

CHC Resources Corporation

Procedures and Guidelines for Ethical Corporate Management

Established on August 5, 2016

- Artical I** The Company engages in business activities based on the principles of fairness, honesty, faithfulness, and transparency. To fully implement ethical management policies and actively prevent unethical behaviors, the Procedures and Behavioral Guidelines are established pursuant to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Article 6 and Article 18 of the Company's Ethical Corporate Management Best Practice Principles, specifying matters to be noticed when personnel of the Company is performing their duties.
- Except for otherwise stated in other rules and regulations, the Company shall comply with matters stated in the Procedures and Guidelines for Conduct.
- Artical II** For the purposes of these Procedures and Guidelines, the term "personnel of the Company" refers to any director, managerial officer, employee, mandatary, or person having substantial control of the Company.
- Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.
- Artical III** For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.
- The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors (supervisors), managerial officers, employees, persons having substantial control, or other stakeholders.
- Artical IV** For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.
- Artical V** The Auditors are responsible for the relevant operations such as registration and archiving of the execution of these Procedures and Guidelines and the reported content and the execution supervision, and shall regularly report to the Board of Directors.
- The Planning Department is responsible for the amendment, interpretation, and consultation services of these Procedures.
- Artical VI** Personnel of the Company directly or indirectly providing, receiving, promising, or requesting any benefits stated in Article 4 shall be subject to the "Guidelines for Handling Gifts, Social Engagements, Making Requests and Lobbying."

Artical VII Personnel of the Company encountering direct or indirect provision or promises of any benefits stated in Article 4 from other parties shall be subject to the "Guidelines for Handling Gifts, Social Engagements, Making Requests and Lobbying."

Artical VIII The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provides or promises a facilitating payment under threat or intimidation, they shall be subject to the "Guidelines for Handling Gifts, Social Engagements, Making Requests and Lobbying."

Artical IX For the Company and its directors, managerial officers, employees, mandataries, and persons having substantial control of the Company, when donating to political parties or organizations and individuals participating in political activities, must comply with the provisions of Political Donations Act and the internal operating procedures of the Company. The said personnel shall not seek business interests or advantages in transactions by means of political donations.

Artical X Charitable donations or sponsorship provided by the Company shall be subject to the following matters and shall take place after being reported to and approved by the responsible executives. Donations to related parties or significant donations to non-related parties shall be discussed or ratified by the Board of Directors according to subparagraph 7, paragraph 1 under Article 7 of the Regulations Governing Procedure for Board of Directors Meetings. The auditors shall perform audits on the aforementioned donations or sponsorship and compile an audit report:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country or territory where the Company is operating.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Artical XI Personnel of the Company shall observe the requirements under the "Codes of Ethics for Directors," "Code of Ethics for Executives," and "Guidelines for Employees' Recusals for Conflicts of Interests" according to their job titles.

Artical XII The management, preservation, and procedures for confidentiality of the Company's confidential information shall be subject to the requirements under the "Regulations for the Management of Business Secrets."

Artical XIII Personnel of the Company shall duly observe the requirements related to

confidentiality under the "Codes of Ethics for Directors," "Code of Ethics for Executives," "Guidelines for Employees' Recusals for Conflicts of Interests " and "Regulations for the Management of Business Secrets," and shall not disclose or deliver the confidential information of the Company it acknowledged to other parties, and shall not inquire or collect the confidential information of the Company not related to its duties.

Artical XIV Personnel of the Company shall comply with the requirements under the "Securities and Exchange Act," "Codes of Ethics for Directors," " Code of Ethics for Executives," " Guidelines for Employees' Recusals for Conflicts of Interests " and "Regulations for the Management of Business Secrets," and shall not use the undisclosed information it acknowledged to engage in insider trading, and shall not disclose such information to other, so as to prevent others from using the undisclosed information to engage in insider trading.

Artical XV Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Artical XVI The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the Company's websites, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Artical XVII Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Artical XVIII All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

Artical XIX Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's

identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party damage compensation, and may also deduct the full amount of the damages from the contract price payable.

2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Artical XX When the discovering or receiving reports on personnel of the Company involving in unethical behaviors, the Company shall immediately investigate relevant facts. Where it is verified that such personnel violated relevant laws or regulations or the requirements of the Company's ethical management policies, the Company shall immediately request such personnel to stop relevant behaviors and make proper disposals. When necessary, the Company may request damage compensation via legal procedures to protect the Company's reputation and interests.

Regarding unethical conduct that has occurred, the Company shall procure relevant departments to examine relevant internal control systems and operating procedures and propose improvement measures to avoid the recurrence of such behaviors.

The auditors shall report to the Board of Directors regarding the unethical behaviors, handling methods, and subsequent examination and improvement measures.

Artical XXI If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall notify the governmental anti-corruption agency.

Artical XXII The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

These Procedures and Guidelines, and any amendments hereto, shall be implemented after

adoption by resolution of the Board of Directors, and shall be delivered to each independent director and reported to the shareholders meeting.

When these Procedures and Guidelines are submitted to the Board of Directors for discussion, the Board of Directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the Board meeting in person to express objections or reservations shall provide a written opinion before the Board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.