

Uni-President Enterprises Corp.
Handbook for the 2017 General Shareholders' Meeting
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Uni-President Enterprises Corp.
Handbook for the 2017 General Shareholders Meeting

Time: Wednesday, June 21, 2017 at 9:00 am.

Place: 1F of Training Center of Uni-President Enterprises Corp. head office, No.301, Zhongzheng Rd., Yongkang District., Tainan City 71001, Taiwan (R.O.C.)

Meeting Agenda

- I Call the meeting to order (report shareholdings of the attendances)
- II Chairperson remarks
- III Company Reports:
 - Motion 1 : 2016 Business report.
 - Motion 2 : Audit Committee's review report on the 2016 financial statements.
 - Motion 3 : Report on the payment of employee compensation and director remuneration of 2016.
 - Motion 4 : Total endorsements/guarantees provided by the Company to investees.
- IV. Proposals:
 - Motion 1 : Adoption of the 2016 business reports and financial statements which have been approved by resolution of the 5th meeting of the 17th term of board of directors on March 29, 2017 and examined by Audit Committee.
 - Motion 2 : Adoption of the proposal for distribution of 2016 profits.
- V. Discussion :
 - Motion 1 : Amendment to the Rules of Procedure for Shareholders' Meeting.
 - Motion 2 : Amendment to the Operational Procedures for Acquisition and Disposal of Assets.
 - Motion 3 : Proposal for release of the non-competition promise ban imposed upon the Company's directors according to the Article 209 of Company Act.
- VI. Questions and Motions
- VII. Adjournment

I Call the meeting to order

II Chairperson remarks

III Company Reports

Motion 1: 2016 Business Report.

Explanation : Please refer to pages 6~7 (Attachment 1) of the Meeting Handbook for the Company's 2016 business report.

Motion 2: Audit Committee's Review Report on the 2016 Financial Statements.

Explanation : The Company's 2016 financial statements and the business report (Attachment 1) have been duly audited and certified by the CPA and further audited by Audit Committee. The CPA and Audit Committee also presented their auditor report respectively, financial statements (Attachment 2, Attachment 3, Attachment 4) and the distribution of 2016 profits (Attachment 5), and abovementioned are attached on page 6~34 of the Meeting Handbook.

Motion 3 : To report 2016 employee compensation payment and director remuneration.

Explanation:

- 1.It is compliant with the Orders of Ministry of Economics Jingshang zhi No. 10402413890 issued on June 11, 2015 and Jingshang zhi No. 10402427800 issued on October 15, 2015.
- 2.The Company in accordance with the amended Article of Incorporation, it is proposed to allocate 7.63% or NT\$ 1,274,416,730 for employees' compensation and 1.5%, or NT\$ 250,841,413 for directors' remuneration. The payment will be made in cash.

Motion 4 : Total endorsements and guarantees made by the Company to the investees.

Explanation:

1. On the grounds of the Company's "Regulations Governing the Loaning of Funds and Making of Endorsements/Guarantees."

Article V: <Limit in endorsements/guarantees >

The aggregate total of endorsements/guarantees conducted by the Company shall be 100% of the Company's net worth. The maximum limit of endorsement conducted by the Company toward a single enterprise shall be 50% of the Company's net worth.

- 2.The Company renders endorsements/guarantees exactly in accordance with the provisions set forth under Paragraph I of Descriptions. As of December 31, 2016, the balance of endorsements/guarantees at the end of the term amounted to NT\$5.26 billion. The aggregate total actually disbursed amounted to NT\$2.021 billion.

Unit: Thousand NT\$

Name of endorsees/guarantees	Consolidated Shareholding ratio	Remaining Balance		Actual Amount Used (Note)
		Amount	Date when duly resolved by the Board	
Tone Sang Construction Corp.	100.0%	1,800,000	the 10 th meeting of the 13 th term of board Dec. 16, 2005	721,000
Kai Yu Investment Co., Ltd.	100.0%	1,700,000	the 2 th meeting of the 16 th term of board Aug. 12, 2013	0
President Entertainment Corp.	100.0%	1,500,000	the 3 th meeting of the 16 th term of board Nov. 12, 2013	1,300,000
Kai Nan Investment Co., Ltd.	100.0%	200,000	the 3 th meeting of the 17 th term of board Nov. 9, 2016	0
President Baseball Team Corp.	100.0%	60,000	the 7 th meeting of the 11 th term of board Aug. 20, 1999	0
Total		5,260,000		2,021,000
Note : Actually used amounts under the approved endorsement / guarantee line.				

IV Proposals

Motion 1: Adoption of the 2016 Company's business report and financial statements, which have been approved by resolution of the 5th meeting of the 17th term of board of directors on March 29, 2017 and examined by Audit Committee. (Proposed by the Board)

Explanation: Please refer to pages 6~33 of the Meeting Handbook for the 2016 business report (Attachment 1), audit committee's review report (Attachment 2), auditor's report and financial statements (Attachment 3, Attachment 4).

Resolution:

Motion 2: Adoption of the proposal for distribution of 2016 profits. (Proposed by the Board)

Explanation:

1. The Company's net profit after tax was NT\$14,526,718,715 in 2016. 10% legal reserve, NT\$ 1,452,671,872 was set aside pursuant to laws. Less an effort to ascertain the amount of remeasuring of the fringe benefit programs, NT\$532,595,598 and plus resersal of special reserve, NT\$ 619,403 and unappropriated retained earnings of previous years, NT\$2,335,048,242 the accumulated allocable earnings from profits was NT\$ 14,877,118,890.
2. Please refer to Attachment 5 on page 34 of the Meeting Handbook for the distribution of 2016 profits.
3. The Company's 2016 is proposed to distribute Cash dividends of NT\$ 2.1 per share. Upon the approval of the General Shareholders Meeting, it is proposed that the Board of Directors be authorized to resolve the ex-dividend dates and adjust the dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
4. Cash dividends paid to each individual shareholder will be rounded down to the nearest dollar. Fractional shares with a value less than one dollar are accumulated and reported as the Company's other income.

Resolution:

V Discussion

Motion 1: Amendment to the Rules of Procedure for Shareholders' Meeting. (Proposed by the Board)

Explanation:

1. Since the Company adopted electronic voting (e-voting) in 2012, all issues to be reported in a shareholders' meeting except the issues to be reported shall be resolved through voting on a case-by-case basis (or by separation of cases) and the outcome of voting by shareholders shall be entered into the minutes of the shareholders' meeting and input into the Market Observation Post System (MOPS). In coordination with such practice, pursuant to the contents of the "Procedure Rules for Shareholders' Meetings" in the Taiwan Stock Exchange Corporation (TWSE) version, it is proposed that the contents of the Company's Procedure Rules for Shareholders' Meeting be partially amended for Articles XVIII, XIX to fit the hands-on practice.
2. Comparison Table of the article of "the Rules of Procedure for Shareholders' Meeting" is as follows:
3. Please refer to Appendix 1 on page 45~47 of the Meeting Handbook for the original clauses.

Provision After Proposed Amendments	Current Provision
<p>XVIII</p> <p>Unless otherwise prescribed in the Company Law and Articles of Incorporation, decisions in the shareholders' meeting shall be resolved by a majority vote of the attending shareholders.</p> <p>Upon voting process, an issue shall be deemed having been officially resolved if no objection is heard in response to inquiry by the chairman. The decisions so resolved are equally valid as a decision officially resolved through voting process.</p>	<p>XVIII</p> <p>Unless otherwise prescribed in the Company Law and Articles of Incorporation, decisions in the shareholders' meeting shall be resolved by a majority vote of the attending shareholders.</p> <p><u>Upon voting process, an issue shall be deemed having been officially resolved if no objection is heard in response to inquiry by the chairman. The decisions so resolved are equally valid as a decision officially resolved through voting process.</u></p>
<p>XIX</p> <p><u>The voting process shall be conducted on a case-by-case basis (or by separation of cases) and the outcome of pros, cons and abstentions should be input into the Market Observation Post System (MOPS).</u> In case any amendment or substitute is posed for the same issue, the chairman shall fix the process of resolution along with the original issues. If any issue among them is resolved, other issues are deemed vetoed and no further voting process is required.</p>	<p>XIX</p> <p><u>When an objection is heard during the process of voting, the chairman request that the shareholders in objection or in abstention raise their hands or stand up to calculate the voting powers so represented by such shareholders. If the voting powers so represented by such shareholders are not up to the number required by law or the Articles of Incorporation, the subject issue shall be deemed having been resolved. No further voting process is required.</u> In case any amendment or substitute is posed for the same issue, the chairman shall fix the process of resolution along with the original issues. If any issue among them is resolved, other issues are deemed vetoed and no further voting process is required.</p>

Resolution:

Motion2: Amendment to “the Operational Procedures for Acquisition and Disposal of Assets.”
(Proposed by the Board)

Explanation:

1. Pursuant to the amended contents of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the Taiwan Stock Exchange Corporation (TWSE) and the hands-on practice of derivative financial instruments, it is proposed that the relevant contents of the Company's "Procedures for the Acquisition or Disposal of Assets" be duly amended.
2. Please refer to Attachment 6 on page 35~40 of the Meeting Handbook of Comparison Table of the article of “Operational Procedures for Acquisition and Disposal of Assets.”
3. Please refer to Appendix 2 on page 48~64 of the Meeting Handbook for the original clauses.

Resolution :

Motion 3: Proposal for release of the non-competition promise ban imposed upon the Company's directors according to the Article 209 of Company Act. (Proposed by the Board)

Explanation:

1. According to the Article 209 of Company Law, any director acting for himself/herself, or for any other person within the scope of the Company business, should provide the shareholders' meeting with explanations about any important matters of such acts and should acquire the approval of the shareholders' meeting.
2. Where the positions and duties in other companies concurrently served by incumbent representatives of the juristic (corporate) person directors Mr. Chih-Hsien Lo, Mr. Jui-Tang Chen, Mr. Kao-Huei Cheng, Mr. Chung-Ho Wu; natural person (individual) director Mr. Po-Ming Hou, independent directors Ms. Yun Lin and Mr. Chao-Tang Yue have been increased or decreased, it is proposed that in the very premise of no damage to the Company's interests, and prohibition of business strife upon them should be lifted.
3. Please refer to Attachment 7 on page 41~44 of Meeting Handbook for details of positions and duties concurrently served in other companies,

Resolution :

VI Questions and Motions

VII Adjournment

2016 Business Report

In 2016, we bore the loss of the company founder Mr. Kao Chin-Yen, appreciated to his contribution to the company, and continued to hold on to his faith of “poverty teaches me to cherish, growth teaches me to be thankful, responsibility inspires me to innovate”, and shaped a better future for the company and the society.

Based on efforts of our employees and supports of consumers, we maintained steady growth in profit, which increased comparing to last year’s profit, and demonstrated how our experienced management team, stabilized profitable model and risk control mechanism, were capable of managing systematic risk due to market fluctuations. In 2016, we have reported net sales of NT\$38.9 billion, 1.7% increase over last year, net profits after taxes of NT\$14.5 billion, 3% increase over last year, and consolidated net sales of NT\$413.4 billion.

Guarding food safety, never compromise

“Food safety” remained the most concerned topic among Taiwanese, as a result, any related issue would put the company at great risk. We needed to be cautious and remained alert all the time. “Food safety issue is no longer operational risk, but are matters to the company’s survival”. Therefore, we did not compromise nor tolerant to any issues relating to food safety, as we deeply believed that “no food safety, no Uni-President”. Building a “Food Safety Building” that cost NT\$1billion and began to operate in 2017 was just one example to demonstrate our determination to guard food safety.

Entrepreneurial spirit as start-up for continuous progression

In 2016, we remained among one of the companies with revenue of NT\$300 billion, and ranked as one of the top 20 market value companies in Taiwan. Also, we were awarded “Silver of Traditional Manufacturer”, and “Supply Chain Management” by Taiwan Institute for Sustainable Energy (TAISE), which represented a new CSR landmark. We will continue to hold the “sophisticated, decent, humble, simplistic, and aggressive” spirit to manage the company like a start-up, work on discipline of “focus management, simple operation”, and list “progression” as the most important key performance index, so that “value” becomes the only way for “continuous success and progression”.

Policy of “Morality, Branding, and Taste”

“Morality” is the basic rule for interaction among individuals, “branding” is about creating a unique and lovable image for customers, and “taste” is the elegant way to deliver unique morality and outstanding branding. In the future, we aim to establish a solid basis and continue to progress as a company combining “morality, branding and taste”.

In 2017, we will continue to adhere the policy of “adjust product structure, stabilize growth, enhance value marketing”, through in-depth branding, investment in product packaging, and adjustments to product portfolio, which link to enhancing pricing ability and increasing added value, so that differences will be created through unique “sales model” and “product portfolio”.

In current economy, besides adapting to the social trend, adhering food safety legislations, customer impressions, we not only have to do the right things in right ways, but also have to better utilize and integrate subsidiary companies, leverage company resource and create synergy, so that one dollar spent on production, sales, human resource, R&D, finance, and operation activities, could bring more added values, cash inflows and profit, so that we can create higher shareholder’s values, based on proper management policies and tools. Only through demanding excellence and continuous progression would allow us to strengthen our market position and competence, and look forward to our next 50-year milestone.

Prospect in 2017

Looking forward to 2017, we will follow the discipline of “Concentrated and Simple Operation”, to achieve our operational goals, and will strive to optimize return on investment for all shareholders, thank you for your supports.

Chairman: Chih-Hsien Lo

President: Jung-Lung Hou

Chief Accountant: Tsung-Ping Wu

Audit Committee's Review Report

I hereby state as following:

This proposal is the presentation by the Board of Directors of the Company's 2016 Business Report, Financial Statements, and the Profit Allocation Proposal. Of these items, the Financial Statements have been audited by external auditors Lin, Tzu-Shu and Chou, Chien-Hung of PricewaterhouseCoopers, Taiwan, and an opinion and report have been issued on the Financial Statements. The aforementioned proposal regarding Business Report, Financial Statements, and the Profit Allocation Proposal have been reviewed and determined to be correct and accurate by the Audit Committee. Per the regulations in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To:

2017 General Shareholders' Meeting of Uni-President Enterprises Corporation.

Uni-President Enterprises Corporation

Chairman of the Audit Committee Chao-Tang Yue

March 29, 2017

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Uni-President Enterprises Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Uni-President Enterprises Corp. (the “Company”) as at December 31, 2016 and 2015, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2016 and 2015, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company’s parent company only financial statements of 2016. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Evaluation of the ending balance of investments accounted for under the equity method

Please refer to Notes 4(13) and 6(8) to the parent company only financial statements for the accounting policy and the details of investments accounted for under the equity method relating to this key audit matter.

Cayman President Holdings Ltd. and President Chain Store Corp., the Company’s subsidiaries with related ending balance of investment accounted for under the equity method of \$45,610,374 thousand and \$11,697,426 thousand, respectively, constituting 37% of the Company’s total assets collectively, and were considered significant to the parent company only financial statements. Accordingly, evaluation of the ending balances of these investments accounted for under the equity method has been identified one of the most significant matters in our audit, and hence the key audit matters reported in the financial statements of these subsidiaries are also included as key audit matters of in

our audit of the Company's parent company only financial statements key audit matters from the abovementioned subsidiaries are summarized as follows:

1. Cayman President Holdings Ltd. and its subsidiaries – operating revenue – sales of goods in Mainland China

Description

The Cayman President Holdings Ltd. and its subsidiaries are engaged in large volume of revenue transactions generated from sales to a large number of customers, including direct customers and distributors in many different areas in Mainland China. For customers and distributors with farther distance or located in remote areas, it needs more time for good transportation and customer reception, which involves complicated judgements in determining the timing of transferring the rights and obligations and risks and awards of goods to customers. As a result, it has been identified as one of the key audit matters of our annual audit of 2016.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

- (1) We understood, evaluated and validated management's controls in respect of the Group's sales transactions. In addition, we understood and tested the general control environment of the Group's information technology systems and the automatic controls that were related to sales of goods and revenue recognition.
- (2) We conducted testing of revenue recorded covering different locations and customers, using sampling techniques, by examining the relevant supporting documents including customer orders, goods delivery notes and customer's receipt notes. In addition, we confirmed customers' balances and transactions on a sampling basis, by considering the amount, nature and characteristics of those customers.
- (3) We tested sales transactions that took place shortly before and after the balance sheet date, by reconciling recognised revenue with the goods delivery notes and customers' receipt notes, to assess whether revenue was recognised in the correct reporting periods.

2. President Chain Store Corp. and its subsidiaries – Completeness and accuracy of retail sales revenue

Description

Retail sales revenue is recorded by point-of-sale (POS) terminals, which collect the information of item names of merchandise, quantity, sales price and total sales amount of each transaction using pre-established merchandise master file data (which contains information such as item names of merchandise, cost of purchase, retail price, combination sales promotions, etc.). After the daily closing process, each store manager uploads their sales information to the Enterprise Resource Planning ("ERP") system, which summarizes all sales and automatically generates sales revenue journal entries. Each store manager also prepares a daily cash report, which summarizes amounts of sales and methods of collections (including cash, gift certificates, credit cards and electronic payment devices, etc.) and cash from daily sales is deposited to the bank.

As retail sales revenue comprises numerous small amount transactions and highly relies on the POS and ERP systems, the process of summarizing and recording sales revenue by these systems is important with regard to the completeness and accuracy of the retail sales revenue figures, and has thus been identified as one of the key audit matter of our annual audit of 2016.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

- (1) We inspected and checked whether additions and changes to the merchandise master file data

had been properly approved and supported by relevant documents;

- (2) We inspected and checked whether approved additions and changes to the merchandise master file data had been correctly entered in the merchandise master file;
- (3) We inspected and checked whether merchandise master file data had been periodically transferred to POS terminals in stores;
- (4) We inspected and checked whether sales information in POS terminals had been periodically and completely transferred to the ERP system and sales revenue journal entries were automatically generated;
- (5) We inspected manual sales revenue journal entries and relevant documents;
- (6) We inspected daily cash reports and relevant documents;
- (7) We inspected cash deposit amounts recorded in daily cash reports and agreed them to bank remittance amounts.

