

Uni-President Enterprises Corp.
Minutes 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.)

Chairperson: Chih - Hsien Lo

Recorder: Yu-Han Chen

Attendants: Total Shares Represented by Shareholders and Proxies Present: 4,905,932,458 shares, (3,339,853,340 shares exercised via electronic transmission) accounted for 86.34% of the total shares issued (5,682,015,421 shares)

Directors Attendance: Kao Chyuan Inv. Co., Ltd. Representative: Chih-Hsien Lo,
Kao Chyuan Inv. Co., Ltd. Representative: Shioh-Ling Kao,
Kao Chyuan Inv. Co., Ltd. Representative: Jui-Tang Chen,
Young Yun Inv. Co., Ltd. Representative: Chung-Ho Wu,
Joyful Inv. Co., Ltd. Representative: Li-Ling Cheng,
Po-Ming Hou, Po-Yu Hou,
Chao-Tang Yue (Chairman of the Audit Committee)

Sit-in Members: Jung-Lung Hou (President) , Hsu-Hwa Yu (Attorney) , Tze-Meng Liu (CPA)

Meeting Agenda

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 Attachment 1 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).

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 th meeting of the 17 th term of board Jul. 27, 2017	0
Kai Nan Investment Co., Ltd.	100.0%	200,000	the 3 th meeting of the 17 th term of board Nov. 9, 2016	0
President Entertainment Corp.	100.0%	1,500,000	the 3 th meeting of the 16 th term of board Nov. 12, 2013	1,433,000
Kai Yu Investment Co., Ltd.	100.0%	1,700,000	the 2 th meeting of the 16 th term of board Aug. 12, 2013	0
Tone Sang Construction Corp.	100.0%	1,800,000	the 10 th meeting of the 13 th term of board Dec. 16, 2005	971,000
President Baseball Team Corp.	100.0%	60,000	the 7 th meeting of the 11 th 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 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 13th meeting of the 17th term of board of directors on March 28, 2018 and examined by Audit Committee. (Proposed by the Board)

Explanation: Please refer to Attachment 1 for the 2017 business report, audit committee's review report (Attachment 2), auditor's report and financial statements (Attachment 3, Attachment 4).

Resolution:

Voting Result-

Shares represented at the time of voting: 4,905,932,458

Voting Results*		% of the total represented share present
Votes in favor:	4,005,903,433 votes (2,466,682,595 votes)	81.65%
Votes against:	5,346,554 votes (5,346,554 votes)	0.10%
Abstention votes/ No votes:	894,682,471 votes (867,824,191 votes)	18.25%
Votes invalid:	0 votes	0%
Votes in favor is more than one-half of the shareholders vote, the proposal was approved after voting.		

*including votes casted electronically (numbers in brackets)

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 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:

Voting Result-

Shares represented at the time of voting: 4,905,932,458

Voting Results*		% of the total represented share present
Votes in favor:	4,023,341,824 votes (2,484,120,986 votes)	82.00%
Votes against:	153,371 votes (153,371 votes)	0.00%
Abstention votes / No votes:	882,437,263 votes (855,578,983 votes)	18.00%
Votes invalid:	0 votes	0%
Votes in favor is more than one-half of the shareholders vote, the proposal was approved after voting.		

*including votes casted electronically (numbers in brackets)

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 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:

Voting Result-

Shares represented at the time of voting: 4,905,932,458

Voting Results*		% of the total represented share present
Votes in favor:	3,181,658,187 votes (1,642,437,349 votes)	64.85%
Votes against:	810,644,468 votes (810,644,468 votes)	16.52%
Abstention votes/ No votes:	913,629,803 votes (886,771,523 votes)	18.63%
Votes invalid:	0 votes	0%
Votes in favor is more than one-half of the shareholders vote, the proposal was approved after voting.		

*including votes casted electronically (numbers in brackets)

Motion2: 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. Shioh-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 for details of positions and duties concurrently served in other companies.

Resolution :

Voting Result-

Shares represented at the time of voting: 4,905,932,458

Voting Results*		% of the total represented share present
Votes in favor:	3,902,810,872 votes (2,363,590,034 votes)	79.55%
Votes against:	3,658,028 votes (3,658,028 votes)	0.07%
Abstention votes / No votes:	999,463,558 votes (972,605,278 votes)	20.38%
Votes invalid:	0 votes	0%
Votes in favor is more than one-half of the shareholders vote, the proposal was approved after voting.		

