Procedures Governing the Acquisition or Disposal of Assets
Of
CHC Healthcare Group (The “Company”)

Chapter 1 General Principles

Article 1 Purpose and Legal Basis

To protect the Company’s assets and ensure public disclosure of information, the Procedure is established in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Securities and Futures Bureau, Financial Supervisory Commission (hereinafter “FSC”). Any other matters not set forth in the Procedure shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 2 Applicable Subjects of Assets

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers and consolidations, splits, acquisitions or assignment of shares in accordance with law.
9. Other major assets.

Article 3 Definition of Terms

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, whose value is derived from a specified interest rates, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers and consolidations, splits, acquisitions or assignment of shares in accordance with law: Refers to assets acquired or disposed through mergers and consolidations, splits or acquisitions conducted under “Business Mergers and Acquisitions Act”, “Financial Holding Company Act”, “The Financial Institution Merger Act” and other laws related to assets acquired or disposed through mergers and consolidations, splits, acquisitions, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "assignment of shares") under Article 156-3 in “Company Act”.

3. Related party or subsidiary: As defined in “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of “Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area”.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
10. All audit committee members and all directors: Shall be counted as the actual number of persons currently holding those positions.

Article 4

Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of “Securities and Exchange Act”, “Company Act”, “The Banking Act of The Republic of China”, “ Insurance Act”, “Financial Holding Company Act”, or “Business Entity Accounting Act”, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.

3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Chapter 2 Acquisition or Disposal of Assets

Article 5 Appraisal Procedures for the Acquisition or Disposal of Real Property or Equipment

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any subsequent changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
   (1). The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.

(2). The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 6 Appraisal Procedures for the Acquisition or Disposal of Securities

When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Company's paid-in capital or NT$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.

Article 7 Appraisal Procedures for the Acquisition or Disposal of Intangible Assets or Right-of-use Assets Thereof or Memberships

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 7-1

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with paragraph 2 of Article 34 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained according to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” need not be counted toward the transaction amount.

Article 8 Appraisal Procedures for the Acquisition or Disposal of Assets through Court Auction Procedures

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 9 Procedures

1. Degree and Level of Authority Delegated

It shall be approved by more than half of all audit committee members and submitted to the Board of Directors for resolution when the transaction amount of the Company’s acquisition or disposal of assets reaches 20% or more of paid-in capital, 10% or more of total assets or NT$300 million or more. If approval of more than half of all audit committee members as required above is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of

Directors. The Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of Board of Directors. When the transaction amount of acquisition or disposal of assets is under 20% of paid-in capital, 10% of total assets or NT$300 million, it shall be executed in accordance with the “Authority Matrix” of the Company.

2. Units Responsible for Implementation

Units responsible for implementation of acquisition or disposal of assets are Finance Accounting Department and relevant departments.

3. Transaction Process

(1). Units responsible for implementation shall collect related market information and consult relevant departments to evaluate the feasibility, necessity, and reasonableness of the transaction if necessary.

(2). Transaction can only be made after getting approval from the management personnel in charge based on the feasibility, necessity, and reasonableness of the transaction had been evaluated and the counterparty, terms, purpose, amount, benefit and restrictions of the transaction had been submitted to the management personnel in charge.

(3). Legal experts shall be consulted if the terms and conditions not belong to standard contracts.

(4). In acquiring assets, the Finance Accounting Department shall evaluate the Company's capital position, calculate cash flows and match with available bank credit to facilitate related transitions.

(5). Personnel in charge for the transaction shall transmit all related materials to Finance Accounting Department to keep after each transaction.

Chapter 3 Related Party Transactions

Article 10

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with Chapter 2 and this Chapter, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Chapter if the transaction amount reaches 10% or more of total assets.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 7-1.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 11

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the

Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and submitted to the Board of Directors for resolution:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next meeting of the Board of Directors:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the Board of Directors.

If the Company or any of its subsidiaries thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10% or more of the Company’s total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders’ meeting for approval before the transaction contract signed and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with paragraph 2 of Article 34, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders’ meeting, the audit committee and the Board of Directors according to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” need not be counted toward the transaction amount.

