinary shares prior to the repurchase of shares to transfer to employees by the Company)

(Rights and obligations after the transfer)

Article 8 Once the transfer of the repurchased shares to employees is registered, unless otherwise specified, the rights and obligations are consistent with the ordinary shares.

Article 9 The Company shall transfer the shares it has repurchased to the employees within five years from the date of the share repurchase. Shares that have not been transferred within the deadline shall be deemed as the Company's unissued shares, and shall be canceled in accordance with the law. The Company shall also handle the change of registration.

(Other)

Article 10 These Procedures will take effect following a resolution of the Board of Directors, and may be amended by submission to the Board of Directors for a resolution.

Article 11 These Procedures shall be reported to the shareholders' meeting, and so shall any later amendments.