



PRESIDENT CHAIN STORE CORPORATION

ANNUAL REPORT 2015



2015 ANNUAL REPORT

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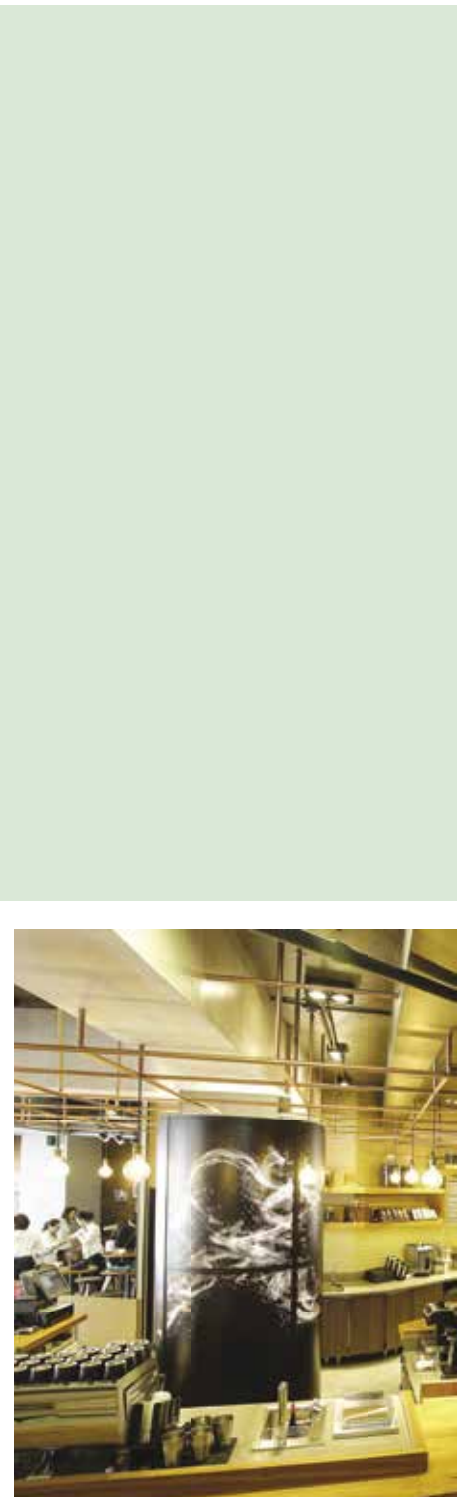
7-11 Gung Yuan Shang store with reading room and comfortable seating area, Taipei.



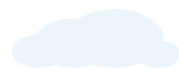
7-11 Bao Zhuang store characterized by cat and magic, Yunlin.



Cosmed European Garden, Hsinchu.



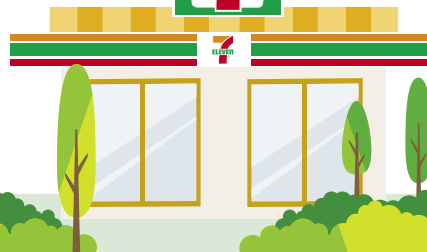
Starbucks Long Men, Taipei.



康是美
COSMED



STARBUCKS®



Our new store format gives customers
a fresh experience







Our variety products
enrich customers' lifestyle





icash2.0





Our digital services provide
customers a trustful convenience







Our community service center delivers
customers joy and happiness

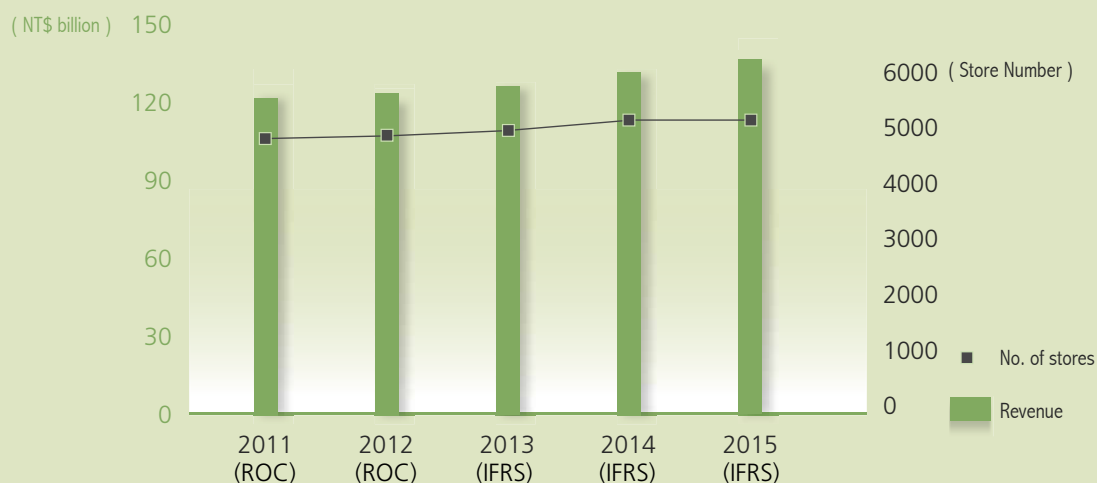


Overall Performance (alone)

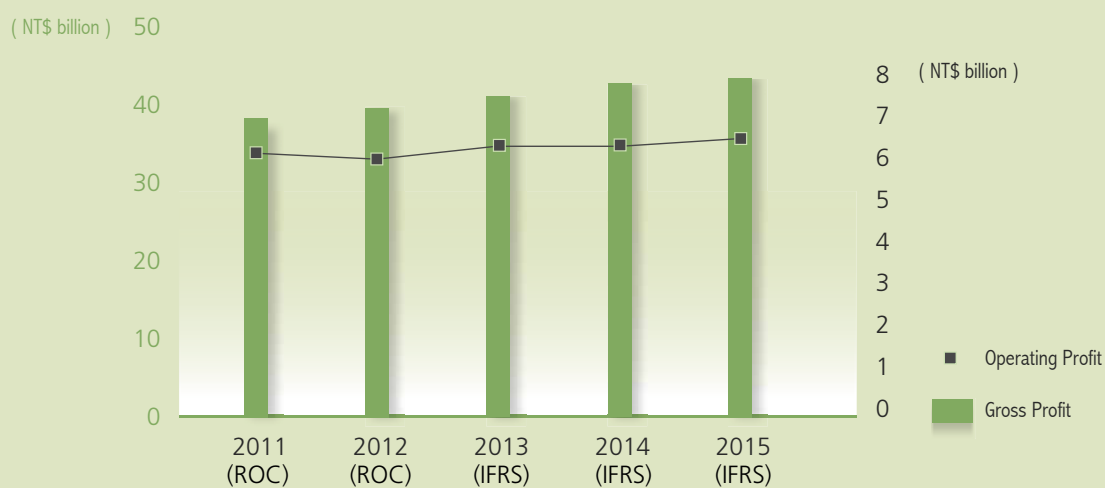
Item / Year (NT\$ 1,000)	2015	2014	YoY
Revenue	133,407,688	131,330,857	1.58%
Gross Profit	45,109,265	43,179,892	4.47%
Operating Profit	6,412,115	6,300,851	1.77%
Pre-tax Profit	9,566,746	10,312,119	-7.23%
Net Profit	8,238,993	9,090,462	-9.37%
EPS(NT\$)	7.92	8.74	—
Weighted Average Outstanding Shares	1,039,622,255	1,039,622,255	—

Financial Ratios	2015	2014
Gross Margin	33.81%	32.88%
Operating Expense Ratio	29.01%	28.08%
Operating Margin	4.81%	4.80%
Net Margin	6.18%	6.92%
ROA	13.71%	15.62%
ROE	30.73%	36.16%
Inventory Turnover	15.19 Times	17.07 Times
Fixed Asset Turnover	14.28 Times	13.49 Times

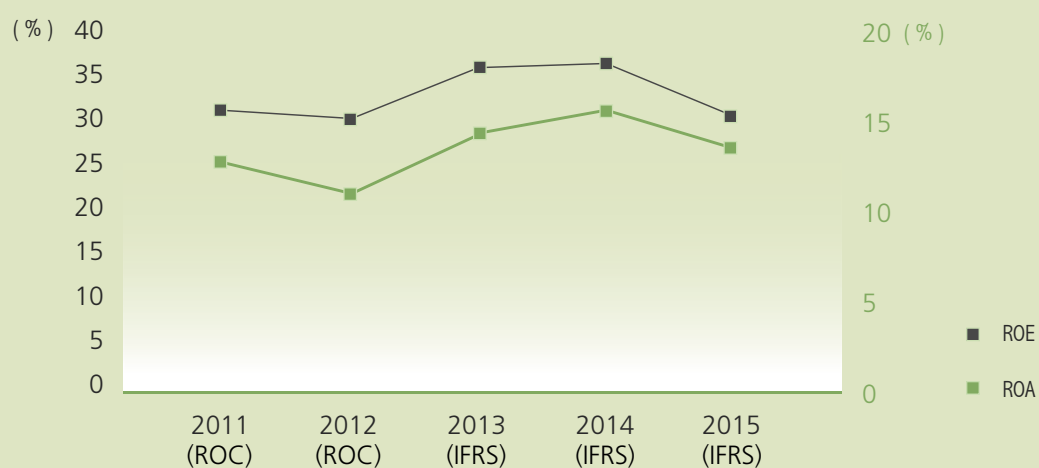
Total No. of Stores & Revenue



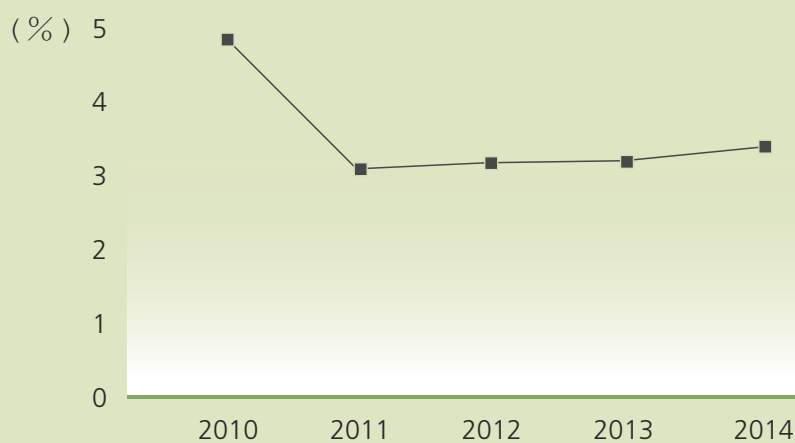
Gross Profit & Operating Profit



ROE & ROA



Cash Dividend Yield



1 Letter to Shareholders



Honorary Chairman:
Kao, Chin-Yen



Chairman:
Lo, Chih-Hsien



President:
Chen, Jui-Tang

Dear Shareholders,

In 2015, turbulent international economic conditions and rising minimum wages domestically resulted in a challenging business environment. Despite these instabilities, President Chain Store Corporation (PCSC) has continued to provide consumers with innovative, convenient services, while our stores served as convenient, safe, welcoming community service centers. Through the combined efforts of our diverse businesses in Taiwan and overseas, in 2015 PCSC's consolidated revenue and net profits totaled NT\$205.48 billion and NT\$8.24 billion respectively and we were once again ranked among Forbes Global 2000's top businesses around the world.

