

**Uni-President Enterprises Corp.**  
**Handbook for the 2018 General Shareholders' Meeting**  
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**Uni-President Enterprises Corp.**  
**Handbook for the 2018 General Shareholders' Meeting**

Time: Wednesday, June 20, 2018 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 : 2017 Business report.
  - Motion 2 : Audit Committee's review report on the 2017 financial statements.
  - Motion 3 : Report on the payment of employee compensation and director remuneration of 2017.
  - Motion 4 : Total endorsements/guarantees provided by the Company to investees.
  - Motion 5 : Report on the proposal to amend to the Company's Rules of Procedure for Board of Directors' Meeting.
  - Motion 6 : Report the company's issuance status of corporate bonds for 2017.
- IV. Proposals:
  - Motion 1 : Adoption of the 2017 business reports and financial statements which have been approved by resolution of the 13th meeting of the 17th term of board of directors on March 28, 2018 and examined by Audit Committee.
  - Motion 2 : Adoption of the proposal for distribution of 2017 profits.
- V. Discussion :
  - Motion 1 : Amendment to the Operational Procedures for Loaning of Company Funds.
  - Motion 2 : Proposal for release of the non-competition promise ban imposed upon the Company's directors (Independent Director) according to the Article 209 of Company Act.
- VI. Questions and Motions
- VII. Adjournment

**I Call the meeting to order** (report shareholdings of the attendances)

**II Chairperson remarks**

**III Company Reports**

Motion 1: 2017 Business Report.

Explanation : Please refer to pages 6~7 (Attachment 1) of the Meeting Handbook for the Company's 2017 business report.

Motion 2: Audit Committee's Review Report on the 2017 Financial Statements.

Explanation : The Company's 2017 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 2017 profits (Attachment 5), and abovementioned are attached on page 6~38 of the Meeting Handbook.

Motion 3 : To report 2017 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 3.51% or NT\$ 1,472,369,289 for employees' compensation and 0.86%, or NT\$ 362,773,544 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. Reported the progress to the shareholders meeting for reference and recording.
2. The Company renders endorsements/guarantees exactly in accordance with the provisions set forth under Paragraph I of Descriptions. As of December 31, 2017, the balance of endorsements/guarantees at the end of the term amounted to NT\$47.26 billion. The aggregate total actually disbursed amounted to NT\$2.404 billion.
3. Please refer to Appendix 1 on page 49~52 of the Meeting Handbook for the Current Provision.

Unit: Thousand NT\$

Name of endorsees/guarantees	Consolidated Shareholding ratio	Remaining Balance		Actual Amount Used (Note )
		Amount	Date when duly resolved by the Board	
Kai Yu (BVI) Investment Co., Ltd.	100.0%	42,000,000	the 9 <sup>th</sup> meeting of the 17 <sup>th</sup> term of board Jul. 27, 2017	0
Kai Nan Investment Co., Ltd.	100.0%	200,000	the 3 <sup>th</sup> meeting of the 17 <sup>th</sup> term of board Nov. 9, 2016	0
President Entertainment Corp.	100.0%	1,500,000	the 3 <sup>th</sup> meeting of the 16 <sup>th</sup> term of board Nov. 12, 2013	1,433,000
Kai Yu Investment Co., Ltd.	100.0%	1,700,000	the 2 <sup>th</sup> meeting of the 16 <sup>th</sup> term of board Aug. 12, 2013	0
Tone Sang Construction Corp.	100.0%	1,800,000	the 10 <sup>th</sup> meeting of the 13 <sup>th</sup> term of board Dec. 16, 2005	971,000
President Baseball Team Corp.	100.0%	60,000	the 7 <sup>th</sup> meeting of the 11 <sup>th</sup> term of board Aug. 20, 1999	0
Total	-	47,260,000		2,404,000
Note : Actually used amounts under the approved endorsement / guarantee line.				

Motion 5 : Report on the proposal to amend to the Company’s Rules of Procedure for Board of Directors’ Meeting.

Explanation:

1. Amended in accordance with the Letter Jin-Guan-Zheng-Fa-Zi No. 10600271125 of the Financial Supervisory Commission on July 28, 2017 transferred from the Taiwan Stock Exchange Corporation on August 1, 2017.
2. Foci of amendment  
The following provisions have been added with respect to the duty of an audit committee prescribed in Article 14-5 of the Securities and Exchange Act: Auditing the effectiveness of the internal audit system is also a material item.
  - (1) Sub-paragraph 3, paragraph 1, Article 7  
Establish or amend the internal control system and audit its effectiveness with respect to Article 14-1 of the Securities and Exchange Act.
  - (2) Paragraph 5, Article 7  
In order to further define the duty of the independent directors and further empower their participation in board operations, ‘At least one independent director shall attend a board meeting’ has been added.
3. For these reasons, this Company has practiced the said regulations in its existing operations and proposes to amend articles 7 and 19 of the Rules of Procedures for Board Meetings. Please refer to Attachment 6 on page 39~41 of Comparison Table of the article of “the Company’s Rules of Procedure for Board of Directors’ Meeting.”
4. Please refer to Appendix 2 on page 53~57 of the Meeting Handbook for the Current Provision.

Motion 6 : Report the company’s issuance status of corporate bonds for 2017.

Explanation:

1. The issuances were completed in accordance with Article 246 of Company Act.
2. The company completed one offerings of corporate bonds in 2017. A summary of the major terms of these offerings are as follows :

Issuance	2017’s first domestic unsecured straight corporate bond
Amount	NTD 5 billion
Maturity	5 years
Coupon Rate	1.05%
Principal Repayment and Coupon Frequency	Principal repayment: Payable one time upon maturity since the date of issuance. Interest payment: Payable once a year at the simple interest based on the par value since the date of issuance.
Approval Document Number	Announcement of effectivity per the Letter Zheng-Gui-Zhai-Zi No. 10600118791 of the Taipei Exchange on May 12, 2017.
The Purpose of Issuance	Raising long-term capital and reinforcing the financial structure.
Note	The offering was completed on May 22, 2017.

## IV Proposals

Motion 1: Adoption of the 2017 Company's business report and financial statements, which have been approved by resolution of the 13<sup>th</sup> meeting of the 17<sup>th</sup> term of board of directors on March 28, 2018 and examined by Audit Committee. (Proposed by the Board)

Explanation: Please refer to pages 6~37 of the Meeting Handbook for the 2017 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 2017 profits. (Proposed by the Board)

Explanation:

1. The Company's net profit after tax was NT\$39,844,853,512 in 2017. 10% legal reserve, NT\$ 3,984,485,351 was set aside pursuant to laws. Less an effort to ascertain the amount of remeasuring of the fringe benefit programs, NT\$375,137,196 and plus resersal of special reserve, NT\$ 31,450,387 and unappropriated retained earnings of previous years, NT\$2,944,886,506 the accumulated allocable earnings from profits was NT\$ 38,461,567,858.
2. Please refer to Attachment 5 on page 38 of the Meeting Handbook for the distribution of 2017 profits.
3. The Company's 2017 is proposed to distribute Cash dividends of NT\$ 5.5 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 Operational Procedures for Loaning of Company Funds. (Proposed by the Board)

Explanation:

1. Proposal to amend part of the descriptions in articles 2, 3, 10, and 12 of the Capital Lending SOP of this Company to arrange flexibility for capital integration of the Group and to optimize subsidiary control to better match with the Company's governance framework.
2. Please refer to Attachment 7 on page 42~44 of Comparison Table of the article of "the Operational Procedures for Loaning of Company Funds."
3. Please refer to Appendix 3 on page 58~60 of the Meeting Handbook for the Current Provision.

Resolution:

Motion 2: Proposal for release of the non-competition promise ban imposed upon the Company's directors (Independent Director) 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, Ms. Shiow-Ling Kao, Mr. Jui-Tang Chen, Ms. Li-Ling Cheng 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 8 on page 45~48 of Meeting Handbook for details of positions and duties concurrently served in other companies.

Resolution :

## **VI Questions and Motions**

## **VII Adjournment**

## **2017 Business Report**

2017 was an exciting and emotional year for us, as it marked the 50<sup>th</sup> anniversary since the company's establishment. Based on efforts of our employees and supports of consumers, we maintained steady profit as well as profit growth. In 2017, we have reported net sales of 39.3 billion NT dollars, 0.9% increase over last year, after taxes net profits of 39.8 billion NT dollars, 174.3% increase over last year, and consolidated net sales of 399.9 billion NT dollars. 2018 will mark the beginning of the next 50 years, and we will continue to implement the principle of "honest and industrious, innovative and progressive", in hope to enhance our market's leading position and competitiveness for a better future.

### **Guarding food safety, never compromise**

"Food safety" remained the most concerned topic for consumers and for us. In 2017, we started the operation of "Food Safety Building" that cost 1 billion NT dollars, which aimed to strengthen risk control in the product value chain, from the aspects of suppliers, raw material, and production to final products. We were so alerted of "Food safety" issue that we integrated it as part of our working habit and attitude. In the future, we will continue to invest in order to further upgrade food safety standard, and enhance employees' examination skills, for matching the the world class standard.

### **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. Without the society's support and trust, our effort will be meaningless. Uni-President operate to serve the society, as a result, we will continue to extract knowledge from production and transform it to the forms of "morality, branding, and taste", also internalize and cultivate into our service and lifestyle, in hopes of deliver the message of honesty, lifestyle, harmony and historical inheritance.



**Implement the principle of “follow the trend, think through,  
and excel” for continuous progression**

In 2017, we successfully maintained the market value of 300 billion NT dollars, and were listed as one of the top 20 market value companies in Taiwan. Established in Taiwan, we continued our international expansion in Asia, and integrated products and service into consumers' daily lives. In 2018, we will continue to adhere the policy of “adjust product structure, stabilize growth, and enhance value marketing”, to correspond to the challenges of the new retail era, and correlated to the pricing stabilization strategy, and the freshly made policy. “Progression” is the most important key performance index, and “value creation” is the only way to it, which both contribute to “continuous succession” and “continuous progression”.

Given the current economic circumstance, we not only have to pay attention to the social changes, laws and regulations adjustments, consumers' perceptions, but also discover and integrate resources within the business group to create synergy. Every dollar comes from carefully engaging production, marketing, human resource, R&D, financing and operation management, that adhere management policies and tools, and are evaluated by profitability and cash flow, for the sake of increasing stakeholder's equity. By deepening discipline of “focus management, simple operation”, we are confident to begin the next glorious page in this company's history.

**Prospect in 2018**

Excellence not only comes from what are can do or what we are capable to do, but is also determines by good working habit. “Adjust product structure” remains the strategic direction for our company, and we will carry on discipline of “focus management, simple operation”, while staying humble and alerted, to achieve our operational goals, and 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 2017 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:

2018 General Shareholders' Meeting of Uni-President Enterprises Corporation.

Uni-President Enterprises Corporation

Chairman of the Audit Committee   Chao-Tang Yue

May 7, 2018

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 parent company only balance sheets of Uni-President Enterprises Corp. (the “Company”) as at December 31, 2017 and 2016, 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 financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its 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 the year 2017. 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.

Key audit matters for the parent company only financial statements of the current period are stated as follows:

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

Please refer to Notes 4(13) and 6(7) to the parent company only financial statements for the accounting policy and the details of investments accounted for using 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 \$49,537,752 thousand and \$21,655,545 thousand, respectively, constituting 40% 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

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 2017.

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 thus has been identified as one of the key audit matters of our annual audit of 2017.

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 relies on cost and retail price information recorded in the accounting system, and thus has been identified as one of the key audit matters of our annual audit of 2017.

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.

## **Significant acquisition**

### Description

Please refer to Notes 4(29) and 6(7) to the parent company only financial statements for accounting policy of business combinations and details of accounting relating to this key audit matter.