Article 12

The Company shall evaluate the reasonableness of the transaction costs by the following means

when acquiring real property or right-of-use assets thereof from a related party:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

If land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs, it shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article and the preceding three paragraphs are not applicable:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

Article 13

When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of Article 12 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 14. However, it does not apply if the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
   (1). Where undeveloped land is appraised in accordance with the means in Article 12, and structures according to the related party's construction cost plus reasonable construction

profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

(2). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 14

The following steps shall be taken when the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price:

1. A special reserve shall be set aside in accordance with paragraph 1 of Article 41 of “Securities and Exchange Act” against the difference between the transaction price and the appraised cost of real property or right-of-use assets thereof, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under paragraph 1 of Article 41, of “Securities and Exchange Act” shall be set aside pro rata in a proportion consistent with the shareholding percentages of the Company.
2. Members of audit committee shall comply with Article 218 of “Company Act”.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders’ meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

When the Company has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall

also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Chapter 4 Engaging in Derivatives Trading

Article 15 Types of Derivatives that May Be Traded

The scope of the Company's derivatives trading shall be limited to the definition as subparagraph 1 in paragraph 1 of Article 3 indicated. Other types of derivatives trading shall be submitted for approval in advance by the Board of Directors.

Article 16 Operating (Hedging) Strategies

The Company's engagement of derivative trading shall be for the hedging purpose. When selecting derivative, the Company shall choose from the products with a view to hedge the risk arising from the Company's business scope. The currencies held by the Company shall be in line with the foreign exchange used for import/export transactions and subject to the ability to offset completely (foreign exchange incomes and expenses) in order to lower the overall foreign exchange risk and reduce the operation cost. Other specific purpose transactions shall be assessed carefully and submitted to the Board of Directors for approval.

Article 17 Amount of Derivatives Trading Contracts and Maximum Loss Limit

1. Contracts Amount
   (1). Amount for Hedging Transaction
   Finance Accounting Department is responsible for the control of the Company's overall foreign exchange position to hedge the risk arising from transaction. Amount for hedging transaction shall be limited to the Company's total foreign exchange position.
   (2). Amount for Specific Purpose Transactions
   The Company's transactions for other specific purposes shall be submitted to the Board of Directors for approval.
2. Maximum Loss Limit Setting
   (1). Hedging Transaction: After a position has been established, a stop-loss point must be set to prevent over-limit losses. The stop-loss point shall not exceed 10% of the trading contract amount. If the loss amount exceeds 10% of the trading contract amount, such event shall be immediately reported to the GM or Chairman and submitted to the Board of Directors for discussion of necessary counter measures.
   (2). Specific Purpose Transactions: The stop-loss point shall not exceed 10% of the trading contract amount. If the loss amount exceeds 10% of the trading contract amount, such event shall be immediately reported to the GM or Chairman and submitted to the Board of Directors for discussion of necessary counter measures.

Article 18 Segregation of Duties

1. Duties of the Board of Directors
   (1). Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
   (2). Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted

scope of tolerance.

2. Principles for Senior Management Personnel to Manage Derivatives Trading Authorized by the Board of Directors:
   (1). Periodically evaluate if the risk management measures currently employed are appropriate and are faithfully conducted in accordance with law, regulations and the Procedure.
   (2). When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report shall be immediately made to the Board of Directors, also an independent director shall be present at the meeting and express an opinion.
3. Trading Personnel
   To deal with the changes in foreign exchange markets, personnel responsible for trading shall collect related information and be familiar with financial products and laws and regulations from time to time. Furthermore, they shall take the Company's foreign exchange position into consideration and trade by their authorized amount and level.
4. Confirmation Personnel: executing the confirmation task
5. Settlement Personnel: executing the settlement task
6. Authorized Amount & Level
   (1). Authorized Level for Hedging Transaction

Authorized Level	Single Trading Amount	Monthly Accumulated Amount
Chairman	USD 1,000,000 more	USD 2,000,000 more
Chief Officer of Finance Accounting Department	USD 1,000,000 & below	USD 2,000,000 & below

   (2). Transactions for other specific purposes shall be submitted to the Board of Directors for approval.

Article 19

The Company shall report to the most coming meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedure.

Article 20 Essentials of Performance Evaluation

1. Hedging Transaction
   Performance evaluation shall be based on exchange rate costs on the Company’s accounts and profit/loss from derivatives trading.
2. Specific Purpose Transactions
   Performance evaluation shall be based on actual profit/loss.

In order to accurately manage and disclose price risks of derivatives trading, Finance Accounting Department of the Company shall periodically do the evaluation in accordance with the Procedure and submitted to the management for reference.