Operating Performance

To provide customers with a comfortable, friendly shopping space at its 7-ELEVEN convenience stores, PCSC continues its business strategy of large stores, each featuring unique characteristics. To ensure food safety, PCSC sources directly from contract farms where PCSC's employees oversee related operations. Moreover, our quality control laboratory conducts thorough examinations of the produce from farm to table, striving to offer customers comprehensive protection. In cooperation with Formosa Vegetable organic farms, PCSC has introduced organic vegetables to provide consumers a safe, convenient way to get their five a day. PCSC has continued to develop the CITY CAFE brand by improving coffee quality and flavor, introducing related products, and launching a delivery service. For the first time, such efforts resulted in over NT\$10 billion in revenues for the brand in 2015. This year marks the introduction of CITY FRESH tea service to provide customers a whole new category of freshly made beverages. Furthermore, through strategic partnerships and existing company resources, some 7-ELEVEN stores now feature products from MUJI, Mister Donut, Duskin, and Starbucks to meet varying customers' needs across the country. Through our ubiquitous network of brick and mortar locations, PCSC is actively strengthening our digital services. We launched the ibon app that works in coordination with ibon kiosks to provide customers with a variety of convenient, timesaving services. The iCaSH2.0 card enables customers to shop at convenience stores, restaurants, and pharmacies and even pay for transportation, all the while earning points in the OPENPOINT platform. We are gradually building a convenient e-payment network combined with an innovative loyalty points marketing campaign that together are fun for customers and elevate the shopping experience. In addition to improving the products and services in our stores, PCSC's franchise model is rooted in mutual trust and benefits shared between PCSC and our franchisees. In line with this philosophy, in 2015 PCSC adjusted our franchise profit sharing system and support programs, to further increase franchisee profitability and operation quality.

In addition to 7-ELEVEN Taiwan, PCSC has also expanded into other retail businesses both locally and overseas. As of the end of 2015, PCSC operates a total of 8,874 stores, an increase of 599 over the previous year. Overseas, Philippines 7-ELEVEN now has 1,600 stores and the grand opening of our store in Mindanao, the country's southernmost island, makes us a truly national chain. Expanding to 900 stores in Eastern China, Shanghai Starbucks' total revenue topped RMB 4.0 billion. In Taiwan, President Starbucks Coffee Corp. introduced the Starbucks Reserve® Roastery and Tasting Room concept from the USA, which brings the enjoyment of coffee to a whole new level. President Drugstore Business Corp. (COSMED) launched store renovations and efforts to upgrade the brand's image. Beauty consultants and pharmacists in the stores

offer customers professional advice to improve the shopping experience. Originally exclusively online, Books.com made its first move into the brick and mortar world in 2015 in coordination with 7-ELEVEN to create Taiwan's first O2O (Online to Offline) bookstore. PCSC and our subsidiaries strive for continued improvement and to meet our customers' needs through outstanding service. Recognizing these efforts, Commonwealth Magazine's Gold Medal Service Awards 2015 named PCSC and President Starbucks Coffee Corp. first place winners in the Convenience Store and Coffee Chain categories.

Social Responsibilities

For many years PCSC has worked tirelessly achieve sustainable operations and fulfill its corporate social responsibilities in the areas of corporate governance, social engagement, and environmental protection. To enhance corporate governance, PCSC has continued to strengthen the timeliness and transparency of information disclosure. In 2015, the Securities and Futures Institute awarded PCSC an A++ rating in the organization's evaluation of information disclosure in Taiwanese listed companies. PCSC was also the only convenience store chain in the top 5% of listed companies in the Institute's first-ever corporate governance evaluation. Moreover, PCSC has continued to be selected among the stocks making up the MSCI Global Sustainability Indices. To fulfill our corporate responsibility, PCSC joined hands with public interest groups to maximize resources. Since 2014, PCSC and Hondao Senior Citizen's Welfare Foundation have jointly launched the Happy Home Renovation Project for Disadvantaged Seniors, which has assisted over 500 needy seniors to repair and maintain their homes. Together with the Mennonite Social Welfare Foundation and Kernel of Wheat Foundation, the managers of 35 stores in Hualien and Taitung formed a good neighbor food delivery team. On weekdays, seniors can pick up healthy, fresh food selections from their local 7-ELEVEN, while on weekends, store managers personally deliver meals. PCSC takes pride in our commitment to corporate citizenship, to give back to the society that supports us. This dedication also extends to our environment and PCSC is working to conserve energy and reduce carbon emissions. In 2015, such efforts were recognized with Commonwealth Magazine's Excellence in Corporate Citizenship Award and ISO50001 Energy Management System Certification.

Business Prospects

Looking to 2016, a year likely full of changes, global and local economic environments will continue to pose challenges. Nonetheless, PCSC will maintain integrity and honesty in our business operations, while developing the seven key building elements of our company: people, stores, products, systems, logistics, policies, and culture. Through structural changes, PCSC expects to create sustainable growth. 7-ELEVEN Taiwan will utilize its advantages of proximity and convenience, in coordination with PCSC's resources, to launch differentiated products and services.

In terms of PCSC's affiliates, through focus and the consolidation of domestic and overseas resources, we anticipate further improvement in our overall business performance. The total number of Philippines 7-ELEVEN stores is expected to exceed 1,900 this year, while Starbucks Shanghai will exceed 1,200 stores and continue to promote coffee culture. As for 7-ELEVEN Shanghai, the range of high quality fresh foods and services on offer will add to the shopping experience. New store designs, novel experiences, and outstanding service at our COSMED and Uni-President Ustyle Department Store will give customers exciting new ways to shop.

PCSC is "determined to become an outstanding retailer by offering convenient services and being a good corporate citizen". We strive to make life more convenient for all our customers, ensure steady profitability of our franchisees, create a friendly and fair work environment for our employees and increase shareholder value. Our ultimate goal is to ensure the satisfaction of our customers, business partners, shareholders and society.

2 Corporate Overview

1.Date of Incorporation: June 10, 1987

2.Company History

1987	Formerly part of Uni-President Enterprises, President Chain Store Corporation (PCSC) was established as an independent entity.	2006	<ul style="list-style-type: none"> With the launch of the ibon multimedia kiosk with eight major functions, including ticket sales, bill payments and mobile office services, PCSC achieved our vision of 7-ELEVEN as a community service center. Established subsidiaries UNI-PRESIDENT Department Store Corp., Cold Stone Creamery Taiwan Ltd. and Cold Stone (Shanghai) Corp. Received Global Views Magazine's Excellence in Corporate Social Responsibility Award and Outstanding Service Award, as well as NextMedia's Top Service Award. We were also conferred with Commonwealth Magazine's first Corporate Citizen Award and ranked as one of the magazine's Top 10 Benchmark Enterprises for the 12th consecutive year.
1988	The Electronic Order System (EOS) gradually rolled out to enhance distribution efficiency and increase sales opportunities.		
1989	PCSC became the third largest 7-ELEVEN chain in the world with the opening of our 300th store.		
1990	<ul style="list-style-type: none"> Established Retail Support International Corp. Held the first franchisee seminar, thereby launching the 7-ELEVEN franchise system in Taiwan. 		
1991	100th franchise store opened.		
1994	Established the joint venture Duskin Serve Taiwan Co.		
1995	<ul style="list-style-type: none"> 1000th store opened. Established President Drugstore Business Corp. 	2007	<ul style="list-style-type: none"> With 7-ELEVEN Light Down Eco-Campaign, over 4,000 stores shut off store lights during designated times in the summer months in a pioneering effort to fight global warming. The number of 7-ELEVEN CITY CAFE machines reached 1,000, making it the largest coffee chain in Taiwan. For the 13th year running, PCSC was named among Commonwealth Magazine's Top 10 Benchmark Enterprises, while also receiving the Top Service Award by NextMedia. Global Views Magazine awarded PCSC its 2007 Top 10 Service Enterprises in the convenience chain store category for the second consecutive year.
1996	First generation of POS (Point-of-Sales) implemented to fully understand customers' demands and gather market intelligence.		
1997	<ul style="list-style-type: none"> PCSC listed on the Taiwan Stock Exchange. Established the joint venture President Starbucks Coffee Corp. (Starbucks Taiwan). 		
1999	<ul style="list-style-type: none"> Expanded into offshore islands such as Penghu and Kinmen to provide convenient services to local residents. 2000th store opened. Established Wisdom Distribution Corp., Uni-President Cold Chain Corp., President Musashino Corp. and President Transnet Corp. 	2008	<ul style="list-style-type: none"> Established Afternoon Tea Taiwan Corp. 7-ELEVEN entered the NT\$10 billion mobile telecommunications market by launching "OPEN Talk" prepaid cards. PCSC won the 2008 Commonwealth Corporate Citizenship Award and Global Views Magazine's Corporate Social Responsibility Award. As part of our ongoing efforts to promote environmental protection and energy conservation, PCSC began switching off all outdoor lighting at Taiwan 7-ELEVEN stores during the daytime, effectively reducing carbon emissions.
2000	<ul style="list-style-type: none"> Signed perpetual area licensing agreement with 7-ELEVEN Inc. Established Shanghai President Starbucks Coffee Corp. Acquired Philippine Seven Corp. extending operations to overseas. 		
2002	<ul style="list-style-type: none"> Issued the company's first secured corporate bond in the amount of NT\$700 million. 3000th store opened. 7-ELEVEN lunch box meals certified by the Chinese Frozen Food Institute to meet CAS standards, making it the first lunch box in Taiwan certified to be stored at 18°C. 	2009	<ul style="list-style-type: none"> Established President Chain Store (Shanghai) Corporation and signed a licensing agreement with 7-ELEVEN (China) Business Corporation, launching 7-ELEVEN stores in Shanghai. Conferred with the Top 10 Benchmark Enterprises Award for the 15th consecutive year; NextMedia's Top Service Award for the 6th consecutive year; winner of the 7th Global Views Magazine's Outstanding Service Award in the convenience store category; winner of 2009 Commonwealth Magazine's Corporate Citizen Award; recognized by United Way Worldwide with the Outstanding Corporate Social Innovation Award. Such honors demonstrate how the Company is using our core competencies to excel in public service.
2003	<ul style="list-style-type: none"> 7-ELEVEN's lunch box awarded the International Marketing Communications Excellence Award 2002. PCSC opened our first retail stores in large shopping complexes. PCSC issued a second secured corporate bond in the amount of NT\$1.5 billion. 		
2004	<ul style="list-style-type: none"> Second generation of POS implemented. Launch of 7-ELEVEN iCASH stored-value card. 7-ELEVEN's lunch box products became the first convenience store boxed meals to meet national standards as confirmed by Consumers' Foundation health inspection. Established President YiLan Art and Culture Corp., Mister Donut Taiwan Corp. and President Cosmed Chain Store (Shen Zhen) Co., Ltd. 	2010	<ul style="list-style-type: none"> Jointly launched "Easy Delivery" service, the first of its kind, with Ruten.com, which has become Taiwan's largest online auction marketplace. In an innovative move, "7Mobile" monthly rental service was officially launched with an eye towards customers looking for a minimum level of service or as a second mobile number. 7-ELEVEN was accredited as a "green store" by the Environmental Protection Administration and was awarded first place in the Taipei Gold Energy Saving Awards as we continue to strive towards becoming a green enterprise.
2005	<ul style="list-style-type: none"> 4000th store opened. Officially expanded into the hypermarket business in China with the establishment of Shan Dong President Yinzuo Commercial Limited. Honored with the Executive Yuan's 2005 Taiwan Sustainable Development Award and the Ministry of Economic Affairs' first Green Accounting Award. 		