The Company originally invested 20% shares of President Starbucks Coffee Corp. a joint venture investment accounted for under the equity method. In December 2017, the Company acquired additional 20% shares of President Starbucks Coffee Corp. with total cash consideration amounted to \$2,151,204 thousand and obtained control over President Starbucks Coffee Corp.

The accounting treatment of the aforementioned acquisition of additional shares in President Starbucks Coffee Corp. was in accordance with International Financial Reporting Standards (“IFRS”) 3 “Business Combinations”. The recognition and measurement of identifiable intangible assets resulting from the acquisition was based on management’s expectations for future operations and prospects of President Starbucks Coffee Corp., which involved management’s subjective judgement and critical estimates, and thus has been identified as one of the key audit matters of our annual audit of 2017.

### 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 Group’s management to understand the purpose of the acquisition, evaluation process, determination of the consideration, and we also reviewed the Board of Directors’ meeting minutes and the acquisition agreements to verify the related meeting resolutions were consistent with the acquisition agreement;
2. We assessed the competence and objectivity of the independent appraisers engaged by the management, and reviewed the reasonableness of major assumptions and original data used in recognizing and measuring the identifiable intangible assets in the Purchase Price Allocation report. Procedures performed by us and our internal specialists were as follows:
  - (1) We reviewed the valuation methods and the calculations formula used in the valuation by the independent appraisers.
  - (2) We reviewed and compared the expected growth rate as well as gross margin used in the valuation with historical data.
  - (3) We reviewed the discount rate used in the valuation and compared with the rate of return from similar assets in the trade markets.
  - (4) We evaluated the basis used in assessing the useful lives of identifiable intangible assets.
3. We reviewed the accounting treatments and disclosures in the financial statements relating to this acquisition.

## **Implementation of New Enterprises Resource Planning (“ERP”) system**

### Description

Uni-President Enterprises Corp. (the “Company”) replaced certain parts of its ERP system in 2017. The new ERP system is replacing the previous platform where the underlying business transactions across the Company were based upon. Considering the magnitude of the replacement and implementation of new ERP system and its impacts on internal control as well as financial and operating reporting process across the Company, it has been identified as one of the key audit matters of our annual audit of 2017.

### 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 Company’s management to understand the system, the new business processes related controls and control activities based on the new ERP system as well as the detailed implementation plan.
2. We obtained understanding of the extent of work performed by the Company’s management around the implementation and confirm the accuracy of the opening balance in the new ERP system.
3. We understood and tested the key internal controls over major business processes and the system environment which the Company’s financial reporting system relied upon.

### ***Other matter – The report of other independent accountants***

We did not audit the financial statements of certain investments accounted for using 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 \$2,708,795 thousand and \$6,821,574 thousand, representing 1.52% and 4.43% of the related totals, as of December 31, 2017 and 2016, respectively, and total operating revenues of \$289,553 thousand and \$944,108 thousand, constituting 0.77% and 9.95% 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 parent company only 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

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 28, 2018

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The accompanying parent company only 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 parent company only 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, 2017		December 31, 2016	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 197,837	-	\$ 4,976,270	3
1150	Notes receivable, net	6(2)(3)	242,758	-	257,994	-
1170	Accounts receivable, net	6(3)	694,239	1	567,736	-
1180	Accounts receivable - related parties	7	3,259,698	2	3,878,046	3
1200	Other receivables		176,937	-	183,071	-
1210	Other receivables - related parties	7	424,142	-	382,860	-
1220	Current income tax assets	6(27)	64,774	-	-	-
130X	Inventory	6(4)	1,875,713	1	2,222,635	2
1410	Prepayments		85,523	-	112,974	-
11XX	<b>Total current assets</b>		<u>7,021,621</u>	<u>4</u>	<u>12,581,586</u>	<u>8</u>
<b>Non-current assets</b>						
1523	Available-for-sale financial assets - non-current	6(5)	6,150	-	6,150	-
1543	Financial assets carried at cost - non-current	6(6)	322,814	-	329,615	-
1550	Investments accounted for using equity method	6(7)	147,433,606	83	118,148,937	77
1600	Property, plant and equipment	6(8)(10) and 7	16,489,996	9	16,255,665	11
1760	Investment property - net	6(9)(10)	4,613,302	3	4,662,894	3
1840	Deferred income tax assets	6(27)	716,724	1	787,387	1
1915	Prepayments for equipment		439,835	-	408,050	-
1920	Guarantee deposits paid		178,489	-	150,642	-
1930	Long-term notes and accounts receivable, net		66,791	-	76,399	-
1990	Other non-current assets		655,736	-	460,615	-
15XX	<b>Total non-current assets</b>		<u>170,923,443</u>	<u>96</u>	<u>141,286,354</u>	<u>92</u>
1XXX	<b>Total assets</b>		<u>\$ 177,945,064</u>	<u>100</u>	<u>\$ 153,867,940</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, 2017		December 31, 2016		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(11)	\$ 204,933	-	\$ 10,680	-
2120	Financial liabilities at fair value through profit or loss - current	6(12)	1,215	-	-	-
2150	Notes payable		9,368	-	-	-
2170	Accounts payable		1,155,276	1	1,228,598	1
2180	Accounts payable - related parties	7	119,504	-	160,924	-
2200	Other payables	6(7)(13)	8,705,452	5	5,279,868	4
2220	Other payables - related parties	7	551,170	-	528,087	-
2230	Current income tax liabilities	6(27)	-	-	151,560	-
2310	Advance receipts		129,077	-	130,052	-
2320	Long-term liabilities, current portion	6(14)(15)	4,500,000	3	4,300,000	3
21XX	<b>Total current liabilities</b>		<u>15,375,995</u>	<u>9</u>	<u>11,789,769</u>	<u>8</u>
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	6(14)	14,700,000	8	13,200,000	9
2540	Long-term borrowings	6(15)	21,899,317	13	28,398,662	18
2570	Deferred income tax liabilities	6(27)	1,813,092	1	1,752,357	1
2640	Net defined benefit liabilities	6(16)	3,727,398	2	4,016,038	3
2645	Guarantee deposits received		79,902	-	84,091	-
2670	Other non-current liabilities	6(7)	274,083	-	221,176	-
25XX	<b>Total non-current liabilities</b>		<u>42,493,792</u>	<u>24</u>	<u>47,672,324</u>	<u>31</u>
2XXX	<b>Total Liabilities</b>		<u>57,869,787</u>	<u>33</u>	<u>59,462,093</u>	<u>39</u>
<b>Equity</b>						
<b>Share capital</b>						
3110	Share capital - common stock	6(17)	56,820,154	32	56,820,154	37
<b>Capital reserve</b>						
3200	Capital surplus	6(18)	3,916,160	2	3,900,138	2
<b>Retained earnings</b>						
		6(19)(27)				
3310	Legal reserve		16,588,870	9	15,136,198	10
3320	Special reserve		4,011,314	2	4,042,765	3
3350	Unappropriated retained earnings		42,446,053	24	16,329,791	11
<b>Other equity interest</b>						
3400	Other equity interest	6(20)	( 3,707,274 )	( 2 )	( 1,823,199 )	( 2 )
3XXX	<b>Total equity</b>		<u>120,075,277</u>	<u>67</u>	<u>94,405,847</u>	<u>61</u>
<b>Contingent liabilities and commitments</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 177,945,064</u>	<u>100</u>	<u>\$ 153,867,940</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only 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	2017		2016	
		AMOUNT	%	AMOUNT	%
4000		\$ 39,283,077	100	\$ 38,919,076	100
5000		( 27,717,412)	( 70)	( 27,386,337)	( 70)
5900		<u>11,565,665</u>	<u>30</u>	<u>11,532,739</u>	<u>30</u>
		<b>Operating expenses</b>			
6100		( 5,432,321)	( 14)	( 5,607,191)	( 15)
6200		( 4,582,875)	( 12)	( 3,428,370)	( 9)
6300		( 493,423)	( 1)	( 480,772)	( 1)
6000		<u>( 10,508,619)</u>	<u>( 27)</u>	<u>( 9,516,333)</u>	<u>( 25)</u>
6900		<u>1,057,046</u>	<u>3</u>	<u>2,016,406</u>	<u>5</u>
		<b>Operating profit</b>			
		<b>Non-operating income and expenses</b>			
7010		2,059,241	5	2,001,708	5
7020		( 232,498)	( -)	( 970,290)	( 2)
7050		( 471,678)	( 1)	( 469,186)	( 1)
7070					
		<u>37,244,571</u>	<u>95</u>	<u>12,594,592</u>	<u>32</u>
7000		<u>39,064,632</u>	<u>99</u>	<u>13,156,824</u>	<u>34</u>
7900		40,121,678	102	15,173,230	39
7950		( 276,825)	( -)	( 646,511)	( 2)
8200		<u>\$ 39,844,853</u>	<u>102</u>	<u>\$ 14,526,719</u>	<u>37</u>
		<b>Other comprehensive income</b>			
		<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8311		( \$ 297,079)	( 1)	( \$ 303,633)	( 1)
8330		( 128,562)	( -)	( 280,580)	( -)
8349		50,503	( -)	51,618	( -)
		<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361		( 817,129)	( 2)	( 3,422,689)	( 9)
8380		( 1,063,626)	( 3)	( 1,075,071)	( 3)
8399		( 3,320)	( -)	( 5,698)	( -)
8300		<u>( \$ 2,259,213)</u>	<u>( 6)</u>	<u>( \$ 5,036,053)</u>	<u>( 13)</u>
8500		<u>\$ 37,585,640</u>	<u>96</u>	<u>\$ 9,490,666</u>	<u>24</u>
		<b>Earnings per share</b>			
9750		\$ 7.01		\$ 2.56	
9850		\$ 6.98		\$ 2.54	

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

UNI-PRESIDENT ENTERPRISES CORP.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Retained Earnings			Other equity interest		Total	
			Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		Unrealized gain or loss on available-for-sale financial assets
<u>For the year ended December 31, 2016</u>									
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		-	-	1,410,784	-	( 1,410,784 )	-	-	-
Cash dividends	6(19)	-	-	-	-	( 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>

(Continued)

**UNI-PRESIDENT ENTERPRISES CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Retained Earnings			Other equity interest		Total	
			Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		Unrealized gain or loss on available-for-sale financial assets
<b>For the year ended December 31, 2017</b>									
Balance at January 1, 2017		\$ 56,820,154	\$ 3,900,138	\$ 15,136,198	\$ 4,042,765	\$ 16,329,791	(\$ 2,257,350)	\$ 434,151	\$ 94,405,847
Distribution of 2016 net income (Note):									
Legal reserve		-	-	1,452,672	-	( 1,452,672 )	-	-	-
Cash dividends	6(19)	-	-	-	-	( 11,932,232 )	-	-	( 11,932,232 )
Net income for the year ended December 31, 2017		-	-	-	-	39,844,853	-	-	39,844,853
Other comprehensive loss for the year ended December 31, 2017	6(20)	-	-	-	-	( 375,138 )	( 1,983,379 )	99,304	( 2,259,213 )
Adjustment for change in capital reserve of investee companies	6(18)	-	15,273	-	-	-	-	-	15,273
Difference between the acquisition or disposal price and carrying amounts of subsidiaries	6(18)	-	24,608	-	-	-	-	-	24,608
Adjustment of capital reserve due to change in interests in subsidiaries	6(18)	-	( 24,823 )	-	-	-	-	-	( 24,823 )
Adjustment of capital reserve due to change in interests in associate	6(18)	-	( 1,927 )	-	-	-	-	-	( 1,927 )
Non-payment of fractional cash dividends from previous years transferred to capital reserve	6(18)	-	2,891	-	-	-	-	-	2,891
Reversal of special reserve		-	-	-	( 31,451 )	31,451	-	-	-
Balance at December 31, 2017	6(19)	<u>\$ 56,820,154</u>	<u>\$ 3,916,160</u>	<u>\$ 16,588,870</u>	<u>\$ 4,011,314</u>	<u>\$ 42,446,053</u>	<u>(\$ 4,240,729)</u>	<u>\$ 533,455</u>	<u>\$ 120,075,277</u>

(Note) The employees' bonuses were \$1,220,430 and \$1,274,417, and directors' and supervisors' remuneration were \$247,079 and \$250,841 in 2015 and 2016, respectively, which had been deducted from net income for the year.