3. President Chain Store Corp. and its subsidiaries — Cost-to-retail ratio of retail inventory method

Description

As President Chain Store Corp. and its subsidiaries involves various kinds of merchandise, the retail inventory method is used to estimate the ending balance inventory and the cost of goods sold. The retail inventory method applies the ratio of costs over retail prices of goods purchased (known as cost-to-retail ratio) to come out with an estimate of the ending balance of inventory and the cost of goods sold. The determination of the cost-to-retail ratio highly on cost and retail price information recorded in the accounting system, and has thus been identified as one of the key audit matter of our annual audit of 2016.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

- (1) We interviewed the management to understand the calculation process of the cost-to-retail ratio under the retail inventory method, and inspected whether it had been consistently applied in the comparative periods of the financial statements;
- (2) We inspected and checked whether additions and changes to the merchandise master file data (including item names of merchandise, cost of inventory, retail price, combination sales promotions, etc.) had been properly approved and the data had been correctly entered in the merchandise master file;
- (3) We inspected and checked whether costs and retail prices of inventory purchased as per delivery receipts were in agreement with POS purchase records after acceptance of the inventory;
- (4) We inspected and checked whether the POS records for costs and retail prices of inventory purchased were periodically and completely transferred to the ERP system and that the records could not be changed manually.
- (5) We recalculated the cost-to-retail ratio to verify its accuracy.

Impairment loss on investments accounted for under equity method

Description

Please refer to Notes 4(13), 4(17), and 6(8) to the parent company only financial statements for the accounting policy and the details of investments accounted for under the equity method and impairment of non-financial assets relating to this key audit matter.

President Entertainment Corp., one of the subsidiaries of the Company with related ending balance of investment accounted for under the equity method of \$221,176 thousand as of December 31, 2016, was engaged in an investment and development plan in entertainment and leisurement business. Due

to subsequent changes in environment protection laws and regulations, the investment and development plan was not able to continue as originally intended. Accordingly, President Entertainment Corp. recognized an impairment loss of \$1,661,499 thousand. As the objective evidences used as indications of impairment and the various comprehensive factors applied in determining the recoverable amounts of assets subject to impairment testing involve management's critical accounting judgement and assumption uncertainty, and has thus been identified as one of the key audit matters of our annual audit of 2016.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. We discussed with the management about this investment and development plan in entertainment and leisurement business, and evaluated their intentions and abilities to carry forward the plan by reviewing the business decisions made and performed by the management in the past.
2. We verified whether the objective evidences, evaluation processes and other factors used as indications of impairment by the management were consistently applied, and we also verified the reliability of the underlying documents.
3. We obtained the real estate appraisal report issued by an independent appraiser engaged by the management as part of our audit evidence and performed the following procedures:
 - (1) Evaluate independent appraiser's professional capacity, competence and objectivity.
 - (2) Examine the geographic areas and timing of the appraisal, verified the relevance with our audit.
 - (3) Evaluate the appropriateness of appraisal methods, relevance and reasonableness of significant assumptions applied in the appraisal report.

Other matter – The report of other independent accountants

We did not audit the financial statements of certain investments accounted for under the equity method that are included in the parent company only financial statements. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements and the information disclosed in Note 13 relative to these investments, is based solely on the audit reports of other independent accountants. Total assets of these subsidiaries and investments amounted to \$6,821,574 thousand and \$7,760,542 thousand, representing 4.43% and 5.08% of the related totals, as of December 31, 2016 and 2015, respectively, and total operating revenues of \$944,108 thousand and \$1,077,213 thousand, constituting 9.95% and 9.08% of the related totals for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to

going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Tzu-Shu

Independent Accountants

Chou, Chien-Hung

PricewaterhouseCoopers, Taiwan
Republic of China
March 29, 2017

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

UNI-PRESIDENT ENTERPRISES CORP.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,976,270	3	\$ 2,524,180	2
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		-	-	3,600,000	3
1150	Notes receivable, net	6(3)(4)	257,994	-	277,692	-
1170	Accounts receivable, net	6(4)	567,736	-	546,425	-
1180	Accounts receivable - related	7				
	parties		3,878,046	3	3,488,114	2
1200	Other receivables		183,071	-	231,361	-
1210	Other receivables - related parties	7	382,860	-	355,055	-
130X	Inventory	6(5)	2,222,635	2	2,171,617	2
1410	Prepayments		112,974	-	113,580	-
11XX	Total current assets		<u>12,581,586</u>	<u>8</u>	<u>13,308,024</u>	<u>9</u>
Non-current assets						
1523	Available-for-sale financial assets	6(6)(8)				
	- non-current		6,150	-	32,370	-
1543	Financial assets carried at cost -	6(7)				
	non-current		329,615	-	334,249	-
1550	Investments accounted for under	6(8)(11)				
	equity method		118,148,937	77	116,420,864	76
1600	Property, plant and equipment	6(9)(11) and 7	16,255,665	11	15,601,318	10
1760	Investment property - net	6(10)(11)	4,662,894	3	4,744,677	3
1840	Deferred income tax assets	6(27)	787,387	1	1,104,314	1
1915	Prepayments for equipment		408,050	-	514,945	1
1920	Guarantee deposits paid		150,642	-	156,685	-
1930	Long-term notes and accounts					
	receivable, net		76,399	-	88,232	-
1990	Other non-current assets		460,615	-	377,699	-
15XX	Total non-current assets		<u>141,286,354</u>	<u>92</u>	<u>139,375,353</u>	<u>91</u>
1XXX	Total assets		<u>\$ 153,867,940</u>	<u>100</u>	<u>\$ 152,683,377</u>	<u>100</u>

(Continued)

UNI-PRESIDENT ENTERPRISES CORP.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 10,680	-	\$ 52,575	-
2150	Notes payable		-	-	7,133	-
2170	Accounts payable		1,228,598	1	1,375,521	1
2180	Accounts payable - related parties	7	160,924	-	146,058	-
2200	Other payables	6(13)	5,279,868	4	5,314,530	4
2220	Other payables - related parties	7	528,087	-	513,585	-
2230	Current income tax liabilities	6(27)	151,560	-	173,137	-
2310	Advance receipts		130,052	-	129,010	-
2320	Long-term liabilities, current portion	6(14)(15)	4,300,000	3	5,000,000	3
21XX	Total current liabilities		<u>11,789,769</u>	<u>8</u>	<u>12,711,549</u>	<u>8</u>
Non-current liabilities						
2530	Corporate bonds payable	6(14)	13,200,000	9	17,500,000	12
2540	Long-term borrowings	6(15)	28,398,662	18	19,998,786	13
2570	Deferred income tax liabilities	6(27)	1,752,357	1	1,692,236	1
2640	Net defined benefit liabilities	6(16)	4,016,038	3	4,357,033	3
2645	Guarantee deposits received		84,091	-	87,527	-
2670	Other non-current liabilities	6(8)	221,176	-	-	-
25XX	Total non-current liabilities		<u>47,672,324</u>	<u>31</u>	<u>43,635,582</u>	<u>29</u>
2XXX	Total liabilities		<u>59,462,093</u>	<u>39</u>	<u>56,347,131</u>	<u>37</u>
Equity						
Share capital						
3110	Share capital - common stock	6(17)(19)	56,820,154	37	56,820,154	37
Capital reserve						
3200	Capital surplus	6(18)	3,900,138	2	3,957,172	2
Retained earnings						
		6(17)(19)(27)				
3310	Legal reserve		15,136,198	10	13,725,414	9
3320	Special reserve		4,042,765	3	4,043,384	3
3350	Unappropriated retained earnings		16,329,791	11	15,109,863	10
Other equity interest						
3400	Other equity interest	6(20)	(1,823,199)	(2)	2,680,259	2
3XXX	Total equity		<u>94,405,847</u>	<u>61</u>	<u>96,336,246</u>	<u>63</u>
Contingent liabilities and commitments						
		6(29), 7 and 9				
3X2X	Total liabilities and equity		<u>\$ 153,867,940</u>	<u>100</u>	<u>\$ 152,683,377</u>	<u>100</u>

The accompanying notes are an integral part of these financial statements.

UNI-PRESIDENT ENTERPRISES CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

				Year ended December 31			
Items		Notes		2016		2015	
				AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21) and 7		\$ 38,919,076	100	\$ 38,286,883	100
5000	Operating costs	6(5)(25)(26) and 7		(27,386,337)	(70)	(27,180,186)	(71)
5900	Net operating margin			<u>11,532,739</u>	<u>30</u>	<u>11,106,697</u>	<u>29</u>
	Operating expenses	6(25)(26) and 7					
6100	Selling expenses			(5,607,191)	(15)	(5,405,411)	(14)
6200	General and administrative expenses			(3,428,370)	(9)	(3,516,277)	(9)
6300	Research and development expenses			(480,772)	(1)	(435,155)	(1)
6000	Total operating expenses			<u>(9,516,333)</u>	<u>(25)</u>	<u>(9,356,843)</u>	<u>(24)</u>
6900	Operating profit			<u>2,016,406</u>	<u>5</u>	<u>1,749,854</u>	<u>5</u>
	Non-operating income and expenses						
7010	Other income	6(22) and 7		2,001,708	5	1,925,736	5
7020	Other gains and losses	6(2)(6)(7)(11)(23)		(970,290)	(2)	(1,078,582)	(3)
7050	Finance costs	6(24)		(469,186)	(1)	(446,920)	(1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(8)		<u>12,594,592</u>	<u>32</u>	<u>12,391,084</u>	<u>32</u>
7000	Total non-operating income and expenses			<u>13,156,824</u>	<u>34</u>	<u>12,791,318</u>	<u>33</u>
7900	Profit before income tax			<u>15,173,230</u>	<u>39</u>	<u>14,541,172</u>	<u>38</u>
7950	Income tax expense	6(27)		(646,511)	(2)	(433,333)	(1)
8200	Profit for the year			<u>\$ 14,526,719</u>	<u>37</u>	<u>\$ 14,107,839</u>	<u>37</u>
	Other comprehensive income (loss)						
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Other comprehensive loss, before tax, actuarial gains (losses) on defined benefit plans	6(16)		(\$ 303,633)	(1)	(\$ 139,210)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for under equity method			(280,580)	-	(229,246)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)		51,618	-	23,666	-
	Components of other comprehensive loss that will be reclassified to profit or loss						
8361	Other comprehensive income, before tax, exchange differences on translation	6(20)		(3,422,689)	(9)	(1,070,337)	(3)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method	6(20)		(1,075,071)	(3)	(821,830)	(2)
8399	Income tax related to the components of other comprehensive income that will be reclassified to profit or loss	6(6)(27)		(5,698)	-	(4,804)	-
8300	Other comprehensive income for the year			<u>(\$ 5,036,053)</u>	<u>(13)</u>	<u>(\$ 2,241,761)</u>	<u>(6)</u>
8500	Total comprehensive income for the year			<u>\$ 9,490,666</u>	<u>24</u>	<u>\$ 11,866,078</u>	<u>31</u>
	Earnings per share	6(28)					
9750	Basic			<u>\$ 2.56</u>		<u>\$ 2.48</u>	
9850	Diluted			<u>\$ 2.54</u>		<u>\$ 2.47</u>	

The accompanying notes are an integral part of these financial statements.

UNI-PRESIDENT ENTERPRISES CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

For the year ended December 31, 2015

Balance at January 1, 2015		\$ 54,634,763	\$ 3,848,490	\$ 12,613,131	\$ 4,045,085	\$ 12,291,654	\$ 3,219,932	\$ 1,357,298	\$ 92,010,353
Distribution of 2014 net income (Note):									
Legal reserve		-	-	1,112,283	-	(1,112,283)	-	-	-
Cash dividends	6(19)	-	-	-	-	(7,648,867)	-	-	(7,648,867)
Stock dividends	6(17)(19)	2,185,391	-	-	-	(2,185,391)	-	-	-
Net loss for the year ended December 31, 2015		-	-	-	-	14,107,839	-	-	14,107,839
Other comprehensive loss for the year ended December 31, 2015	6(20)	-	-	-	-	(344,790)	(1,094,533)	(802,438)	(2,241,761)
Adjustment for change in capital reserve of investee companies	6(18)	-	10,272	-	-	-	-	-	10,272
Difference between the acquisition or disposal price and carrying amounts of subsidiaries	6(18)	-	37,104	-	-	-	-	-	37,104
Adjustment of capital reserve due to change in interests in associates	6(18)	-	65,101	-	-	-	-	-	65,101
Disposal of investments accounted for under equity method	6(18)	-	(3,795)	-	-	-	-	-	(3,795)
Reversal of special reserve	6(19)	-	-	-	(1,701)	1,701	-	-	-
Balance at December 31, 2015		<u>\$ 56,820,154</u>	<u>\$ 3,957,172</u>	<u>\$ 13,725,414</u>	<u>\$ 4,043,384</u>	<u>\$ 15,109,863</u>	<u>\$ 2,125,399</u>	<u>\$ 554,860</u>	<u>\$ 96,336,246</u>

For the year ended December 31, 2016

Balance at January 1, 2016		\$ 56,820,154	\$ 3,957,172	\$ 13,725,414	\$ 4,043,384	\$ 15,109,863	\$ 2,125,399	\$ 554,860	\$ 96,336,246
Distribution of 2015 net income (Note):									
Legal reserve	6(19)	-	-	1,410,784	-	(1,410,784)	-	-	-
Cash dividends		-	-	-	-	(11,364,031)	-	-	(11,364,031)
Net income for the year ended December 31, 2016		-	-	-	-	14,526,719	-	-	14,526,719
Other comprehensive loss for the year ended December 31, 2016	6(20)	-	-	-	-	(532,595)	(4,382,749)	(120,709)	(5,036,053)
Adjustment for change in capital reserve of investee companies	6(18)	-	(19,196)	-	-	-	-	-	(19,196)
Difference between the acquisition or disposal price and carrying amounts of subsidiaries	6(18)	-	(92,572)	-	-	-	-	-	(92,572)
Adjustment of capital reserve due to change in interests in associate	6(18)	-	65,025	-	-	-	-	-	65,025
Disposal of subsidiaries	6(18)	-	(10,291)	-	-	-	-	-	(10,291)
Reversal of special reserve	6(19)	-	-	-	(619)	619	-	-	-
Balance at December 31, 2016		<u>\$ 56,820,154</u>	<u>\$ 3,900,138</u>	<u>\$ 15,136,198</u>	<u>\$ 4,042,765</u>	<u>\$ 16,329,791</u>	<u>(\$ 2,257,350)</u>	<u>\$ 434,151</u>	<u>\$ 94,405,847</u>

(Note) The employees' bonuses were \$971,109 and \$1,220,430, and directors' and supervisors' remuneration were \$199,475 and \$247,079 in 2014 and 2015, respectively, which had been deducted from net income for the year.

The accompanying notes are an integral part of these financial statements.

UNI-PRESIDENT ENTERPRISES CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 15,173,230	\$ 14,541,172
Adjustments			
Adjustments to reconcile profit (loss)			
Loss (gain) on financial assets and liabilities at fair value through profit and loss	6(2)(23)	1,860	(30,320)
Reversal of allowance for doubtful accounts	6(4)	(6,978)	(8,357)
(Gain) loss on disposal of available-for-sale financial assets		(1,440)	1,772
Loss on disposal of financial assets carried at cost		452	-
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(8)	(12,594,592)	(12,391,084)
Gain on disposal of investments accounted for under the equity method		-	(19,242)
Depreciation on property, plant and equipment	6(9)	1,149,975	923,583
(Gain) loss on disposal of property, plant and equipment	6(23)	(163,698)	20,882
Depreciation on investment property	6(10)	49,653	46,160
Loss on disposal of investment property	6(23)	105	165
Impairment loss on financial assets	6(6)	-	19,280
(Gain on reversal of) impairment loss on non-financial assets	6(11)	(605)	45,560
Amortization		9,896	9,827
Amortization of rent receivable		13,928	13,556
Interest income	6(22)	(8,082)	(2,292)
Dividend income	6(22)	(14,672)	(17,866)
Finance costs	6(24)	469,186	446,920
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		3,598,140	(169,680)
Notes receivable		26,422	86,852
Accounts receivable		(21,057)	89,518
Accounts receivable - related parties		(389,932)	(209,176)
Other receivables		46,195	(10,404)
Other receivables - related parties		(27,805)	4,465
Inventories		(51,018)	115,659
Prepayments		(3,251)	(15,774)
Changes in operating liabilities			
Notes payable		(7,133)	(2,369)
Accounts payable		(146,923)	96,801
Accounts payable - related parties		14,866	16,003
Other payables		19,965	580,451
Other payables - related parties		14,502	(296,252)
Advance receipts		1,042	(28,160)
Net defined benefit liabilities		(644,628)	(263,845)
Cash inflow generated from operations		6,507,603	3,593,805
Interest received		8,082	2,292
Dividends received		6,339,947	6,146,288
Interest paid		(497,910)	(462,018)
Income tax paid		(245,120)	(235,355)
Net cash flows from operating activities		12,112,602	9,045,012

(Continued)

UNI-PRESIDENT ENTERPRISES CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from sale of available-for-sale financial assets		\$ 27,660	\$ 47,617
Return of capital from financial assets carried at cost		4,182	16,800
Cash paid for acquisition of investments accounted for under the equity method - subsidiaries		-	(1,854,900)
Cash paid for acquisition of investments accounted for under the equity method - non-subsidiaries		(72,954)	-
Proceeds from disposal of investments accounted for under the equity method - non-subsidiaries		-	16,952
Return of capital from investments accounted for under the equity method		-	120,500
Cash paid for acquisition of property, plant and equipment	6(30)	(431,723)	(817,257)
Interest paid for acquisition of property, plant and equipment	6(9)(30)	(7,128)	(16,005)
Proceeds from disposal of property, plant and equipment		230,723	17,843
Decrease (increase) in guarantee deposits paid		6,043	(9,816)
Increase in prepayments for equipment		(1,306,975)	(2,125,198)
Interest paid for prepayments for equipment	6(9)	(8,042)	(13,874)
Increase in other non-current assets		(92,812)	(40,279)
Net cash flows used in investing activities		(1,651,026)	(4,657,617)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(41,895)	19,111
Decrease in corporate bonds payable		(4,000,000)	(3,150,000)
Increase in long-term borrowings		214,200,000	147,970,000
Decrease in long-term borrowings		(206,800,124)	(140,220,090)
Decrease in guarantee deposits received		(3,436)	(1,237)
Cash dividends	6(19)	(11,364,031)	(7,648,867)
Net cash flows used in financing activities		(8,009,486)	(3,031,083)
Net increase in cash and cash equivalents		2,452,090	1,356,312
Cash and cash equivalents at beginning of year	6(1)	2,524,180	1,167,868
Cash and cash equivalents at end of year	6(1)	\$ 4,976,270	\$ 2,524,180

The accompanying notes are an integral part of these financial statements.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Uni-President Enterprises Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Uni-President Enterprises Corp. and its subsidiaries (the “Group”) as at December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other independent accountants (Please refer to *Other Matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (“ROC GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and reports from independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s consolidated financial statements of the year 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Operating revenue – Sales of goods in Mainland China**Description**

Please refer to Notes 4(33) and 6(26) to the consolidated financial statements for the accounting policy of operating revenue and the details of revenue items relating to this key audit matter.