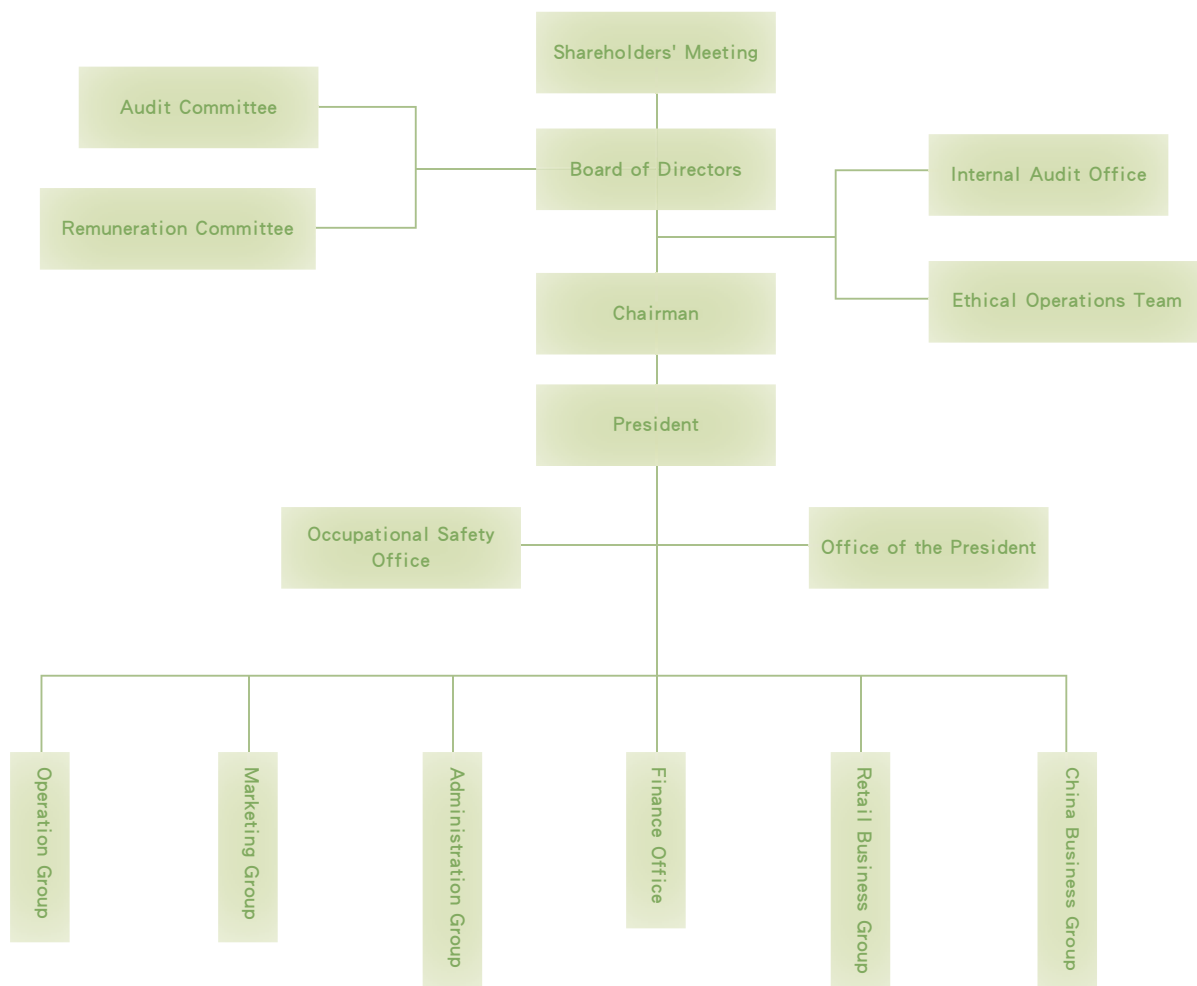
- 2011**
- Following the devastating earthquake in Japan, PCSC and 16 affiliated companies launched a fundraising campaign to collect donations in our stores.
 - 7-ELEVEN introduced the "ibon convenient purchasing" service, creating a new wholesale shopping platform via the ibon kiosk and ibon Mart online website.
 - 7-ELEVEN opened a 2,640-square meter international food court in Taoyuan International Airport's Terminal 2, marking a new era in airport dining.
 - Taking the lead in the convenience store industry, 7-ELEVEN introduced the E-Invoice in stores throughout Taiwan.
- 2012**
- 7-ELEVEN became the largest transportation ticket platform in Taiwan, with ibon offering tickets from the three major domestic carriers. Ninety percent of domestic air tickets can be purchased and paid for by credit card through ibon.
 - Third generation of POS gradually implemented, accurately capturing customer trends and optimizing retail sales efficiency.
 - Introduced "Taiwan's New Agriculture" program, establishing the 7-ELEVEN Photosynthetic Farm to provide farm-to-table traceability management, food safety transparency, and show our commitment to offering delicious food customers can trust.
 - In a pioneering move, PCSC established a distribution industry quality-testing lab, resulting in an even more rigorous food safety mechanism for customers.
 - For the 18th year in a row, PCSC was named one of CommonWealth Magazine's Top 10 Benchmark Enterprises. We were also awarded the 2012 Digital Service Benchmark Enterprise Award by Business Next Magazine. In Global Views Magazine's Excellence in Corporate Social Responsibility Awards, we were the only company to be recognized in all of the following categories: Community Involvement, Promotion of Public Interest, and Overall Performance.
- 2013**
- Third generation of POS fully implemented across the Taiwan 7-ELEVEN network of stores.
 - 7-ELEVEN began selling premium fruit and fresh produce in 1,000 stores.
 - 7-ELEVEN product quality inspection labs received three different international certifications, further raising the bar on product inspection.
 - President Transnet Corp. established the Comprehensive Distribution Center in Zhongli, gearing up for rapidly expanding market needs with the new center's large-scale, automated, highly efficient facilities.
 - Released the film, "Bridge Over Troubled Water," nominated for Best Documentary in the 50th Golden Horse Film Festival.
 - In recognition of efforts to implement corporate social responsibility, PCSC and Starbucks Taiwan once again received the Excellent Green Retail Business Award from the Taipei City Government. Both enterprises were recognized as green brands in the Food and Beverage, Retail, and Food Services categories by Business Next Magazine.
- 2014**
- 5000th store opened.
 - Zhongli Fresh Food Commissary completed; together with Kaohsiung's Taisha Fresh Food Commissary, these facilities play an important role as regional distribution centers, efficiently handling the rising demand for takeout food.
 - Officially established iCASH Corp., wholly undertaking the iCASH trademark's proprietary and management rights. iCASH proved itself as a versatile payment method applicable across different channels.
 - Mister Donut received a perpetual license to operate in the Taiwan market.
- 2015**
- 7-ELEVEN joined hands with Formosa Vegetable Organic Farms to offer "organic produce boxes" for preorder and sale at store branches.
 - PCSC launched the internally-developed Material and Quality Assurance System and Laboratory Management System to keep track of information regarding suppliers, upgrade quality assurance management, and build a complete food security network.
 - To capitalize on the B2C market for small value gifts, 7-ELEVEN launched iGift, enabling users to send electronic gift certificates through ibon kiosks and the ibon app.
 - 7-ELEVEN Philippines opened its first store in the archipelago's southernmost island of Mindanao thereby becoming a truly national chain of 1,600 stores.
 - Subsidiary President Chain Store (Taizho) Ltd. was officially established to support the Company's medium and long-term logistic needs in eastern China.
 - PCSC rated by Deloitte as one of the top 250 global retailers for 2015, the only retailer in Taiwan to receive the honor.
 - PCSC received the top A++ score from 12th Publicly Traded and OTC Company Information Disclosure and Transparency Evaluation. PCSC also ranked among the top 5% in the 1st Taiwan Corporate Governance Evaluation System and was named to the Taiwan Corporate Governance 100 Index.
 - Using our influence to positively impact society, PCSC released "Ways Into Love", a film spotlighting the lives of the elderly, which was screened at the Hong Kong Asian Film Festival.
 - CommonWealth Magazine awarded PCSC its 2015 CSR Corporate Citizen Award in the Large Enterprise Category. The President Chain Store Good Neighbor Foundation was recognized by the Taiwan Events Association with the 2015 Gold Award for Event Excellence. PCSC's efforts to save energy and reduce carbon emissions paid off as the Company received ISO50001 Energy Management certification.
 - PCSC made BusinessWeek's list of 100 Most Influential Companies, ranking first in the retail category, while also ranking first in the convenience store category of Commercial Times' 2015 Taiwan Service Industry Awards. Manager Today listed 7-ELEVEN, Takkyubin, and Starbucks among its Most Influential Brands in 2015. They received the highest ranking in the Retailer and Wholesaler, Logistic and Transportation, and Chain Food and Beverage Categories, respectively.
- 2016**
- The introduction of CITY FRESH, a line of high-quality, high-value tea beverages, expands the CITY CAFE brand into the tea market to provide customers more variety.
 - Uni-President HanKyu Department Store was renamed Uni-President Ustyle Department Store. With a focus on "style", consumers can expect a fresh new look and commitment to outstanding service.
 - To more quickly meet customer needs, Wisdom Distribution Service Corp.'s third phase plant came online. Warehouse integration gives PCSC comprehensive logistics capabilities, which improve service efficiency and quality.
 - PCSC, Uni-President, President Starbucks and Books.com were elected as Top 100 most desirable business for new generation held by Cheers Magazine.

3 Corporate Governance

1. Organization

(1) Organization Chart

As of 30 April, 2016



(2) Responsibilities of Key Groups

- China Business Group: Development and management of investment in China.
- Retail Business Group: Development and management of retail business.
- Office of the President: Administration of strategic planning and corporate management.
- Operation Group: Operation and planning of 7-ELEVEN stores.
- Marketing Group: 7-ELEVEN Taiwan product development and marketing strategy planning.
- Administration Group: Management and planning of back office resource integration and public affairs.
- Finance Office: Management and planning of financial and accounting affairs, tax affairs and investor relations.
- Internal Audit Office: Management and implementation of internal auditing and the internal control system.
- Occupational Safety Office: Management of staff safety and health.
- Ethical Operations Team: Promotion of ethical policies and preventative measures.