The accompanying notes are an integral part of these parent company only 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,	
		2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 40,121,678	\$ 15,173,230
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on financial assets and liabilities at fair value through profit or loss	6(12)(23)	8,172	1,860
Provision (reversal of allowance) for doubtful accounts	6(3)	660	( 6,978 )
Provision for inventory market price decline	6(4)	461	-
Gain on disposal of available-for-sale financial assets		-	( 1,440 )
Loss on disposal of financial assets carried at cost		-	452
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	( 37,244,571 )	( 12,594,592 )
Gain on disposal of investments accounted for under the equity method	6(7)(23)	( 1,400,998 )	-
Depreciation on property, plant and equipment	6(8)	1,283,518	1,149,975
Loss (gain) on disposal of property, plant and equipment	6(23)	13,966	( 163,698 )
Depreciation on investment property	6(9)	50,921	49,653
Loss on disposal of investment property	6(23)	-	105
Impairment loss on financial assets	6(6)(23)	6,801	-
Impairment loss (gain on reversal of impairment loss) on non-financial assets	6(10)(23)	11,591	( 605 )
Amortization		4,211	9,896
Amortization of rent receivable		9,194	13,928
Interest income	6(22)	( 8,132 )	( 8,082 )
Dividend income	6(22)	( 9,940 )	( 14,672 )
Finance costs	6(24)	471,678	469,186
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	3,598,140
Notes receivable		18,936	26,422
Accounts receivable		( 130,863 )	( 21,057 )
Accounts receivable - related parties		618,348	( 389,932 )
Other receivables		6,548	46,195
Other receivables - related parties		( 41,282 )	( 27,805 )
Inventories		346,461	( 51,018 )
Prepayments		22,940	( 3,251 )
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		( 6,957 )	-
Notes payable		9,368	( 7,133 )
Accounts payable		( 73,322 )	( 146,923 )
Accounts payable - related parties		( 41,420 )	14,866
Other payables		1,297,309	19,965
Other payables - related parties		23,083	14,502
Advance receipts		( 975 )	1,042
Net defined benefit liabilities - non-current		( 585,719 )	( 644,628 )
Cash inflow generated from operations		4,781,665	6,507,603
Interest received		8,132	8,082
Dividends received		7,784,075	6,339,947
Interest paid		( 460,841 )	( 497,910 )
Income tax paid		( 314,578 )	( 245,120 )
Net cash flows from operating activities		<u>11,798,453</u>	<u>12,112,602</u>

(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,	
		2017	2016
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from sale of available-for-sale financial assets		\$ -	\$ 27,660
Return of capital from financial assets carried at cost		-	4,182
Cash paid for acquisition of investments accounted for under the equity method - subsidiaries	6(30)	( 574,677 )	-
Cash paid for acquisition of investments accounted for under the equity method - non-subsiaries		( 40,633 )	( 72,954 )
Return of capital from investments accounted for under the equity method	6(7)	2,410,000	-
Cash paid for acquisition of property, plant and equipment	6(30)	( 580,455 )	( 431,723 )
Interest paid for acquisition of property, plant and equipment	6(8)(30)	( 2,651 )	( 7,128 )
Proceeds from disposal of property, plant and equipment		5,884	230,723
(Increase) decrease in guarantee deposits paid		( 27,847 )	6,043
Increase in prepayments for equipment		( 1,020,715 )	( 1,306,975 )
Interest paid for prepayments for equipment	6(8)	( 4,947 )	( 8,042 )
Increase in other non-current assets		( 199,332 )	( 92,812 )
Net cash flows used in investing activities		( 35,373 )	( 1,651,026 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings		194,253	( 41,895 )
Increase in corporate bonds payable		5,000,000	-
Decrease in corporate bonds payable		( 4,300,000 )	( 4,000,000 )
Increase in long-term borrowings		179,900,000	214,200,000
Decrease in long-term borrowings		( 185,399,345 )	( 206,800,124 )
Decrease in guarantee deposits received		( 4,189 )	( 3,436 )
Cash dividends paid	6(19)	( 11,932,232 )	( 11,364,031 )
Net cash flows used in financing activities		( 16,541,513 )	( 8,009,486 )
Net (decrease) increase in cash and cash equivalents		( 4,778,433 )	2,452,090
Cash and cash equivalents at beginning of year	6(1)	4,976,270	2,524,180
Cash and cash equivalents at end of year	6(1)	<u>\$ 197,837</u>	<u>\$ 4,976,270</u>

The accompanying notes are an integral part of these parent company only 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, 2017 and 2016, 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, 2017 and 2016, 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 2017. 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.

Key audit matters for the Group’s consolidated financial statements of the current period are stated as follows:

## **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 2017.

### 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 preestablished 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 2017.

### 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 2017.

### 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.

## **Significant acquisition**

### Description

Please refer to Notes 4(36) and 6(25) to the financial statements for accounting policy of business combinations and details of accounting relating to this key audit matter.

The Group originally invested 50% shares in President Starbucks Coffee Corp., a joint venture investment accounted for under the equity method. In December 2017, the Group acquired additional 50% shares of President Starbucks Coffee Corp. with total cash consideration amounted to \$5,378,010 thousand and obtained control over President Starbucks Coffee Corp.

The accounting treatment of the aforementioned acquisition of additional shares in President Starbucks Coffee Corp. was in accordance with International Financial Reporting Standards (“IFRS”) 3 “Business Combinations”. The recognition and measurement of identifiable intangible assets resulting from the acquisition was based on management’s expectations for future operations and prospects of President Starbucks Coffee Corp., which involved management’s subjective judgement and critical estimates, and thus has been identified as one of the key audit matters of our annual audit of 2017.

### 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 Group’s management to understand the purpose of the acquisition, evaluation process, determination of the consideration, and we also reviewed the Board of Directors’ meeting minutes and the acquisition agreements to verify the related meeting resolutions were consistent with the acquisition agreement;
2. We assessed the competence and objectivity of the independent appraisers engaged by the management, and reviewed the reasonableness of major assumptions and original data used in recognizing and measuring the identifiable intangible assets in the Purchase Price Allocation report. Procedures performed by us and our internal specialists were as follows:
  - (1) We reviewed the valuation methods and the calculations formula used in the valuation by the independent appraisers.
  - (2) We reviewed and compared the expected growth rate as well as gross margin used in the valuation with historical data.
  - (3) We reviewed the discount rate used in the valuation and compared with the rate of return from similar assets in the trade markets.
  - (4) We evaluated the basis used in assessing the useful lives of identifiable intangible assets.
3. We reviewed the accounting treatments and disclosures in the financial statements relating to this acquisition.

## **Implementation of New Enterprises Resource Planning (“ERP”) system**

### Description

Uni-President Enterprises Corp. (the “Company”) replaced certain parts of its ERP system in 2017. The new ERP system is replacing the previous platform where the underlying business transactions across the Company were based upon. Considering the magnitude of the replacement and implementation of new ERP system and its impacts on internal control as well as financial and operating reporting process across the Company, it has been identified as one of the key audit matters of our annual audit of 2017.

### 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 Company’s management to understand the system, the new business processes related controls and control activities based on the new ERP system as well as the detailed implementation plan.
2. We obtained understanding of the extent of work performed by the Company’s management around the implementation and confirm the accuracy of the opening balance in the new ERP system.
3. We understood and tested the key internal controls over major business processes and the system environment which the Company’s financial reporting system relied upon.

### ***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 \$13,649,876 thousand and \$21,114,131 thousand, representing 3.29% and 5.58% of the related consolidated totals, as of December 31, 2017 and 2016, respectively, and total operating revenues of \$26,200,625 thousand and \$26,410,816 thousand, constituting 6.55% and 6.39% of the related consolidated totals for the years then ended, respectively. Related shares of profit of associates and joint ventures accounted for under the equity method in the aforementioned companies amounted to \$103,142 thousand and \$1,081,320 thousand, respectively, constituting 0.18% and 6.68% 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 with other matter section on the parent company only financial statements of Uni-President Enterprises Corp. as at and for the years ended December 31, 2017 and 2016.

### ***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-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 28, 2018