The Group is engaged in large volume of revenue transactions generated from sales to a large number of customers, including direct customers and distributors in many different areas in Mainland China. For customers and distributors with farther distance or located in remote areas, it needs more time for good transportation and customer reception, which involves complicated judgements in determining

the timing of transferring the rights and obligations and risks and awards of goods to customers. As a result, it has been identified as one of the key audit matters of our annual audit of 2016.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. We understood, evaluated and validated management's controls in respect of the Group's sales transactions. In addition, we understood and tested the general control environment of the Group's information technology systems and the automatic controls that were related to sales of goods and revenue recognition.
2. We conducted testing of revenue recorded covering different locations and customers, using sampling techniques, by examining the relevant supporting documents including customer orders, goods delivery notes and customer's receipt notes. In addition, we confirmed customers' balances and transactions on a sampling basis, by considering the amount, nature and characteristics of those customers.
3. We tested sales transactions that took place shortly before and after the balance sheet date, by reconciling recognised revenue with the goods delivery notes and customers' receipt notes, to assess whether revenue was recognised in the correct reporting periods.

Completeness and accuracy of retail sales revenue

Description

Please refer to Notes 4(33) and 6(26) to the consolidated financial statements for the accounting policy of operating revenue and the details of revenue items relating to this key audit matter.

Retail sales revenue is recorded by point-of-sale (POS) terminals, which collect the information of item names of merchandise, quantity, sales price and total sales amount of each transaction using pre-established merchandise master file data (which contains information such as item names of merchandise, cost of purchase, retail price, combination sales promotions, etc.). After the daily closing process, each store manager uploads their sales information to the Enterprise Resource Planning ("ERP") system, which summarizes all sales and automatically generates sales revenue journal entries. Each store manager also prepares a daily cash report, which summarizes amounts of sales and methods of collections (including cash, gift certificates, credit cards and electronic payment devices, etc.) and cash from daily sales is deposited to the bank.

As retail sales revenue comprises numerous small amount transactions and highly relies on the POS and ERP systems, the process of summarizing and recording sales revenue by these systems is important with regard to the completeness and accuracy of the retail sales revenue figures, and has thus been identified as one of the key audit matters of our annual audit of 2016.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. We inspected and checked whether additions and changes to the merchandise master file data had been properly approved and supported by relevant documents;
2. We inspected and checked whether approved additions and changes to the merchandise master file data had been correctly entered in the merchandise master file;
3. We inspected and checked whether merchandise master file data had been periodically transferred to POS terminals in stores;
4. We inspected and checked whether sales information in POS terminals had been periodically

and completely transferred to the ERP system and sales revenue journal entries were automatically generated;

5. We inspected manual sales revenue journal entries and relevant documents;
6. We inspected daily cash reports and relevant documents;
7. We inspected cash deposit amounts recorded in daily cash reports and agreed them to bank remittance amounts.

Cost-to-retail ratio of retail inventory method

Description

Please refer to Notes 4(13) and 6(6) to the consolidated financial statements for the accounting policy of inventories and cost of goods sold and the details of inventory items relating to this key audit matter.

As retailing business involves various kinds of merchandise, the retail inventory method is used to estimate the ending balance of inventory and the cost of goods sold. The retail inventory method applies a ratio of costs over retail prices of goods purchased (known as cost-to-retail ratio) to come out with an estimate of the ending balance of inventory and the cost of goods sold. The determination of the cost-to-retail ratio relies highly on costs and retail prices information recorded in the accounting system, and has thus been identified as one of the key audit matters of our annual audit of 2016.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. We interviewed the management to understand the calculation process of the cost-to-retail ratio under the retail inventory method, and inspected whether it had been consistently applied in the comparative periods of the financial statements;
2. We inspected and checked whether additions and changes to the merchandise master file data (including item names of merchandise, cost of inventory, retail price, combination sales promotions, etc.) had been properly approved and the data had been correctly entered in the merchandise master file;
3. We inspected and checked whether costs and retail prices of inventory purchased as per delivery receipts were in agreement with POS purchase records after acceptance of the inventory;
4. We inspected and checked whether the POS records for costs and retail prices of inventory purchased were periodically and completely transferred to the ERP system and that the records could not be changed manually.
5. We recalculated the cost-to-retail ratio to verify its accuracy.

Impairment loss on investment properties

Description

Please refer to Notes 4(19), 4(21), 6(13) and 6(15) to the consolidated financial statements for the accounting policy and the details of investment properties and impairment of non-financial assets relating to this key audit matter.

President Entertainment Corp., one of the subsidiaries of the Group, was engaged in an investment and development plan in entertainment and leisure business. Due to subsequent changes in environment protection laws and regulations, the investment and development plan was not able to continue as originally intended. Accordingly, President Entertainment Corp. recognized an

impairment loss of \$1,661,499 thousand. As the objective evidences used as indications of impairment and the various comprehensive factors applied in determining the recoverable amounts of assets subject to impairment testing involve management's critical accounting judgement and assumption uncertainty, and has thus been identified as one of the key audit matters of our annual audit of 2016.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. We discussed with the management about this investment and development plan in entertainment and leisure business, and evaluated their intentions and abilities to carry forward the plan by reviewing the business decisions made and performed by the management in the past.
2. We verified whether the objective evidences, evaluation processes and other factors used as indications of impairment by the management were consistently applied, and we also verified the reliability of the underlying documents.
3. We obtained the real estate appraisal report issued by an independent appraiser engaged by the management as part of our audit evidence and performed the following procedures:
 - (1) Evaluate independent appraiser's professional capacity, competence and objectivity.
 - (2) Examine the geographic areas and timing of the appraisal, verified the relevance with our audit.
 - (3) Evaluate the appropriateness of appraisal methods, relevance and reasonableness of significant assumptions applied in the appraisal report.

Other matter – The report of other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated financial statements. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information disclosed in Note 13 relative to these investments, is based solely on the audit reports of other independent accountants. Total assets of these subsidiaries and investments amounted to \$21,114,131 thousand and \$21,023,978 thousand, representing 5.58% and 5.27% of the related consolidated totals, as of December 31, 2016 and 2015, respectively, and total operating revenues of \$26,410,816 thousand and \$22,433,140 thousand, constituting 6.39% and 5.39% of the related consolidated totals for the years then ended, respectively. Investments in these companies' related share of profit of associates and joint ventures accounted for under the equity method amounted to \$1,081,320 thousand and \$1,136,234 thousand, constituting 6.68% and 6.52% of the consolidated total other comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Uni-President Enterprises Corp. as at and for the years ended December 31, 2016 and 2015.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Tzu-Yu

Independent Accountants

Chou, Chien-Hung

PricewaterhouseCoopers, Taiwan

Republic of China

March 29, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 56,334,630	15	\$ 45,034,743	11
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		6,033,382	2	15,199,461	4
1150	Notes receivable, net	6(3)(4) and 7	1,530,763	-	1,750,782	-
1170	Accounts receivable, net	6(4), 7 and 8	15,346,112	4	16,041,994	4
1200	Other receivables	6(4)(5)	7,125,917	2	2,829,342	1
1220	Current income tax assets	6(32)	236,496	-	282,252	-
130X	Inventory	6(6)(12) and 8	30,616,333	8	34,344,392	9
1410	Prepayments		4,271,619	1	11,580,174	3
1460	Non-current assets held for sale, net	6(7)(12)	7,854,383	2	-	-
1470	Other current assets	8	10,469,366	3	11,417,198	3
11XX	Total current assets		<u>139,819,001</u>	<u>37</u>	<u>138,480,338</u>	<u>35</u>
Non-current assets						
1523	Available-for-sale financial assets - non-current	6(8)(9)(11) and 8	5,833,607	2	6,518,489	2
1543	Financial assets carried at cost - non-current	6(9)(11) and 8	2,882,485	1	2,769,432	1
1546	Investments in debt instrument without active markets - non-current	6(10)	321,403	-	327,134	-
1550	Investments accounted for under equity method	6(11) and 8	33,455,146	9	37,077,122	9
1600	Property, plant and equipment	6(12)(15) and 8	148,760,628	39	160,483,756	40
1760	Investment property, net	6(12)(13)(15) and 8	17,802,717	5	19,228,673	5
1780	Intangible assets	6(14)(15)	2,569,940	1	2,769,998	1
1840	Deferred income tax assets	6(32)	5,018,733	1	5,244,920	1
1915	Prepayments for equipment	6(12)	684,828	-	1,309,602	-
1920	Guarantee deposits paid	6(2) and 8	2,942,123	1	3,037,427	1
1985	Long-term prepaid rents	6(15) and 8	13,129,124	3	14,232,045	3
1990	Other non-current assets	6(15)(21), 7 and 8	5,365,730	1	7,469,553	2
15XX	Total non-current assets		<u>238,766,464</u>	<u>63</u>	<u>260,468,151</u>	<u>65</u>
1XXX	Total assets		<u>\$ 378,585,465</u>	<u>100</u>	<u>\$ 398,948,489</u>	<u>100</u>

(Continued)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2016		December 31, 2015		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(16) and 8	\$ 25,508,260	7	\$ 35,076,443	9
2110	Short-term notes and bills payable	6(17) and 8	8,039,804	2	7,304,775	2
2120	Financial liabilities at fair value through profit or loss - current	6(2)	323	-	9,706	-
2150	Notes payable	7	2,275,427	1	1,288,778	-
2170	Accounts payable	7	28,608,549	8	30,007,032	8
2200	Other payables	6(18)	43,346,808	11	44,810,717	11
2230	Current income tax liabilities	6(32)	2,931,106	1	1,904,353	1
2260	Liabilities directly associated with non-current assets held for sale	6(7)	4,450,816	1	-	-
2310	Advance receipts		12,397,660	3	13,888,674	3
2320	Long-term liabilities, current portion	6(19)(20) and 8	13,187,752	3	15,907,070	4
2399	Other current liabilities		251,429	-	228,614	-
21XX	Total current liabilities		<u>140,997,934</u>	<u>37</u>	<u>150,426,162</u>	<u>38</u>
Non-current liabilities						
2530	Corporate bonds payable	6(19)	16,179,950	4	28,201,782	7
2540	Long-term borrowings	6(20) and 8	44,485,418	12	41,672,882	10
2570	Deferred income tax liabilities	6(32)	4,695,750	1	4,454,907	1
2640	Net defined benefit liabilities - non-current	6(21)	9,617,638	3	9,750,380	2
2645	Guarantee deposits received		6,446,913	2	6,378,760	2
2670	Other non-current liabilities		3,461,596	1	2,373,879	1
25XX	Total non-current liabilities		<u>84,887,265</u>	<u>23</u>	<u>92,832,590</u>	<u>23</u>
2XXX	Total liabilities		<u>225,885,199</u>	<u>60</u>	<u>243,258,752</u>	<u>61</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(22)	56,820,154	15	56,820,154	14
Capital reserves						
3200	Capital surplus	6(23)(34)	3,900,138	1	3,957,172	1
Retained earnings						
3310	Legal reserve	6(22)(24)(32)	15,136,198	4	13,725,414	3
3320	Special reserve		4,042,765	1	4,043,384	1
3350	Unappropriated retained earnings		16,329,791	4	15,109,863	4
Other equity interest						
3400	Other equity interest	6(25)	(1,823,199)	-	2,680,259	1
31XX	Equity attributable to owners of the parent		<u>94,405,847</u>	<u>25</u>	<u>96,336,246</u>	<u>24</u>
36XX	Non-controlling interest	4(3) and 6(34)	<u>58,294,419</u>	<u>15</u>	<u>59,353,491</u>	<u>15</u>
3XXX	Total equity		<u>152,700,266</u>	<u>40</u>	<u>155,689,737</u>	<u>39</u>
Contingent Liabilities and Commitments						
3X2X	Total liabilities and equity		<u>\$ 378,585,465</u>	<u>100</u>	<u>\$ 398,948,489</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2016		2015		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(26) and 7	\$ 413,364,315	100	\$ 416,151,323	100
5000	Operating costs	6(6)(14)(30)(31)				
		and 7	(275,714,218)	(67)	(278,229,027)	(67)
5900	Net operating margin		137,650,097	33	137,922,296	33
	Operating expenses	6(14)(30)(31)(35)				
		and 7				
6100	Selling expenses		(94,013,752)	(23)	(94,243,220)	(23)
6200	General and administrative expenses		(21,555,416)	(5)	(21,054,486)	(5)
6300	Research and development expenses		(989,863)	-	(986,858)	-
6000	Total operating expenses		(116,559,031)	(28)	(116,284,564)	(28)
6900	Operating profit		21,091,066	5	21,637,732	5
	Non-operating income and expenses					
7010	Other income	6(13)(27) and 7	5,579,489	2	5,725,693	1
7020	Other gains and losses	4(3),				
		6(2)(7)(8)(9)(15)(28)	1,221,784	-	(2,147,021)	-
7050	Finance costs	6(12)(29)	(2,237,211)	-	(2,418,953)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(11)	4,847,214	1	4,451,909	1
7000	Total non-operating income and expenses		9,411,276	3	5,611,628	1
7900	Profit before income tax		30,502,342	8	27,249,360	6
7950	Income tax expense	6(32)	(6,826,906)	(2)	(5,656,195)	(1)
8200	Profit for the year		\$ 23,675,436	6	\$ 21,593,165	5

(Continued)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2016		2015		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income (loss)						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Remeasurement of defined benefit obligations	6(21)	(\$ 795,642)	-	(\$ 559,347)	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(61,769)	-	(62,224)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(32)	135,166	-	90,028	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		(6,237,125)	(2)	(2,331,830)	(1)
8362	Unrealized loss on valuation of available-for-sale financial assets	6(8)	(244,505)	-	(1,284,971)	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method		(274,781)	-	(35,173)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(8)(32)	(8,947)	-	14,465	-
8300	Total other comprehensive loss for the year		(\$ 7,487,603)	(2)	(\$ 4,169,052)	(1)
8500	Total comprehensive income for the year		\$ 16,187,833	4	\$ 17,424,113	4
Profit attributable to:						
8610	Owners of the parent		\$ 14,526,719	4	\$ 14,107,839	3
8620	Non-controlling interest		9,148,717	2	7,485,326	2
	Net income		\$ 23,675,436	6	\$ 21,593,165	5
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 9,490,666	2	\$ 11,866,078	3
8720	Non-controlling interest		6,697,167	2	5,558,035	1
	Net comprehensive income		\$ 16,187,833	4	\$ 17,424,113	4
Earnings per share (in dollars)						
9750	Basic	6(33)	\$ 2.56		\$ 2.48	
9850	Diluted		\$ 2.54		\$ 2.47	

The accompanying notes are an integral part of these consolidated financial statements.