Article 21 Risk Management Measures

When the Company engages in derivatives trading, risk management scope and measures to be adopted are as follows:

1. Credit Risk Management: Transaction counterparties are limited to those correspondent financial institutions and futures commission merchants who also have good reputation and could provide

professional information.

2. Market Risk Management: Due to the risk of potential losses incurred by market price fluctuations in derivate instruments in the future is unpredictable, a stop-loss point must be set and strictly observed after establishment of a position.
3. Liquidity Risk Management: To ensure adequate liquidity of the portfolio, high liquidities (able to be realized at any time) would be of primary concern when choosing financial products. Also the financial institution which the Company transacts with must have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.
4. Cash Flow Risk Management: To ensure turnover stability of operating working capital of the Company, the capital resources used in derivatives trading shall be limited to own funds. Also the Company shall take projected schedule of cash receipts and expenditures in next three months into consideration to see if there will be any capital demand when deciding operation amount.
5. Operational Risk Management:
   (1). The Company shall observe the authorized limit and operating procedures closely and take derivatives trading into internal auditing to avoid operational risk.
   (2). Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
   (3). Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
6. Legal Risk Management:
   (1). To avoid legal risk, international standardization documents shall be used as far as possible when signing with financial institutions.
   (2). Documents not classified as international standardization documents shall first be reviewed by professional personnel in the field of foreign exchange, legal affairs or legal consultants before signing with financial institutions.
7. Product Risk Management: Personnel engaged in derivatives trading shall possess extensive and correct professional knowledge in connection with the derivatives that are traded. Also it is required for the correspondent financial institutions to fully disclose product risk to the Company so as to avoid losses from incorrect use of derivatives.

Article 22 Regular Evaluation Methods and Handling of Irregular Circumstances

1. Finance Accounting Department shall evaluate derivatives trading positions held at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.
2. When irregular circumstances are found, a report shall be immediately made to the Board of Directors by the senior management personnel authorized, and to see if the relevant contracts shall be terminated right away according to the Board of Directors' resolution. An independent director shall also be present at the meeting and express an opinion.

Article 23 Internal Audit System

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, a report shall be immediately made to the Chairman and senior management personnel authorized by the Board of Directors and audit committee shall be notified in written notice.

Article 24

When engaging in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, the Board of Directors' approval dates, and the matters required to be carefully evaluated under item 2 of subparagraph 1 and item 1 of subparagraph 2 in paragraph 1 of Article 18 shall be recorded in detail in the log book.

Chapter 5 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 25

When the Company conducts a merger and consolidation, split, acquisition, or assignment of shares, the action shall be conducted in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", "Business Mergers and Acquisitions Act", "Company Act" and relevant regulations.

Article 26

When conducting a merger and consolidation, split, acquisition, or assignment of shares, prior to convening the Board of Directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for discussion and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

Article 27

When participating in a merger and consolidation, split, or acquisition, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger and consolidation, split, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in the preceding article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger and consolidation, split, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger and consolidation, split, or acquisition, this restriction shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger and consolidation, split, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting,

the companies participating in the merger and consolidation, split, or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

Article 28

After public disclosure of the information, if any company participating in the merger and consolidation, split, acquisition, or assignment of shares intends further to carry out a merger and consolidation, split, acquisition, or assignment of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger and consolidation, split, acquisition, or assignment of shares; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

Article 29

A company participating in a merger and consolidation, split or acquisition shall both convene a meeting of the board of directors and a shareholders' meeting on the day of the transaction to resolve matters relevant to the merger and consolidation, split or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in an assignment of shares shall call a meeting of the board of directors on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger and consolidation, split, acquisition, or assignment of shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger and consolidation, split, acquisition, or assignment of shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a meeting of the board of directors.
3. Important documents and minutes: Including merger and consolidation, split, acquisition, or share assignment plans, any letter of intent or memorandum of understanding, material contracts, and meeting minutes of board of directors.

When participating in a merger and consolidation, split, acquisition, or assignment of shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation in the prescribed format and via the Internet-based information system.

Where any of the companies participating in a merger and consolidation, split, acquisition, or

assignment of shares is neither listed on an exchange nor has its shares traded on an OTC market, companies so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 30

When participating in a merger and consolidation, split, acquisition, or assignment of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger and consolidation, split, acquisition, or assignment of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. Any action such as a disposal of major assets that will affect the Company's financial operations.
3. Any event such as a major disaster or major change in technology that will affect shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger and consolidation, split, acquisition, or assignment of shares buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger and consolidation, split, acquisition, or assignment of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 31

The contract by the Company for participation in a merger and consolidation, split, acquisition, or assignment of shares shall record the rights and obligations of the companies participating in the merger and consolidation, split, acquisition, or assignment of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders’ meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 32

Every person participating in or privy to the plan for a merger and consolidation, split, acquisition, or assignment of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for the merger and consolidation, split, acquisition, or assignment of shares.