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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, 2017		December 31, 2016		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 54,701,904	13	\$ 56,334,630	15
1110	Financial assets at fair value through profit or loss - current	6(2)	6,700,828	2	6,033,382	2
1150	Notes receivable, net	6(3)(4)	1,717,205	1	1,529,140	-
1160	Notes receivable - related parties	7	501	-	1,623	-
1170	Accounts receivable, net	6(4)	14,101,281	3	13,422,659	4
1180	Accounts receivable - related parties	7	976,737	-	1,923,453	-
1200	Other receivables	6(4)(5)(11)	50,892,490	12	7,125,917	2
1220	Current income tax assets	6(32)	264,493	-	236,496	-
130X	Inventory	6(6)(12) and 8	32,046,777	8	30,616,333	8
1410	Prepayments		3,706,655	1	4,271,619	1
1460	Non-current assets held for sale, net	6(7)(37)	-	-	7,854,383	2
1470	Other current assets	8	9,801,007	2	10,469,366	3
11XX	<b>Total current assets</b>		<u>174,909,878</u>	<u>42</u>	<u>139,819,001</u>	<u>37</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	616,568	-	-	-
1523	Available-for-sale financial assets - non-current	6(8)(9) and 8	4,929,254	1	5,833,607	2
1543	Financial assets carried at cost - non-current	6(9)	3,363,171	1	2,882,485	1
1546	Bond investments without active markets - non-current	6(10)	296,588	-	321,403	-
1550	Investments accounted for under equity method	6(7)(11)(35) and 8	29,813,034	7	33,455,146	9
1600	Property, plant and equipment	6(12)(15)(35) and 8	144,095,873	35	148,760,628	39
1760	Investment property, net	6(12)(13)(15) and 8	17,555,107	4	17,802,717	5
1780	Intangible assets	6(14)(15)(35)	12,026,147	3	2,569,940	1
1840	Deferred income tax assets	6(32)(35)	5,203,786	1	5,018,733	1
1915	Prepayments for equipment	6(12)	765,805	-	684,828	-
1920	Guarantee deposits paid	6(2) and 8	3,248,402	1	2,942,123	1
1985	Long-term prepaid rents	6(15)	12,366,470	3	13,129,124	3
1990	Other non-current assets	6(21), 7 and 8	5,465,371	2	5,365,730	1
15XX	<b>Total non-current assets</b>		<u>239,745,576</u>	<u>58</u>	<u>238,766,464</u>	<u>63</u>
1XXX	<b>Total assets</b>		<u>\$ 414,655,454</u>	<u>100</u>	<u>\$ 378,585,465</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, 2017		December 31, 2016		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(16) and 8	\$ 17,388,953	4	\$ 25,508,260	7
2110	Short-term notes and bills payable	6(17) and 8	7,305,380	2	8,039,804	2
2120	Financial liabilities at fair value through profit or loss - current	6(2)	994	-	323	-
2150	Notes payable		2,138,770	1	2,253,654	1
2160	Notes payable - related parties	7	11,932	-	21,773	-
2170	Accounts payable		30,558,991	7	28,043,593	7
2180	Accounts payable - related parties	7	478,207	-	564,956	-
2200	Other payables	6(11)(18)	55,101,600	13	43,346,808	11
2230	Current income tax liabilities	6(32)	7,633,319	2	2,931,106	1
2260	Liabilities directly associated with non-current assets held for sale	6(7)(37)	-	-	4,450,816	1
2310	Advance receipts		11,938,487	3	12,397,660	3
2320	Long-term liabilities, current portion	6(19)(20) and 8	7,417,467	2	13,187,752	4
2399	Other current liabilities		234,064	-	251,429	-
21XX	<b>Total current liabilities</b>		<u>140,208,164</u>	<u>34</u>	<u>140,997,934</u>	<u>37</u>
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	6(19)	16,986,833	4	16,179,950	4
2540	Long-term borrowings	6(20) and 8	35,909,167	9	44,485,418	12
2570	Deferred income tax liabilities	6(32)(35)	11,381,579	3	4,695,750	1
2640	Net defined benefit liabilities - non-current	6(21)(35)	9,459,119	2	9,617,638	3
2645	Guarantee deposits received		6,791,077	2	6,446,913	2
2670	Other non-current liabilities		2,619,321	-	3,461,596	1
25XX	<b>Total non-current liabilities</b>		<u>83,147,096</u>	<u>20</u>	<u>84,887,265</u>	<u>23</u>
2XXX	<b>Total liabilities</b>		<u>223,355,260</u>	<u>54</u>	<u>225,885,199</u>	<u>60</u>
<b>Equity attributable to owners of parent</b>						
<b>Share capital</b>						
3110	Share capital - common stock	6(22)	56,820,154	14	56,820,154	15
<b>Capital reserves</b>						
3200	Capital surplus	6(23)(34)	3,916,160	1	3,900,138	1
<b>Retained earnings</b>						
3310	Legal reserve	6(24)(32)	16,588,870	4	15,136,198	4
3320	Special reserve		4,011,314	1	4,042,765	1
3350	Unappropriated retained earnings		42,446,053	10	16,329,791	4
<b>Other equity interest</b>						
3400	Other equity interest	6(25)	( 3,707,274 )	( 1 )	( 1,823,199 )	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>120,075,277</u>	<u>29</u>	<u>94,405,847</u>	<u>25</u>
36XX	<b>Non-controlling interest</b>	4(3) and 6(34)	<u>71,224,917</u>	<u>17</u>	<u>58,294,419</u>	<u>15</u>
3XXX	<b>Total equity</b>		<u>191,300,194</u>	<u>46</u>	<u>152,700,266</u>	<u>40</u>
<b>Contingent Liabilities and Commitments</b>						
<b>Subsequent Events</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 414,655,454</u>	<u>100</u>	<u>\$ 378,585,465</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				
		2017		2016		
		AMOUNT	%	AMOUNT	%	
4000	<b>Operating revenue</b>	6(26) and 7	\$ 399,860,953	100	\$ 413,364,315	100
5000	<b>Operating costs</b>	6(6)(14)(30)(31)				
		and 7	( 267,120,282)	( 67)	( 275,714,218)	( 67)
5900	<b>Net operating margin</b>		<u>132,740,671</u>	<u>33</u>	<u>137,650,097</u>	<u>33</u>
	<b>Operating expenses</b>	6(14)(30)(31)(36)				
		and 7				
6100	Selling expenses		( 88,011,936)	( 22)	( 94,013,752)	( 23)
6200	General and administrative expenses		( 21,398,149)	( 5)	( 21,555,416)	( 5)
6300	Research and development expenses		( 973,511)	-	( 989,863)	-
6000	<b>Total operating expenses</b>		( 110,383,596)	( 27)	( 116,559,031)	( 28)
6900	<b>Operating profit</b>		<u>22,357,075</u>	<u>6</u>	<u>21,091,066</u>	<u>5</u>
	<b>Non-operating income and expenses</b>					
7010	Other income	6(27) and 7	7,055,426	2	5,579,489	2
7020	Other gains and losses	4(3), 6(2)(7)(8)(9)(11)(1 5)(28) and 12	43,462,005	11	1,221,784	-
7050	Finance costs	6(12)(29)	( 1,641,872)	( 1)	( 2,237,211)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(11)	<u>5,254,991</u>	<u>1</u>	<u>4,847,214</u>	<u>1</u>
7000	<b>Total non-operating income and expenses</b>		<u>54,130,550</u>	<u>13</u>	<u>9,411,276</u>	<u>3</u>
7900	<b>Profit before income tax</b>		76,487,625	19	30,502,342	8
7950	Income tax expense	6(32)	( 16,522,538)	( 4)	( 6,826,906)	( 2)
8200	<b>Profit for the year</b>		<u>\$ 59,965,087</u>	<u>15</u>	<u>\$ 23,675,436</u>	<u>6</u>

(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				
		2017		2016		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income (loss)</b>						
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>						
8311	Remeasurement of defined benefit obligations	6(21)	(\$ 422,674)	-	(\$ 795,642)	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		( 98,459)	-	( 61,769)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(32)	71,800	-	135,166	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations		( 1,734,664)	-	( 6,237,125)	( 2)
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(8)	287,838	-	( 244,505)	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method	6(11)	( 43,023)	-	( 274,781)	-
8399	Aggregated income tax relating to components of other comprehensive income	6(8)(32)	( 8,533)	-	( 8,947)	-
8300	<b>Total other comprehensive loss for the year</b>		<u>(\$ 1,947,715)</u>	<u>-</u>	<u>(\$ 7,487,603)</u>	<u>( 2)</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 58,017,372</u>	<u>15</u>	<u>\$ 16,187,833</u>	<u>4</u>
<b>Profit attributable to:</b>						
8610	Owners of the parent		\$ 39,844,853	10	\$ 14,526,719	4
8620	Non-controlling interest		<u>20,120,234</u>	<u>5</u>	<u>9,148,717</u>	<u>2</u>
	<b>Net income</b>		<u>\$ 59,965,087</u>	<u>15</u>	<u>\$ 23,675,436</u>	<u>6</u>
<b>Comprehensive income attributable to:</b>						
8710	Owners of the parent		\$ 37,585,640	10	\$ 9,490,666	2
8720	Non-controlling interest		<u>20,431,732</u>	<u>5</u>	<u>6,697,167</u>	<u>2</u>
	<b>Net comprehensive income</b>		<u>\$ 58,017,372</u>	<u>15</u>	<u>\$ 16,187,833</u>	<u>4</u>
<b>Earnings per share (in dollars)</b>						
9750	<b>Basic</b>	6(33)	<u>\$ 7.01</u>		<u>\$ 2.56</u>	
9850	<b>Diluted</b>		<u>\$ 6.98</u>		<u>\$ 2.54</u>	

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

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent								Non-controlling interest	Total equity
		Retained earnings					Other equity interest				
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences	Unrealized gain or loss on available-for-sale financial assets	Total		
<u>For the year ended December 31, 2016</u>											
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 loss 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	4(3) and 6(23)	-	( 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>

(Continued)

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

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent								Non-controlling interest	Total equity
		Retained earnings					Other equity interest				
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences	Unrealized gain or loss on available- for-sale financial assets	Total		
<u>For the year ended December 31, 2017</u>											
Balance at January 1, 2017		\$ 56,820,154	\$ 3,900,138	\$ 15,136,198	\$ 4,042,765	\$ 16,329,791	(\$ 2,257,350 )	\$ 434,151	\$ 94,405,847	\$ 58,294,419	\$ 152,700,266
Distribution of 2016 consolidated net income:											
Legal reserve		-	-	1,452,672	-	( 1,452,672 )	-	-	-	-	-
Cash dividends	6(24)	-	-	-	-	( 11,932,232 )	-	-	( 11,932,232 )	-	( 11,932,232 )
Consolidated net income for the year ended December 31, 2017		-	-	-	-	39,844,853	-	-	39,844,853	20,120,234	59,965,087
Other comprehensive income (loss) for the year ended December 31, 2017	6(25)	-	-	-	-	( 375,138 )	( 1,983,379 )	99,304	( 2,259,213 )	311,498	( 1,947,715 )
Adjustment for change in capital reserve of investee companies	6(23)	-	15,273	-	-	-	-	-	15,273	-	15,273
Difference between the acquisition or disposal price and carrying amounts of subsidiaries	6(23)(34)	-	24,608	-	-	-	-	-	24,608	19,518	44,126
Adjustment of capital reserve due to change in interests in subsidiaries	6(23)	-	( 24,823 )	-	-	-	-	-	( 24,823 )	-	( 24,823 )
Adjustment of capital reserve due to change in interests in associates	6(23)	-	( 1,927 )	-	-	-	-	-	( 1,927 )	-	( 1,927 )
Non-payment of expired cash dividends from previous year transferred to capital reserve	6(23)	-	2,891	-	-	-	-	-	2,891	-	2,891
Reversal of special reserve	6(24)	-	-	-	( 31,451 )	31,451	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-	-	-	( 7,520,752 )	( 7,520,752 )
Balance at December 31, 2017		<u>\$ 56,820,154</u>	<u>\$ 3,916,160</u>	<u>\$ 16,588,870</u>	<u>\$ 4,011,314</u>	<u>\$ 42,446,053</u>	<u>( \$ 4,240,729 )</u>	<u>\$ 533,455</u>	<u>\$ 120,075,277</u>	<u>\$ 71,224,917</u>	<u>\$ 191,300,194</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,	
		2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 76,487,625	\$ 30,502,342
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets and liabilities at fair value through profit and loss	6(2)(28)	( 76,327 )	12,656
Provision for doubtful accounts	6(4)	51,995	134,630
Provision for inventory market price decline	6(6)	( 55,628 )	( 58,497 )
Gain on disposal of non-current assets held for sale	6(7)(28)	-	( 1,528,552 )
(Gain) loss on disposal of available-for-sale financial assets	6(28)	( 146,666 )	73,459
Gain on disposal of financial assets measured at cost	6(28)	( 84,232 )	( 1,175,952 )
Impairment loss on financial assets	6(8)(9)(28)	124,501	312,728
Gain on disposal of investments in subsidiaries	4(3), 6(28)(37)	( 740,492 )	( 2,536,835 )
Share of profit of associates and joint ventures accounted for under the equity method	6(11)	( 5,254,991 )	( 4,847,214 )
Gain on disposal of investments accounted for under the equity method	6(28)(35)	( 44,404,509 )	( 1,655 )
Depreciation on property, plant and equipment	6(12)(30)	17,962,596	18,951,650
Loss on disposal of property, plant and equipment	6(28)	128,268	146,122
Depreciation on investment properties	6(13)(30)	286,594	309,183
Gain on disposal of investment properties	6(28)	( 1,331 )	( 5,888 )
Amortization	6(14)(30)	356,458	393,377
Amortization of long-term prepaid rents		349,908	366,196
Loss on disposal of long-term prepaid rents		72,812	-
Impairment loss on non-financial assets	6(12)(13)(14)(15)(28)	23,722	1,956,485
Interest income	6(27)	( 963,720 )	( 927,112 )
Dividend income	6(27)	( 2,249,577 )	( 703,547 )
Finance costs	6(29)	1,641,872	2,237,211
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 457,016 )	9,144,040
Notes receivable		( 182,314 )	223,553
Notes receivable - related parties		1,122	( 363 )
Accounts receivable		( 402,446 )	( 685,398 )
Accounts receivable - related parties		946,716	( 227,159 )
Other receivables		( 474,355 )	247,179
Inventories		( 432,543 )	2,655,532
Prepayments		564,964	755,662
Other current assets		( 340,148 )	( 372,349 )
Changes in operating liabilities			
Notes payable		( 116,036 )	979,742
Notes payable - related parties		( 9,841 )	6,907
Accounts payable		2,082,293	657,260
Accounts payable - related parties		( 86,749 )	( 12,762 )
Other payables		5,878,698	1,864,935
Advance receipts		( 1,148,266 )	814,914
Other current liabilities		( 17,365 )	22,815
Net defined benefit liabilities - non-current		( 745,888 )	( 928,384 )
Cash inflow generated from operations		48,569,704	58,756,911
Interest received		1,165,520	793,009
Dividend received	6(37)	5,100,586	3,490,204
Interest paid		( 1,803,498 )	( 2,352,828 )
Income tax paid		( 6,569,861 )	( 5,161,148 )
Net cash flows from operating activities		46,462,451	55,526,148