2. Information on Directors, Supervisors and Management of the Company and Various Departments and Branches

(1) Information on directors:

1. Information on directors:

As of 30 April, 2016

Title	Name	Nationality or Place of Registration	Date Elected to the Board	Term (years)	Date of Initial Election	Shares Held at Time of Election		Current Shareholdings		Shares Held by Spouse or Minor Children		Shareholding by Nominee Arrangements		Education and Experience (Note 3)	Positions Held Concurrently at PCSC and Other Companies	Spouse or Relatives Within the Second-Degree of Consanguinity also Holding Management, Directorial, or Supervisory Positions		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director Institutional Shareholder	Uni-President Enterprises Corp.	Taiwan	2015.06.18	3	1987.06.10	471,996,430	45.40%	471,996,430	45.40%	—	—	—	—	—	—	—	—	—
Chairman (Representative)	Lo, Chih-Hsien (Note 1)	Taiwan	2015.06.18	3	2013.12.19	1,032,215	0.10%	1,032,215	0.10%	1,014,315	0.10%	—	—	MBA, UCLA, USA	(Note 4)	Director	Kao, Shioh-Ling	Spouse
Director Institutional shareholder	Kao Chyuan Investment Co. Ltd.	Taiwan	2015.06.18	3	2009.06.10	4,876,775	0.47%	5,036,775	0.48%	—	—	—	—	—	—	—	—	—
Director (Representative)	Kao, Shioh-Ling (Note 2)	Taiwan	2015.06.18	3	2010.03.20	1,014,315	0.10%	1,014,315	0.10%	1,032,215	0.10%	—	—	Marymount College, USA	(Note 4)	Chairman	Lo, Chih-Hsien	Spouse
Director (Representative)	Su, Tsung-Ming (Note 1)	Taiwan	2015.06.18	3	2008.02.14	—	—	—	—	—	—	—	—	MBA, University of Iowa, USA	(Note 4)	—	—	—
Director (Representative)	Yang, Wen-Lung (Note 1)	Taiwan	2015.06.18	3	2003.06.24	—	—	—	—	—	—	—	—	BA, Dept. of Sociology, National Chung Hsing University MBA, National Cheng Kung University	(Note 4)	—	—	—
Director (Representative)	Chen, Jui-Tang (Note 1)	Taiwan	2015.06.18	3	2012.06.21	13,652	—	13,652	—	—	—	—	—	BA, Dept of Economics, National Taiwan University	(Note 4)	—	—	—
Director (Representative)	Lu, Long-Hong (Note 1)	Taiwan	2015.06.18	3	2015.06.18	—	—	—	—	—	—	—	—	Food Science, National Chung Hsing University MBA, National Cheng Kung University	(Note 4)	—	—	—
Director (Representative)	Huang, Jui-Tien (Note 1)	Taiwan	2015.06.18	3	2015.06.18	391	—	391	—	—	—	—	—	Master Degree in Marketing, National Kaohsiung First University of Science and Technology	(Note 4)	—	—	—
Director (Representative)	Hwang, Jau-Kai (Note 1)	Taiwan	2015.06.18	3	2015.06.18	—	—	—	—	—	—	—	—	Accounting, Shih Chien University	(Note 4)	—	—	—
Director (Representative)	Wu, Chung-Pin (Note 1)	Taiwan	2015.06.18	3	2012.06.21	—	—	—	—	—	—	—	—	Accounting, Chung Yuan Christian University	(Note 4)	—	—	—
Director (Representative)	Wu, Wen-Chi (Note 1)	Taiwan	2015.06.18	3	2015.06.18	556	—	556	—	737	—	—	—	BA, School of Accountancy, University of Missouri at Columbia, USA	(Note 4)	—	—	—
Independent director	Wang, Wen-Yeu	Taiwan	2015.06.18	3	2012.06.21	—	—	—	—	20,000	—	—	—	J.S.D., Stanford University, USA	(Note 4)	—	—	—
Independent director	Chen, M. David	Taiwan	2015.06.18	3	2012.06.21	—	—	—	—	—	—	—	—	PhD, Accounting, University of Illinois at Urbana-Champaign, USA	(Note 4)	—	—	—
Independent director	Shu, Pei-Gi	Taiwan	2015.06.18	3	2012.06.21	—	—	—	—	—	—	—	—	PhD, Management, National Chengchi University	—	—	—	—

Note 1: Representative of Uni-President Enterprises Corp.

Note 2: Representative of Kao Chyuan Investment Co. Ltd.

Note 3: For more information on the experience of directors (including independent directors), please refer to the Positions Concurrently Held by Directors (including Independent Directors) in Other Companies table on page 84 of this report.

Note 4: For more information on the on the positions held by directors (including independent directors), please refer to the Positions Concurrently Held by Directors (including Independent Directors) in Other Companies table on page 84 of this report.

2. Independence and Professional Expertise of Board Members:

Name	Item	Has over 5 years of work experience and the below professional qualifications			Independence Ranking (Note 1)										Number of independent directorships held in other public companies
		Holds the position of lecturer (or above) at public or private college or university in business, law, finance, accounting or company operations	Holds a license, obtained through national examination, for the position of judge, district attorney, lawyer, accountant, or similar	Work experience in business, law, finance, accounting or company operations	1	2	3	4	5	6	7	8	9	10	
Lo, Chih-Hsien			✓								✓		✓		—
Kao, Shioh-Ling			✓	✓							✓		✓		—
Su, Tsung-Ming		✓	✓				✓	✓			✓	✓	✓		—
Lu, Long-Hong			✓				✓	✓			✓	✓	✓		—
Huang, Jui-Tien			✓				✓				✓	✓	✓		—
Hwang, Jau-Kai			✓				✓	✓			✓	✓	✓		—
Wu, Chung-Pin			✓				✓				✓	✓	✓		—
Yang, Wen-Lung			✓				✓				✓	✓	✓		—
Chen, Jui-Tang			✓				✓				✓	✓	✓		—
Wu, Wen-Chi			✓				✓		✓		✓	✓	✓		—
Wang, Wen-Yeu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Chen, M. David	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Shu, Pei-Gi	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—

Note 1: "✓" indicates that the board member or supervisor meets the following criteria:

- (1) Not an employee of the Company or the Company's affiliates.
- (2) Not a director or supervisor of the Company or the Company's affiliates. (However, this does not apply to the independent directors of the Company, its parent company or any of the Company's subsidiaries in which the Company holds directly and indirectly over 50% stake.).
- (3) Not an individual shareholder who holds, or whose spouse or minor children hold, or who uses nominee accounts to hold over 1% of the Company's issued shares or is one of the top 10 shareholders.
- (4) This individual's spouse, relatives within second degrees of consanguinity, and lineal relatives within third degrees also meet the criteria in the above three statements.
- (5) Not a director, supervisor, or employee of an institutional shareholder that directly owns over 5% of the Company's issued shares or an institutional investor that is among the top five institutional shareholders.
- (6) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of any company or organization that has business or financial relations with the Company.
- (7) Not an owner, partner, director, supervisor, manager, or spouse of any of such individual whose sole proprietorship, partnership, company, or institution provides services or consulting advice in business, law, finance and accounting to the Company or the Company's affiliates.
- (8) Not a spouse or a relative within second degrees of consanguinity to any director.
- (9) Does not meet any of the criteria described in Article 30 of the Company Act.
- (10) Not the proxy of any government agency, juridical person, or their representative that is a shareholder in the Company as outlined in Article 27 of the Company Act.

3. Some directors are representatives of institutional shareholders. The top ten major shareholders in such institutional shareholders (including % of stocks held) are as follows:

As of 31 December, 2015

Name of Institutional Shareholder	Principal Shareholders in PCSC Institutional Shareholders
Uni-President Enterprises Corp.	Kao Chyuan Investment Co. Ltd. (4.64%), JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency (3.73%), BNP Paribas Wealth Management Singapore Branch (3.16%), Hou, Po-Ming (2.60%), Hou, Po-Yu (2.27%), Singapore Government Fund in the custody of Citibank Taiwan (2.16%), Kao, Shioh-Ling (1.64%), Vanguard Emerging Markets Stock Index Fund in the custody of Standard Chartered (1.57%), Liu, Hsiu-Ren (1.55%), T. Rowe Price Emerging Markets Stock Fund in custody of JPMorgan Chase Bank N.A. Taipei Branch (1.52%)
Kao Chyuan Investment Co. Ltd.	Kao, Shioh-Ling (61.61%), Lo, Chih-Hsien (20.13%), Kao, Lai-Huan (13.41%), Kao, Han-Di (1.61%), Kao, Tsu-Yi (1.19%), Lo, Hsi-Ai (1.07%), Kao, Chin-Yen (0.98%)

4. Below is a list of the top 10 shareholders (including % of stocks held) in the principal shareholders in PCSC institutional shareholders listed above who are themselves institutional shareholders:

As of 31 December, 2015

Name of Institutional Shareholder	Principal Shareholders in Institutional Shareholders
Kao Chyuan Investment Co. Ltd.	Kao, Shioh-Ling (61.61%), Lo, Chih-Hsien (20.13%), Kao, Lai-Huan (13.41%), Kao, Han-Di (1.61%), Kao, Tsu-Yi (1.19%), Lo, Hsi-Ai (1.07%), Kao, Chin-Yen (0.98%)

(2) Information on the company president, senior vice presidents, vice presidents, and division heads:

As of 30 April, 2016

Title	Name	Nationality	Date Assumed Current Position	Current Shareholdings		Shares Held by Spouse or Minor Children		Shareholding by Nominee Arrangements		Education and Experience (Note 1)	Positions Held Concurrently at Other Companies	Spouse or Relatives Within the Second-Degree of Consanguinity also Holding Management, Directorial, or Supervisory Positions		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
President	Chen, Jui-Tang	Taiwan	2012.06.21	13,652	—	—	—	—	—	BA, Dept of Economics, National Taiwan University	(Note 2)	—	—	—
Senior Vice President	Chang Jen, Yun-Huei (Note 3)	Taiwan	1999.01.01	—	—	—	—	—	—	BA, Dept of Chemistry, Chinese Culture University	(Note 2)	—	—	—
Senior Vice President	Lai, Nan-Bey	Taiwan	2008.06.13	—	—	—	—	—	—	BA, Dept of Business Administration, Tunghai University	(Note 2)	—	—	—
Senior Vice President	Wu, Kuo-Hsuan	Taiwan	2012.08.01	—	—	—	—	—	—	BA, Marketing & Distribution Management, Fortune Institute of Technology	(Note 2)	—	—	—
Senior Vice President	Chung, Mao-Chia (Note 3)	Taiwan	2012.08.01	—	—	—	—	—	—	BA, International Trade, Feng Chia University	(Note 2)	—	—	—
Vice President	Hsieh, Lien-Tang	Taiwan	2012.08.01	—	—	113	—	—	—	BA, Business Administration, Chinese Culture University	(Note 2)	—	—	—
Vice President	Tzeng, Fan-Bin	Taiwan	2013.01.01	—	—	—	—	—	—	BA, International Trade, Soochow University	(Note 2)	—	—	—
Vice President	Lin, Chi-Chang	Taiwan	2013.01.01	717	—	2,000	—	—	—	BA, Social Work, Soochow University	(Note 2)	—	—	—
Vice President	Lee, Chi-Ming	Taiwan	2008.10.01	1,121	—	—	—	—	—	BA, Accounting, Soochow University	—	—	—	—
Chief Auditor (Vice President)	Hsieh Hong, Hui-Tzu	Taiwan	2014.06.19	282	—	—	—	—	—	MBA, National Cheng Kung University	(Note 2)	—	—	—
Chief Financial Officer (Vice President)	Wu, Wen-Chi	Taiwan	2010.04.01	556	—	737	—	—	—	BA, School of Accountancy, University of Missouri at Columbia, U.S.A.	(Note 2)	—	—	—
Vice President	Lin, Hung-Chun	Taiwan	2014.10.15	1,129	—	—	—	—	—	BA, Electrical Engineering, Southern Taiwan University of Science and Technology	(Note 2)	—	—	—

Title	Name	Nationality	Date Assumed Current Position	Current Shareholdings		Shares Held by Spouse or Minor Children		Shareholding by Nominee Arrangements		Education and Experience (Note 1)	Positions Held Concurrently at Other Companies	Spouse or Relatives Within the Second-Degree of Consanguinity also Holding Management, Directorial, or Supervisory Positions		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Vice President	Hsieh, Ching-Hsun	Taiwan	2015.3.19	1,251	—	—	—	—	—	MA, Labor Relations, Chinese Culture University	(Note 2)	—	—	—
Finance Division Manager	Cheng, Yea-Yun	Taiwan	2011.07.01	—	—	—	—	—	—	BA, Business Administration, National Pingtung University of Science and Technology	(Note 2)	—	—	—
Accounting Division Manager	Chang, Li-Ling	Taiwan	2014.11.06	—	—	—	—	—	—	BA, Accounting, Ming Chuan University	(Note 2)	—	—	—

Note 1: For more information on the background of Company management, please refer to the Positions Concurrently Held by Management in Other Companies table on page 86 of this report.