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

For the year ended December 31, 2015

Balance at January 1, 2015		\$ 54,634,763	\$ 3,848,490	\$ 12,613,131	\$ 4,045,085	\$ 12,291,654	\$ 3,219,932	\$ 1,357,298	\$ 92,010,353	\$ 58,628,780	\$ 150,639,133
Distribution of 2014 consolidated net income:											
Legal reserve		-	-	1,112,283	-	(1,112,283)	-	-	-	-	-
Cash dividends	6(24)	-	-	-	-	(7,648,867)	-	-	(7,648,867)	-	(7,648,867)
Stock dividends	6(22)(24)	2,185,391	-	-	-	(2,185,391)	-	-	-	-	-
Consolidated net income for the year ended December 31, 2015		-	-	-	-	14,107,839	-	-	14,107,839	7,485,326	21,593,165
Other comprehensive income for the year ended December 31, 2015	6(25)	-	-	-	-	(344,790)	(1,094,533)	(802,438)	(2,241,761)	(1,927,291)	(4,169,052)
Adjustment for change in capital reserve of investee companies	6(23)	-	10,272	-	-	-	-	-	10,272	-	10,272
Difference between the acquisition or disposal price and carrying amounts of subsidiaries	6(23)(34)	-	37,104	-	-	-	-	-	37,104	213,408	250,512
Adjustment of capital reserve due to change in interests in associates	6(23)	-	65,101	-	-	-	-	-	65,101	-	65,101
Disposal of investments accounted for under the equity method	6(23)	-	(3,795)	-	-	-	-	-	(3,795)	-	(3,795)
Reversal of special reserve	6(24)	-	-	-	(1,701)	1,701	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-	-	-	(5,046,732)	(5,046,732)
Balance at December 31, 2015		<u>\$ 56,820,154</u>	<u>\$ 3,957,172</u>	<u>\$ 13,725,414</u>	<u>\$ 4,043,384</u>	<u>\$ 15,109,863</u>	<u>\$ 2,125,399</u>	<u>\$ 554,860</u>	<u>\$ 96,336,246</u>	<u>\$ 59,353,491</u>	<u>\$ 155,689,737</u>

For the year ended December 31, 2016

Balance at January 1, 2016		\$ 56,820,154	\$ 3,957,172	\$ 13,725,414	\$ 4,043,384	\$ 15,109,863	\$ 2,125,399	\$ 554,860	\$ 96,336,246	\$ 59,353,491	\$ 155,689,737
Distribution of 2015 consolidated net income:											
Legal reserve		-	-	1,410,784	-	(1,410,784)	-	-	-	-	-
Cash dividends	6(24)	-	-	-	-	(11,364,031)	-	-	(11,364,031)	-	(11,364,031)
Consolidated net income for the year ended December 31, 2016		-	-	-	-	14,526,719	-	-	14,526,719	9,148,717	23,675,436
Other comprehensive income for the year ended December 31, 2016	6(25)	-	-	-	-	(532,595)	(4,382,749)	(120,709)	(5,036,053)	(2,451,550)	(7,487,603)
Adjustment for change in capital reserve of investee companies	6(23)	-	(19,196)	-	-	-	-	-	(19,196)	-	(19,196)
Difference between the acquisition or disposal price and carrying amounts of subsidiaries	6(23)(34)	-	(92,572)	-	-	-	-	-	(92,572)	(248,282)	(340,854)
Adjustment of capital reserve due to change in interests in associates	6(23)	-	65,025	-	-	-	-	-	65,025	-	65,025
Disposal of subsidiaries	6(23)(36)	-	(10,291)	-	-	-	-	-	(10,291)	(505,753)	(516,044)
Reversal of special reserve	6(24)	-	-	-	(619)	619	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-	-	-	(7,002,204)	(7,002,204)
Balance at December 31, 2016		<u>\$ 56,820,154</u>	<u>\$ 3,900,138</u>	<u>\$ 15,136,198</u>	<u>\$ 4,042,765</u>	<u>\$ 16,329,791</u>	<u>(\$ 2,257,350)</u>	<u>\$ 434,151</u>	<u>\$ 94,405,847</u>	<u>\$ 58,294,419</u>	<u>\$ 152,700,266</u>

The accompanying notes are an integral part of these consolidated financial statements.

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 30,502,342	\$ 27,249,360
Adjustments			
Adjustments to reconcile profit (loss)			
Loss (gain) on financial assets at fair value through profit and loss	6(2)(28)	12,656	(37,742)
Provision for doubtful accounts	6(4)	134,630	328,615
(Reversal of allowance) provision for inventory market price decline	6(6)	(58,497)	335,354
Gain on disposal of non-current assets held for sale	6(7)(28)	(1,528,552)	(452,780)
Loss (gain) on disposal of available-for-sale financial assets	6(28)	73,459	(450,195)
Gain on disposal of financial assets carried at cost	6(28)	(1,175,952)	(44,040)
Impairment loss on financial assets	6(8)(9)(28)	312,728	185,360
Gain on disposal of subsidiaries	4(3), 6(28)(36)	(2,536,835)	-
Share of profit of associates and joint ventures accounted for under the equity method	6(11)	(4,847,214)	(4,451,909)
Gain on disposal of investments accounted for under the equity method	6(28)	(1,655)	(171,503)
Depreciation on property, plant and equipment	6(12)(30)	18,951,650	18,919,033
Loss on disposal of property, plant and equipment	6(28)	146,122	178,140
Depreciation on investment properties	6(13)(30)	309,183	309,994
Gain on disposal of investment properties	6(28)	(5,888)	(1,903)
Loss on disposal of intangible assets	6(28)	-	9,645
Amortization	6(14)(30)	393,377	362,839
Amortization of long-term prepaid rents		366,196	377,763
Impairment loss on non-financial assets	6(15)(28)	1,956,485	496,305
Interest income	6(27)	(927,112)	(1,165,238)
Dividend income	6(27)	(703,547)	(737,743)
Finance costs	6(29)	2,237,211	2,418,953
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		9,144,040	475,874
Notes receivable		223,190	472,738
Accounts receivable		(912,557)	282,594
Other receivables		247,179	2,035,980
Inventories		2,655,532	72,433
Prepayments		755,662	1,612,250
Other current assets		(372,349)	(885,199)
Changes in operating liabilities			
Notes payable		986,649	21,931
Accounts payable		644,498	(279,250)
Other payables		1,864,935	3,393,667
Advance receipts		814,914	4,256,986
Other current liabilities		22,815	(7,721)
Net defined benefit liabilities - non-current		(928,384)	(482,614)
Cash inflow generated from operations		58,756,911	54,627,977
Interest received		793,009	1,094,264
Dividend received		3,490,204	3,317,084
Interest paid		(2,352,828)	(2,405,631)
Income tax paid		(5,161,148)	(5,756,679)
Net cash flows from operating activities		55,526,148	50,877,015

(Continued)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other receivables	6(5)	(\$ 4,643,613)	\$ -
Decrease in other receivables - related parties		3,062	299
Proceeds from disposal of non-current assets held for sale	6(7)(36)	6,256,466	387,937
Decrease (increase) in other current assets - other financial assets		1,320,181	(6,057,611)
Increase in available-for-sale financial assets - non-current		(736,388)	(1,460,699)
Proceeds from disposal of available-for-sale financial assets		1,016,940	2,548,508
Return of capital from available-for-sale financial assets		1,577	-
Increase in financial assets carried at cost - non-current		(806,239)	(325,902)
Proceeds from disposal of financial assets carried at cost		1,465,244	186,746
Return of capital from financial assets measured at cost		4,182	33,600
Acquisition of investments accounted for under the equity method		(73,345)	(134,231)
Proceeds from disposal of investments accounted for under the equity method		52,984	69,543
Return of capital from investments accounted for under the equity method		222,755	3,121
Proceeds from disposal of subsidiaries	6(36)	1,844,539	-
Cash paid for acquisition of property, plant and equipment	6(36)	(13,152,913)	(15,402,338)
Interest paid for acquisition of property, plant and equipment	6(36)	(195,528)	(597,930)
Proceeds from disposal of property, plant and equipment		599,536	537,472
Cash paid for acquisition of investment property	6(36)	(903,516)	(106,029)
Interest paid for acquisition of investment property	6(36)	(14,626)	(20,015)
Proceeds from disposal of investment properties		10,176	6,920
Increase in intangible assets	6(14)	(334,502)	(281,553)
Increase in prepayments for equipment		(2,848,506)	(4,339,189)
Interest paid for prepayments for equipment		(8,987)	(14,436)
Decrease (increase) in guarantee deposits paid		95,304	(178,673)
Increase in long-term prepaid rents		(320,802)	(653,233)
Decrease in other non-current assets - other financial assets		656,924	12,757
(Increase) decrease in other non-current assets		(79,994)	10,805
Net cash flows used in investing activities		(10,569,089)	(25,774,131)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(4,573,957)	1,879,200
Increase in short-time notes and bills payable		735,029	861,486
Increase in corporate bonds payable		-	717,242
Decrease in corporate bonds payable		(8,643,613)	(3,150,000)
Increase in long-term borrowings		248,364,985	206,952,638
Decrease in long-term borrowings		(249,727,196)	(219,086,254)
Increase in guarantee deposit received		68,153	143,018
Increase in other non-current liabilities		171,471	604
(Cash paid for) proceeds from transaction with non-controlling interests	6(34)	(340,854)	250,512
Cash dividends	6(24)	(11,364,031)	(7,648,867)
Change in non-controlling interests		(7,002,204)	(5,046,732)
Net cash flows used in financing activities		(32,312,217)	(24,127,153)
Effect of foreign exchange rate changes on cash and cash equivalents		(568,024)	200,175
Non-current assets held for sale - cash	6(7)	(776,931)	-
Net increase in cash and cash equivalents		11,299,887	1,175,906
Cash and cash equivalents at beginning of year	6(1)	45,034,743	43,858,837
Cash and cash equivalents at end of year	6(1)	<u>\$ 56,334,630</u>	<u>\$ 45,034,743</u>

The accompanying notes are an integral part of these consolidated financial statements.

Uni-President Enterprises Corp.
PROFIT ALLOCATION PROPOSAL

For the years ended December 31, 2016

Unit : NT\$

Net Income for 2016	14,526,718,715
Less : 10% Legal Reserve	(1,452,671,872)
An effort to ascertain the amount of remeasuring of the fringe benefit programs.	(532,595,598)
Plus : Resersal of special reserve	619,403
2016 Earnings Available for Distribution	12,542,070,648
Plus : Unappropriated Retained Earnings of Previous years	2,335,048,242
Distribution Items:	14,877,118,890
Cash Dividends to Common Share Holders (NT\$ 2.1 per share)	11,932,232,384
Unappropriated Distribution	\$2,944,886,506

Note :

1. Net income for 2016 shall be preferred in the profit distribution. The shortfall shall be made up with the unappropriated retained earnings of the preceding term.
2. Each common shareholder will be entitled to receive the cash dividends in dollar amount. The fractional parts would be classified as "other non-operating income".

Chairman: Chih-Hsien Lo

President: Jung-Lung Hou

Chief Accountant: Tsung-Ping Wu

Uni-President Enterprises Corporation

Contrast Table for Amendments to the Operational Procedures for Acquisition and Disposal of Assets

Provision After Proposed Amendments	Current Provision	Explanation
<p>Article 4 Assessment Procedure:</p> <p>1.</p> <p>2.</p> <p>3. In acquiring or disposing of real property or other fixed assets where the transaction amount reaches 20 percent of the Company's paid-in capital or three hundred million NT dollars (NT\$300,000,000) or more, the Company, unless transacting with a government organization, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment 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:</p> <p>(1)</p> <p>(2)</p> <p>(3)</p> <p>(4)</p> <p>4. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the Company, unless transacting with a government organization, shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>5.</p> <p>6.</p> <p>7.</p> <p>8. When the Company performs a merger, split, acquisition or transfer of shares, prior to convening a board meeting to pass a resolution, accountant, attorney or securities underwriter shall be engaged to provide opinions about the reasonableness of the share swap proportion, acquisition price or cash or other property distributed to the shareholders and such opinions shall be submitted to the board of directors for discussion and approval. <u>The requirement of obtaining an aforementioned opinion on rationality issued by an expert may be exempted in</u></p>	<p>Article 4 Assessment Procedure:</p> <p>1.</p> <p>2.</p> <p>3. In acquiring or disposing of real property or other fixed assets where the transaction amount reaches 20 percent of the Company's paid-in capital or three hundred million NT dollars (NT\$300,000,000) or more, the Company, unless transacting with a government <u>agency</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment 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:</p> <p>(1)</p> <p>(2)</p> <p>(3)</p> <p>(4)</p> <p>4. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, unless transacting with a government government <u>agency</u>, shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>5.</p> <p>6.</p> <p>7.</p> <p>8. When the Company performs a merger, split, acquisition or transfer of shares, prior to convening a board meeting to pass a resolution, accountant, attorney or securities underwriter shall be engaged to provide opinions about the reasonableness of the share swap proportion, acquisition price or cash or other property distributed to the shareholders and such opinions shall be submitted to the board of directors for discussion and approval.</p>	<p>An amendment in working as appropriate in accordance with Article 9 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" newly promulgated by Financial Supervisory Commission.</p> <p>An amendment in working as appropriate in accordance with Article 11 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" newly promulgated by Financial Supervisory Commission.</p> <p>An amendment in working as appropriate in accordance with Article 22 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" newly promulgated by Financial Supervisory Commission. With</p>

Provision After Proposed Amendments	Current Provision	Explanation
<p><u>the case of a merger by the Company of a subsidiary in which it holds 100 percent of the issued shares or authorized capital either directly or indirectly.</u></p>		<p>the addition of the items exempted from the need to obtain opinions from specialists.</p>
<p>Article 6 Procedures of Public Announcement and Report:</p> <p>1. For the Company to acquire or dispose assets, if any of the following occurs, the Company shall proceed with the public announcement and report on the website designated by the FSC within two (2) days starting immediately from the day such even occurs according to the nature of the event, in the format and with contents prescribed.</p> <p>(1) Acquire or dispose of real property from or to a related party, or acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> money market funds issued <u>by domestic securities investment trust enterprises.</u></p> <p>(2)</p> <p>(3)</p> <p>(4) <u>Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$1000 million.</u></p> <p>(5) <u>Where land is acquired under an arrangement on engaging others to build on the company's own land, build on the rented land joint</u></p>	<p>Article 6 Procedures of Public Announcement and Report:</p> <p>1. For the Company to acquire or dispose assets, if any of the following occurs, the Company shall proceed with the public announcement and report on the website designated by the FSC within two (2) days starting immediately from the day such even occurs according to the nature of the event, in the format and with contents prescribed.</p> <p>(1) Acquire or dispose of real property from or to a related party, or acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption of</u> money market funds.</p> <p>(2)</p> <p>(3)</p>	<p>An amendment in working as appropriate in accordance with Article 30 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" newly promulgated by Financial Supervisory Commission.</p> <p>The items are duly rearranged (to be rearranged from Item 3, Subparagraph 4, Paragraph 1 of this Article to this spot) exactly in accordance with Article 30 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" newly promulgated by Financial Supervisory Commission, with the criteria for required public announcement to be eased up.</p> <p>The items are duly rearranged (to be rearranged from Item 4, Subparagraph 4,</p>

Provision After Proposed Amendments	Current Provision	Explanation
<p><u>construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</u></p> <p>(6) Where an asset transaction other than any of those referred to in the preceding five subsections, or an investment in Mainland China area reaches 20 percent or more of paid-in capital or three hundred million NT dollars (NT\$300,000,000); provided, this shall not apply to the following circumstances:</p> <p>i. Trading of government bonds.</p> <p>ii. These, nevertheless, do not apply to the cases of transactions in government bonds, "repo and reverse repo" bonds, subscription to or <u>repurchase</u> money market funds issued <u>by domestic securities investment trust enterprises</u>.</p> <p>iii. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$1000 million.</p> <p>iv. Where land is acquired under an arrangement on engaging others to build on the company's own land, build on the rented land joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>2.</p>	<p>(4) Where an asset transaction other than any of those referred to in the preceding <u>three</u> subsections, or an investment in Mainland China area reaches 20 percent or more of paid-in capital or three hundred million NT dollars (NT\$300,000,000); provided, this shall not apply to the following circumstances:</p> <p>i. Trading of government bonds.</p> <p>ii. These, nevertheless, do not apply to the cases of transactions in government bonds, "repo and reverse repo" bonds, subscription to or <u>redemption of</u> money market funds.</p> <p>iii. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$1000 million.</p> <p>iv. Where land is acquired under an arrangement on engaging others to build on the company's own land, build on the rented land joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>2.</p>	<p>Paragraph 1 of this Article to this spot) exactly in accordance with Article 30 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" newly promulgated by Financial Supervisory Commission, with the criteria for required public announcement to be eased up.</p> <p>An adjustment of Paragraph with amendment in wording as appropriate.</p> <p>An amendment in working as appropriate in accordance with Article 30 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" newly promulgated by Financial Supervisory Commission.</p> <p>As having been moved to Subparagraph IV, Paragraph I of this Article. This part is deleted.</p> <p>As having been moved to Subparagraph V, Paragraph I of this Article. This part is deleted.</p>

Provision After Proposed Amendments	Current Provision	Explanation
<p>3.</p> <p>4. Where 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 again be publicly announced and reported in their entirety <u>within two (2) days counting inclusively from the date of knowing of such error or omission.</u></p> <p>5.</p>	<p>3.</p> <p>4. Where 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 again be publicly announced and reported in their entirety.</p> <p>5.</p>	<p>An amendment in working as appropriate in accordance with Article 30 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" newly promulgated by Financial Supervisory Commission. It expressly provides the timeframe to make up the omission in the public announcement.</p>
<p>Article 11 Resolution Procedure:</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or three hundred million NT dollars (NT\$300,000,000) or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> money market funds <u>issued by domestic securities investment trust enterprises</u>, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the board of directors:</p> <p>1.</p> <p>2.</p> <p>3.</p> <p>4.</p> <p>5.</p> <p>6.</p> <p>7.</p>	<p>Article 11 Resolution Procedure:</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or three hundred million NT dollars (NT\$300,000,000) or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption of</u> money market funds , the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the board of directors:</p> <p>1.</p> <p>2.</p> <p>3.</p> <p>4.</p> <p>5.</p> <p>6.</p> <p>7.</p>	<p>An amendment in working as appropriate in accordance with Article 14 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" newly promulgated by Financial Supervisory Commission.</p>
<p>Article 14 Transaction Principles and Guidelines:</p> <p>1.</p> <p>2.</p> <p>3.</p> <p>4.</p> <p>5.</p> <p>6. Division of Responsibilities (1) Financial Business Division: Will serve as the execution staff for the Company's transactions of derivative</p>	<p>Article 14 Transaction Principles and Guidelines:</p> <p>1.</p> <p>2.</p> <p>3.</p> <p>4.</p> <p>5.</p> <p>6. Division of Responsibilities (1) Financial Business Division: Will serve as the execution staff for the Company's transactions of derivative</p>	<p>An adjustment in coordination with the substantial facts in business operation.</p>