(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,	
		2017	2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease (increase) in other receivables - bond reserve-repurchase		\$ 1,099,022	(\$ 4,643,613)
Decrease in other receivables - related parties		2,464	3,062
Proceeds from disposal of non-current assets held for sale	6(7)	-	6,256,466
Decrease in other current assets - other financial assets		1,030,582	1,320,181
Increase in available-for-sale financial assets - non-current		( 679,899 )	( 736,388 )
Proceeds from disposal of available-for-sale financial assets		1,800,184	1,016,940
Return of capital from available-for-sale financial assets		4,710	1,577
Increase in financial assets measured at cost - non-current		( 1,019,833 )	( 806,239 )
Proceeds from disposal of financial assets measured at cost		380,944	1,465,244
Return of capital from financial assets measured at cost		1,773	4,182
Cash paid for acquisition of investments accounted for under the equity method		( 40,633 )	( 73,345 )
Proceeds from disposal of investments accounted for under the equity method	6(37)	213,970	52,984
Return of capital from investments accounted for under the equity method		168,106	222,755
Proceeds from disposal of subsidiaries	6(37)	3,380,567	1,844,539
Cash and cash equivalents flows from business combination	6(35)(37)	700,961	-
Cash paid for acquisition of property, plant and equipment	6(37)	( 14,539,349 )	( 13,152,913 )
Interest paid for acquisition of property, plant and equipment	6(37)	( 83,880 )	( 195,528 )
Proceeds from disposal of property, plant and equipment		441,458	599,536
Cash paid for acquisition of investment property	6(37)	( 90,447 )	( 903,516 )
Interest paid for acquisition of investment property	6(37)	-	( 14,626 )
Proceeds from disposal of investment properties		1,969	10,176
Increase in intangible assets	6(14)	( 491,698 )	( 334,502 )
Increase in prepayment for equipment		( 1,392,347 )	( 2,848,506 )
Interest paid for prepayment for equipment		( 6,400 )	( 8,987 )
(Increase) decrease in guarantee deposits paid		( 82,127 )	95,304
Increase in long-term prepaid rents		( 62,320 )	( 320,802 )
Proceeds from disposal of long-term prepaid rents		203,278	-
Decrease in other non-current assets - other financial assets		-	656,924
Increase in other non-current assets		( 70,883 )	( 79,994 )
Net cash flows used in investing activities		( 9,129,828 )	( 10,569,089 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term borrowings		( 8,119,307 )	( 4,573,957 )
(Decrease) increase in short-term notes and bills payable		( 734,424 )	735,029
Increase in corporate bonds payable		5,000,000	-
Decrease in corporate bonds payable		( 11,160,498 )	( 8,643,613 )
Increase in long-term borrowings		187,659,276	248,364,985
Decrease in long-term borrowings		( 194,417,362 )	( 249,727,196 )
Increase in guarantee deposit received		340,122	68,153
(Decrease) increase in other non-current liabilities		( 3,377 )	171,471
Proceeds from (cash paid for) transaction with non-controlling interests	6(34)	44,126	( 340,854 )
Payment of cash dividends	6(24)	( 11,932,232 )	( 11,364,031 )
Change in non-controlling interests		( 7,520,752 )	( 7,002,204 )
Net cash flows used in financing activities		( 40,844,428 )	( 32,312,217 )
Effect of foreign exchange rate changes on cash and cash equivalents		1,102,148	( 568,024 )
Non-current assets held for sale - cash and cash equivalents	6(7)(37)	776,931	776,931
Net (decrease) increase in cash and cash equivalents		( 1,632,726 )	11,299,887
Cash and cash equivalents at beginning of year	6(1)	56,334,630	45,034,743
Cash and cash equivalents at end of year	6(1)	\$ 54,701,904	\$ 56,334,630

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, 2017

Unit : NT\$

Net Income for 2017	\$ 39,844,853,512
Less : 10% Legal Reserve	(3,984,485,351)
An effort to ascertain the amount of remeasuring of the fringe benefit programs.	(375,137,196)
Plus : Resersal of special reserve	31,450,387
2017 Earnings Available for Distribution	35,516,681,352
Plus : Unappropriated Retained Earnings of Previous years	2,944,886,506
Distribution Items:	38,461,567,858
Cash Dividends to Common Share Holders (NT\$ 5.5 per share)	31,251,084,816
Unappropriated Distribution	\$ 7,210,483,042

Note :

1. Net income for 2017 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 Rules of Procedure for Board of**  
**Directors' Meeting**

Provision After Proposed Amendments	Current Provision	Explanation
<p>Article 7  The following issues shall be discussed in the Directors' meeting:</p> <ol style="list-style-type: none"> <li>1. The Company's business plan.</li> <li>2. Annual financial report and semi-annual financial report. With the exception of half-yearly financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, <b><u>and an assessment of the effectiveness of the internal control system.</u></b></li> <li>4. The regulations governing acquisition or disposition of assets, derivatives transactions, granting of loan, making of endorsement or guarantee enacted or amended pursuant to Article 36-1 of the Act.</li> <li>5. Offering, issue or private placement of equity securities.</li> <li>6. Appointment and dismissal of financial, accounting or internal audit supervisors.</li> <li>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</li> <li>8. Issues to be resolved by shareholders' meetings or submitted to the Board of Directors according to Article 14-3 of the Securities and Exchange Act, other laws or regulations, or material issues required by the competent authority.</li> </ol>	<p>Article 7  The following issues shall be discussed in the Directors' meeting:</p> <ol style="list-style-type: none"> <li>1. The Company's business plan.</li> <li>2. Annual financial report and semi-annual financial report. With the exception of half-yearly financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act.</li> <li>4. The regulations governing acquisition or disposition of assets, derivatives transactions, granting of loan, making of endorsement or guarantee enacted or amended pursuant to Article 36-1 of the Act.</li> <li>5. Offering, issue or private placement of equity securities.</li> <li>6. Appointment and dismissal of financial, accounting or internal audit supervisors.</li> <li>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</li> <li>8. Issues to be resolved by shareholders' meetings or submitted to the Board of Directors according to Article 14-3 of the Securities and Exchange Act, other laws or regulations, or material issues required by the competent authority.</li> </ol>	<ol style="list-style-type: none"> <li>1. Sub-paragraph 3 has been added to paragraph 1 with respect to the duty of an audit committee prescribed in Article 14-5 of the Securities and Exchange Act: Auditing the effectiveness of the internal audit system is also a material item after referral to the board for discussions.</li> <li>2. Paragraph 5 has been amended in order to further define the duty of independent directors and further empower their participation in board operations: 'Should independent directors be hired, at least one of them shall attend a board meeting; all independent directors shall attend the board meeting for items requiring board resolution as mentioned in paragraph 1; and an independent director unable to attend the board meeting shall appoint another independent director to represent him.'</li> <li>3. Instead of a 'validity rule,' paragraph 5 is an 'enjoinment rule.' Violation of paragraph 5 involves the administrative</li> </ol>

Provision After Proposed Amendments	Current Provision	Explanation
<p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened.</p> <p>For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholders' equity.</p> <p><b><u>Independent directors, if any, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy.</u></b> If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there</p>	<p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened.</p> <p>For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholders' equity.</p> <p><b>Independent directors, if any, shall personally attend, or appoint another independent director to attend on behalf of him, the meeting with respect to the issues to be submitted to the Board of Directors pursuant to Article 14-3 of the Act.</b> If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</p>	<p>sanction rule prescribed in subparagraph 7, paragraph 1, Article 178 of the Secures and Exchange Act. In addition, should the number of attendees of a board meeting meet the statutory threshold, the absence of independent directors will be irrelevant to the vanity of that board meeting.</p> <p>4. Adjustment of the text (punctuations) of paragraphs 2 and 3.</p>

Provision After Proposed Amendments	Current Provision	Explanation
<p>is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</p>		
<p>Article 19  The Rules were defined on April 1, 2004. Enactment of, and amendments to, these Rules shall be subject to the approval of the Board of Directors and reported to the shareholders' meeting.  1<sup>st</sup> amendment made on Feb. 25, 2005;  2<sup>nd</sup> amendment made on April 21, 2006;  3<sup>rd</sup> amendment made on March 9, 2007;  4<sup>th</sup> amendment made on Feb. 5, 2008;  5<sup>th</sup> amendment made on Feb. 18, 2011;  6<sup>th</sup> amendment made on Aug. 29, 2012;  7<sup>th</sup> amendment made on Mar. 28, 2013.  8<sup>th</sup> amendment made on Mar. 26, 2015.  <u>9<sup>th</sup> amendment made on Nov. 8, 2017.</u></p>	<p>Article 19  The Rules were defined on April 1, 2004. Enactment of, and amendments to, these Rules shall be subject to the approval of the Board of Directors and reported to the shareholders' meeting.  1<sup>st</sup> amendment made on Feb. 25, 2005;  2<sup>nd</sup> amendment made on April 21, 2006;  3<sup>rd</sup> amendment made on March 9, 2007;  4<sup>th</sup> amendment made on Feb. 5, 2008;  5<sup>th</sup> amendment made on Feb. 18, 2011;  6<sup>th</sup> amendment made on Aug. 29, 2012;  7<sup>th</sup> amendment made on Mar. 28, 2013.  8<sup>th</sup> amendment made on Mar. 26, 2015.</p>	<p>Recording of the date of amendment.</p>

**Uni-President Enterprises Corporation**  
**Contrast Table for Amendments to the Operational Procedures for Loaning of**  
**Company Funds**

Article	Provision After Proposed Amendments	Current Provision	Explanation
Article 2	<p>Determination criteria for the lending of capital:</p> <p>(1)The lending of capital under business dealing relationship shall be provided after the business dealing has taken place in principle and the amount of loan shall be equivalent to the amount of product purchase or product sale during the latest year or during the current year up to the time of lending, whichever is higher.</p> <p>(2)The lending of capital to meet short term working capital requirement shall be limited to the following situations:</p> <p>i. Any subsidiary of the Company under equity pick-up has requirements due to repayment of loan, purchase of equipment or operational working capital.</p> <p>ii. Any company of which the Company indirectly holds more than fifty percent shares has requirements due to repayment of loan, purchase of equipment or operational working capital.</p> <p>iii. Any company of which the Company directly or indirectly holds more than fifty percent shares has requirements due to investment in other companies and such investment target is beneficial to the future business development of the Company.</p>	<p>Determination criteria for the lending of capital:</p> <p>(1)The lending of capital under business dealing relationship shall be provided after the business dealing has taken place in principle and the amount of loan shall be equivalent to the amount of product purchase or product sale during the latest year or during the current year up to the time of lending, whichever is higher.</p> <p>(2)The lending of capital to meet short term working capital requirement shall be limited to the following situations:</p> <p>i. Any subsidiary of the Company under equity pick-up has requirements due to repayment of loan, purchase of equipment or operational working capital.</p> <p>ii. Any company of which the Company indirectly holds more than fifty percent shares has requirements due to repayment of loan, purchase of equipment or operational working capital.</p> <p>iii. Any company of which the Company directly or indirectly holds more than fifty percent shares has requirements due to investment in other companies and such investment target is beneficial to the future business development of the Company.</p> <p><b>The Company may lend capital to any subsidiary of which 100% voting shares are directly or indirectly held by the Company, provided that prior approval by resolution of the Company's board of directors is required. The operational</b></p>	<p>Consolidation of all control documents of subsidiaries in Article 10.</p>