Note 2: For the list of positions held by the management team in other companies, please refer to the Positions Concurrently Held by Management in Other Companies table on page 86 of this report.

Note 3: Senior Vice President Chang Jen, Yun-Huei ceased to hold this position in January 2016 and Senior Vice President Chung, Mao-Chia ceased to hold this position in February 2016.

(3) Remuneration paid to Company directors, president, and senior vice presidents over the past year

1. Directors and Independent Directors remuneration:

As of 31 December, 2015 / Unit: NT\$1,000

Title	Name	Director Remuneration								Compensation to Directors Also Serving as Company Employees												Compensation from Affiliates Other than Subsidiaries(Note 3)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
		Remuneration (A)		Pensions (B)		Director Earnings Distribution (C)		Business Expenses (D)		Summation of A, B, C, and D as a % of After-Tax Income		Salary, Bonuses, and Special Allowance (E)		Pensions (F)		Employee Earnings Distribution (G) (Note 2)		Shares Received through the Employee Stock Option Plan (H)		New Shares Received through Employee Restricted Stock Awards(I)			Summation of A,B,C, D, E, F and G as a % of After-Tax Income																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies																PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													

Note 1: Representative of Uni-President Enterprises Corp. for a term expiring on June 17, 2015.

Note 2: Earnings distribution for 2015 has not yet been approved by general shareholders meeting. These figures are based on the proposal approved by the Board.

Note 3: Compensation received for directors and supervisors of affiliated enterprises that are not consolidated into the financial statement.

As of 31 December, 2015 / Unit: NT\$1,000

Title	Name	Director Remuneration								Summation of A, B, C, and D as a % of After-Tax Income	Compensation to Directors Also Serving as Company Employees								Summation of A,B,C, D, E, F and G as a % of After-Tax Income	Compensation from Affiliates Other than Subsidiaries(Note 3)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
		Remuneration (A)		Pensions (B))		Director Earnings Distribution (C)		Business Expenses (D)			Salary, Bonuses, and Special Allowance (E) (Note 3)	Pensions (F)		Employee Earnings Distribution (G) (Note 4)		Shares Received through the Employee Stock Option Plan (H)	New Shares Received through Employee Restricted Stock Awards(I)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies			PCSC	All consolidated companies	PCSC	Cash	Stock	All consolidated companies	PCSC	All consolidated companies		PCSC	All consolidated companies																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
Director and Institutional Shareholder	Kao Chyuan Investment Co. Ltd.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		</

Note 1: Representative of Uni-President Enterprises Corp., of which Lu, Long-Hong; Huang, Jui-Tien; Hwang, Jau-Kai; Wu, Wen-Chi began their terms on June 18, 2015. The terms of Lin, Chang-Sheng; Lin, Lung-Yi; Lai, Nan-Bey expired on June 17, 2015.

Note 2: Representative of Kao Chyuan Investment Co. Ltd.

Note 3: Includes car leasing expenses for managers.

Note 4: Earnings distribution for 2015 has not yet been approved by general shareholders meeting. These figures are based on the proposal approved by the Board.

Note 5: Compensation received for directors and supervisors of affiliated enterprises that are not consolidated into the financial statement.

Compensation Level	Names of Directors			
	A+B+C+D		A+B+C+D+E+F+G	
	PCSC	All consolidated companies	PCSC	PCSC and all subsidiaries
Less than NT\$2,000,000	Lo, Chih-Hsien; Lin, Chang-Sheng; Lin, Lung-Yi; Yang, Wen-Lung; Kao, Shioh-Ling; Su, Tsung-Ming; Wu, Chung-Pin; Chen, Jui-Tang; Lai, Nan-Bey; Lu, Long-Hong; Huang, Jui-Tien; Hwang, Jau-Kai; Wu, Wen-Chi; Wang, Wen-Yeu; Chen, M. David; Shu, Pei-Gi	Lin, Chang-Sheng; Lin, Lung-Yi; Yang, Wen-Lung; Kao, Shioh-Ling; Su, Tsung-Ming; Wu, Chung-Pin; Chen, Jui-Tang; Lai, Nan-Bey; Lu, Long-Hong; Huang, Jui-Tien; Hwang, Jau-Kai; Wu, Wen-Chi; Wang, Wen-Yeu; Chen, M. David; Shu, Pei-Gi	Lo, Chih-Hsien; Lin, Chang-Sheng; Lin, Lung-Yi; Yang, Wen-Lung; Kao, Shioh-Ling; Su, Tsung-Ming; Wu, Chung-Pin; Lu, Long-Hong; Huang, Jui-Tien; Hwang, Jau-Kai; Wang, Wen-Yeu; Chen, M. David; Shu, Pei-Gi	Lin, Chang-Sheng; Lin, Lung-Yi; Yang, Wen-Lung; Kao, Shioh-Ling; Su, Tsung-Ming; Wu, Chung-Pin; Lu, Long-Hong; Huang, Jui-Tien; Hwang, Jau-Kai; Wang, Wen-Yeu; Chen, M. David; Shu, Pei-Gi
NT\$2,000,000 (incl.) – NT\$5,000,000	—	Lo, Chih-Hsien	—	Lo, Chih-Hsien
NT\$5,000,000 (incl.) – NT\$10,000,000	—	—	Wu, Wen-Chi	Wu, Wen-Chi
NT\$10,000,000 (incl.) – NT\$15,000,000	Kao Chyuan Investment Co. Ltd.	Kao Chyuan Investment Co. Ltd.	Kao Chyuan Investment Co. Ltd., Lai, Nan-Bey	Kao Chyuan Investment Co. Ltd., Lai, Nan-Bey
NT\$15,000,000 (incl.) – NT\$30,000,000	—	—	—	—
NT\$30,000,000 (incl.) – NT\$50,000,000	—	—	Chen, Jui-Tang	Chen, Jui-Tang
NT\$50,000,000 (incl.) – NT\$100,000,000	—	—	—	—
NT\$100,000,000 and above	—	—	—	—
Total	17	17	17	17

2. President and senior vice president remuneration:

As of 31 December, 2015 / Unit: NT\$1,000

Title	Name	Salary (A)		Pensions(B)		Bonus and Special Allowance (C) (Note 1)		Company Earnings Distribution to Employees (D) (Note 2)				Summation of A, B, C, and D as a % of After-Tax Income		Shares Received through the Employee Stock Option Plan		New Shares Received through Employee Restricted Stock Awards		Compensation from Affiliates Other than Subsidiaries
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC		All consolidated companies		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	
								Cash	Stock	Cash	Stock							
President	Chen, Jui-Tang	23,417	25,337	1,421	1,421	41,963	41,963	5,787	—	5,787	—	0.88%	0.90%	—	—	—	—	—
Senior Vice President	Chang Jen, Yun-Huei																	
Senior Vice President	Wu, Kuo-Hsuan																	
Senior Vice President	Lai, Nan-Bey																	
Senior Vice President	Chung, Mao-Chia																	
Senior Vice President	Hsieh, Po-Chung(Note 3)																	

Note 1: Includes car leasing expenses for managers.

Note 2: Earnings distribution for 2015 has not yet been approved by general shareholders meeting. These figures are based on the proposal approved by the Board.

Note 3: Hsieh, Po-Chung was dismissed in February 2015.

Compensation Level	Names of the President and Senior Vice Presidents	
	PCSC	All consolidated companies
Less than NT\$2,000,000	Hsieh, Po-Chung	Hsieh, Po-Chung
NT\$2,000,000 (incl.) – NT\$5,000,000	—	—
NT\$5,000,000 (incl.) – NT\$10,000,000	Chang Jen, Yun-Huei	Chang Jen, Yun-Huei
NT\$10,000,000 (incl.) – NT\$15,000,000	Wu, Kuo-Hsuan; Lai, Nan-Bey; Chung, Mao-Chia	Wu, Kuo-Hsuan; Lai, Nan-Bey; Chung, Mao-Chia
NT\$15,000,000 (incl.) – NT\$30,000,000	—	—
NT\$30,000,000 (incl.) – NT\$50,000,000	Chen, Jui-Tang	Chen, Jui-Tang
NT\$50,000,000 (incl.) – NT\$100,000,000	—	—
NT\$100,000,000 and above	—	—
Total	6	6

3. Earnings distribution as remuneration to Company management:

As of 31 December, 2015 / Unit: NT\$1,000

	Title	Name	Stock	Cash	Total	Total as a % of After-Tax Income
Management	President	Chen, Jui-Tang	—	13,436	13,436	0.16%
	Senior Vice President	Chang Jen, Yun-Huei				
	Senior Vice President	Wu, Kuo-Hsuan				
	Senior Vice President	Lai, Nan-Bey				
	Senior Vice President (Note 2)	Hsieh, Po-Chung				
	Senior Vice President	Chung, Mao-Chia				
	Vice President	Tzeng, Fan-Bin				
	Vice President	Hsieh, Lien-Tang				
	Vice President	Lin, Hung-Chun				
	Vice President	Lin, Chi-Chang				
	Vice President	Hsieh, Ching-Hsun				
	Chief Financial Officer(Vice President)	Wu, Wen-Chi				
	Chief Auditor(Vice President)	Hsieh Hong, Hui-Tzu				
	Vice President	Lee, Chi-Ming				
	Vice President(Note 2)	Chang, Chia-Hua				
	Vice President(Note 2)	Hong, Gin-Guu				
	Finance Division Manager	Cheng, Yea-Yun				
	Accounting Division Manager	Chang, Li-Ling				

Note 1: Earnings distribution for 2015 has not yet been approved by general shareholders meeting. These figures are based on the proposal approved by the Board.

Note 2: Hsieh, Po-Chung was dismissed in February 2015. Chang, Chia-Hua was dismissed in March 2015. Hong, Gin-Guu was dismissed in May 2015.