Provision After Proposed Amendments	Current Provision	Explanation
<p>products and be responsible for the drafting of transaction strategies and execution of transaction orders within the scope of authorization, disclosure of future transaction risks and provision of updated in-time information to relevant divisions for reference. <u>Such jobs in fund procurement, delivery,</u> handling or accounts, production of statements and storage of transaction records shall be conducted by the personnel in that department not in charge of transaction.</p> <p>(2).....</p> <p>(3) Finance Department: Responsible for capital allocation and settlement related matters for derivative products.</p> <p><u>(3) Audit Division</u></p> <p>(i) Regular supervision and evaluation as to whether the fixed operational strategy is being followed and whether the risk undertaken is within the limit of tolerance by the Company.</p> <p>(ii) Regularly evaluate whether the risk management procedure currently used is appropriate and in compliance with the “Operating Procedure for Transaction in Derivative Products” established by the Company.</p> <p>(iii) If any anomaly is discovered during an audit, a report shall be submitted to the president immediately and necessary measures shall be taken.</p> <p>7.</p>	<p>products and be responsible for the drafting of transaction strategies and execution of transaction orders within the scope of authorization, disclosure of future transaction risks and provision of updated in-time information to relevant divisions for reference. Handling or accounts, production of statements and storage of transaction records shall be conducted by the personnel in that department not in charge of transaction.</p> <p>(2).....</p> <p>(3) <u>Finance Department: Responsible for capital allocation and settlement related matters for derivative products.</u></p> <p><u>(4) Audit Division</u></p> <p>(i) Regular supervision and evaluation as to whether the fixed operational strategy is being followed and whether the risk undertaken is within the limit of tolerance by the Company.</p> <p>(ii) Regularly evaluate whether the risk management procedure currently used is appropriate and in compliance with the “Operating Procedure for Transaction in Derivative Products” established by the Company.</p> <p>(iii) If any anomaly is discovered during an audit, a report shall be submitted to the president immediately and necessary measures shall be taken.</p> <p>7.</p>	<p>Having been expressly enumerated within the mandate and responsibilities of the Financing Business Department. This spot is deleted.</p> <p>An adjustment in Paragraph subsequence.</p>
<p>Article 18</p> <p>When the Company engages in a merger, split, acquisition or transfer of shares, accountant, attorney or securities underwriter shall be engaged prior to convening a board meeting for resolution in order for opinions to be provided about the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other asset to the shareholders. The proposal shall then be submitted to the board of directors for discussion and approval. <u>The requirement of obtaining an aforementioned opinion on rationality issued by an expert may be</u></p>	<p>Article 18</p> <p>When the Company engages in a merger, split, acquisition or transfer of shares, accountant, attorney or securities underwriter shall be engaged prior to convening a board meeting for resolution in order for opinions to be provided about the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other asset to the shareholders. The proposal shall then be submitted to the board of directors for discussion and approval.</p>	<p>An amendment in working as appropriate in accordance with Article 22 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" newly promulgated by Financial Supervisory</p>

Provision After Proposed Amendments	Current Provision	Explanation
<u>exempted, nevertheless, in the case of a merger by the Company of a subsidiary in which it holds 100 percent of the issued shares or authorized capital either directly or indirectly.</u>		Commission. With the addition of the items exempted from the need to obtain opinions from specialists.

Uni-President Enterprises Corporation
The proposed details on release of non-competition restrictions for directors and independent director are listed as follows

As of 03/29/2017

Name	Current Position with Other Companies
Kao Chyuan Inv. Co., Ltd. Representative: Chih-Hsien Lo	<p>Chairman of : President Chain Store Corp., President Natural Industrial Corp., Ton Yi Industrial Corp., TTET Union Corp., Kai Yu Investment Co., Ltd., President Packaging Corp., President International Development Corp., Uni-President Cold Chain Corp., Presco Netmarketing Inc., Uni-President Dream Parks Corp., Uni-OAO Travel Service Corp., Kai Nan Investment Co., President Century Corp., Tong Yu Investment Corp., President Property Corp., Changjiagang President Nisshin Food Co., Ltd., Uni-President China Holdings Ltd. (Cayman), President Enterprises (China) Investment Co., Ltd., Tong Ren Corp., Uni-President (Vietnam) Co., Ltd., Uni-President (Thailand) Ltd., Uni-President (Philippines) Corp.</p> <p>Vice Chairman of : President Nisshin Corp., Prince Housing Development Corp., Time Square International Co., Ltd.</p> <p>Director of : President Baseball Team Corp., Nanlien International Corp., Tone Sang Construction Corp., Retail Support International Corp., Presicarre Corp., President Fair Development Corp., Tainan Spinning Retail & Distribution Co., Ltd., Scino Pharm Taiwan Ltd., President Starbucks Coffee Corp., Uni-President Organics Corp., PK Venture Capital Corp., Uni-President Glass Industrial Co., Ltd., Kuang Chuan Dairy Co., Ltd., Kuang Chuan Foods Co., Ltd., Uni-President Development Corp., Ming Da Enterprises Co., Ltd., Keng Ting Enterprises Co., Ltd., Cheng-Shi Investment Holding Co., Prince Property Management Consulting Co., Prince Corp., Prince Real Estate Co., Ltd., Kao Chyuan Inv. Corp., PCS (BVI) Holdings Ltd., PCS (Labuan) Holdings Ltd., President Coffee (Cayman) Holdings Ltd., Shanghai President Starbucks Coffee Corp., Uni-President International (HK) Co., Ltd., Champ Green Capital Ltd., Champ Green (Shanghai) Consulting Co. Ltd., Yantai North Andre Juice Co., Ltd., Beijing President Enterprises Drinks & Food Co., Ltd., Wuhan President Enterprises Food Co., Ltd., Kunshan President Enterprises Food Co., Ltd., Kunming President Enterprises Corp., Chengdu President</p>

Name	Current Position with Other Companies
	<p>Enterprises Food Co., Ltd., Xinjiang President Enterprises Food Co., Ltd., Uni-President Enterprises (Kunshan) Food Technology Co., Ltd., Beijing Uni-President Enterprise (Beijing) Drink & Food Co., Ltd., Uni-President Enterprises (Shanghai) Drink & Food Co., Ltd., Guangzhou President Enterprises Co., Ltd., Shenyang President Enterprises Co., Ltd., Harbin President Enterprises Co., Ltd., Hefei President Enterprises Co., Fuzhou President Enterprises Co., Ltd., Nanchang President Enterprises Co., Ltd., Zhengzhou President Enterprises Co., Ltd., Changsha President Enterprises Co., Ltd., Zhanjiang President Enterprise Co., Ltd., Nanning President Enterprise Co., Ltd., Taizhou President Enterprises Co., Ltd., Zhanjiang President Enterprise Co., Ltd., Changchun President Enterprises Co., Ltd., Shijiezhuanng President Enterprise Co., Ltd., Hainan President Enterprise Co., Ltd., Jinan President Enterprise Co., Ltd., Baiyin President Enterprise Co., Ltd., Xuzhou President Enterprise Co., Ltd., Guiyang President Enterprises Co., Ltd., Akesu President Enterprise Co., Ltd., Hangzhou President Enterprise Co., Ltd., Henan President Enterprises Co., Ltd., Shanxi President Enterprises Corp., Uni-President Enterprises (Shanghai) Co., Ltd., Uni-President Enterprises (Ningxia) Co., Ltd., Uni-President Enterprises (Inner Mongolia) Co., Ltd., Uni-President Enterprises (Shanxi) Co., Ltd., Uni-President Enterprises (Tianjin) Co., Ltd., Jangsu President Enterprises Co., Ltd., Hunan President Enterprises Co., Ltd., Uni-President Trading (Kunshan) Co., Ltd., Uni-President Trading (Hubei) Co., Ltd., President (Shanghai) Trading Co., Ltd., Uni-President Enterprises (Chang Bai Mountain jilin) Mineral Water Co., Ltd., Wuyuan President Enterprises Mineral Water Co., Ltd., Bama President Mineral Water Co., Ltd., Wuxue Uni Mineral Water Co., Ltd., Uni-President Enterprise (Hutubi) Tomato Products Technology Co., Ltd., Uni-President Shanghai Pearly Century Co., Ltd., Uni-President Enterprises (Shanghai) Management Consulting Co., Ltd., Uni-President Enterprises (China) Research & Development Center Co., Ltd., President Enterprises (Kunshan) Real Estate Development Co., Ltd., Cayman President Holdings Ltd., Kai Yu (BVI) Investment Co., Ltd., President Packaging Holdings Ltd., Uni-President Southeast Asia Holdings Ltd., PT ABC President Indonesia, President Energy Development (Cayman Islands) Ltd., Uni-President Asia Holdings Ltd.</p> <p>President of : Presco Netmarketing Inc.</p>
Kao Chyuan Inv. Co., Ltd. Representative:	<p>Chairman of : President Yilan Art and Culture Corp., President Transnet Corp., President Collect Services Co., Ltd. President Starbucks Coffee Corp.,</p>

Name	Current Position with Other Companies
Jui-Tang Chen	<p>Retail Support International Corp., Uni-President Superior Commissary Corp., Ren-Hui Investment Corp., President Chain Store (Shanghai) Ltd., Shanghai President Starbucks Coffee Corp., President (Shanghai) Health Product Trading Company Ltd.,</p> <p>Director of :</p> <p>President Chain Store Corp., President Drugstore Business Corp., President Being Corp., President Pharmaceutical Corp., Uni-President Department Store Corp., 21 Century Enterprise Co., Ltd., Uni-President Cold-Chain Corp., Wisdom Distribution Service Corp., President Development Corp., President International Development Corp., Shan Dong President Yinzuo Commercial Ltd., President Chain Store (BVI) Holdings Ltd., PCSC (China) Drugstore Ltd., President Chain Store (Labuan) Holdings Ltd., President Chain Store (Hong Kong) Holdings Ltd., President Coffee (Cayman) Holdings Ltd., Uni-President Logistics (BVI) Holdings Ltd., Nanlien International Corp., President Fair Development Corp., Philippine Seven Corp.</p> <p>President of :</p> <p>President Chain Store Corp., Ren-Hui Investment Corp.</p>
<p>Joyful Inv. Co., Ltd.</p> <p>Representative:</p> <p>Kao-Huei Cheng</p>	<p>Chairman of :</p> <p>Scino Pharm Taiwan Ltd., Ming Da Enterprises Co., Ltd., Tainan Spinning Retail & Distribution Co., Ltd., Prince Housing & Development Corp., Don-Fung Corp., Cheng-Shi Investment Holding Co., Time Square International Co., Ltd., Prince Corp., Prince Real Estate Co., Ltd., Southern Taiwan University of Science and Technology.</p> <p>Director of :</p> <p>President International Development Corp., Keng Ting Enterprises Co., Ltd., Joyful Holding Comp Co., Ltd., Uni-President Assets Management Co., Ltd., President Fair Development Corp., President Securities Corp., Uni-President Development Corp., Prince Property Management Consulting Co., Konten Networks Inc.</p>
<p>Young Yun Inv. Co., Ltd.</p> <p>Representative:</p> <p>Chung-Ho Wu</p>	<p>Chairman of : San Shing Spinning Co., Ltd.</p> <p>Director of :</p> <p>Tainan Spinning Co., Ltd., Nantex Industry Co., Ltd., Prince Housing & Development Corp., Grand Bills Finance Corp., President Pharmaceutical Corp., Kung Ching International Development Co. Ltd., outhern Taiwan University of Science and Technology.</p> <p>Supervisor of : Nanmat Technology Co., Ltd.</p> <p>President of : San Shing Spinning Co., Ltd.</p>

Name	Current Position with Other Companies
Po-Ming Hou	<p>Vice Chairman of : Tainan Spinning Co., Ltd., Nan Fan Housing Development Co., Ltd.</p> <p>Vice Chairman of : Tainan Spinning Retail & Distribution Co., Ltd.</p> <p>Managing Director of : Nantex Industry Co., Ltd.,</p> <p>Director of : Prince Housing & Development Corp., President International Development Corp., Scino Pharm Taiwan Ltd., President Entertainment Corp., Qware System & Services Corp.,</p>
Yun Lin	<p>Director of : Hua Nan Bank</p> <p>Independent director of : Microelectronics Technology Inc.</p> <p>Supervisor of : The Eslite Spectrum Corporation, Chinese Television System.</p>
Chao-Tang Yue	<p>Director of : Tien-Yeh Consulting Ltd.</p> <p>Independent director of : O-Bank (the audit committee chairman), Johnson Health Tech., Feng Hsin Steel Co., Ltd.</p> <p>Supervisor of : An-Shin Food Services Co., Ltd., Depo Auto Parts Ind. Co., Ltd., Great Eastern Resins Industrial Co., Ltd., Century Development Corporation.</p>

Uni-President Enterprises Corp.
Rules of Procedure for Shareholders' Meeting

Amended June 25 2013

- I. These rules of procedure govern the Company's shareholders' meeting.
- II. The term "shareholders" as set forth herein denotes the shareholders themselves and the proxies authorized by shareholders.
- III. A shareholder shall attend a shareholders' meeting on the basis of the attendance card, sign-in card, or other supporting document; Solicitors soliciting proxy forms shall also bring identification documents for verification.

The total number of shares present at the meeting will be calculated based on the attendance cards submitted as a substitute for sign-in, plus the number of shares exercising the voting power in writing or through means of electronic transmission.

- IV. In a shareholders' meeting, the participation and vote shall be counted on the grounds of the number of shares.
- V. A shareholders' meeting shall be held at the place where the Company is headquartered or a place convenient to shareholders for participation. A shareholders' meeting shall start not earlier than 9:00 a.m. or later than 3:00 p.m.

The Company shall set out the time for accepting the meeting registration, the location where the registration will take place and other special notes in the meeting notice.

Registration by shareholders shall start at least 30 minutes prior to the commencement of the meeting; the registration area shall be clearly marked with clear signs and be attended by sufficient and qualified staff.

- VI. Unless otherwise provided in laws, the shareholders' meeting shall be called by the Board of Directors and chaired by the Chairman of the Board. Where the Chairman of the Board fails to exercise his authority with justified reasons, the Vice Chairman of the Board may be his proxy. Where no Vice Chairman has been appointed or the Vice Chairman fails to exercise his authority with justified reasons too, the Chairman shall designate one director to be his proxy. Where no such designee is designated, the chairperson shall be elected out of the directors. Where the shareholders' meeting is called by any person entitled to hold the meeting other than the Board of Directors, the chairperson of the meeting shall be assumed by the person.

If there are more than two conveners, the chairperson shall be elected from the conveners.

If one of the directors is appointed to act as the meeting chair in accordance with the preceding paragraph, he or she shall have served as a director for more than 6 months and has a sound knowledge of the company's financial and business status. The same applies to the situation where the representative of an institutional director is elected to act as the meeting chair.

- VII. The Company may designate lawyers, CPAs or relevant personnel appointed by the Company to attend the shareholders' meeting.
- VIII. The company shall, from the time of registration, record the registration process, proceedings of the meeting and the voting and vote counting process in their entirety in audio or video. The aforesaid recording shall be retained for at least 1 year, if, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

- IX. The chairman shall call to order the meeting when the specified time is up. The chairman may, nevertheless, announce a deferment of the meeting if the shareholders present in person and through a proxy do not make the quorum up to a half of the total issued shares. The total of the deferments shall exceed the maximum of twice. The total time in the deferments shall not exceed one hour. In the event that the shareholders present in person and through a proxy do not make the specified quorum but represent more than one-third of the total issued shares, quasi-decisions may be resolved in accordance with Article 175, Paragraph 1 of the Company Law.

In the event that the shareholders present in person and through a proxy represent more than a half of the total issued shares before the shareholders' meeting adjourns, the chairman may bring the quasi-decisions so resolved to the meeting for resolution afresh in accordance with Article 174 of the Company Law.

- X. The agenda of a shareholders' meeting shall be established by the board of directors if the meeting is convened by the board of directors. The entire process of the meeting shall go on exactly in accordance with the agenda which shall not be changed unless resolved in the shareholders' meeting.

The provision set forth in the preceding paragraph shall apply in the event that a shareholders' meeting is convened by a person beyond the board of directors.

The chairman shall not announce adjournment of the meeting unless duly resolved in the meeting until the agenda (including occasional (extemporaneous) motions) set forth in the two preceding paragraphs is concluded.

In the event that the chairman breaches these Rules of the Shareholders' Meeting by announcing adjournment of the meeting contrary to what specified above, the present shareholders may elect a new chairman through a majority vote. The chairman so elected shall continually preside over the meeting.

- XI. A shareholder shall, before obtaining the floor in the meeting, fill out the floor note and remark thereon the key subjects to be spoken, the account number of shareholder (or code of the participation certificate) and name of shareholder. The chairman shall determine the order of the floor.

A shareholder who submits the floor note but does not actually speak up in the meeting is deemed having not spoken up in the meeting. In case of a discrepancy between what was remarked on the floor note and what was actually said, the contents actually said shall prevail.

Where a present shareholder exercises the floor and speaks up in the meeting, other shareholders shall not speak to interfere unless agreed upon by the chairman and the speaking shareholder. The chairman shall ban such interference, if any.

- XII. For a same issue, each shareholder shall not speak more than twice and shall not speak more than five minutes in each floor unless approved by the chairman.

The chairman may ban such shareholder from speaking if he/she breaches the provision set forth in the preceding paragraph or speaks beyond the specified range.

- XIII. Where a judicial (corporate) person is consigned to participate in a shareholders' meeting, such judicial (corporate) person may appoint only one representative to participate in the meeting.

Where a judicial (corporate) person shareholder appoints two or more representatives to participate in a shareholders' meeting, only one representative may speak up for the same issue.

- XIV. After a present shareholder completes the floor, the chairman may reply in person or through an appointee.

- XV. The chairman may announce discontinuation of the discussion process and proceed with the voting process when the discussion is considered up to the extent for resolution.

XVI. Upon voting for an issue, the chairman shall appoint the monitor(s) and calculator(s). The monitors shall only be appointed from the shareholders.

Voting for a resolution or vote counting shall be conducted in public at the place of the shareholders meeting, and voting results shall be reported on-site immediately and recorded in writing including the number of votes, the list of elected candidates and the number of votes upon which each candidate was elected.

XVII. The chairman may announce a break as appropriate during the proceedings of a shareholders' meeting.

XVIII. Unless otherwise prescribed in the Company Law and Articles of Incorporation, decisions in the shareholders' meeting shall be resolved by a majority vote of the attending shareholders.

