

STANDARD FOODS CORPORATION

Operational Procedures for Endorsements and Guarantees

Amended and Adopted by Ordinary Resolution passed on June 15, 2018

Article 1 Purpose

The Operational Procedures for Endorsements and Guarantees of the Company (hereinafter referred to as “the Procedures”) is formulated pursuant to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by the competent authority.

Article 2 Scope of application

The endorsements/guarantees as mentioned in the Procedures include:

1. Financing endorsement/guarantee:
 - (i) Bill discount financing
 - (ii) Endorsement or guarantee made to meet the financing needs of another company
 - (iii) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company
2. Customs duty endorsement/guarantee: An endorsement or guarantee for the Company or another company with respect to matters concerning customs duties.
3. Other endorsements/guarantees: Endorsements or guarantees beyond the scope of the two preceding subparagraphs.

The pledge or mortgage provided by the Company against its assets and properties for guaranteeing another company load should also be conducted in accordance with the Procedures.

Article 3 Subject of endorsements/guarantees

The Company may, in order to fulfill its contractual obligations, provide mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholdings percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such act may be made free of the restriction. Other than the above, the Company may only provide endorsements/guarantees to the following companies:

1. A company with which the Company does business.
2. A company in which the Company directly and indirectly holds more than fifty percent (50%) of the voting shares (hereinafter referred to as “the subsidiaries”).
3. A company that directly and indirectly holds more than 50 percent (50%) of the voting Shares in the Company (hereinafter referred to as “the parent company”).

Endorsements/guarantees can be made between such companies of which the Company directly or indirectly holds 90% or more of voting shares. Nevertheless, the amount of endorsements/guarantees shall not be more than 10% of the Company's net worth except for endorsements/guarantees between such companies of which the Company directly or indirectly holds 100% of voting shares.

The capital contribution as described in the preceding paragraph shall mean capital contributed directly by the Company, or through a company in which the Company holds 100% of the voting shares.

Article 4 Limits of endorsements/guarantees

The total amount of the Company's endorsements/guarantees to outside entities shall not exceed the Company's net worth in its latest financial statement that has been audited or reviewed by

CPAs. The endorsements/guarantees for an individual entity shall not exceed eighty percent (80%) of the Company's net worth in its latest financial statement that has been audited or reviewed by CPAs.

The total amount of the endorsements/guarantees by the Company and its subsidiaries to outside entities shall not exceed a hundred percent (100%) of the Company's net worth in its latest financial statement that has been audited or reviewed by CPAs. The endorsements/guarantees for an individual entity shall not exceed eighty percent (80%) of the Company's net worth in its latest financial statement that has been audited or reviewed by CPAs.

Where endorsements/guarantees are provided for an entity due to the Company's business dealings relationship with it, apart from the rules as described in the preceding paragraph, the amount of endorsements/guarantees shall not exceed the business transaction amount between the Company and the entity as indicated in the last fiscal year or the current fiscal year up to the time of endorsements/guarantees. The business transaction amount herein refers to the amount of purchases and sales between the Company and the entity whichever is higher.

In case that the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonability thereof shall be given at the Meeting.

The subsidiary and parent company as referred to in the Procedures shall be identified in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

In case that the financial report is prepared in accordance with the International Financial Reporting Standards (IFRS), the net worth as referred to in the Procedures shall be the equity

attributable to owners of the parent company in the balance sheet specified in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5 Procedures for handling endorsements/guarantees

1. The provision of endorsements/guarantees shall be only initiated with the application of the subject of the endorsement/guarantee, of which the qualification shall be reviewed thoroughly and the amount be checked to see whether or not it meets with the provisions of the Procedures. Along with the results of review and evaluation in accordance with the procedures specified in Article 6 of the Procedures, the application shall be submitted to and resolved upon by the Board of Directors for evaluation and approval in accordance with Article 9 of the Procedures.
2. In handling matters concerning endorsements/guarantees, the finance unit shall establish and maintain a memorandum book for its endorsement/guarantee activities and specify in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of approval by the Board of Directors or the date of proceeding decision by the Chairman of the Board, the date the endorsement/guarantee is made, and matters to be carefully evaluated in accordance with Article 6 of the Procedures.
3. The internal audit staff of the Company shall, at least on a quarterly basis, audit the current situation and implementation of the Procedures and make a written record of the results. The internal audit staff shall immediately notify the Audit Committee in writing upon discovery of any material violations.
4. The accounting unit shall assess or record, if any, the contingent losses for endorsement/guarantee, adequately disclose information in the financial report, and provide CPAs with related information for them to perform necessary audit procedures.
5. In case that, as a result of change of conditions, the subject

of the endorsement/guarantee no longer satisfies the requirements of the Procedures or the amount of endorsement/guarantee exceeds the limit, the Company shall draw up an improvement plan, submit it to the Audit Committee for review, and complete the improvement in accordance with the timeframe set out in the plan.

Article 6 Procedures for reviewing endorsements/guarantees

When handling endorsements/guarantees, the finance unit shall conduct review and evaluation on the following matters and make a text record:

1. To understand the relation between the Company and the subject of the endorsement/guarantee, the purpose and usage of the loan, and the limit and balance available for endorsements/guarantees by the Company in order to evaluate the necessity and reasonability of the endorsement/guarantee.
2. To collect related information on the subject of the endorsement/guarantee and analyze the loan repayment capacity of the said subject, including its operational status, financial condition, credit status, and source of repayment, in order to evaluate the possible risk of the endorsement/guarantee.
3. To evaluate the impact of the total amount of endorsements/guarantees made by the Company on the operational risk, financial condition, and shareholders' equity of the Company.
4. To evaluate the value of the securities if collateral is need for the endorsement/guarantee.