Article	Provision After Proposed Amendments	Current Provision	Explanation
		<p><b>procedures shall stipulate the limits on the amount and duration of inter-company loans between foreign companies in which the company holds, directly or indirectly, 100% of the voting shares.</b></p>	
Article 3	<p>Limit on total amount of lending and lending to one single borrower:</p> <ol style="list-style-type: none"> <li>1. Total lending amount limit: 40% net value of the Company.</li> <li>2. Limit of lending to one single borrower:               <ol style="list-style-type: none"> <li>(1) Business dealings: No more than 1 billion NT Dollars per company. In addition, the amount loaned shall not exceed the value of the sales or purchase, whichever is higher, of the nearest year or the current year up to the time the loan is made.</li> <li>(2) Short term financing requirement: No more than <b>40% net value of the Company.</b></li> </ol> </li> </ol>	<p>Limit on total amount of lending and lending to one single borrower:</p> <ol style="list-style-type: none"> <li>1. Total lending amount limit: 40% net value of the Company.</li> <li>2. Limit of lending to one single borrower:               <ol style="list-style-type: none"> <li>(1) Business dealings: No more than 1 billion NT Dollars per company. In addition, the amount loaned shall not exceed the value of the sales or purchase, whichever is higher, of the nearest year or the current year up to the time the loan is made.</li> <li>(2) Short term financing requirement: No more than <b>5 hundred million NT Dollars per company.</b></li> </ol> </li> </ol>	<p>Raise the credit limit to enhance the operational flexibility for planning capital appropriation and lending.</p>
Article 10	<p>Monitoring procedure for lending of capital by subsidiaries:</p> <ol style="list-style-type: none"> <li>1. Any subsidiary that contemplates to lend its capital to any person due to operational requirements shall establish the “Operating Procedure for the Lending of Capital” which shall be approved by the board of directors of the subsidiary and submitted to the shareholders meeting for consent. The same shall be applicable to any amendment. The formulation of “Procedures for Loans to Others” of a subsidiary company that has an established audit committee shall be consented by the members of the audit committee and be submitted for a resolution by the Board of Directors for adoption in a shareholders’ meeting.</li> </ol> <p><b><u>Restrictions in articles 3 and 4 will not apply to the capital lending among overseas subsidiaries of which this Company holds directly or indirectly 100% of their voting</u></b></p>	<p>Monitoring procedure for lending of capital by subsidiaries:</p> <ol style="list-style-type: none"> <li>1. Any subsidiary that contemplates to lend its capital to any person due to operational requirements shall establish the “Operating Procedure for the Lending of Capital” which shall be approved by the board of directors of the subsidiary and submitted to the shareholders meeting for consent. The same shall be applicable to any amendment. The formulation of “Procedures for Loans to Others” of a subsidiary company that has an established audit committee shall be consented by the members of the audit committee and be submitted for a resolution by the Board of Directors for adoption in a shareholders’ meeting.</li> </ol>	<ol style="list-style-type: none"> <li>1. Centralization of the control requirements for subsidiaries.</li> </ol>

Article	Provision After Proposed Amendments	Current Provision	Explanation
	<p><b><u>shares, provided that lending of such kind shall abide by the local laws and regulations, and the credit limit and maturity of lending shall be specified.</u></b></p> <p>2.Any lending of capital by any subsidiary shall be done in accordance with its “Operating Procedure for the Lending of Capital”. <b><u>The details regarding capital lending shall be summarized in writing to report to this Company to affiliate disclosure and declaration by the deadline .</u></b></p> <p>3.If <b><u>unlisted investees and its</u></b> subsidiary of which 50% or more shares are held by the Company contemplates to lend its capital to any person due to operational requirements, <b><u>the lending shall be reviewed by this Company prior to implementation.</u></b></p>	<p>2.Any lending of capital by any subsidiary shall be done in accordance with its “Operating Procedure for the Lending of Capital”. <b>The recipients and balance amount of the lending of capital for the previous month shall be submitted to the Company in writing by the 5<sup>th</sup> day of each month.</b></p> <p>3.If <b>any subsidiary</b> of which 50% or more shares are held by the Company contemplates to lend its capital to any person due to operational requirements in the amount of 5 hundred million NT Dollars or above, prior approval by the board of directors of the Company is required.</p>	<p>2. Ensuring the consistency of the capital lending procedures of subsidiaries with the governance spirit of this Company.</p>
Article 12	<p>This Procedure is implemented after consent by the shareholders meeting. The same shall be applicable for any amendment.</p> <p>This Procedure was made on 29 April 1988 and was amended on:  (01)31 May 1989.....  (08)22 June 2016  <b><u>(09)20 June 2018</u></b></p>	<p>This Procedure is implemented after consent by the shareholders meeting. The same shall be applicable for any amendment.</p> <p>This Procedure was made on 29 April 1988 and was amended on:  (01)31 May 1989.....  (08)22 June 2016</p>	<p>Recording of the date of amendment.</p>

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

As of 03/28/2018

Name	Current Position with Other Companies
Kao Chyuan Inv. Co., Ltd. Representative: Chih-Hsien Lo	<p><b>Chairman of :</b>            President Chain Store Corp., President Natural Industrial Corp., Ton Yi Industrial Corp., TTET Union Corp., Prince Housing Development Corp., Cheng-Shi Investment Holding Co., Time Square International Co., Ltd., Don-Fung Corp., Prince Corp., Prince Real Estate Co., Ltd., Kai Yu Investment Co., Ltd., President Packaging Corp., President International Development Corp., Tong Yu Investment Corp., President Property Corp., Scino Pharm Taiwan Ltd., 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., 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><b>Vice Chairman of :</b> President Nisshin Corp.</p> <p><b>Director of :</b>            President Baseball Team Corp., Nanlien International Corp., Tone Sang Construction Corp., Retail Support International Corp., Presicarre Corp., President Fair Development Corp., President Starbucks Coffee Corp., (Approval of name change to Uni-Wonder Corporation by the Ministry of Economic Affairs on March 14, 2018.) 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., Tait Marketing &amp; Distribution Co., Ltd., Wei Lih Food Industrial Co., Ltd., Keng Ting Enterprises Co., Ltd., Prince Property Management Consulting Co., Kao Chyuan Inv. Corp., PCS (BVI) Holdings Ltd., PCS (Labuan) Holdings Ltd., Uni-President International (HK) Co., Ltd., Champ Green Capital Ltd., Champ Green (Shanghai) Consulting Co. Ltd., Guiyang President Enterprises Co., Ltd., Uni-President Enterprises (Shanghai) Co., Ltd., Taizhou President Enterprises Co., Ltd., Fuzhou President Enterprises Co., Ltd., Hefei President Enterprises Co., Uni-President Enterprises (Ningxia) Co., Ltd.,</p>

Name	Current Position with Other Companies
	<p>Xuzhou President Enterprise Co., Ltd., Hangzhou President Enterprise Co., Ltd., Jinan President Enterprise Co., Ltd., Guangzhou President Enterprises Co., Ltd., Hainan President Enterprise Co., Ltd., Nanchang President Enterprises Co., Ltd., Nanning President Enterprise Co., Ltd., Zhanjiang President Enterprise Co., Ltd., Changsha President Enterprises Co., Ltd., Zhengzhou President Enterprises Co., Ltd., Zhanjiang President Enterprise Co., Ltd., Jangsu President Enterprises Co., Ltd., Hunan President Enterprises Co., Ltd., Uni-President Enterprises (Tianjin) Co., Ltd., Uni-President Enterprises (Shanxi) Co., Ltd., Shenyang President Enterprises Co., Ltd., Changchun President Enterprises Co., Ltd., Shanxi President Enterprises Corp., Henan President Enterprises Co., Ltd., Baiyin President Enterprise Co., Ltd., Akesu President Enterprise Co., Ltd., Shijiezhuanng President Enterprise Co., Ltd., Harbin President Enterprises Co., Ltd., Uni-President Enterprises (Inner Mongolia) Co., Ltd., Xinjiang President Enterprises Food Co., Ltd., Wuhan President Enterprises Food Co., Ltd., Chengdu President Enterprises Food Co., Ltd., Kunming President Enterprises Corp., Kunshan President Enterprises Food Co., Ltd., Bama President Mineral Water Co., Ltd., Wuyuan President Enterprises Mineral Water Co., Ltd., Wuxue Uni Mineral Water Co., Ltd., Uni-President Enterprises (Chang Bai Mountain jilin) Mineral Water Co., Ltd., Uni-President Trading (Kunshan) Co., Ltd., Uni-President Trading (Hubei) Co., Ltd., President (Shanghai) Trading Co., Ltd., Uni-President Enterprises (Kunshan) Food Technology Co., Ltd., Beijing Uni-President Enterprise (Beijing) Drink &amp; Food Co., Ltd., Beijing President Enterprises Drinks &amp; Food Co., Ltd., Uni-President Enterprises (Shanghai) Drink &amp; Food Co., Ltd., Uni-President Enterprise (Hutubi) Tomato Products Technology Co., Ltd., Yantai North Andre Juice Co., Ltd., President Enterprises (Kunshan) Real Estate Development Co., Ltd., Uni-President Shanghai Pearly Century Co., Ltd., Uni-President Enterprises (Shanghai) Management Consulting 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><b>President of :</b> Presco Netmarketing Inc.</p>



Name	Current Position with Other Companies
<p>Kao Chyuan Inv. Co., Ltd. Representative: Shiow-Ling Kao</p>	<p><b>Chairman of :</b> Kao Chyuan Inv. Corp., President Being Corp., President Fair Development Corp., Uni-President Department Store Corp., President Pharmaceutical Corp., President Drugstore Business Corp.</p> <p><b>Director of :</b> President Chain Store Corp., Ton Yi Industrial Corp., Scino Pharm Taiwan Ltd., President International Development Corp., Uni-President Development Corp., Prince Housing Development Corp., President Securities Corp., Time Square International Co., Ltd., President (Shanghai) Health Product Trading Company Ltd., President Starbucks Coffee Corp. (Approval of name change to Uni-Wonder Corporation by the Ministry of Economic Affairs on March 14, 2018.)</p> <p><b>President of :</b> Kao Chyuan Inv. Corp.</p>
<p>Kao Chyuan Inv. Co., Ltd. Representative: Jui-Tang Chen</p>	<p><b>Chairman of :</b> President Yilan Art and Culture Corp., President Transnet Corp., President Collect Services Co., Ltd. President Starbucks Coffee Corp., (Approval of name change to Uni-Wonder Corporation by the Ministry of Economic Affairs on March 14, 2018.) Retail Support International Corp., Uni-President Superior Commissary Corp., Ren-Hui Investment Corp., President Chain Store (Shanghai) Ltd., President (Shanghai) Health Product Trading Company Ltd., President Chain Store (Zhejiang) Ltd.</p> <p><b>Director of :</b> 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., Uni-President Logistics (BVI) Holdings Ltd., Nanlien International Corp., President Fair Development Corp., Philippine Seven Corp.</p> <p><b>President of :</b> President Chain Store Corp., Ren-Hui Investment Corp.</p>

Name	Current Position with Other Companies
Joyful Inv. Co., Ltd. Representative: Li-Ling Cheng,	<p><b>Chairman of :</b>            Joyful Inv. Co., Ltd., Lillian Investment Co., Ltd., CKH Social Welfare Foundation.</p> <p><b>Managing Director of :</b> Nantex Industry Co., Ltd.,</p> <p><b>Director of :</b>            Tainan Spinning Co., Ltd., Nan Fan Housing Development Co., Ltd. Prince Housing &amp;Development Corp., Prince Corp., Prince Real Estate Co., Ltd., Prince Property Management Consulting Co., Time Square International Co., Ltd., Uni-President Asset Management Corporation. Nanmat Technology Co., Ltd. Jun Dow Co., Ltd., Eten Technologies Inc., Konten Networks Inc., Tainan Spinning Cultural &amp; Educational Foundation.</p> <p><b>Supervisor of :</b> Shin Lin Investment Co., Ltd.</p>