Upon voting process, an issue shall be deemed having been officially resolved if no objection is heard in response to inquiry by the chairman. The decisions so resolved are equally valid as a decision officially resolved through voting process.

XIX. When an objection is heard during the process of voting, the chairman request that the shareholders in objection or in abstention raise their hands or stand up to calculate the voting powers so represented by such shareholders. If the voting powers so represented by such shareholders are not up to the number required by law or the Articles of Incorporation, the subject issue shall be deemed having been resolved. No further voting process is required. In case any amendment or substitute is posed for the same issue, the chairman shall fix the process of resolution along with the original issues. If any issue among them is resolved, other issues are deemed vetoed and no further voting process is required.

XX. The chairman may command the disciplinary personnel (or security guards) to help safeguard the order of the meeting site. The disciplinary personnel (or security guards) shall, while helping safeguard the order at site, wear the arm-bands bearing the wording "Disciplinary Personnel".

XXI. Any matters insufficiently provided for herein shall be subject to the Company Law, Articles of Incorporation and other laws and regulations concerned.

XXII. These rules of procedure and amendments hereof come into enforcement after being resolved in the shareholders' meeting.

Operational Procedures for Acquisition and Disposal of Assets

Amended on 26 June 2015

Chapter 1 General

Article 1. The acquisition or disposal of assets by the Company shall be done in accordance with this Procedure in addition to the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission (hereinafter the “FSC”) and any other laws and regulations.

Article 2. The term “assets” as used in this Procedure include the following:

1. Investment including stocks, government bonds, corporate bonds, financial bonds, fund securities, deposit certificates, warrants for purchase (sale) of shares, beneficiary securities and asset based securities.
2. Real estate (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Membership.
4. Intangible assets such as patent right, copyright, trademark right, license.
5. Creditor right of financial institution (including accounts receivable, foreign exchange discounting and debt release and collection).
6. Derivative products.
7. Assets acquired or disposed of pursuant to legal merger, split, acquisition or transfer of shares.
8. Other important assets.

Article 3. Terms under this Procedure are defined as follows:

1. Derivative products: means a forward contract, option contract, futures contract, leverage deposit contract, swap contract the value of which derives from products such as asset, interest rate, foreign exchange rate, index or other interest and any contract combining several of the above products. Forward contract does not include insurance contract, contract performance agreement, after-sale service contract, long-term leasing contract and long-term product purchase (sale) contract.
2. Asset acquired or disposed through merger, split, acquisition or transfer of shares in accordance with law means asset acquired or disposed in accordance with the Enterprise Merger and Acquisition Act, Financial Holding Company Law, Financial Institutions Merger Law and other laws, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter “transfer of shares”) under Article 156, section 6 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports.
4. Professional appraiser: means a real estate appraiser or other person authorized to perform appraisal activities for real estate and equipment in accordance with law.
5. Date of occurrence: means the transaction contract signature date, payment date, entrusted closing date, transfer registration date, date of board resolution or other date

on which the transaction counterparty or the transaction amount is determined, whichever is earlier. However, for any investment that requires approval by the government authority, such date shall be the above-mentioned date or the date on which the approval from the governing authority is received, whichever is earlier.

6. Investment in the Mainland Area: means any investment in Mainland China in accordance with the Rules Governing the Approval for Investment or Technical Cooperation in Mainland Area by the Investment Commission of the Ministry of Economic Affairs.

Article 4. Assessment Procedure:

1. When the Company acquires or disposes of any securities or engages in any transaction of derivative products, the finance department shall perform an analysis of relevant return and evaluate possible risks. For any acquisition or disposal of real estate or equipment, each division shall draft prior capital expenditure plan and perform feasibility evaluation about the purpose and expected return of the acquisition or disposal. If real estate is to be acquired from a related party, evaluation of the reasonableness of transactional conditions shall be performed in accordance with Chapter II of this Procedure.
2. To acquire or dispose securities, the Company shall, prior to the commencement of such acquisition or disposal, obtain the financial statements of the issuing company for the most recent period audited and certified or reviewed by a certified public accountant (“CPA”) or other relevant information, for reference in appraising the transaction price. If the transaction amount reaches 20% of the Company’s paid-in capital or three hundred million NT dollars (NT\$300,000,000) or more, the Company shall, prior to the commencement of such acquisition or disposal, consult with a CPA for his opinion regarding the reasonability of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with provisions specified in the Statement of Auditing Standards NO. 20 published by the Accounting Research and Development Foundation (hereinafter the “Accounting Foundation”). However, the requirement does not apply to securities publicly offered in an active market or where otherwise provided by regulations of the Financial Supervisory Commission (“FSC”).
3. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or three hundred million NT dollars (NT\$300,000,000) or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment 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 future 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

CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- i. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
- ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent 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.

4. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, unless transacting with a government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
5. The calculation of the transaction amounts referred to in the preceding three Articles shall be done in accordance with Article 6, Section 1, subsection 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. The procedures for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
6. For assets acquired or disposed by the Company through court auction procedures, the Company may provide evidencing documents as the substitute for the appraisal report or the CPA's opinion.
7. The price determination manner and basis of reference for the Company's acquisition or disposal of assets shall, in addition to the professional price appraisal and opinions of relevant experts such as the accountant pursuant to the above provisions, be in compliance with the following:
 - (1) For the acquisition or disposal of securities that are already traded on any centralized trading market or over-the-counter trading center, the price shall be determined based on the price of the stock or bond at the time of trading.
 - (2) For the acquisition or disposal of securities that are not traded on any centralized trading market or over-the-counter trading center, the price shall be determined in consideration of the net value per share, technical and profit-making capabilities, future development potential, market interest rate, face value interest rate of the bond and debtor's creditworthiness, etc. and also in reference to the latest closing price at that time.
 - (3) For the acquisition or disposal of membership, the price shall be determined in consideration of the return that may be generated and in reference to the latest closing price at the time. For the acquisition or disposal of intangible assets such as patent right, copyright, trademark right and license right, the price shall be determined in reference to international or market practice, remaining life and the impact on the Company's technology and business.

- (4) For the acquisition or disposal of real estate or equipment, the price shall be determined in reference to the current value under public announcement, appraised current value, actual closing price or book value of real estate in the vicinity and suppliers' price proposals. If the real estate is purchased from a related party, calculation shall first be made in accordance with Chapter II hereof in order to evaluate whether the transaction price is reasonable.
 - (5) Company business requirements shall be taken into consideration for the engagement of transactions of derivative products. Then reference shall be made to the trading situation of the relevant product and the trading situation of Taiwanese stocks and the stock markets in South Eastern Asian countries and European and American markets, as well as evaluation reports by reputable financial institutions that has dealings with the Company about the future trend of the stock market, foreign exchange rate and interest rate. The above-mentioned information shall be consolidated before a decision can be made about the appropriate undertaking timing, undertaken products and undertaken amounts.
 - (6) In performing a merger, split, acquisition or transfer of shares, the nature of business, net value per share, asset value, technical and profit-making capabilities, production capacity and future growth potential shall be taken into consideration.
8. When the Company performs a merger, split, acquisition or transfer of shares, prior to convening a board meeting to pass a resolution, accountant, attorney or securities underwriter shall be engaged to provide opinions about the reasonableness of the share swap proportion, acquisition price or cash or other property distributed to the shareholders and such opinions shall be submitted to the board of directors for discussion and approval.

Article 5. Processing Procedure:

1. The Company shall proceed with the acquisition or disposal of assets specified in Article 2 of these Handling Procedures in accordance with the following rules:
 - (1) Securities:
 - i. For any purchase and sale of securities that are not traded on the centralized trading market or over-the-counter trading center with the sale and purchase amount of 10 million NT Dollars or lower, the president shall be authorized to make decisions. For any amount exceeding 10 million NT Dollars (inclusive), the president shall submit the proposal to the board of directors for discussion or ratification. The relevant procedure shall be carried out by the finance department.
 - ii. The President is authorized to make decisions on the acquisition or disposal of securities traded through a stock exchange or over-the-counter market with the Finance Department delegated to carry out the relevant procedures through a stock exchange or over-the-counter market based on the market value of the securities at that time and have the decisions submitted to and ratified at the next board of directors' meeting.
 - (2) Real property or equipment: Acquisition or disposal of real property or equipment for which the transaction amount reaches three hundred million NT dollars (NT\$300,000,000) or above shall be submitted to the Board of Directors for discussion and recognition. Except parcels of land which shall be investigated in detail and assessed by the Administrative Service Department and submitted to the General Manager for approval, a capital expense plan shall be drafted by

relevant department for the acquisition of all other real properties or fixed assets. For transactions worth more than two hundred thousand NT dollars (NT\$200,000), a benefit assessment report shall be provided for the Technical Team's review and approval. When a fund is to be used, the request for approval of fund usage shall also be submitted for the approval of all levels of supervisors according to the approval authorization and the request will be proceeded with in accordance with the purchase procedures. For the disposal of the same, the utilizing department shall fill in the asset variation notice or submit as a project for approval, and the disposal thereof will be proceeded with upon approval of parties with approval authorization.

- (3) Derivative products: Transactions of derivative products shall be done in accordance with relevant provisions under Chapter III hereof.
 - (4) Acquisition or disposal of assets from or to a related party: Such shall be proceeded with pursuant to Chapter 2 of these Handling Procedures.
 - (5) Merger, split, acquisition or transfer of shares: Relevant procedures shall be carried out and relevant information shall be prepared in accordance with Chapter IV hereof. Any merger, split or acquisition shall be subject to prior approval by resolution of shareholders meeting. However, if other laws provide that no shareholder resolution is necessary, it may be waived. Any transfer of shares shall be subject to prior approval by the board of directors.
 - (6) Others: To be carried out in accordance with internal control system and decision making authorization. In case of any event under Article 185 of the Company Law, prior approval by resolution of shareholders meeting shall be obtained.
2. The execution department of the Company for acquisition and disposal of securities and transactions regarding derivative products is the Department of Finance and Accounting and staffs approved by the General Manager. The execution department for real property and other assets is the departments using such real property or assets and other relevant departments with authorization. The execution department for merger, demerger, acquisition, or transfer of shares shall be the departments approved by the General Manager. After the acquisition or disposal of an asset is evaluated and approved in accordance with relevant rules, the execution department shall proceed with the transaction procedures, including making contracts, collecting and paying, deliver and inspection and acceptance, and handle the same based on the nature of the asset in accordance with procedures regarding internal control related matters. Furthermore, transactions involving a related party, engaging in transactions of derivative products and merger, demerger, acquisition or transfer of shares shall also be proceeded in accordance with Chapter 2 ~ Chapter 4 of these Handling Procedures.

Article 6. Procedures of Public Announcement and Report:

1. For the Company to acquire or dispose assets, if any of the following occurs, the Company shall proceed with the public announcement and report on the website designated by the FSC within two (2) days starting immediately from the day such event occurs according to the nature of the event, in the format and with contents prescribed.
2. Acquire or dispose of real property from or to a related party, or acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, excluding trading of government bonds or bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds.

- (1) Engage in merger, demerger, acquisition or transfer of shares
 - (2) Engage in transactions of derivative products where the loss thereof reaches the ceiling amount for loss of all or individual contract as specified in these Handling Procedures.
 - (3) Where an asset transaction other than any of those referred to in the preceding three subsections, or an investment in Mainland China area reaches 20 percent or more of paid-in capital or three hundred million NT dollars (NT\$300,000,000); provided, this shall not apply to the following circumstances:
 - i. Trading of government bonds.
 - ii. Trading of bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds.
 - iii. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
 - iv. Where land is acquired under an arrangement on engaging others to build on the company's own land, build on the rented land joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million
2. The amount of transactions specified in the preceding section shall be calculated as follows:
- (1) The amount of an individual transaction.
 - (2) The accumulative transaction amount of acquisition or disposal of the same type of underlying asset with the same counterparty within the preceding year.
 - (3) The accumulative transaction amount of real property acquired or disposed under the same development project within the preceding year (with acquisition and disposal calculating separately).
 - (4) The accumulative transaction amount of the same security acquired or disposed within the preceding year (with acquisition and disposal calculating separately)
- The aforesaid “the preceding” year period shall mean the one (1) year period immediately preceding the date of occurrence of the current transaction, and items duly announced in accordance with the Handling Procedures need not be counted toward the transaction amount.
3. With regard to transactions of derivative products carried out by the Company and its subsidiaries which are not publicly listed companies in the R.O.C., the Company shall file information designated by the FSC as of the end of the previous month on the website under the format shown in the attachment (Attachment 7-1) on a monthly basis by the tenth day of each month.
 4. Where 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 again be publicly announced and reported in their entirety.
 5. After a transaction is filed for public announcement in accordance with the rules, in case of any of the following, relevant information shall be filed for public announcement on the website designated by the FSC within two days from the occurrence of the fact:
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.

- (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- (3) Any change to the original publicly announced and reported information.

Article 7. Scope and Amount of Investment:

1. The total amount of real estate acquired by the Company for non-operational use shall not exceed fifty percent of the shareholder's equity. The total amount of securities acquired shall not exceed one hundred and fifty percent of shareholder's equity. Acquisition of any individual security shall not exceed thirty percent of shareholder's equity. This provision shall not be applicable if there is approval by resolution of the shareholders meeting.
2. Amount limit for investments made by each subsidiary shall be subject to the following:
 - (1) The total amount of real estate purchased for non-operational use by any subsidiary that is not a professional investor shall not exceed fifty percent of its capital amount or shareholder's equity (whichever is higher), the total amount of securities purchased not to exceed one hundred and fifty percent of its capital amount or shareholder's equity (whichever is higher) and the amount of investment in any individual security not to exceed fifty percent of its capital amount or shareholder's equity (whichever is higher).
 - (2) The total of real estate purchased for non-operational use by any subsidiary that is a professional investor shall not exceed fifty percent of its total asset, the total amount of securities not to exceed one hundred percent of its total asset and investment in any individual security not to exceed one hundred percent of its total asset.
 - (3) If the investment made by any subsidiary exceeds the limit, the provision shall not be applicable if there is approval by the board of directors of such company and ratification by the board of directors of the Company.

Article 8. Control procedures for the acquisition and disposal of assets by subsidiaries:

1. Subsidiaries of the Company shall establish the "Processing Procedure for Acquisition or Disposal of Asset" in accordance with the "Rules Governing the Acquisition or Disposal of Asset by Public Companies" promulgated by the FSC and this Procedure. Following approval by the board of directors, such procedures shall be submitted to each supervisor and submitted to the shareholders meeting for approval. The same shall be applicable to any amendment thereof. Handle if in accordance with Article 27 if the Company has instituted an Audit Committee.
2. Subsidiaries of the Company shall submit monthly report to the Company, prior to the 8th date of each month, on the status of all transactions involving derivative products up to the end of the previous month.
3. If any subsidiary of the Company is not a publicly listed company and if the asset acquired or disposed of reaches the threshold for public announcement filing, the Company shall be notified on the date of occurrence of the fact and the Company shall make filing for public announcement on the designated website in accordance with the rules. The paid-in capital or total assets of the public company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 6 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

Article 9. Penalty:

If the personnel of the Company responsible for the acquisition or disposal of assets violates the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” published by the FSC or the Handling Procedures, an oral warning will be rendered for the first violation, followed by warning in writing for continual violation. Persons who violates the aforesaid repeatedly or materially will be moved from the original position.

Chapter II Transactions with Related Parties

Article 10. Defining Ground:

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 in accordance with both the previous Chapter and this Chapter and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, 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 Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 4, Section 1, Subsection 5 herein. 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. Resolution Procedure:

When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or three hundred million NT dollars (NT\$300,000,000) or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds , the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the board of directors:

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 from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13 herein.
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 Article 10 herein.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 6, Section 1, Subsection 2 herein, 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 board of directors and recognized by the audit committee in accordance with the Handling Procedures need not be counted toward the transaction amount.

Article 12. Assessment on Reasonableness of Transaction Conditions:

When the Company acquires real estate from a related party, the reasonableness of the transaction cost shall be evaluated in the following manners and an accountant shall be engaged to verify the result and provide substantial opinion, unless the related party acquired the real estate pursuant to succession or gift, or five years have lapsed since the time when the related party signed a contract for the acquisition of such real estate and the date of signature for this transaction, or through engaging a related party to build real property, either on the company's own land or on rented land, or the related party acquired the real estate pursuant to signature of a contract for joint construction with others.

1. Transaction price of the related party plus necessary capital interest and cost to be borne by the buyer in accordance with law. Necessary capital interest cost shall be calculated based on the weighted average interest rate for the funds borrowed by the Company during the year when the asset is purchased, provided it shall not be higher than the highest lending rate for non financial industries published by the Ministry of Finance.
2. If the related party created a mortgage on the asset for the purpose of borrowing funds from a financial institution, the total value of the lending based on such asset evaluated by the financial institution, provided that the accumulated value of actual lending by the financial institution based on such asset shall be at least seventy percent of the total lending evaluation and the lending shall have been one year or longer. However, this provision shall not be applicable if the financial institution is a related party to either party to the transaction.
3. If several persons jointly purchase the same piece of land or housing, the transaction cost for such land and housing may be evaluated in any of the manners provided under subsections 1 or 2 above respectively.

Article 13. Matters to be Carried Out if the Calculated Transaction Cost is Lower than Transaction Price:

If the transaction cost calculated from the results of evaluation in accordance with the previous article is lower than the transaction price, unless any of the following circumstances and objective evidence may be provided and opinions about substantial reasonableness may be obtained from real estate professional appraiser and accountant, the third section shall be applicable.

1. The related party acquired raw land or leased land for re-construction and evidence may be provided that one of the following conditions is satisfied:
 - (1) Pursuant to evaluation of the raw land in accordance with the previous article and based on the related party's construction cost for the housing plus reasonable operational profit, the combined amount exceeds the actual transaction price. "Reasonable operational profit" shall be based on the average operational gross interest rate of the related party's construction department for the past three years or the latest gross interest rate for the construction industry published by the Ministry of Finance, whichever is lower.