(4) The below includes analysis of total remuneration (as a percentage of net income) given to directors, supervisors, president and senior vice presidents by PCSC and all consolidated companies over the past two years along with a discussion of the remuneration policies, standards, arrangements, procedures for defining compensation and the relationship between remuneration packages and the company's performance and future risk:

1. Remuneration paid over the past two years as a percent after-tax net income:

	Title	Directors	President and Senior Vice Presidents
2015 (Note 1)	PCSC	3.30%	0.88%
	All consolidated companies	3.45%	0.90%
2014 (Note 1)	PCSC	5.72%	1.02%
	All consolidated companies	5.92%	1.04%

Note 1: PCSC's net income after tax in 2015 was NT\$8,238,993,000. PCSC's net income after tax in 2014 was NT\$9,090,462,000.

2. Remuneration policy, standards, and arrangements, the procedures for determining remuneration, and the relationship between remuneration and company performance:

- (1) PCSC's remuneration policy is based on the Company's business strategy, human resource policy, and financial capability. Every year, the Company participates in salary surveys undertaken by specialist salary survey organizations; the company's remuneration levels are then reviewed based on the results of these surveys.
- (2) The standards of remuneration for directors are clearly specified in the company's Article of Incorporation. ("Employee, director, and supervisor remuneration" on page 48.)
- (3) Remuneration paid to the PCSC President and Senior Vice Presidents is set according to their individual performance and their contribution to the company's operations. Said remuneration shall also conform to PCSC's remuneration regulations and take into consideration typical remuneration levels paid by other companies (using data compiled by market research firms). Bonuses shall be awarded based on PCSC's performance management regulations and take into consideration both PCSC's operating performance and the individual's own performance.

3. Implementation of Corporate Governance

(1) Operations of the Board of Directors:

As of publication of the Annual Report, there had been a total of seven (A) meetings of the Board of Directors over the past fiscal year. Director attendance is detailed below:

Title	Name	Meetings Attended Personally (B)	Meetings Attended by Proxy	Personal Attendance Rate (B/A)	Remarks
Chairman	Uni-President Enterprises Corp. Lo, Chih-Hsien	7	0	100%	Reelected on June 18, 2015
Director	Kao Chyuan Investment Co. Ltd. Kao, Shioh-Ling	7	0	100%	Reelected on June 18, 2015
Director	Uni-President Enterprises Corp. Su, Tsung-Ming	7	0	100%	Reelected on June 18, 2015
Director	Uni-President Enterprises Corp. Yang, Wen-Lung	7	0	100%	Reelected on June 18, 2015
Director	Uni-President Enterprises Corp. Chen, Jui-Tang	7	0	100%	Reelected on June 18, 2015
Director	Uni-President Enterprises Corp. Wu, Chung-Pin	7	0	100%	Reelected on June 18, 2015
Director	Uni-President Enterprises Corp. Lu, Long-Hong	5	0	100%	Newly elected as director (representative) for a term beginning on June 18, 2015
Director	Uni-President Enterprises Corp. Huang, Jui-Tien	5	0	100%	Newly elected as director (representative) for a term beginning on June 18, 2015
Director	Uni-President Enterprises Corp. Hwang, Jau-Kai	5	0	100%	Newly elected as director (representative) for a term beginning on June 18, 2015
Director	Uni-President Enterprises Corp. Wu, Wen-Chi	5	0	100%	Newly elected as director (representative) for a term beginning on June 18, 2015
Director	Uni-President Enterprises Corp. Kao, Chin-Yen	0	2	0%	Former director (representative) whose term ended on June 17, 2015
Director	Uni-President Enterprises Corp. Lin, Chang-Sheng	2	0	100%	Former director (representative) whose term ended on June 17, 2015
Director	Uni-President Enterprises Corp. Lin, Lung-Yi	0	2	0%	Former director (representative) whose term ended on June 17, 2015
Director	Uni-President Enterprises Corp. Lai, Nan-Bey	2	0	100%	Former director (representative) whose term ended on June 17, 2015
Independent Director	Wang, Wen-Yeu	7	0	100%	Reelected on June 18, 2015
Independent Director	Chen, M. David	7	0	100%	Reelected on June 18, 2015
Independent Director	Shu, Pei-Gi	7	0	100%	Reelected on June 18, 2015

Other issues to be noted:

1. Issues specified in Article 14-3 of the Securities Transaction Law and other issues opposed by independent directors or about which said directors have reservations should be recorded in writing in the meeting minutes of the Board. Dates, sessions, contents of resolutions of the Board Meetings, opinions from all independent directors, and Company responses to their opinions should be noted.

[Further explanation] On June 21, 2012, PCSC established independent directors on the Board. There are currently no issues as outlined in Article 14-3 of the Securities Transaction Law or opposed by independent directors or about which they have reservations.

2. Should a director recuse him or herself from a decision about which he or she has a conflict of interest, the name of the director, contents of the resolution, reasons for recusal, and the results of the vote should be noted.

[Further explanation] If a director has a stake in any issue brought before the Board, he or she shall provide their opinion and submit to inquiry. Said director may not participate in discussion or vote on the issue. At the meeting held on March 18, 2015, the Company's Board passed a resolution to sign a management consultancy contract with Uni-President Enterprises Corp. As majority non-independent directors are legal representatives or directors of the contract counterparty, they recused themselves to avoid conflict of interest. The resolution was adopted unanimously by all independent directors in attendance.

3. During this and recent past fiscal years, PCSC has worked to strengthen the function of the Board and evaluate the implementation of such measures.

[Further explanation] On March 8, 2005, in accordance with the Company's Corporate Governance Code of Practice, PCSC established Rules of Procedure for Board Meetings, which was reported to the General Shareholder's Meeting held on June 14, 2005. In accordance with the addition of independent directors and regulations issued by the Financial Supervisory Commission R.O.C., during the Board meetings held on March 21, 2012 and December 19, 2012, PCSC revised the functions of independent directors and regulations governing director recusal due to conflict of interest. To ensure even stronger supervisory capabilities of the Company's Board, on August 19, 2011 PCSC established the Remuneration Committee and then on June 21, 2012 further established the Audit Committee.

(2) Operations of the Audit Committee:

As of publication of the Annual Report, there had been a total of seven (A) meetings of the Audit Committee over the past fiscal year. Independent director attendance is detailed below:

Title	Name	Meetings Attended (B)	Attendance Rate (%) [B/A] (Note)	Remarks
Independent Director	Wang, Wen-Yeu	7	100 %	Reelected on June 18, 2015
Independent Director	Chen, M. David	7	100 %	Reelected on June 18, 2015
Independent Director	Shu, Pei-Gi	7	100 %	Reelected on June 18, 2015

Other issues to be noted:

- For matters listed in Article 14-5 of the Securities and Exchange Act and other matters not passed by the Audit Committee, but which have been approved by two-thirds of the Board of Directors, the Board Meeting date, session, content of the resolution, result of the Audit Committee vote, and the Company's response to the Audit Committee's opinion shall be properly recorded.
[Further explanation] PCSC did not have any matters listed in Article 14-5 of the Securities and Exchange Act or other matters not passed by the Audit Committee, which were then agreed upon by two-thirds of the entire membership of the Board of Directors.
- In situations where independent directors recuse themselves due to conflict of interest, the independent director's name, content of the resolution, reason for recusal, and his or her voting participation should be properly recorded.
[Further explanation] If an independent director has any conflict of interest regarding issues discussed during the meeting that could result in harm to the Company's interests, said director shall recuse him or herself. If this prevents the Committee from coming to a decision, then the situation shall be reported to the Board of Directors and the Board will make the final decision on said resolution. The Company did not have this situation.
- Communication between independent directors and internal audit managers and external auditors (regarding issues such as Company financial and operational status, procedures, and results)
[Further explanation 1] The Company's internal audit managers provide Audit Committee members with regular updates on audit report results and report additional findings during the quarterly Audit Committee Meeting. If a special situation should arise, internal audit managers shall immediately report to the Audit Committee. In 2015, no such situation occurred and the communication links between internal auditors and the Audit Committee were strong.
[Further explanation 2] The Company retains external auditors who, after auditing the financial statement, report their findings to the Audit Committee and discuss any additional matters as required by law. If a special situation should arise, external auditors shall immediately report to the Audit Committee. In 2015, no such situations occurred. The Audit Committee and the independent auditors retained by the Company maintain strong communication.

(3) Differences between Corporate Governance Implementation and Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons for differences:

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
1. Did PCSC establish its Corporate Governance Best Practice Principles in accordance with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and disclose those Principles?	√		In order to establish a sound corporate governance system, the Company considered regulations set forth in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies coproduced by TWSE and GTSM and passed the Corporate Governance Best Practice Principles at the meeting of the Board on 19 December 2014.	Compliant
2. Company ownership structure and shareholder rights				
(1) Did PCSC establish internal operational procedures for dealing with shareholder suggestions, questions, disputes, and lawsuits and put these procedures into practice?	√		In addition to authorizing a share transfer agent to handle related affairs, PCSC has also established a comprehensive spokesperson system and investor relations team to deal with shareholder issues.	Compliant

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(2) Does PCSC keep maintain a list of the major Company shareholders and the ultimate owners of these shareholders?	√		Through the assistance of the share transfer agent, PCSC remains fully aware of its major shareholders and regularly reports any changes in shareholding by directors or PCSC management. Apart from natural person shareholders, PCSC maintains a relationship with its major institutional shareholders. If necessary, PCSC can obtain the list of their ultimate owners from these institutional shareholders.	Compliant
(3) Did PCSC establish and implement risk control mechanisms and firewalls at the Company and affiliated enterprises?	√		In accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, PCSC has defined Procedures Governing the Monitoring of Subsidiaries to establish a risk management mechanism at its subsidiaries.	Compliant
(4) Did PCSC establish internal standards to prevent insider trading on undisclosed information?	√		PCSC has an ethics management and trade secret code of conduct in place to serve as its standard. Its internal management control system also clearly has operation procedures in place to prevent insider trading to preclude individuals with access to information from engaging in insider trading, so as to maintain fairness of the securities market and to safeguard the rights of investors.	Compliant
3. Structure and responsibilities of the Board of Directors				
(1) Has PCSC established policies calling for diversity among members of the Board of Directors and put said policies into practice?	√		1. In accordance with PCSC's Corporate Governance Best Practice Principles and the director election guidelines, the composition of the members of the Board of Directors emphasizes diversity as well as the knowledge, skills, and backgrounds needed for members to carry out their responsibilities. 2. The Company's current 13 directors have specialized backgrounds in operations and management, finance, accounting, and legal affairs. Two directors are female.	Compliant
(2) In addition to the establishment of the Remuneration Committee and Audit Committee as required by law, did PCSC establish committees with other functions of its own accord?		√	In addition to establishing the Remuneration and Audit Committees as required by law, the Company has filled the positions with independent directors. The Company currently does not have any other functional committees, but it does have a CSR Committee and Ethical Operations Team set up by the management team which reports the status and achievements of their work to the directors on a regular basis. The Company will take into consideration the legal environment, Company operations, and management needs in deciding whether or not to establish additional functional committees in the future.	Not Compliant
(3) Has PCSC established performance evaluation guidelines and evaluation methods for the Board of Directors and does it evaluate its performance regularly each year?		√	PCSC currently does not have guidelines or methods for evaluating the performance of the Board of Directors in place. It will evaluate the feasibility of doing so in the future based on the legal environment, Company operations, and management needs.	Not Compliant
(4) Does PCSC periodically assess the independence of external auditors?	√		1. PCSC's Audit Committee and Board of Directors periodically evaluate the independence of its certified accountants. The Company's accounting department evaluates accountants based on standards derived from the Certified Public Accountant Act and the 10th Code of Ethics for Professional Accountants. 2. Each year, PCSC's external auditors provide PCSC with a Statement of Independence. The external auditing firm also complies with rules for rotating external auditors.	Compliant