Article 33

Where any of the companies participating in a merger and consolidation, split, acquisition, or assignment of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 28, Article 29, and Article 32.

Chapter 6 Public Disclosure of Information

Article 34

Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days or 2 hours before the commencement of trading hours of the trading day next from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger and consolidation, split, acquisition, or assignment of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in “Chapter 4 Engaging in Derivatives Trading”.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
   (1). For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more.
   (2). For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:
   (1). Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
   (2). Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or of general bank debentures without equity characteristics (excluding subordinated debt) that are

offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

(3). Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with relevant regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the office, where they shall be retained for 5 years except where another act provides otherwise.

Article 35

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with relevant regulations, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days or before the commencement of trading hours of the trading day next from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger and consolidation, split, acquisition, or assignment of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Chapter 7 Additional Provisions

Article 36 Total amount of acquisition of real property or right-of-use assets thereof for non-business use and securities and limits on acquisition of individual securities by the Company and each subsidiary's

1. Total Amount of Acquisition of Real Property and Securities for Non-business Use
   (1). Total amounts of real property acquired by the Company and each subsidiary for non-business use shall be limited to 10% of the total assets of each company.
   (2). Total amounts of securities acquired by the Company and each subsidiary shall be limited to 100% of the net equity of each company.
2. Limits on Acquisition of Individual Securities
   (1) Limits on acquisition of individual securities by the Company and each subsidiary shall be no more than 50% of the net equity of each company.
   (2). If any subsidiary of the Company is an investing company or a holding company and its major business is investment, limits on acquisition of individual securities shall be no more than 100% of the net equity of the subsidiary.

Article 37 Procedures Controlling the Acquisition or Disposal of Assets of Subsidiary

1. The Company shall urge the subsidiaries to promulgate and enforce their own "Procedures Governing the Acquisition or Disposal of Assets" in accordance with relevant regulations of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
2. If a subsidiary is not a public company but its transaction amount of acquisition or disposal of assets meets the requirement of public announcement and regulatory filing as set forth in the Procedure, the Company shall make public announcement and regulatory filing on behalf of the subsidiary.
3. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding subparagraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring a public announcement and regulatory filing in the event.
4. It shall be submitted to the Board of Directors for resolution when the transaction amount of acquisition or disposal of assets of any subsidiary of the Company reaches 20% or more of paid-in capital, 10% or more of total assets or NT$300 million or more.

Article 38

For the calculation of 10% of total assets under the Procedure, the total assets stated in the most recent standalone financial report or individual financial report prepared under "Regulations Governing the Preparation of Financial Reports by Securities Issuers" shall be used.

Article 39

Any relevant personnel of the Company violate "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" or the Procedure will receive penalties commensurate with the severity of such violation in accordance with the Company's human resources management measure.

Article 40

The Company promulgated the Procedure in accordance with "Regulations Governing the

Acquisition and Disposal of Assets by Public Companies" and shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the audit committee. Subsequent amendments thereto shall be effected in the same manner.

When submitting the Procedure to the Board of Directors, each independent director's opinions shall also be taken into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of Board of Directors.

If approval of more than half of all audit committee members as required in the paragraph 1 is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors.

Version	Date of Implementation/Amendment	Type of Approval
1	2011/05/19	Approved by Board of Directors
	2011/06/30	Approved on Special Shareholders' Meeting
2	2012/03/27	Approved by Board of Directors
	2012/06/22	Approved on Shareholders' Meeting
3	2013/03/25	Approved by Board of Directors
	2013/06/14	Approved on Shareholders' Meeting
4	2014/03/27	Approved by Board of Directors
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5	2017/03/24	Approved by Board of Directors
	2017/06/13	Approved on Shareholders' Meeting
6	2019/03/22	Approved by Board of Directors
	2019/06/12	Approved on Shareholders' Meeting
7	2021/03/19	Approved by Board of Directors
	2021/07/01	Approved on Shareholders' Meeting
8	2022/03/23	Approved by Board of Directors
	2022/06/15	Approved on Shareholders' Meeting