- (2) Any closed case by any person other than the related party in other floors of the same building as the asset or in the vicinity with similar surface during the past year and the transaction conditions are evaluated to be reasonably commensurate with the floor or area under the real estate transaction practice.
 - (3) Any leasing case by any person other than the related party in other floors of the same building as the asset during the past year and the leasing conditions are evaluated to be reasonably commensurate with the floor or area under real estate transaction practice.
2. The Company provides evidence that the transaction conditions for the purchase of real estate from a related party are commensurate to a closed case with similar surface in the vicinity during the past year by any person other than a related party.

The closed case in the vicinity referred to in the previous paragraph shall be one within the same or neighboring block, within the diameter of five hundred meters from the transaction target or has similar current value under public announcement in principle. Similar surface means the surface of the closed case by another person that is not a related party is at least fifty percent of the surface of the transaction target in principle. Within one year means the one year preceding the date of occurrence of the fact of real estate acquisition in this incidence.

When the Company acquires real estate from a related party, if the transaction cost calculated from the evaluation in accordance with the previous article is lower than the transaction price, and if there is no circumstance provided under section 1 of this agreement, the following shall be carried out:

1. The difference between the real estate transaction price and the evaluation cost shall be provided as special profit reserve in accordance with Section 1, Article 41 of the Securities Transaction Act and may not be distributed or used for capital increase and share distribution. The special profit reserve so provided may only be used when the decrease in value has been provided for the asset purchased at high price, or when the asset is disposed, or has been duly compensated or reinstated to its original condition, or when there is other evidence confirming that the price is not unreasonable and consent from the FSC has been obtained.
2. The independent directors of the audit committee shall proceed in accordance with Article 218 of the Company Law.
3. The processing under subsections 1 and 2 shall be reported to the shareholders meeting and the details of the transaction shall be disclosed in the annual report and prospectus.

Chapter III Monitoring of Transactions of Derivative Products

Article 14. Transaction Principles and Guidelines:

1. Types of Transactions: The types of transactions in which the Company may engage include forward contracts, options, interest rate and foreign exchange rate swaps, futures and compound contracts combining any of the above products. Any required transaction in any other product may only be carried out following approval by resolution of the board of directors.
2. Operational or Hedging Strategies: Transactions in derivative products carried out by the Company are divided into transactions for hedging purpose and transactions that are not for hedging purpose (i.e., for transaction purpose). The strategy shall be to focus on the main purpose of hedging. The main selection of transaction products shall

be for avoiding the risk of foreign exchange income, expense, asset or indebtedness incurred from the operation of the Company's business. In case of any change of objective environment, "non-hedging transactions" in derivative products may be engaged at appropriate timing in the market in order to increase additional non-operational income or reduce non-operational loss. Further, to the extent possible, the selected transaction counterparties shall be financial institutions that have business dealings with the Company in order to avoid credit risk. The type of transaction shall be clearly defined as hedging transaction or financial operation in pursuit of investment return prior to the transaction as the basis for accounting.

3. Transaction Amount Limits:

- (1) Hedging Transactions: The maximum hedging limit shall be the net positions of foreign exchange or debt (including net positions expected to incur in the future) after consolidation of assets and debt.
- (2) Non-Hedging Transactions: To be determined based on the market trend and company business requirement at the time of transaction. The transaction staff shall provide analysis and evaluation report before individual execution, specifying the market trend and risk analysis and providing suggested operational method and conditions. Approval from the president shall be obtained before the transaction.

4. Global and Individual Contract Loss Limit Amount

- (1) Hedging Transactions: After a position is established, in case of any of the following, recommendations of corresponding measures shall be proposed immediately to president or the supervisor authorized by the president for decision:
 - i. Evaluated loss amount for any single contract exceeds twenty percent of the transaction contract amount for consecutive two months.
 - ii. Evaluated loss amount for all contracts exceed ten percent of the total transaction contract amount for consecutive two months.
- (2) Non-Hedging Transactions: After a position is established, a loss stop point shall be fixed in order to avoid excessive loss. In fixing the loss stop point, the total loss amount under all contracts shall not exceed the maximum of 40% of the total amount of all contracts. The loss for an individual contract shall not exceed 50% of the amount of the individual contract, nor shall it exceed 50 million NT Dollars. Once the loss exceeds the loss stop point, corresponding suggestions shall be proposed immediately to the president or the executive authorized by the president for decision.

5. Authorization Amount

- i. Hedging Transactions: In accordance with the change of position in accordance with the company's turnover and risk and after approval by the senior executive authorized by the president, the transaction staff shall perform transactions under the condition that the accumulated closed positions shall not exceed the currently required hedging positions.
- ii. Non-Hedging Positions: In order to decrease the risk, any accumulated closed positions below 50 million US Dollars (including the equivalent in other currencies) shall subject to approval by the president or the senior executive authorized by the president and positions exceeding 50 million US Dollar shall

be subject to approval by the president before the relevant transaction may be performed.

- iii. Futures of Large Volume Materials: In accordance with the change of company requirement and risk position, the executive of the Taipei Management Division is authorized for such operation within the accumulated operational limit of 40 units of corn, 20 units of soy beans and 10 units of wheat. Any transaction exceeding the above limit shall require prior approval by the president.

6. Division of Responsibilities

- (1) Financial Business Division: Will serve as the execution staff for the Company's transactions of derivative products and be responsible for the drafting of transaction strategies and execution of transaction orders within the scope of authorization, disclosure of future transaction risks and provision of updated in-time information to relevant divisions for reference. Handling or accounts, production of statements and storage of transaction records shall be conducted by the personnel in that department not in charge of transaction.
- (2) Taipei Management Division: Responsible for executing transactions in futures of large volume materials and providing regular evaluation reports.
- (3) Finance Department: Responsible for capital allocation and settlement related matters for derivative products.
- (4) Audit Division
 - (i) Regular supervision and evaluation as to whether the fixed operational strategy is being followed and whether the risk undertaken is within the limit of tolerance by the Company.
 - (ii) Regularly evaluate whether the risk management procedure currently used is appropriate and in compliance with the "Operating Procedure for Transaction in Derivative Products" established by the Company.
 - (iii) If any anomaly is discovered during an audit, a report shall be submitted to the president immediately and necessary measures shall be taken.

7. Principles for Performance Evaluation

- (1) Hedging Transactions: Performance evaluation shall be based on the foreign exchange (interest) rate cost on the Company's books and the profit and loss incurred from derivative financial transactions. There shall be at least two evaluations every month and the performance shall be submitted to management for reference.

(2) Non-Hedging Transactions

Performance evaluation shall be based on the profit and loss actually incurred. There shall be at least one evaluation every week and the performance shall be submitted to management for reference.

Article 15. Risk Management Measures:

In engaging in transactions of derivative products, the Company's risk management scope and the risk management measures to be taken are as follows:

1. Credit Risk Consideration: In principle, the selected transaction counterparties shall be banks and relevant financial institutions that have dealings with the Company, with a good reputation and the ability to provide professional information.

2. **Market Price Risk Consideration:** The future market price fluctuation of derivative products may incur uncertain losses. Therefore after positions are established, the profit and loss shall continue to be followed. When the loss exceeds the preset loss stop point, report shall be made immediately to the president or the executive authorized by the president for decision.
3. **Liquidity Risk Consideration:** In order to ensure the liquidity of transaction products, the transaction institution must have sufficient equipment, information and transaction capability to perform transactions in any market.
4. **Processing Risk Consideration:** The authorization amount and processing flow shall be strictly complied with in order to avoid any processing risk.
5. **Legal Risk Consideration:** Any contract document to be signed with any financial institution shall be carefully reviewed by the processing division or with the assistance by the legal department or professional legal consultants in order to avoid legal risk.
6. **Product Risk Consideration:** The internal transaction person shall possess complete and correct professional knowledge about the transacted derivative product in order to avoid loss from misuse of derivative products.
7. **Cash Settlement Risk Consideration:** The authorized transaction person shall strictly comply with the rules of authorization amount and shall also pay attention to the cash flow of the Company in order to ensure that there is sufficient cash for settlement.
8. Transaction personnel may not also serve as confirmation and settlement personnel.
9. Verification personnel shall regularly verify accounts with banks or through confirmation letters and shall verify whether the total amount of transaction has exceeded the limit provided under this Procedure at all times.
10. Risk monitoring and control personnel shall be affiliated with a different unit from that of the personnel under the previous two subsections and shall report to the board of directors or a senior executive who is not responsible for transaction or position decisions.
11. All positions shall be evaluated at least once every week. In case of hedging transactions pursuant to business requirement, evaluation shall be performed at least twice every month. The evaluation report shall be submitted to the president or the senior executive designated by the president (note: the designated senior executive shall not be affiliated with the execution division).

Article 16. Internal Audit System:

The internal audit staff of the Company shall regularly understand the appropriateness of internal control for transactions of derivative products, perform monthly audit on the operating procedure of the transaction department with regard to transactions of derivative products and prepare audit reports. If any significant breach of this rule is discovered, an immediate report shall be submitted to the chairman and the senior executive designated by the board of directors and the audit committee shall be informed in writing.

Article 17. Regular Evaluation Method and Handling of Abnormal Situations:

1. Transactions of derivative products shall be regularly evaluated on monthly or weekly basis and profit and loss as well as open positions of non-hedging transactions during the current month or current week shall be listed and submitted to the president or senior executive authorized by the president as reference for management performance evaluation and risk consideration.

2. The president of the Company or the senior executive designated by the board of directors shall pay attention to the monitoring and control of risk for transactions of derivative products at all times. The board of directors shall regularly evaluate whether the performance of transactions of derivative products complies with the fixed operational strategies and whether the risk undertaken is within the Company's scope of tolerance.
3. The president or senior executive authorized by the board of directors shall manage transactions of derivative products based on the following principles:
 - (1) Regularly evaluate whether the risk management measures currently used are appropriate and ensure that the relevant provisions under the "Rules Governing the Acquisition and Disposal of Asset" established by the Financial Supervisory Commission and this Procedure are complied with.
 - (2) Monitor transaction and profit and loss situations. Take necessary corresponding measures if any anomaly is discovered and report immediately to the board of directors.
4. The Company shall establish a record book for transactions of derivative products, detailing the types and amounts of transactions of derivative products, the dates of approval by the board of directors, monthly or weekly regularly evaluation reports and matters subject to regular evaluations by the board of directors and senior executive authorized by the board of directors.

Chapter IX Merger, Split, Acquisition or Transfer of Shares

- Article 18. When the Company engages in a merger, split, acquisition or transfer of shares, accountant, attorney or securities underwriter shall be engaged prior to convening a board meeting for resolution in order for opinions to be provided about the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other asset to the shareholders. The proposal shall then be submitted to the board of directors for discussion and approval.
- Article 19. When the Company engages in a merger, split, acquisition or transfer of shares, provisions of important agreements and related matters shall be included into public documents to the attention of shareholders prior to the shareholders meeting. Such documents shall be submitted to the shareholders together with the expert opinions referred to in the previous article and the notice for the meeting as reference for whether such proposed merger, split or acquisition should be approved. However, this provision shall not be applicable if other laws allow the merger, split or acquisition without resolution by the shareholders meeting. If the shareholders meeting of any party participating in the merger, split or acquisition cannot be convened, resolution cannot be reached or if the proposal is denied by the shareholders meeting, the Company shall immediately make a public announcement to explain the reasons therefore, subsequent handling process and the expected date for convening the shareholders meeting.
- Article 20. Unless otherwise provided by law or if there is any special reason requiring prior approval by the FSC, when the Company participates in any merger, split or acquisition, it shall convene the board meeting and the shareholders meeting on the same day as the other participating companies to resolve on matters of merger, split or acquisition. When the Company participates in any transfer of shares, it shall convene the board meeting on the same day as the other participating companies.

Any company that participates in any merger, split, acquisition or transfer of shares and who is a listed company or whose shares are traded in any securities dealer's business premises shall complete written records for the following information shall be prepared and maintained for five years for future verification.

1. Basic staff information: including persons who participated in the project of merger, split, acquisition or transfer of shares or who executed the project prior to the announcement of the news, including their titles, names, ID numbers (passport numbers in case of foreign nationals).
2. Dates of important matters: including the dates on which the letter of intent or memorandum of understanding is signed, financial or legal advisors is engaged, contract is signed and the board meetings, etc.
3. When participating in a merger, demerger, acquisition, or transfer of another company's 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 (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Any company that participates in any merger, split, acquisition or transfer of shares and who is a listed company or whose shares are traded in any securities dealer's business premises shall file the information referred to under subsections 1 and 2 of the previous section in the specified format on the internet information system within two days from the date on which the board resolution is passed.

For any company that participates in any merger, split, acquisition or transfer of shares and who is not a listed company or whose shares are not traded in any securities dealer's business premises, the company that is a listed company or whose shares are traded in any securities dealer's business premises shall sign an agreement with the former company and proceed in accordance with provisions under the second and third sections.

Article 21. Share Exchange Ratio and Acquisition Price:

The share exchange ratio or acquisition price for any merger, split, acquisition or transfer of shares shall not be changed unless there are any of the following events:

1. Capital increase in cash, issuance of convertible corporate bonds, issuance of shares without consideration, issuance of corporate bonds with warrants attached, special shares with warrants attached, warrants for share subscription and other securities with the nature of shareholding entitlement.
2. Disposal of significant assets of the Company that impact the financial business of the Company.
3. Occurrence of any significant disaster or significant change of technology that impacts the shareholders interest or price of the securities.
4. Adjustment made pursuant to repurchase of treasury shares by any company participating in the merger, split, acquisition or transfer of shares in accordance with law.
5. Change of entity, or increase or decrease of the number of entities participating in the merger, split, acquisition or transfer of shares.
6. Change of any other condition that may be changed under the contract and for which public disclosure has been made.

Article 22. Matters to be Provided under the Contract:

When the Company participates in any merger, split, acquisition or transfer of shares, the contract shall specify the rights and obligations of the participating companies, the share exchange ratio and acquisition price that may be changed as referred to in the previous article and the following matters:

1. Handling for breach of contract.
2. Principles for handing securities with shareholding entitlement that have been issued previously by the distinguished or split company or treasury stocks that have been repurchased previously.
3. The quantity and principles for handling treasury stocks that may be repurchased in accordance with law by the participating company after the record date for calculation of share exchange ratio.
4. Manner for handling the increase or decrease of the number of participating entities.
5. Expected project execution schedule and expected completion date.
6. Handling procedures in the event that the project is not completed by the deadline, such as the expected date for convening the shareholders meeting.

Article 23. Other matters to attend to when the Company participates in any merger, split, acquisition or transfer of shares:

1. Require persons that participate or know about the merger, split, acquisition or share transfer project to issue a written confidentiality undertaking and shall not disclose the contents of the project, nor sell or purchase any share or other securities with shareholding entitlement of any company that is related to the transaction either in his/her own name or in the name of any other person, prior to public announcement of the news.
2. After the news about the merger, split, acquisition or share transfer is published, if a further merger, split, acquisition or share transfer is contemplated with another company, unless the number of participating entities is decreased and the shareholders meeting has already reached a resolution authorizing the board of directors to make changes, in which circumstance no additional resolution from the shareholders meeting shall be necessary, all procedures or legal acts that have been completed under the original proposal shall be redone.
3. If any company that participates in the merger, split, acquisition or share transfer is not a publicly listed company, the Company shall sign an agreement with such company and proceed in accordance with the provisions under Article 20 and the previous two sections of this article.

Chapter V Other Important Matters

Article 24. When the Company acquires or disposes of assets, relevant contracts, minutes of meetings, record books, price appraisal reports and opinions of accountants, attorneys or securities underwriters shall be maintained at the Company's office for at least five years, unless otherwise provided by law.

Article 25. When the Company obtains a price appraisal report or opinions from accountants, attorneys or securities underwriters, such professional appraiser and the appraisal staff, accountant, attorney or securities underwriter shall not be a related party to any party to the transaction.

Article 26. If any acquisition or disposal of assets by the Company is subject to approval by the board of directors in accordance with this Procedure or other laws and if any director voices any objection that is recorded or stated in writing, such director objection information shall be submitted to the audit committee. If the Company has independent directors, opinions of each independent director shall be fully taken into consideration. If any independent director has any objection or reservation, it shall be specified in the minutes of board meetings.

A transaction of significant assets or derivative products shall be subject to approval by one-half of all members of the audit committee and the proposal shall be submitted to the approval by resolution of the board of directors. Sections 3 and 4 of Article 27 shall be applicable mutatis mutandis.

Article 27. This Procedures and any amendments thereafter shall become effective with the consent of more than half of all members of the audit committee and after being submitted to the Board of Directors for a resolution and approved by shareholders in a shareholders' meeting. If any 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. When the procedures for the acquisition and disposal of assets are submitted for discussion by 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 minutes of the board of directors meeting.

If the above-mentioned matter is not approved by one-half or more of all members of the audit committee, it may be approved instead by two-thirds of all members of board of directors. The resolution by the audit committee shall be specified in the minutes of the board meeting.

All members of the audit committee and board of directors as referred to in the second section hereof shall be calculated based on the number of members who are currently in position.

Uni-President Enterprises Corp.
Company's Corporate Charter

Appendix 3

Amended on June 22 2016

Chapter One General Provisions

Article 1 : This Company is duly incorporated under the provisions governing company limited by shares as set forth in the Company Law in the full name of Uni-President Enterprises Corporation (hereinafter referred to as the Company).