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
4. Has PCSC established communication channels with stakeholders and set up an area dedicated to stakeholders on the Company website? Does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?	√		<ol style="list-style-type: none"> 1. In 2015, PCSC set up a dedicated stakeholder area on its website with sections for different types of stakeholders. At the same time, we established a system and have a response mechanism in place to ensure the Company properly handles feedback from stakeholders. 2. PCSC deals with banks and other creditors in accordance with the principles of honesty and openness, providing all necessary operational and financial information to enable them to make informed decisions in light of PCSC's operational status. 3. PCSC encourages its employees to communicate directly with management. In addition, a discussion platform has been set up to enable them to express their views on the company's operations. 4. The Company has established an internal employee care group that actively works to provide effective, timely consultation and guidance to employees whenever required. 5. PCSC has set up a public website, which not only discloses business and financial information, but also expresses its responsibilities and obligations as a corporate citizen. 6. PCSC has established the Integrated Services Center to serve as a centralized communication channel between PCSC, its suppliers, employees, and customers. 	Compliant
5. Has PCSC appointed a professional agency specializing in the handling of shareholder meeting affairs?	√		PCSC has designated President Securities Corporation Stock Affairs Department to handle shareholder meeting affairs.	Compliant
6. Information disclosure				
(1) Has PCSC established a public website to disclose operational, financial, and corporate governance information?	√		PCSC has established a corporate website at http://www.7-11.com.tw and designated personnel responsible for disclosing operational, financial, and corporate governance information.	Compliant
(2) Has PCSC adopted other methods of information disclosure (e.g., setting up an English website, designating a specialist responsible for gathering and disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)?	√		<ol style="list-style-type: none"> 1. PCSC has established a corporate website at http://www.7-11.com.tw, which also includes an English language version. Our dedicated investor relations team is responsible for the collection and disclosure of corporate information and the updating of website content. 2. In accordance with legal requirements, PCSC has established a comprehensive spokesperson system with Senior Vice President Wu, Kuo-Hsuan as Spokesperson and Vice President Hsieh, Lien-Tang as Deputy Spokesperson. 3. PCSC holds and attends annual investor conferences. The materials and video are posted on the Company website and also on Taiwan Stock Exchange Market Observation Post System at http://mops.twse.com.tw 	Compliant

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
7. Does PCSC have other important information to facilitate better understanding of the Company's corporate governance practices (including, but not limited to current status of employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor training regimes, risk management policies, and risk measurement standards as well as the implementation of client policies and the Company's purchase of liability insurance for its directors and supervisors)?	√		<ol style="list-style-type: none"> 1. There is no spousal relationship between PCSC's chairman and president, and they are not relatives within first degree of consanguinity. The president and chairman as well as managers responsible for finance and accounting at PCSC have not worked for the Company's currently designated accounting office or affiliated enterprises within the past year. 2. In 2015, the company arranged for President Chen, Jui-Tang; Senior Vice President Lai, Nan-Bey; Chief Auditor Hsieh Hong, Hui-Tzu; and Chief Financial Officer Wu, Wen-Chi to attend the three hour course, Business Judgment of Directors, Supervisors, and Managers vs. Securities Fraud, False Information, and Capital Misappropriation, held by the Taiwan Corporate Governance Association. President Chen, Jui-Tang; Chief Auditor Hsieh Hong, Hui-Tzu; and Chief Financial Officer Wu, Wen-Chi attended the three hour course Evaluating Corporate Governance from the Position of the Board of Directors also held by the Taiwan Corporate Governance Association. President Chen, Jui-Tang; Senior Vice President Lai, Nan-Bey; Chief Financial Officer Wu, Wen-Chi; Vice Presidents Hsieh, Lien-Tang and Lin, Chi-Chang to attend SGV's four hour course Updates on Philippine Practices on Corporate Governance & Enterprise Risk Management. Chief Auditor Hsieh Hong, Hui-Tzu attended the 18 hour course Pre-Employment Training for First Time Corporate Internal Auditors, held by Securities & Futures Institute. 3. Should a proposal result in a conflict of interest between a director and the Company, said director may make comments or answer questions, but he or she is barred from the discussion and vote on the proposal. 4. PCSC has purchased liability insurance for its directors and key personnel. 5. In 2015, PCSC was named to the MSCI Global Sustainability Indices and was awarded by MSCI "Best in class" for corporate governance financial and accounting disclosure. 6. PCSC places a great deal of emphasis on the transparency and immediacy of information disclosure, receiving the top rating of A++ for information disclosure in 2015 and ranked among the top 5% in the Taiwan Corporate Governance Evaluation. 7. PCSC discloses financial and business information as required by relevant laws and regulations and is working to strengthen transparency on an ongoing basis. The Company has also established an investor relations team to provide direct communication between PCSC and investors. 8. PCSC formulates strategies, procedures, and indicators and undertakes regular analysis and appraisal of changes in risk status, in accordance with relevant laws and regulations, policies, and market changes; the Company also takes appropriate measures to reduce the overall level of latent risk. 9. PCSC will continue to comply with all laws and regulations governing corporate governance. We will also review corporate governance developments in Taiwan and abroad in our effort to continually improve in this area. 10. PCSC subsidiaries also follow these guidelines to gradually improve corporate governance. 	Compliant
8. Does PCSC have corporate governance self-evaluation reports or evaluations performed by a professional organization? (If yes, please indicate the views of its Board of Directors, the results of the evaluations, major deficiencies, suggestions, and any improvements)	√		In 2012, PCSC adopted a corporate governance self-appraisal system and regularly updates its self-assessment report to the Market Observation Post System.	Compliant

2015 Director continuing education

Name	Date(s)	Organizer	Course Name	Time
Lo, Chih-Hsien Kao, Shiow-Ling Su, Tsung-Ming Huang, Jui-Tien Wu, Chung-Pin Yang, Wen-Lung Chen, Jui-Tang Wu, Wen-Chi Chen, M. David	04/24	Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, and Managers vs. Securities Fraud, False Information, and Capital Misappropriation	3 hours
Lo, Chih-Hsien Kao, Shiow-Ling Su, Tsung-Ming Lu, Long-Hong Huang, Jui-Tien Hwang, Jau-Kai Wu, Chung-Pin Yang, Wen-Lung Chen, Jui-Tang Wu, Wen-Chi Chen, M. David Shu, Pei-Gi	10/23	Taiwan Corporate Governance Association	Evaluating Corporate Governance from the Position of the Board of Directors	3 hours
Lu, Long-Hong	08/07	Securities & Futures Institute	Legal Compliance Briefing Regarding Insider Trading at Listed Companies	3 hours
Lu, Long-Hong Hwang, Jau-Kai	11/24~11/25	Securities & Futures Institute	Director and Supervisor (including independent) Practical Workshop	12 hours
Chen, Jui-Tang Wu, Wen-Chi	07/29	SGV	Updates on Philippine Practices on Corporate Governance & Enterprise Risk Management	4 hours
Wu, Wen-Chi	12/01	Securities & Futures Institute	Civil Liabilities for Insiders under the Securities and Exchange Act.	3 hours
	12/18	Securities & Futures Institute	Company Management Rights Code of Conduct for Competitive Behavior and Case Study Discussion	3 hours
Wang, Wen-Yeu	05/08	Securities & Futures Institute	How Enterprises Achieve Corporate Social Responsibilities and Reporting in Practice	3 hours
	08/07	Securities & Futures Institute	Director and Supervisor Liability in Enterprise M&A	3 hours
	11/05	Taiwan Corporate Governance Association	Company M&A in Practice	3 hours
Shu, Pei-Gi	04/17	Taiwan Corporate Governance Association	External Auditing and Internal Controls from the Perspective of Directors and Supervisors	3 hours

(4) Composition, responsibilities, and operation of the Remuneration Committee:

1. Remuneration Committee members

Position	Name	Item	Has over 5 years of work experience and the below professional qualifications			Independence Ranking (Note)								Number of Remuneration Committee memberships held in other public companies	Remarks
			Holds the position of lecturer (or above) at public or private college or university in business, law, finance, accounting or company operations	Holds a license, obtained through national examination, for the position of judge, district attorney, lawyer, accountant, or similar	Work experience in business, law, finance, accounting or company operations	1	2	3	4	5	6	7	8		
Independent Director	Wang, Wen-Yeu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	—
Independent Director	Chen, M. David	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	—
Independent Director	Shu, Pei-Gi	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	—

Note: For the two years prior to becoming committee members and during their term, members met the following criteria indicated with a “✓”.

- (1) Not an employee of the Company or the Company's affiliates.
- (2) Not a director or supervisor of the Company or the Company's affiliates. This does not apply to the independent directors of the Company, its parent company, or any of the Company's subsidiaries which the Company holds directly and indirectly over 50% stake.
- (3) Not an individual shareholder who holds, or whose spouse or minor children hold, or who uses nominee accounts to hold over 1% of the Company's issued shares or is one of the top 10 shareholders.
- (4) This individual's spouse, relatives within second degree of consanguinity, and lineal relatives within third degree also meet the criteria in the above three statements.
- (5) Not a director, supervisor, or employee of an institutional shareholder that directly owns over 5% of the Company's issued shares or an institutional investor that is among the top five institutional shareholders.
- (6) Not a director, supervisor, manager or shareholder holding 5% or more of the shares, of any company or organization that has business or financial relations with the Company.
- (7) Not an owner, partner, director, supervisor, manager or spouse of any of such individual whose sole proprietorship, partnership, company, or institution provides services or consulting advice in business, law, finance and accounting to the Company or the Company's affiliates.
- (8) Does not meet any of the criteria described in Article 30 of the Company Act.

2. Operations of the Remuneration Committee

(1) PCSC's Remuneration Committee is composed of three members.

(2) The term of office for current members runs from June 18, 2015 through June 17, 2018.

As of publication of the Annual Report, there had been a total of three (A) meetings of the Remuneration Committee over the past fiscal year. Member attendance is detailed below:

Title	Name	Meetings Attended Personally (B)	Meetings Attended by Proxy	Personal Attendance Rate (B/A) (Note)	Remarks
Convener	Wang, Wen-Yeu	3	0	100%	Reelected on June 18, 2015
Member	Chen, M. David	3	0	100%	Reelected on June 18, 2015
Member	Shu, Pei-Gi	3	0	100%	Reelected on June 18, 2015

Other issues to be noted:

1. If the Board does not adopt or amends a Remuneration Committee proposal, the Board meeting date, session, content of the resolution, result of the Board vote, and the Company's response to the Remuneration Committee's opinion shall be properly recorded (for example, if the remuneration package approved by the Board is superior to that suggested by the Remuneration Committee, the difference and reasons must be noted).
[Further explanation] There has not been any instance of the Board rejecting or amending a remuneration Committee proposal. Also, there have not been any recorded instances of Remuneration Committee members opposing or reserving opinion on any decision by the Board.
2. Should a committee member oppose or reserve their opinion regarding any decision made by the Remuneration Committee and their opinion has been recorded or submitted in a written statement, the committee meeting date, session, content of the resolution, opinions of all members, and the response to the opinions shall be recorded.
[Further explanation] PCSC has not had a case in which a member of the Remuneration Committee recorded or submitted a written statement in opposition or reserving opinion on a resolution decided upon by the committee.