*including votes casted electronically (numbers in brackets)

VI Questions and Motions: None.

VII Adjournment: June 20, 2018 at 09:35 am.

2017 Business Report

2017 was an exciting and emotional year for us, as it marked the 50th 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

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	%	
Current assets						
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	Total current assets		<u>7,021,621</u>	<u>4</u>	<u>12,581,586</u>	<u>8</u>
Non-current assets						
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	Total non-current assets		<u>170,923,443</u>	<u>96</u>	<u>141,286,354</u>	<u>92</u>
1XXX	Total assets		<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	%	
Current liabilities						
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	Total current liabilities		<u>15,375,995</u>	<u>9</u>	<u>11,789,769</u>	<u>8</u>
Non-current liabilities						
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	Total non-current liabilities		<u>42,493,792</u>	<u>24</u>	<u>47,672,324</u>	<u>31</u>
2XXX	Total Liabilities		<u>57,869,787</u>	<u>33</u>	<u>59,462,093</u>	<u>39</u>
Equity						
Share capital						
3110	Share capital - common stock	6(17)	56,820,154	32	56,820,154	37
Capital reserve						
3200	Capital surplus	6(18)	3,916,160	2	3,900,138	2
Retained earnings						
3310	Legal reserve	6(19)(27)	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
Other equity interest						
3400	Other equity interest	6(20)	(3,707,274)	(2)	(1,823,199)	(2)
3XXX	Total equity		<u>120,075,277</u>	<u>67</u>	<u>94,405,847</u>	<u>61</u>
Contingent liabilities and commitments						
3X2X	Total liabilities and equity		<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 Sales revenue	6(21) and 7	\$ 39,283,077	100	\$ 38,919,076	100
5000 Operating costs	6(4)(25)(26) and 7	(27,717,412)	(70)	(27,386,337)	(70)
5900 Net operating margin		<u>11,565,665</u>	<u>30</u>	<u>11,532,739</u>	<u>30</u>
Operating expenses	6(25)(26) and 7				
6100 Selling expenses		(5,432,321)	(14)	(5,607,191)	(15)
6200 General and administrative expenses		(4,582,875)	(12)	(3,428,370)	(9)
6300 Research and development expenses		(493,423)	(1)	(480,772)	(1)
6000 Total operating expenses		<u>(10,508,619)</u>	<u>(27)</u>	<u>(9,516,333)</u>	<u>(25)</u>
6900 Operating profit		<u>1,057,046</u>	<u>3</u>	<u>2,016,406</u>	<u>5</u>
Non-operating income and expenses					
7010 Other income	6(22) and 7	2,059,241	5	2,001,708	5
7020 Other gains and losses	6(6)(7)(8)(9)(10)(12)(23)	232,498	-	970,290	(2)
7050 Finance costs	6(24)	(471,678)	(1)	(469,186)	(1)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	<u>37,244,571</u>	<u>95</u>	<u>12,594,592</u>	<u>32</u>
7000 Total non-operating income and expenses		<u>39,064,632</u>	<u>99</u>	<u>13,156,824</u>	<u>34</u>
7900 Profit before income tax		<u>40,121,678</u>	<u>102</u>	<u>15,173,230</u>	<u>39</u>
7950 Income tax expense	6(27)	(276,825)	-	(646,511)	(2)
8200 Profit for the year		<u>\$ 39,844,853</u>	<u>102</u>	<u>\$ 14,526,719</u>	<u>37</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plan	6(16)	(\$ 297,079)	(1)	(\$ 303,633)	(1)
8330 Share of other comprehensive loss of associates and joint ventures accounted for under equity method		(128,562)	-	(280,580)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	50,503	-	51,618	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Other comprehensive income, before tax, exchange differences on translation	6(20)	(817,129)	(2)	(3,422,689)	(9)
8380 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	6(20)	(1,063,626)	(3)	(1,075,071)	(3)
8399 Income tax related to the components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	(3,320)	-	(5,698)	-
8300 Other comprehensive loss for the year		<u>(\$ 2,259,213)</u>	<u>(6)</u>	<u>(\$ 5,036,053)</u>	<u>(13)</u>
8500 Total comprehensive income for the year		<u>\$ 37,585,640</u>	<u>96</u>	<u>\$ 9,490,666</u>	<u>24</u>
Earnings per share	6(28)				
9750 Basic		<u>\$ 7.01</u>		<u>\$ 2.56</u>	
9850 Diluted		<u>\$ 6.98</u>		<u>\$ 2.54</u>	