Article 2 : The businesses operated by the Company are as follows:

- 1.C106010 powder manufacturing industry.
- 2.C201010 animal feed manufacturing industry.
- 3.C199010 noodle and rice noodle type food manufacturing industry.
- 4.C105010 edible oil manufacturing industry.
- 5.C110010 beverage manufacturing industry.
- 6.C102010 milk product manufacturing industry.
- 7.C199040 bean type processed food manufacturing industry.
- 8.C601030 paper container manufacturing industry.
- 9.C805990 other plastic item manufacturing industry.
- 10.C103050 canned, frozen, dehydrated and marinated food manufacturing industry.
- 11.C109010 condiment manufacturing industry.
- 12.C199020 edible ice manufacturing industry.
- 13.C104020 baked and steamed food manufacturing industry.
- 14.C199990 other uncategorized food manufacturing industry.
- 15.CB01010 machinery and equipment manufacturing industry.
- 16.F113010 machinery wholesale industry.
- 17.F213080 machinery and instrument retail industry.
- 18.A401010 milk farm operation industry.
- 19.A102060 food commercialization industry.
- 20.A102020 agricultural product processing industry.
- 21.G801010 warehousing industry.
- 22.F401010 international trade industry.
- 23.F106060 pet product wholesale industry.
- 24.F206050 pet product retail industry.
- 25.F101050 aquatic product wholesale industry.
- 26.F201030 aquatic product retail industry.
- 27.F107050 fertilizer wholesale industry.
- 28.F207050 fertilizer retail industry.
- 29.F102030 tobacco and alcohol wholesale industry.
- 30.F102040 beverage wholesale industry.
- 31.F102170 miscellaneous food wholesale industry.
- 32.F203010 miscellaneous food and beverage retail industry.
- 33.F501030 beverage shop industry.
- 34.IZ99990 other industrial and commercial service industry
- 35.I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy
- 36.I101090 Food Consultancy
- 37.IC01010 Pharmaceuticals Examining Services
- 38.J101050 Sanitary and Pollution Controlling Services
- 39.ZZ99999 other businesses not prohibited or restricted by law except any business requiring special approval

Article 3 : The Company is headquartered in Tainan City, and may establish branches or factories at other locations, if necessary, subject to resolution of the Board of Directors. The same shall apply where the branches or factories are removed or relocated.

Chapter Two Shares

- Article 4 :
1. The total capital stock of the Company shall be in the amount of NT\$70,000,000,000 divided into 7,000,000,000 shares, at a par value of NT\$10. The Board of Directors is authorized to issue the shares that have not yet been issued in lots.
 2. The Company may investing outwardly into other firms and is free of the restriction set forth in Article 13 of the Company Law which reads: "The Company's total investment shall not exceed 40% of the Company's paid-in capital."
- Article 5 :
- The share certificates hereof, the registered ones, shall be duly signed by or affixed with seals of the chairman and managing directors, duly authenticated by the competent authorities of the government or the certification organization authorized thereby before issuance. The Company is exempted from printing the registered share certificates for the shares issued.
- Article 6:
- For transfer of shares, both the transferor and transferee shall fill out the application form, sign or affix seal thereon and apply to the Company for share transfer. Until the transfer procedures are completed in full and until the shares under transfer are entered into Register (Roster) of Shareholders, the transferred shares shall not act against the Company. The matters regarding the Company's equity affairs shall be duly handled in accordance with the "Regulations Governing Equity Affairs of Public Companies" promulgated by the Stock Securities & Exchange Commission, Ministry of Finance.
- Article 7:
- The shareholders hereof shall have their seal specimen cards, ID Cards or profit-seeking enterprise certificates submitted to and archived in the Company upon opening the accounts. The specimen seals shall be taken as the grounds for the shareholders to receive dividend, bonus and exercise shareholders' interests. A shareholder who has lost or changed his registered specimen seal shall fill out the application form and submit it along with the supporting documents verifying his/her capacity along with the Xerox copy (photocopy) thereof, the new registered seal impression card and share certificates to the Company in person for registration. The new registered seal impression card comes into effect on the day ensuing the date on which the application is approved. In case of application for change in the shareholder name because of succession, the inheritor shall submit supporting documents verifying the lawful succession.
- Article 8:
- No transfer of shares shall be handled within sixty days prior to a shareholders' regular meeting, or within thirty days prior to a shareholders' extraordinary meeting, or within five days prior to allocation of dividend' bonus or any other benefits.
- Article 9 :
- Procedures to apply for reissuance of lost share certificates:
- (1)A shareholder who has lost his/her share certificates shall report to the security authority and apply to the Company with an application form for registration of the lost share certificates.
 - (2)Such shareholder shall apply to the court for public summons in accordance with the Code of Civil Procedure and shall submit to the Company the application form, duplicate copy, and the receipt issued by the court verifying the receipt of the application within five days, otherwise the application shall be annulled.

(3) Upon expiry of the public summons, the shareholder may apply to the Company with the court judgment of ex-right for reissuance of share certificates.

Article 10 : The Company may collect adequate handling charge cover printing cost and revenue stamp tax for transfer of the share certificates.

Chapter Three Shareholders' Meeting

Article 11 : The shareholders' meeting hereof is in two categories, i.e., the shareholders' regular meeting and shareholders' extraordinary meeting. The shareholders' regular meeting shall be convened by the board of directors once per annum within six months from the closing of each fiscal year, with notices for the shareholders' meeting to be served to all shareholders in writing thirty days in advance. The shareholders' extraordinary meeting may be called whenever it is deemed necessary with notices for the shareholders' meeting to be served to all shareholders in writing fifteen days in advance. An issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement; for a regular shareholders meeting.

Article 12 : In the event where a shareholder is unable to attend a shareholders' meeting for any cause, the shareholder may appoint a proxy to attend the meeting on behalf of the shareholder by executing a power of attorney printed by the Company, or participate by ways of electronic transmission. Other than measures specified in Article 177 of the Company Act, a shareholder may also appoint a proxy in accordance with the provisions set forth in the "Rules Governing Appointment of Proxy by the Power of Attorney to Attend a Shareholders Meeting of Public Companies" published by the competent authority.

Article 13 : The shareholders' meetings shall be chaired by the Chairman of Board. If the Chairman is absent, the chairperson may be assumed by Vice Chairman of Board. If no Vice Chairman of Board is appointed or if the Vice Chairman is absent or fails to perform the duty with justified reasons, the chairperson shall be assumed by a director designated by the Chairman. If no such designee is appointed, the chairperson shall be elected out of the directors. If the shareholders' meeting is called by any convener other than the board of directors, the chairperson shall be assumed by the convener. If there are more than two conveners, the chairperson shall be elected out of the conveners.

Article 14 : Unless otherwise provided for in the Company Law, decisions in the shareholders' meeting shall be resolved by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares.

Article 15 : A shareholder of the Company shall have one voting power for each share in his possession and he may exercise the voting power in writing or by ways of electronic transmission. However, shares of the Company held by the Company pursuant to relevant laws and regulations enjoy no voting power.

Article 16 : Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, specifying the date, month, year and location of the meeting, the name of the chairman, a summary of the essential points of the proceedings and the results of the meeting and the method of adopting resolutions, the number of shareholders present at the meeting and the number of shares represented by shareholders attending the meeting, bearing the signature or seal of the chairman of the meeting. The distribution of the minutes

may be effected by means of a public notice in accordance with the Company Act. The aforesaid minutes shall be kept persistently throughout the life of the Company. The powers of attorney of the proxies shall be kept for the minimum period of at least one year.

Article 17 : The directors' meeting is authorized to agree on the remuneration to directors according to the standard generally prevailing in the same trade.

Chapter Four Board of Directors

Article 18 : The Company shall establish the Board of Directors constituted by thirteen 13 directors (ten common directors and three independent directors), for whom the election thereof adopts the candidates nomination system and on the shareholders' meeting votes shall be casted among candidates on the candidates list through cumulative ballot system specified in Article 198 of the Company Act; provided that the total number of registered shares held by all of the directors shall not be less than a certain percentage of the total number of the Company's outstanding shares. The rules governing the aforesaid shareholding percentage and the verification and execution thereof shall be established in compliance with orders of the competent authority.

Said directors shall include no less than two independent directors and the independent directors shall be no less than one-fifths of director seats. The independent directors shall be elected from the list of candidates for independent directors in the shareholders' meeting.

The election of independent directors and non-independent directors shall be held at the same time, while quota of the elected shall be calculated separately.

The qualification, shareholding, restrictions on part-time jobs, identification of independence, nomination and election of independent directors and other matters to be complied with shall be handled in accordance with the Company law and the relevant requirements of the competent security authority.

Article 18-1 : The Company establishes an audit committee in accordance with Articles 14-4 and 181-2 of the Securities and Exchange Act. The exercise of powers of supervisors under the Company Act and Securities and Exchange Act shall now be carried out by members of the audit committee.

The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convenor, and at least one of whom shall have accounting or financial expertise.

The Company's Board of Directors according to the commercial laws to set up Audit Committee, Remuneration Committee, and may establish the kinds of other functional committees of which the committee charter may be stipulated by the Board of Directors.

Article 19 : By attendance of two-thirds majority of directors and from among the directors, one chairman shall be elected from among themselves and one vice chairman shall be elected from among themselves to assist the chairman. The chairman shall represent the Company externally and shall chair the shareholders' meeting and board of directors meeting, and shall take charge of the Company's business operation internally.

Article 20 : Where the Chairman fails to perform his functions, the Vice Chairman may act on his behalf. Where the Chairman and Vice Chairman both fail to perform their functions, a director

shall be appointed by the Chairman to act on their behalf. If no such designee is appointed, the chairperson shall be elected among the directors.

Article 21 : The directors have a three-year tenure of office and are eligible for reelection. If the tenure of office of directors expires before the time of final account closing of the year, the tenure of office may be extended until the newly elected directors take office while the directors of the current term shall be discharged. If the reelection is not held during the extended period, the competent authority may, ex officio, order that the Company complete the reelection within the specified time limit. If reelection is not held within the specified time limit, the directors shall be discharged automatically ex officio upon expiry of the specified time limit. Where the seats of directors are vacated by one-third, a special (extraordinary) meeting of shareholders shall be duly held by the board of directors within sixty days to elect ones supplementarily. The reelection may be dispensed with, nevertheless, if the directors still adequately make the legally required ratio. The directors elected supplementarily shall only serve the tenure remaining by the predecessors.

Article 22 : Directors hold the following responsibilities and powers: (1) Review and accredit a variety of operating rules. (2) Resolve business policies. (3) Review budgets and final account closing. (4) Propose the ratio for profit allocation or loss coverage. (5) Propose for increase/decrease of capital. (6) Determination of major personnel lineups. (7) Enforce the decisions resolved in the shareholders' meeting. (8) Exercise other responsibilities and powers as bestowed by law and the shareholders' meeting.

Article 22-1: The Company may purchase liability insurance for directors and key staff members to insure their business performance during the tenure of office. The board of directors is authorized with full power to implement the matters concerned.

Article 23 : Board of Directors Meeting shall be convened at least once per quarter. The temporary meeting may be called in the case of any emergency or upon request of a majority of the directors. The directors' meeting and temporary meeting, if any, shall be called by the Chairman of the Board pursuant to laws, provided that the 1st directors meeting at each term shall be called by the director winning the most votes pursuant to laws.

Article 24 : All business of the Company will be carried out by the President after it is resolved by the Board of Directors. Except otherwise specified in the Company Act, the resolutions of the Board of Directors shall be passed by the majority of directors present at the board meeting. In the event where a director is unable to attend a meeting, he may appoint another director on his behalf by issuing a written proxy, stating therein the scope of authorization with reference to the subjects to be discussed at the meeting. However, each director may accept the appointment to act as the proxy of only one other director. The resolutions of a board meeting shall be recorded in the minutes with the signature or seal of the chairman of the meeting and kept in the Company.

Article 25 : Where the Company is required to render guarantee (**including endorsement**) to a third party, the Company shall duly follow the Company's Regulations Governing Making of Endorsements/Guarantees.

Chapter Five Managerial Officers and Consultants

Article 26 : The Company may appoint one or more managerial personnel who shall manage all affairs of the Company in accordance with the Board resolutions.

The managerial personnel and the employment, discharge and remuneration thereof shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company.

Article 27 : The Company may retain a certain number of consultants as resolved in the board of directors.

Chapter Six Accounting

Article 28 : The Company's fiscal year is starting from January 1 until December 31 of every calendar year. The final account closing shall be conducted at end of every fiscal year.

Article 29 : The Company takes the calendar year as its fiscal year. Upon closing of each fiscal year, the board of directors shall work out the following documents and proposed to the shareholders' meeting in accordance with the legal procedures for adoption:

(1) Business report; (2) Financial statements and (3) Proposals of profit allocation or loss coverage.

Article 30 : The Company shall allocate no less than 2% of the profits earned during the current year for the purpose of employees' compensation and no more than 2% of the same for directors' remuneration; provided, however, that the Company shall first reserve a sufficient amount to compensate its accumulated deficits.

The term "profits earned during the current year" as described in the first paragraph shall mean the total of the taxable revenue earned during the current year before deducting the amount of employees' compensation and the directors' remuneration.

An employee of the Company's affiliate who meets certain criteria shall be entitled to the employees' compensation.

Article 31 : The Company is operating amidst capricious environments and amidst the business cycle of steady growth. When proposing the ratio of distribution of earnings, the board of directors shall take into account the capital expenditure anticipated by the Company and the Company's capital needs with consideration of the indispensability of taking the earnings to back up the capital needs to resolve the amount of earnings to be reserved or to be allocated and the amounts of bonus to be allocated to shareholders in cash.

From the profit earned by the Company as shown in the financial statements, the sum to pay all income tax and make up previous loss, if any, shall be first withheld, then 10% shall be reserved as legal reserve, then the special reserve to be duly allocated or restored. The balance shall be the sum allocable in the present term and after being added with the undistributed retained earnings accumulated in the preceding year. The bonus to shareholders shall be 50%~100% of the accumulated allocable earnings. The cash dividend shall not be less than the minimum of 30% of the total amount of dividend allocable in the year.

Chapter Seven Bylaws

Article 32 : The organizational rules and operational rules shall be separately worked out by the board of directors.

Article 33 : Any matters inadequately provided for herein shall be subject to Company Law and other laws and regulations concerned.

Article 34 : These Articles were duly enacted on June 27, 1967 and duly amended on:

- (01) October 19, 1967; (02) February 27, 1970; (03) May 28, 1970; (04) August 28, 1970;
(05) October 10 1970; (06) April 1, 1971; (07) May 23, 1971; (08) April 30, 1972;
(09) May 22, 1972; (10) June 16, 1972; (11) July 25, 1972; (12) March 25, 1973;
(13) June 14, 1973; (14) August 25, 1973; (15) November 25, 1973; (16) December 26, 1973;
(17) February 8, 1974; (18) March 11, 1974; (19) April 4, 1974; (20) June 10, 1974;
(21) October 20, 1974; (22) October 8, 1975; (23) December 28, 1975; (24) May 16, 1976;
(25) January 10, 1977; (26) April 28, 1977; (27) May 15, 1978; (28) November 1, 1978;
(29) April 21, 1979; (30) December 20, 1979; (31) January 29, 1980; (32) February 25, 1980;
(33) March 25, 1980; (34) May 17, 1980; (35) May 7, 1981; (36) August 21, 1982;
(37) December 13, 1982; (38) March 8, 1983; (39) October 1, 1983; (40) January 25, 1984;
(41) June 9, 1984; (42) July 8, 1984; (43) October 5, 1984; (44) May 30, 1985;
(45) May 23, 1986; (46) August 15, 1986; (47) April 25, 1987; (48) May 20, 1987;
(49) November 3, 1987; (50) November 28, 1987; (51) April 29, 1988; (52) March 30, 1989;
(53) May 31, 1989; (54) June 1, 1990; (55) August 2, 1990; (56) June 21, 1991;
(57) November 19, 1991; (58) April 10, 1992; (59) May 27, 1993; (60) May 25, 1994;
(61) June 1, 1995; (62) May 30, 1996; (63) June 20, 1997; (64) June 1, 1998;
(65) June 1, 1999; (66) June 23, 2000; (67) June 1, 2001; (68) June 28, 2002;
(69) June 27, 2003; (70) June 25, 2004; (71) June 30, 2005; (72) June 28, 2007;
(73) June 27, 2008; (74) June 23, 2010; (75) June 23, 2011; (76) June 22, 2012;
(77) June 25, 2013; (78) June 26, 2015; (79) June 22, 2016;

Uni-President Enterprises Corp.
The Minimum Number of Shares All Directors
Are Required to Hold and the Number of Shares Actually
Held by Individual and All Directors

- I. As required under article 26 of the Securities and Exchange Law and article 2, paragraph 1, item 7 and article 2, paragraph 2 of Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the total number of shares held by all directors of Uni-President Enterprises Corporation shall not be less than the minimum of 2% of the total issued shares. Uni-President Enterprises Corporation has elected 2 independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors other than the independent directors and shall be decreased by 80 percent (90,912,246shares).
- II. As of the date on which the transfer of shareholdings is suspended for the present shareholders' meeting the numbers of shares actually held by individual and all directors are enumerated below:

Title	Name	Shares Held
Chairman of the Board	Kao Chyuan Inv. Co., Ltd. Representative: Chih-Hsien Lo	274,966,536
Director	Kao Chyuan Inv. Co., Ltd. Representative: Shioh-Ling Kao	274,966,536
Director	Kao Chyuan Inv. Co., Ltd. Representative: Jui-Tang Chen	274,966,536
Director	Po-Ming Hou	147,751,414
Director	Po-Yu Hou	128,917,063
Director	Hsiu-Jen Liu	88,218,206
Director	Chang-Sheng Lin	49,916,266
Director	Taipo Investment Corp. Representative: Ping-Chih Wu	30,582,348
Director	Joyful Inv. Co., Ltd. Representative: Kao-Huei Cheng	24,305,030
Director	Young Yun Inv. Co., Ltd. Representative: Chung-Ho Wu	7,372,628
Independent Director	Yun Lin	0
Independent Director	Chao-Tang Yue	0
Independent Director	Hong-Te Lu	0
Total		752,029,491