

Uni-President Enterprises Corp.
Operational Procedures for Loaning Funds to Others

Article 1. Recipients of loaning funds

1. Business dealing with the Company.
2. Short-term working capital requirement.

Article 2. Determination criteria for the loaning funds:

- (1) The loaning funds under business dealing relationship shall be provided after the business dealing has taken place in principle and the amount of loan shall be equivalent to the amount of product purchase or product sale during the latest year or during the current year up to the time of lending, whichever is higher.
- (2) The loaning funds to meet short term working capital requirement shall be limited to the following situations:
 - i. Any subsidiary of the Company under equity pick-up has requirements due to repayment of loan, purchase of equipment or operational working capital.
 - ii. Any company of which the Company indirectly holds more than fifty percent shares has requirements due to repayment of loan, purchase of equipment or operational working capital.
 - iii. Any company of which the Company directly or indirectly holds more than fifty percent shares has requirements due to investment in other companies and such investment target is beneficial to the future business development of the Company.

Article 3. Limit on total amount of loaning funds to others and to one single borrower:

1. Total limit of loaning funds to others: 40% net value of the Company.
2. Limit of loaning funds to one single borrower:
 - (1) Business dealings: No more than 1 billion NT Dollars per company, In addition, the amount loaned shall not exceed the value of the sales or purchase, whichever is higher, of the nearest year or the current year up to the time the loan is made.
 - (2) Short term financing requirement: No more than 40% net value of the Company.

Article 4. Duration and Interest of loaning funds

1. The duration of the loaning funds shall be limited to one year and repayment may be made in several installments.
2. Interest calculation method: Interest shall accrue on monthly basis at a rate not lower than the average interest rate for the Company's borrowings from financial institutions. Under special circumstances, an adjustment may be made based on actual situation following consent by the board of directors.

Article 5. Procedure for the loaning funds to others

1. In processing matters for the loaning funds to others, the Company shall fix the loan amount after review by the responsible department of the Company. Loaning funds may be granted after approval by the president and submission to and approval by the board of directors through resolution.
Material loaning funds to others shall be consented by at least half of all members of the audit committee and be submitted to the Board of Directors for approval.
When loaning funds is lent between the Company and its subsidiary or among subsidiaries of the Company, the chairman may be authorized to proceed with several

releases of funds or revolving drawdowns with regard to the same borrower within a certain amount authorized by resolution of the board of directors and within the period of one year. For loaning funds among overseas companies other than those of which 100% voting shares are held directly or indirectly by the Company, the authorized amount shall not exceed ten percent of the net value of the Company according to its latest financial statements.

2. If the Company has independent directors, opinions of each independent director shall be taken into consideration during discussions at the board. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes.
3. The finance department shall prepare a book of records for loaning funds to others. After the loaning funds is approved by the board of directors through resolution, the recipient of loan, loan amount, date of approval by the board of directors, date of release of funds, and matters subject to careful evaluation in accordance with the review procedures shall be recorded for future reference.
4. The occurrence or cancellation of any matter under loaning funds shall be recorded in detail on monthly basis in order to facilitate control, follow-up and preparation of public announcements.
5. In case of any change of circumstances causing loaning funds to exceed the amount limit, correction plan shall be prepared and such plan shall be submitted to the audit committee.
6. The internal auditing staff of the Company shall perform an audit on the procedures and performance of loaning funds on quarterly basis and written records shall be prepared. If any significant breach of rule is discovered, the audit committee shall be notified in writing.

Article 6. Detailed Review Procedure

1. For the Company to making the loaning funds, the company who apply for the funds shall file a written application, attaching relevant financial information and statements about the purpose of the borrowing.
2. After the application is accepted by the Company, review and evaluation shall be carried out on the following matters:
 - (1) Understand the purpose and use of funds by the recipient and the Company's loaning limit and balance. Necessity and reasonableness of the loan shall be evaluated.
 - (2) Analyze the operational, financial and credit situation of the recipient and source of repayment in order to evaluate possible risks. Determine whether appropriate collateral needs to be provided.
 - (3) Consider the impact of the total amount of loaning by the Company on the Company's operational risk, financial situation and shareholders interest.
 - (4) If collateral needs to be provided, determine the value of the collateral.

Article 7. Procedure for Public Announcement

The Company shall make public announcements about matters related to the loaning funds to others in accordance with the criteria for public announcements under the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the Financial Supervisory Commission.

Article 8. Monitoring measures following the loaning funds and handling procedure for overdue claims:

1. Regularly analyze the repayment capability of the loan recipient;

2. Evaluate the status of loaning funds and make sufficient allowance for bad debt.
3. Regularly follow up the status and reasons for overdue claims and assign the handling to the legal department.

Article 9. Penalty:

Any initial violation of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission or the “Operational Procedures for Loaning Funds to Others” of the Company by any manager or responsible person shall be subject to verbal warning. Any second violation shall be subject to written warning. Repeated or significant violation shall be subject to dismissal.

Article 10. Monitoring procedure for loaning funds to others by subsidiaries:

1. Any subsidiary that contemplates to make loaning funds to any person due to operational requirements shall establish its “Operational Procedures for Loaning Funds to Others” which shall be approved by the board of directors of the subsidiary and submitted to the shareholders meeting for consent. The same shall be applicable to any amendment.

For a subsidiary company that already has an audit committee, the “Operational Procedures for Loaning Funds to Others” may be adopted or amended only upon the approval of a majority of the whole Audit Committee members of the company and be submitted for a resolution by the Board of Directors for adoption in a shareholders’ meeting.

Where the subsidiary referred to in the preceding paragraph is a public company which has established the Audit Committee, if approval of a majority of all audit committee members is not obtained, the procedures may be adopted if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors’ meeting.

Inter-company loans between foreign companies in which the company holds, directly or indirectly, 100% of the voting shares are not subject to the restrictions of Article 3 and Article 4; however, they shall be in compliance with applicable local laws and the operational procedures shall stipulate the limits on the amount and duration.

2. Any loaning funds to any subsidiary shall be done in accordance with its “Operational Procedures for Loaning Funds to Others”. The detail of the loaning funds shall be submitted to the Company in writing in order to make the public announcement within the stipulated time limit.
3. If any non-listed company and its subsidiary of which 50% or more shares are held by the Company contemplates to make loaning funds to any person due to operational requirements, prior approval by the Company is required.

Article 11. Any matter not provided for under this Procedure shall be handled in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission.

Article 12. This Procedure is implemented after consent by the shareholders meeting. The amendments to be implemented upon approval of a majority of the whole audit committee members and submitted to a shareholders’ meeting for approval upon approval by the Board of Directors. If approval of a majority of all audit committee members is not obtained, the amendments may be adopted if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors’ meeting and submitted to a shareholders’ meeting for approval.

This Procedure was made on 29 April 1988 and was amended on:

(01) 31 May 1989 (02) 1 June 1990 (03) 21 June 1991 (04) 28 June 2002 (05) 27 June 2003

(06) 23 June 2010 (07) 25 June 2013 (08) 22 June 2016 (09) 20 June 2018 (10) 18 June 2019