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	Retained Earnings				Other equity interest		Total	
		Share capital - common stock	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
For the year ended December 31, 2017									
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
CASH FLOWS FROM OPERATING ACTIVITIES			
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)	\$ 197,837	\$ 4,976,270

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

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	%	
Current assets						
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	Total current assets		<u>174,909,878</u>	<u>42</u>	<u>139,819,001</u>	<u>37</u>
Non-current assets						
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	Total non-current assets		<u>239,745,576</u>	<u>58</u>	<u>238,766,464</u>	<u>63</u>
1XXX	Total assets		<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	%	
Current liabilities						
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	Total current liabilities		<u>140,208,164</u>	<u>34</u>	<u>140,997,934</u>	<u>37</u>
Non-current liabilities						
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	Total non-current liabilities		<u>83,147,096</u>	<u>20</u>	<u>84,887,265</u>	<u>23</u>
2XXX	Total liabilities		<u>223,355,260</u>	<u>54</u>	<u>225,885,199</u>	<u>60</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(22)	56,820,154	14	56,820,154	15
Capital reserves						
3200	Capital surplus	6(23)(34)	3,916,160	1	3,900,138	1
Retained earnings						
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
Other equity interest						
3400	Other equity interest	6(25)	(3,707,274)	(1)	(1,823,199)	-
31XX	Equity attributable to owners of the parent		<u>120,075,277</u>	<u>29</u>	<u>94,405,847</u>	<u>25</u>
36XX	Non-controlling interest	4(3) and 6(34)	<u>71,224,917</u>	<u>17</u>	<u>58,294,419</u>	<u>15</u>
3XXX	Total equity		<u>191,300,194</u>	<u>46</u>	<u>152,700,266</u>	<u>40</u>
Contingent Liabilities and Commitments						
Subsequent Events						
3X2X	Total liabilities and equity		<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	Operating revenue	6(26) and 7	\$ 399,860,953	100	\$ 413,364,315	100
5000	Operating costs	6(6)(14)(30)(31)				
		and 7	(267,120,282)	(67)	(275,714,218)	(67)
5900	Net operating margin		<u>132,740,671</u>	<u>33</u>	<u>137,650,097</u>	<u>33</u>
	Operating expenses	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	Total operating expenses		(110,383,596)	(27)	(116,559,031)	(28)
6900	Operating profit		<u>22,357,075</u>	<u>6</u>	<u>21,091,066</u>	<u>5</u>
	Non-operating income and expenses					
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	Total non-operating income and expenses		<u>54,130,550</u>	<u>13</u>	<u>9,411,276</u>	<u>3</u>
7900	Profit before income tax		76,487,625	19	30,502,342	8
7950	Income tax expense	6(32)	(16,522,538)	(4)	(6,826,906)	(2)
8200	Profit for the year		<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	%	
Other comprehensive income (loss)						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Remeasurement of defined benefit obligations	6(21)	(\$ 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	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
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	Total other comprehensive loss for the year		<u>(\$ 1,947,715)</u>	<u>-</u>	<u>(\$ 7,487,603)</u>	<u>(2)</u>
8500	Total comprehensive income for the year		<u>\$ 58,017,372</u>	<u>15</u>	<u>\$ 16,187,833</u>	<u>4</u>
Profit attributable to:						
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>
	Net income		<u>\$ 59,965,087</u>	<u>15</u>	<u>\$ 23,675,436</u>	<u>6</u>
Comprehensive income attributable to:						
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>
	Net comprehensive income		<u>\$ 58,017,372</u>	<u>15</u>	<u>\$ 16,187,833</u>	<u>4</u>
Earnings per share (in dollars)						
9750	Basic	6(33)	<u>\$ 7.01</u>		<u>\$ 2.56</u>	
9850	Diluted		<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							Total	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			
<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
CASH FLOWS FROM OPERATING ACTIVITIES			
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
CASH FLOWS FROM INVESTING ACTIVITIES			
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)
CASH FLOWS FROM FINANCING ACTIVITIES			
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"> 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, <u>and an assessment of the effectiveness of the internal control system.</u> 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. 	<p>Article 7 The following issues shall be discussed in the Directors' meeting:</p> <ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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. 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.' 3. Instead of a 'validity rule,' paragraph 5 is an 'enjoinment rule.' Violation of paragraph 5 involves the administrative