**Uni-President Enterprises Corp.**  
**Operational Procedures for Endorsements and Guarantees**

Amended 25 June 2013

- Article 1: All matters related to endorsements and guarantees by the Company for another entity shall be in accordance with these Rules.
- Article 2: The scope of endorsements and guarantees by the Company includes financing, customs and other endorsements and guarantee. Other endorsements and guarantees refer to those that cannot be categorized as endorsements and guarantees for financing or customs.
- Article 3: The Company may provide endorsements and guarantees for the following entities:
1. Any company having direct business dealings with the Company.
  2. Any subsidiary of which more than 50% ordinary shares are directly held by the Company.
  3. Any subsidiary of which more than 50% of ordinary shares are held by the parent company and subsidiaries on combined basis.
  4. Any parent company that owns more than 50% of ordinary shares of the Company directly or indirectly through subsidiaries.
  5. Endorsements and guarantees provided to an invested company as a joint investing shareholder under joint investment relationship in accordance with shareholding ratio.
- Any subsidiary of which ninety percent or more voting shares are held directly or indirectly by the Company may provide endorsement or guarantee for any other subsidiary meeting the same requirement. Such endorsement or guarantee shall be subject to prior approval by the board of directors through resolution and the amount of endorsement or guarantee shall not exceed ten percent of the net value of the Company. However, the above restriction shall not apply for any endorsement or guarantee provided by any subsidiary of which the Company holds directly or indirectly 100% of voting shares for any other subsidiary meeting the same requirement.
- Article 4: Determination criteria for endorsements and guarantees provided due to business dealings:
- For any endorsement or guarantee provided by the Company due to business dealings, the amount of endorsement or guarantees shall be equivalent to product purchase or sale amount of the enterprise receiving the endorsement or guarantee during the previous year or during the current year up to the time of endorsement or guarantee, whichever is higher.
- Article 5: Amount Limit of Endorsements and Guarantees:
- The Company's total amount of liabilities under endorsements and guarantees shall be limited to 100% of the net value of the Company. The amount of an endorsement and guarantee provided to any single enterprise shall be limited to 50% of the net value of the Company and the relevant situations shall be reported to the shareholders meeting for reference.
- The total amount of endorsements and guarantees provided by the Company and its subsidiaries shall not exceed 100% of the net value of the Company. The amount of endorsements provided to any single enterprise shall not exceed 50% of the net value of the Company.

Article 6: Procedure for Endorsements and Guarantees by the Company:

1. Based on the business requirements of the enterprise receiving the endorsement or guarantee, risk shall be assessed and amount limit shall be fixed. An endorsement and guarantee may only be provided after resolution by the board of directors.

Material endorsements or guarantees shall be consented by at least half of all members of the audit committee and be approved by the Board of Directors.

However, if any endorsement or guarantee is required on urgent basis, the board may authorize the chairman to proceed within a certain amount limit and report may be submitted to the board of directors subsequently for ratification. Provisions of endorsements and guarantees and relevant matters shall be reported to the shareholders meeting for reference.

2. If the Company has independent directors, opinions of each independent director shall be taken into consideration during discussions at the board and their consents or clear opinion against the proposal and the reasons for such objection shall be included into the minutes of the board meetings.
3. For any amount of endorsement and guarantee within the amount limit for any recipient enterprise, the loan amount, duration and nature of endorsement or guarantee shall be accounted for by the Company and submitted to the supervisors of the accounting division for implementation after approval by the financial department of the Company.
4. When the recipient enterprise repays the loan, information of the repayment shall be copied to the Company so that the Company may be released of its guarantee liability.
5. Regarding the above-mentioned matters of endorsements and guarantees, books of records shall be established in which the names of recipient enterprises, matters of guarantees, results of risk assessments, amounts of endorsements and guarantees, collaterals received and conditions and dates for release of endorsement and guarantee liabilities shall be specified in detail for future reference.
6. If the recipient of an endorsement or guarantee previously meets the qualifications under Article 3, but subsequently loses such qualification, or if the amount of endorsement or guarantee exceeds the amount limit due to change to the basis of calculation, the amount or exceeding portion of the amount for such recipient shall be eliminated upon expiry of the contract or the fixed deadline under the previous plan and report shall be made to the board of directors.
7. The internal auditing staff of the Company shall perform audits on the procedures and performance of endorsements and guarantees on a quarterly basis and written records shall be prepared. If any significant breach of this rule is discovered, the audit committee shall be notified in writing.
8. If the Company or its subsidiaries provides any endorsement or guarantee for any subsidiary whose net value is lower than one-half of its paid-in capital, the Company or subsidiary shall review the recipient's statements on quarterly basis and shall procure that the recipient submits financial improvement plans.

Article 7: Detailed Review Procedure:

The Company shall review and assess the following matters in providing endorsements and guarantees:

1. Understand the purpose and use of the loan by the recipient of endorsement or guarantee and the Company's amount limit and balance for endorsements and guarantees and assess the necessity and reasonableness.
2. Analyze the operational, financial and credit conditions of the recipient and the source of loan repayment, evaluate possible risks and determine whether the appropriate collateral should be required.

3. Consider the impact of the Company's total amount of endorsements and guarantees on the Company's operational risk, financial condition and shareholders' interest.
4. If collateral needs to be provided, assess the value of the collateral.

Article 8: Use of Seal and Safekeeping Procedure:

1. The seal for checks and the Company's official seal shall be kept by separate and dedicated persons. The seal keepers may only affix the seals or issue any note following report to and consent by the board of directors (including any change) and in accordance with the operating procedures of the Company. The seal used for any endorsement or guarantee shall be the company seal registered with the Ministry of Economic Affairs.
2. For any guarantee provided to any overseas company, the guarantee letter issued by the Company shall be signed by the chairman or vice chairman with authorization by the board of directors.

Article 9: Control Procedure for Endorsements and Guarantees by Subsidiaries

1. The "Operating Rules for Endorsements and Guarantees" established by the subsidiary shall be approved by the board of directors and submitted to the shareholders meeting for approval. The same shall be applicable in the event of any amendment. The formulation of the "Regulations Governing Endorsements and Guarantees" of a subsidiary company that has an established audit committee shall be consented by the members of the audit committee and be submitted for a resolution by the Board of Directors for adoption in a shareholders' meeting.
2. Any endorsement or guarantee provided by any subsidiary of the Company to any other entity shall be done in accordance with the applicable "Operating Rules for Endorsements and Guarantees" established by such subsidiary. The balance amount and recipients of endorsements and guarantees for the previous month shall be submitted to the Company in writing by the 5<sup>th</sup> day of each month.
3. If any subsidiary in which the Company holds more than a 50% stake contemplates to provide any endorsement or guarantee for operational needs in excess of 1 Billion NT Dollars, prior approval by the board of directors of the Company shall be obtained.

Article 10: Decision Making and Authorization

1. Any endorsement or guarantee by the Company shall be provided following signing and approval procedures in accordance with Section 1, Article 6 of these Rules and after consent is obtained from the board of directors through resolution.
2. In case of urgent requirement, the board may authorize the chairman to proceed within a certain amount limit and a report may be submitted to the board of directors subsequently for ratification.
3. The finance department is authorized to carry out guarantee related matters within the amount limit approved by the board of directors.

Article 11: Public Announcement Procedure

The Company shall make relevant public announcements with regard to matters related to endorsements and guarantees in accordance with the criteria for public announcements under the "Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies" promulgated by the Financial Supervisory Commission.

Article 12: Penalty

Any first violation by any manager or responsible person of the "Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies" promulgated by the Financial Supervisory Commission or the "Operating Rules of Endorsements and

Guarantees” of the Company shall be subject to verbal warning. Any second violation shall be subject to written warning. Repeated or significant violations shall lead to dismissal.

Article 13: Any matter not included in these Rules shall be handled in accordance with the “Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies” by the Financial Supervisory Commission.

Article 14: These Rules shall be implemented after recognition by the shareholders meeting. The same shall be applicable for any amendment.

These Rules were made on 28 November 1987 and have been amended on:

(01) 1 June 1990 (02) 21 June 1991 (03) 25 May 1994 (04) 1 June 1995

(05) 30 may 1996 (06) 20 June 1997 (07) 1 June 1998 (08) 1 June 2001

(09) 28 June 2002 (10) 27 June 2003 (11)23 June 2010 (12)25 June 2013

**Uni-President Enterprises Corp.**  
**Rules of Procedure for Board of Directors' Meeting**

Article 1 (Basis)

In order to establish the fair governance system of the Company's Board of Directors, well found the supervision function and strengthen the management functions, these Rules are enhanced in accordance with Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".

Article 2

The parliamentary contents, operational procedure, notes to be specified in the minutes, publication and compliance provided in the regulations of the Company's Board of Directors governing directors shall be defined in accordance with these Rules.

Article 3

The Board of Directors shall hold a meeting at least once per quarter.

In calling a meeting of the Board of Directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director within 7 days prior to the meeting, provided that in the case of emergency, the meeting may be convened at any time.

The notice set forth in the preceding paragraph may be effected by means of electronic transmission.

Unless in the case of emergency or with justified reasons, the circumstances referred to in Paragraph 1 of Article 7 herein shall be enumerated in the grounds for calling the meeting and be prohibited from being proposed as a motion.

Article 4

The Board of Directors' meeting shall be held at the Company's location and during the Company's business hours, or the location and time convenient for directors to attend the meeting and suitable for calling of the meeting.

Article 5

The parliamentary unit designated by the Company's Board of Directors shall be the secretariat of the Board of Directors. The parliamentary unit shall draft the Board of Directors' parliamentary procedures and provide sufficient information, and send them out altogether when calling a meeting.

Where directors consider that the parliamentary information is not sufficient, they may ask the parliamentary unit to supplement the information. Where directors consider that the information about motions is not sufficient, the examination on the motions may be postponed subject to the Board of Directors' resolution.

Article 6

The parliamentary procedures of the Company's periodical directors' meetings shall include at least the following:

1. Report:

- (1) Important financial business report;
- (2) Internal audit business report;
- (3) Previous meeting minutes and execution thereof;
- (4) Other important reports

2. Discussion:

- (1) Issues discussed in the previous meeting as reserved
- (2) Issues scheduled to be discussed in this meeting

3. Temporary motions

## Article 7

The following issues shall be discussed in the Directors' meeting:

1. The Company's business plan.
2. Annual financial report and semi-annual financial report. With the exception of half-yearly financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act.
4. The regulations governing acquisition or disposition of assets, derivatives transactions, granting of loan, making of endorsement or guarantee enacted or amended pursuant to Article 36-1 of the Act.
5. Offering, issue or private placement of equity securities.
6. Appointment and dismissal of financial, accounting or internal audit supervisors.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Issues to be resolved by shareholders' meetings or submitted to the Board of Directors according to Article 14-3 of the Securities and Exchange Act, other laws or regulations, or material issues required by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened.

For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholders' equity.

Independent directors, if any, shall personally attend, or appoint another independent director to attend on behalf of him, the meeting with respect to the issues to be submitted to the Board of Directors pursuant to Article 14-3 of the Act.

If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

## Article 8

Except the issues to be submitted to the Board of Directors' meeting for debate as referred to in Paragraph 1 of the preceding Article, where the Board of Directors authorizes the authority of the Board of Directors pursuant to laws or the Company's articles of incorporation between sessions of the Board of Directors' meetings, it is necessary to specify expressly the hierarchy and contents of the authorization.

## Article 9

An attendance book shall be provided for present directors' affixation of their signatures when the Board of Directors' meeting is held.

Directors shall attend the Board of Directors' meeting personally. Where any director cannot attend the meeting personally, he may appoint another director to attend the meeting on his behalf pursuant to the Company's articles of incorporation. Directors taking part in the meeting in the form of video conference shall be deemed attending the meeting personally.