Article 7 Control and management of endorsements/guarantees by subsidiaries

1. Where a subsidiary of the Company intends to provide endorsement/guarantee for another, it shall also formulate the Procedures for Endorsement and Guarantee pursuant to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated the competent authority.

2. When providing endorsement/guarantee for another, a subsidiary of the Company shall make it in accordance with its own Procedures for Endorsement and Guarantee and submit a written report to the Company by the 7th of each month specifying the balance and subjects of endorsements/guarantees in the previous month. The auditing unit of the Company shall include the operation of endorsements/guaranteed provided by subsidiaries to its checklist and report the audit findings to the Audit Committee.
3. Where a subsidiary of the Company is not a public company, if the amount of endorsement/guarantee reaches the reporting threshold as specified in Article 10 of the Procedures, the Company shall be notified on the date of occurrence of the fact and the Company shall make a public disclosure of the situation on designated websites according to regulations.
4. Where the subject of endorsements/guarantees is a subsidiary whose net worth is lower than fifty percent (50%) of its paid-in capital, apart from acquiring various management reports from the subsidiary regularly, the Company shall report the financial condition of the subsidiary to the Board of Directors at least on a quarterly basis.

Article 8 Safekeeping and procedures of corporate chop

1. The Company shall use the corporate chop registered with the MOEA as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Board of Directors and shall only be used to seal or issue negotiable instruments according to prescribed procedures.
2. With a resolution of the Board of Directors or the approval of the Chairman of the Board for endorsements/guarantees, the handling personnel shall fill out a "Chop Application Form" and, with the approval of the chief financial officer (CFO), bring it, along with the approval record and other related documents, to the designated chop keeper for

affixation of corporate chop.

3. When affixing the corporate chop, the designated chop keeper shall check whether or not the approval record exists, the application is approved by the CFO, and the chop documents match up with the application form before chop affixation is conducted.
4. When making a guarantee for a foreign company, the Company shall have a Letter of Guarantee signed by the Chairman of the Board or the Managing Director with the authorization from the Board of Directors.

Article 9 Hierarchy of decision making and authorization

1. In case that the Company intends to provide an endorsement/guarantee, the proposed endorsement/guarantee shall be submitted and evaluated in accordance with the procedures specified in Article 5 of the Procedures and approved by the Board of Directors. In order to ensure the timeliness, the Chairman of the Board is authorized to approve the implementation of the endorsement/guarantee in advance in accordance with the provisions of Article 4 of the Procedures and report the case to the Board meeting for ratification afterwards.
2. In case that the above limits of endorsements/guarantees have to be exceeded to accommodate business needs and the situation meets with the conditions specified in the Procedures, a resolution of the Board of Directors shall be obtained and over half of the directors shall jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors shall also revise the Procedures and has it ratified at the Shareholders' Meeting. In the event that the revised version of the Procedures is not ratified at the Shareholders' Meeting, the Board of Directors shall furnish a plan containing a timetable to withdraw the excess portion.
3. In case that endorsements/guarantees between subsidiaries in which the Company holds, directly or indirectly, 90% or more of voting shares are to be made in accordance with the provisions specified in Paragraph 2 of Article 3 of the Procedures, the approval of the Board of Directors must be

obtained before the endorsement/guarantee may proceed. However, the above provisions do not apply if the Company holds, directly or indirectly, 100% of the voting shares of the said subsidiaries.

Article 10 Announcement and reporting procedures

1. The Company shall announce and report the balance of endorsements/guarantees for the previous month of the Company and its subsidiaries by the 10th of each month.
2. Other than announcing and reporting the balance of endorsements/guarantees every month, where such balance reaches one of the following thresholds, announcement and report, affixed with related materials, shall be made within two days commencing immediately from the day of occurrence of such event:
 - (i) The balance of endorsements/guarantees of the Company and its subsidiaries reaches fifty percent (50%) of the Company's net worth in its latest financial statement.
 - (ii) The balance of endorsements/guarantees of the Company and its subsidiaries to a single enterprise reaches twenty percent (20%) of the Company's net worth in its latest financial statement.
 - (iii) The balance of endorsements/guarantees of the Company and its subsidiaries to a single enterprise reaches more than ten million New Taiwan Dollars (NT\$ 10,000,000) and the aggregate amount of the Company's endorsements/guarantees for, investment of a long-term nature in, and balance of loans to the single enterprise reaches thirty percent (30%) of the Company's net worth in its latest financial statement.
 - (iv) The newly made endorsements/guarantees by the Company or its subsidiaries reach thirty million New Taiwan Dollars (NT\$ 30,000,000) and five percent (5%) of the Company's net worth in its latest financial statement.

In case that any subsidiary of the Company is not a public company in the Republic of China and such

subsidiary meets one of the above 4 items of the Paragraph, the announcement and report of the endorsement/guarantee shall be made by the Company.

Article 11 Penalties

In case that managers or persons-in-charge of the Company violate the Procedures or the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by the competent authority, the violators shall be subject to verbal warning for the first violation, written warning for the second violation, and job relocation for repeated or serious violations.

Article 12 Effectiveness and amendment

In the event of amendment to the Procedures or deliberation of individual cases, the opinions of all independent directors shall be fully considered and their position of agreement or disagreement, along with their reasons thereof, shall be recorded in the minutes of the Board meeting.

The Procedures shall be effective upon approval by the Board of Directors, review of the Audit Committee, and ratification of the shareholders' meeting. In the event that any director expresses objections to the proposed Procedures which have been put on record or given in a written statement, the Board of Directors shall submit the objections to the Audit Committee for review and shareholders' meeting for discussion. The same applies in the case of an amendment.

Matters not covered in the Operational Procedures for Endorsements and Guarantees shall be conducted in accordance with the latest regulations promulgated by the competent authority.