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><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> 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>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.</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. 1st amendment made on Feb. 25, 2005; 2nd amendment made on April 21, 2006; 3rd amendment made on March 9, 2007; 4th amendment made on Feb. 5, 2008; 5th amendment made on Feb. 18, 2011; 6th amendment made on Aug. 29, 2012; 7th amendment made on Mar. 28, 2013. 8th amendment made on Mar. 26, 2015. <u>9th 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. 1st amendment made on Feb. 25, 2005; 2nd amendment made on April 21, 2006; 3rd amendment made on March 9, 2007; 4th amendment made on Feb. 5, 2008; 5th amendment made on Feb. 18, 2011; 6th amendment made on Aug. 29, 2012; 7th amendment made on Mar. 28, 2013. 8th 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>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</p>	<p>Consolidation of all control documents of subsidiaries in Article 10.</p>

Article	Provision After Proposed Amendments	Current Provision	Explanation
		<p>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.</p>	
Article 3	<p>Limit on total amount of lending and lending to one single borrower:</p> <ol style="list-style-type: none"> 1. Total lending amount limit: 40% net value of the Company. 2. Limit of lending to one single borrower: <ol style="list-style-type: none"> (1) Business dealings: No more than 1 billion NT Dollars per company. In addition, the amount loaned shall not exceed the value of the sales or purchase, whichever is higher, of the nearest year or the current year up to the time the loan is made. (2) Short term financing requirement: No more than 40% net value of the Company. 	<p>Limit on total amount of lending and lending to one single borrower:</p> <ol style="list-style-type: none"> 1. Total lending amount limit: 40% net value of the Company. 2. Limit of lending to one single borrower: <ol style="list-style-type: none"> (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. 	<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"> 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. <p><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></p>	<p>Monitoring procedure for lending of capital by subsidiaries:</p> <ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 1. Centralization of the control requirements for subsidiaries.

Article	Provision After Proposed Amendments	Current Provision	Explanation
	<p><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></p> <p>2.Any lending of capital by any subsidiary shall be done in accordance with its “Operating Procedure for the Lending of Capital”. <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></p> <p>3.If <u>unlisted investees and its</u> subsidiary of which 50% or more shares are held by the Company contemplates to lend its capital to any person due to operational requirements, <u>the lending shall be reviewed by this Company prior to implementation.</u></p>	<p>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 5th day of each month.</p> <p>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.</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 <u>(09)20 June 2018</u></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>Chairman of : 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>Vice Chairman of : President Nisshin Corp.</p> <p>Director of : President Baseball Team Corp., Nanlien International Corp., Tone Sang Construction Corp., Retail Support International Corp., Presicarre Corp., President Fair Development Corp., 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 & 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 & Food Co., Ltd., Beijing President Enterprises Drinks & Food Co., Ltd., Uni-President Enterprises (Shanghai) Drink & 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>President of : Presco Netmarketing Inc.</p>

Name	Current Position with Other Companies
<p>Kao Chyuan Inv. Co., Ltd. Representative: Shiow-Ling Kao</p>	<p>Chairman of : 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>Director of : 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>President of : Kao Chyuan Inv. Corp.</p>
<p>Kao Chyuan Inv. Co., Ltd. Representative: Jui-Tang Chen</p>	<p>Chairman of : 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>Director of : 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>President of : President Chain Store Corp., Ren-Hui Investment Corp.</p>

Name	Current Position with Other Companies
<p>Joyful Inv. Co., Ltd. Representative: Li-Ling Cheng,</p>	<p>Chairman of : Joyful Inv. Co., Ltd., Lillian Investment Co., Ltd., CKH Social Welfare Foundation.</p> <p>Managing Director of : Nantex Industry Co., Ltd.,</p> <p>Director of : Tainan Spinning Co., Ltd., Nan Fan Housing Development Co., Ltd. Prince Housing &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 & Educational Foundation.</p> <p>Supervisor of : Shin Lin Investment Co., Ltd.</p>