Where any director appoints another director to attend the meeting on his behalf, he shall issue a letter of proxy and specify the scope of authorization with respect to the grounds for calling the meeting.

The proxy referred to in the preceding two paragraphs shall act on behalf of no more than one person.

#### Article 10

The Directors' meeting shall be called and chaired by the Chairman of the Board, provided that the first meeting of each term of the Board of Directors shall be called by the director winning the ballots representing the most votes in the shareholders' meeting, and the chairperson thereof shall be assumed by the person entitled to hold the meeting. Where there are more than two persons entitled to hold the meeting, the chairperson shall be elected among them.

Where the Chairman of the Board takes leave or fails to exercise his authority with justifiable reason, the Vice Chairman shall be his proxy. Where the Vice Chairman also takes leave or fails to exercise his authority with justifiable reason, the Chairman shall appoint a director to be his proxy. When Chairman does not appoint any proxy, the proxy shall be elected among the directors.

#### Article 11

When holding a meeting of the board of directors, a company may, as necessary for the agenda items of the meeting, notify the personnel of relevant departments or subsidiaries to attend the meeting as non-voting participants.

When necessary, the company may also invite certificated public accounts, attorneys, or other professionals to attend as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

#### Article 12

Where present directors are less than a majority of the whole directors at the meeting time, the chairperson may announce postponement of the meeting, provided that the meeting shall not be postponed for more than twice. Where present directors are still less than a majority of the whole directors after the meeting is postponed for twice, the chairperson shall call the meeting again pursuant to Paragraph 2 of Article 3 herein.

The whole of directors referred to in the preceding paragraph and Paragraph 2(2) of Article 17 herein shall mean the ones assuming the office currently.

#### Article 13.

The Directors' meeting shall follow the parliamentary procedure scheduled in the notice of the meeting, provided that the procedure may be altered subject to a majority of present directors' approval.

The chairperson shall not adjourn the meeting, unless the parliamentary procedure scheduled in the preceding paragraph are approved by a majority of the present directors.

Where seated directors are less than a majority of the present directors in the process of the meeting, the chairperson may announce suspension of the meeting and apply Paragraph 1 of the preceding Article

#### Article 14

Where the chairperson considers that the debate of a motion may be put to vote, he may announce suspension of debate and put the motion to vote.

Where no present directors raise objection upon the chairperson's inquiry before a motion is put to vote in the meeting, the motion shall be deemed passing with the effect as same as that of passage by votes.

Where any present director expresses dissent upon the chairperson's inquiry, the motion shall be put to vote. The votes may be decided by the chairperson in any of the following manners, provided that where any present director expresses dissent, they shall be decided in the manner determined subject to a majority of the present directors' opinion:

1. By raising hands or a voting machine;
2. By roll-call voting

### 3. By voting

It is necessary to install scrutineers and ballot counters in the process of the votings referred to in the subparagraphs (2) and (3), who shall be appointed by the chairperson, provided that the scrutineers shall be directors.

The voting result shall be reported on the spot and recorded.

The whole present directors referred to in the preceding two paragraphs exclude the directors who are not entitled to exercising the voting right under Paragraph 1 of Article 16 herein.

### Article 15

Unless otherwise provided in the Act, Company Law and the Company's Articles of Incorporation, the motions proposed in the Board of Directors' meeting shall be resolved subject to attendance of a majority of the whole directors and agreement of a majority of the present directors. The resolution shall be reported on the spot and recorded.

### Article 16

If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall recuse himself during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

With respect to the directors who are prohibited from exercising voting right in resolution made by the Board of Directors pursuant to the requirements provided in the preceding paragraph, Paragraph 2 of Article 180 of the Company Law shall apply mutatis mutandis under Paragraph 3 of Article 206 of the same Law.

The parliamentary unit may specify the same in the notice for meeting, or remind the same prior to discussion of motions in the directors' meeting, in a timely manner.

### Article 17

The motions shall be recorded in the meeting minutes. The meeting minutes shall specify the following:

1. Term No. and time/location of the meeting
2. Chairperson's name
3. Directors' attendance, including the names and number of the present directors, directors taking leave and absent directors
4. Names and job titles of attendants
5. Record taker's name
6. Report: reporter's name and job title, and important opinion of directors, experts and other person
7. Agenda items: The method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recues himself, and the status of the recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 7, paragraph 5.
8. Preliminary motions: Proposers' names, methods to resolve motions and resolutions, abstract of directors', experts' and other personnel's speech, or the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recues himself, and the status of the recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
9. Other notes to be specified.

In any of the following circumstances, the resolutions made by the Directors' meeting shall be specified in the meeting minutes and published on the M.O.P.S. designated by Financial

Supervisory Commission, Executive Yuan within two days upon the meeting:

- (1)Independent directors' dissent or qualified opinion which is recorded or stated in writing;
- (2)Issues not approved by the Audit Commission but approved by more than two-thirds of the whole directors.

The attendance book of the Board of Director's meeting shall constitute a part of the meeting minutes, which shall be maintained permanently.

The meeting minutes shall be signed or sealed by the chairperson or record taker and submitted to each director within 20 days upon the meeting, which shall also be included in the Company's important files and maintained permanently in the duration of the Company's existence.

The meeting minutes referred to in Paragraph 1 may be produced and distributed in electronic form

#### Article 18

The Board of Directors' meeting shall be recorded by tape or video in full and the tape or video recording shall be maintained for at least five years and in electronic form.

Where any legal action arises from the resolutions made by the Board of Directors' meeting prior to expiration of the specific time limit referred to in the preceding paragraph, the relevant tape or video recording shall be maintained continuously until conclusion of the action.

Where the meeting is held in the form of video conference, the tape or video recordings for the meeting shall constitute a part of the meeting minutes and be maintained permanently during the Company survives.

#### Article 19

The Rules were defined on April 1, 2004. Enactment of, and amendments to, these Rules shall be subject to the approval of the Board of Directors and reported to the shareholders' meeting.

1<sup>st</sup> amendment made on Feb. 25, 2005;

2<sup>nd</sup> amendment made on April 21, 2006;

3<sup>rd</sup> amendment made on March 9, 2007;

4<sup>th</sup> amendment made on Feb. 5, 2008;

5<sup>th</sup> amendment made on Feb. 18, 2011;

6<sup>th</sup> amendment made on Aug. 29, 2012;

7<sup>th</sup> amendment made on Mar. 28, 2013.

8<sup>th</sup> amendment made on Mar. 26, 2015.

**Uni-President Enterprises Corp.**  
**Operational Procedures for Loaning of Company Funds**

Amended on 22 June 2016

Article 1. Recipients of Capital Lending

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

Article 2. Determination criteria for the lending of capital:

(1) The lending of capital under business dealing relationship shall be provided after the business dealing has taken place in principle and the amount of loan shall be equivalent to the amount of product purchase or product sale during the latest year or during the current year up to the time of lending, whichever is higher.

(2) The lending of capital to meet short term working capital requirement shall be limited to the following situations:

- i. Any subsidiary of the Company under equity pick-up has requirements due to repayment of loan, purchase of equipment or operational working capital.
- ii. Any company of which the Company indirectly holds more than fifty percent shares has requirements due to repayment of loan, purchase of equipment or operational working capital.
- iii. Any company of which the Company directly or indirectly holds more than fifty percent shares has requirements due to investment in other companies and such investment target is beneficial to the future business development of the Company.

The Company may lend capital to any subsidiary of which 100% voting shares are directly or indirectly held by the Company, provided that prior approval by resolution of the Company's board of directors is required.

The operational procedures shall stipulate the limits on the amount and duration of inter-company loans between foreign companies in which the company holds, directly or indirectly, 100% of the voting shares.

Article 3. Limit on total amount of lending and lending to one single borrower:

1. Total lending amount limit: 40% net value of the Company.
2. Limit of lending to one single borrower:
  - (1) Business dealings: No more than 1 billion NT Dollars per company. In addition, the amount loaned shall not exceed the value of the sales or purchase, whichever is higher, of the nearest year or the current year up to the time the loan is made.
  - (2) Short term financing requirement: No more than 5 hundred million NT Dollars per company.

Article 4. Duration and Interest of Lending

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

Article 5. Procedure for the Lending of Capital

1. In processing matters for the lending of capital, the Company shall fix the loan amount after review by the responsible department of the Company. Lending may be granted after approval by the president and submission to and approval by the board of directors through

resolution.

Material loan to others shall be consented by at least half of all members of the audit committee and be submitted to the Board of Directors for approval.

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

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

#### Article 6. Detailed Review Procedure

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

#### Article 7. Procedure for Public Announcement

The Company shall make public announcements about matters related to the lending of capital in accordance with the criteria for public announcements under the "Regulations Governing the Lending of Capital, Endorsements and Guarantees" promulgated by the Financial Supervisory Commission.

#### Article 8. Monitoring measures following the lending of capital and handling procedure for overdue indebtedness:

1. Regularly analyze the repayment capability of the loan recipient;
2. Evaluate the status of capital lending and make sufficient provisions for bad debt.

3.Regularly follow up on the status and reasons for overdue indebtedness for handling by the legal department.

Article 9. Penalty:

Any initial violation of the “Regulations Governing the Lending of Capital, Endorsements and Guarantees” promulgated by the Financial Supervisory Commission by any manager or responsible person shall be subject to verbal warning. Any second violation shall be subject to written warning. Repeated or significant violation shall be subject to dismissal.

Article 10. Monitoring procedure for lending of capital by subsidiaries:

- 1.Any subsidiary that contemplates to lend its capital to any person due to operational requirements shall establish the “Operating Procedure for the Lending of Capital” which shall be approved by the board of directors of the subsidiary and submitted to the shareholders meeting for consent. The same shall be applicable to any amendment. The formulation of “Procedures for Loans to Others” of a subsidiary company that has an established audit committee shall be consented by the members of the audit committee and be submitted for a resolution by the Board of Directors for adoption in a shareholders’ meeting.
2. Any lending of capital by any subsidiary shall be done in accordance with its “Operating Procedure for the Lending of Capital”. The recipients and balance amount of the lending of capital for the previous month shall be submitted to the Company in writing by the 5<sup>th</sup> day of each month.
3. If any subsidiary of which 50% or more shares are held by the Company contemplates to lend its capital to any person due to operational requirements in the amount of 5 hundred million NT Dollars or above, prior approval by the board of directors of the Company is required.

Article 11. Any matter not provided for under this Procedure shall be handled in accordance with the “Regulations Governing the Lending of Capital, Endorsements and Guarantees” promulgated by the Financial Supervisory Commission.

Article 12. This Procedure is implemented after consent by the shareholders meeting. The same shall be applicable for any amendment.

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

1. 31 May 1989
2. 1 June 1990
3. 21 June 1991
4. 28 June 2002
5. 27 June 2003
6. 23 June 2010
7. 25 June 2013
8. 22.June 2016

## Articles of Incorporation of Uni-President Enterprises Corp.

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 1<sup>st</sup> 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.**  
**Rules of Procedure for Shareholders' Meeting**

Appendix 5

Amended 21 June 2017

- 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.
- XIX. 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). 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.



**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	278,736,536
Director	Kao Chyuan Inv. Co., Ltd. Representative: Shioh-Ling Kao	278,736,536
Director	Kao Chyuan Inv. Co., Ltd. Representative: Jui-Tang Chen	278,736,536
Director	Po-Ming Hou	147,751,414
Director	Po-Yu Hou	128,917,063
Director	Chang-Sheng Lin	49,916,266
Director	Hsiu-Jen Liu	45,218,206
Director	Taiipo Investment Corp. Representative: Ping-Chih Wu	30,582,348
Director	Joyful Inv. Co., Ltd. Representative: Li-Ling 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		712,799,491