(5) Implementation of Corporate Social Responsibility

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
1. Corporate Governance Implementation				
(1) Has PCSC established corporate social responsibility policies or a CSR system and reviewed the effectiveness of implementation?	√		PCSC has established a CSR code of conduct. In order to implement and manage CSR, PCSC established an interdepartmental CSR Committee with the president serving as chairman and a senior vice president Wu, Kuo-Hsuan as vice chairman. The committee is divided up into five major teams, including "Corporate Governance", "Sustainable Products and Services", "Environmentally Friendly", "Coexisting with the Community", and "Employee and Franchisee Relations", responsible for proposing and implementing concrete plans related to CSR policies, systems, or relevant management guidelines and reporting the status on a regular basis to the Board of Directors. Please refer to the PCSC CSR Report for a detailed description of CSR policy effectiveness.	Compliant
(2) Does PCSC regularly give CSR education and training?	√		PCSC launched labor auditor training since 2012. PCSC's departments provide regularly scheduled CSR education and training related to their areas of responsibility.	Compliant
(3) Has PCSC designated personnel to implement corporate social responsibility policy with senior management authorized by the Board of Directors to manage them, and do they give status reports to the Board of Directors?	√		In order to implement and manage CSR, PCSC established an interdepartmental CSR Committee with the president serving as chairman and Senior Vice President Wu, Kuo-Hsuan as vice chairman. The committee is divided up into five major teams responsible for proposing and implementing concrete plans related to CSR policies, systems, or relevant management guidelines and reporting the status on a regular basis to the Board of Directors.	Compliant
(4) Has PCSC established reasonable remuneration policies and integrated the employee performance evaluation system and CSR policies, and established a clear and effective incentive and discipline system?	√		PCSC pays employees competitive wages and reviews various salary and benefit surveys annually to ensure the starting pay offered is higher than standard starting pay around the nation. To ensure fairness, PCSC offers the same starting pay for males and females performing the same work, so that pay and benefits do not vary based on gender or age. In addition, PCSC holds quarterly labor and management meetings as required by law with five individuals representing each labor and management to negotiate issues related to benefits and systems. They work together to create a harmonious and friendly work environment. In 2015, PCSC added CSR indicators to manager performance thereby linking the employee performance assessment system to CSR.	Compliant
2. Sustainable Environmental Development				
(1) Has PCSC endeavored to make more efficient use of resources and use renewable materials that have a lower impact on the environment?	√		PCSC continues to introduce concrete energy conservation plans in our stores. With their broad footprint, stores have the potential for largest impact and are the ideal jumping off point for these plans. Energy saving measures such as building insulation, energy-efficient lighted signs, fewer light fixtures, utilizing inverter systems, outdoor energy conservation, indoor lighting management, and LED fixtures are incorporated in every new store design. Existing stores focus on phasing out inefficient equipment and investing in energy efficient options. In coordination with the government, the Industrial Technology Research Institute, and academic institutions, PCSC is working to improve stores' energy efficiency and reduce operational costs, while also introducing store energy use self-evaluations to ensure efficient operations.	Compliant

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(2) Has PCSC established an environmental management system that is specifically designed with PCSC's operations in mind?	√		PCSC is committed to reducing our carbon footprint and emissions of greenhouse gasses to ensure a better living environment for the nation. For example, long before a new location opens its doors, energy saving considerations drive the design process, while existing stores focus on phasing out inefficient equipment. We have also built Taiwan's largest national recycling platform. In addition, PCSC's headquarter has implemented environmental measures to reduce electricity, water, and paper use. We continue to implement green procurement and offer high quality eco-friendly products to our customers to grow the green consumer marketplace. Through our green accounting system, we turn these concrete actions to improve the environment into financial data, which assists the Company to manage environmental costs and analyze overall effectiveness.	Compliant
(3) Does PCSC pay close attention to the potential impacts of climate change on operations, has it undertaken an examination of its greenhouse gas emissions, and has it established a carbon and greenhouse gas reduction strategy?	√		As we have helped make life more convenient in Taiwan, PCSC recognizes that energy conservation and carbon emissions reduction are important requirements for sustainable operations. As such, PCSC integrated seven major green engineering concepts, including power management, lighting design, air conditioning, improved ice making equipment, environmentally-friendly construction materials, better construction methods, and water saving equipment into store designs. With permission from the Equipment Procurement Committee, PCSC invested in improving energy saving equipment and worked with the government, the Industrial Technology Research Institute, and relevant academic institutions to enhance the energy efficiency of stores and reduce store operation costs. Our hope is that stores will become environmentally-friendly and sustainable shopping venues and reduce the impact of operations on the environment. In addition, we continue to perform annual greenhouse gas emissions assessments under the GHG Protocol to keep track of greenhouse gasses expelled within the scope of our operations.	Compliant
3. Social Welfare				
(1) Has PCSC established management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	√		To comply with relevant labor laws and provide a safe, comfortable working environment where employees' rights are protected and respected, PCSC established the "PCSC Labor Rights Policies" based on the guidance of International Labor Conventions. PCSC launched labor auditor training since 2012. Moreover, in 2015, 63 employees in 28 affiliated enterprises, including 7-ELEVEN, have already completed the course and worked to improve workplace safety. In addition to refusing to hire employees younger than 15 as required by the Labor Standards Law, PCSC also upholds the principle that employment is the most direct way to assist the disadvantaged. Not only does PCSC offer more job opportunities to emotionally and physically disabled individuals, we offer middle-aged women part-time work, allowing them to find a second career, providing an inclusive work environment with a diversified culture.	Compliant
(2) Does PCSC have an employee complaint mechanism and channels and does it take care of said complaints appropriately?	√		To encourage direct communication between employees and managers, PCSC established the Integrated Services Center, e-mailbox, and a dedicated stakeholder section of our website, which enable employees to get timely answers to their questions. In addition, the Company set up an internal suggestion system, which allows employees to bring their opinions and suggestions about company operations directly to management. Our internal communication platform also sends out important messages directly to employees.	Compliant

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(3) Does PCSC provide employees with a safe and healthy work environment and regularly implement safety and health education programs for employees?	√		The Company provides employees with comprehensive education and training programs and an outstanding benefit regime (which includes subsidies for physical examinations and marriage) to support our employees and improve their physical and mental health. PCSC launched the "Health Management Program" to provide employees with supplementary health services and promote awareness of health-related issues. The Company also hired a specialized nurse practitioner to provide health counseling. PCSC further employed health education campaigns, such as the "Health Passport", e-newsletters, and lectures, to encourage employees to manage their personal health and create a warm, harmonious, and safe working environment. In accordance with revisions to the Occupational Safety and Health Act, we launched programs for maternal protection, ergonomics hazard prevention, and unlawful mental or physical harassment prevention.	Compliant
(4) Has PCSC established a mechanism enabling periodic communication with employees and a reasonable method of informing employees of those operational changes that could potentially affect their work?	√		To encourage direct communication between employees and managers, PCSC established the Integrated Services Center, e-mailbox, and dedicated stakeholder section of our website, which enable employees to get timely answers to their questions. In addition, the Company set up an internal suggestion system, which allows employees to bring their opinions and suggestions about company operations directly to management. Our internal communication platform also sends out important messages directly to employees.	Compliant
(5) Has PCSC established an effective career skill development training program for employees?	√		PCSC, in accordance with the Company's core values, has clearly outlined a training program to equip employees with the skills and standards required for positions throughout the organization. Managers and employees can strengthen their abilities to achieve their career goals by participating in internal or external training courses. Together with their immediate supervisors, employees map out a "Personal Development Plan" taking into account education, experience, work requirements, performance evaluation results, and career development needs. For some key employees, PCSC has mapped out a program of training and development to help them reach their ideal position within the company. In addition to promotions, we offer other ways to further career development, including job rotations and overseas job opportunities. PCSC also encourages employees to pursue self-enrichment in their spare time, to strengthen their foundation and professional knowledge through scholarships for outside training and language courses.	Compliant
(6) Has PCSC established policies regarding R&D, procurement, production, operations, and service processes and complaint procedures to safeguard the rights of customers?	√		PCSC endeavors to provide consumers with high quality, safe, and hygienic products. For example, we have a complete source management mechanism in place for the procurement of fresh foods. All employees involved in the production process must take food safety and hygiene training classes to ensure the rigorousness of process management. The Company's fleet of dedicated delivery trucks keep foods cold and rush fresh products to stores across the country to be enjoyed by our customers. In 2013, PCSC established the Product Safety Information Collection and Inventory Tracking Operational Standards. The Product Department and the Quality Assurance Department join forces to regularly collect relevant product safety information and set up inventory and tracking procedures to ensure the safety of Company products. For a long time now, the Company has been investing resources and raising food safety standards to achieve this goal. Consumers can express their opinions through our Integrated Service Center or the dedicated stakeholder section of our website to ensure that their suggestions or concerns are handled satisfactorily.	Compliant

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(7) Does PCSC's product and service marketing and labeling adhere to relevant laws and regulations and international standards?	√		The packaging designs for PCSC's private label products have all passed the packaging inspection process, and the labeling and advertising have been further checked and approved by the Company's Quality Assurance and Legal Departments, to ensure they conform to laws and guidelines set forth by regulating authorities.	Compliant
(8) Prior to entering a business relationship with a supplier, does PCSC first determine whether or not the supplier has any records of negatively impacting the environment or society?	√		To strengthen supplier management, PCSC has established a supply chain management team responsible for overseeing raw material suppliers, OEM factories, logistics and distribution, and store operation through on-site evaluations and hierarchical management. In addition to food safety, food product evaluation standards also include environmental safety and CSR provisions. Based on their evaluation score, suppliers are divided into different categories and the frequency of subsequent evaluations will be determined accordingly. In addition, PCSC requires OEM factories for private label food products to receive domestic and international food safety certifications (such as ISO 22000 / HACCP / CAS). Our Internal Audit Office integrates interdepartmental evaluations and holds spot checks at raw material suppliers and OEM factories to ensure compliance with environmental safety and CSR requirements.	Compliant
(9) Does PCSC's contracts with its major suppliers include provisions for terminating the agreement at any time in the event that the suppliers are involved in any activities that violate Company CSR policies and that significantly adversely impact the environment or society?	√		In order to ensure Company business activities are free from the taint of corruption, PCSC added an integrity and anti-bribery provision to its supplier agreements since 2013. Suppliers must maintain integrity in their interactions with PCSC and prevent dishonest business practices to protect the rights and interests of both parties to the contract. Beginning in 2016, contracts with key suppliers now include provisions regarding corporate social responsibility. If a supplier is involved in a policy violation resulting in negative impacts to the environment or local community, its contract with PCSC may be terminated or cancelled at any time.	Compliant
4. Information disclosure				
(1) Does PCSC disclose on its website and TWSE Market Observation Post System relevant and reliable information about Company CSR?	√		1. PCSC's website features a corporate social responsibility section where CSR related information is disclosed. The Company also discloses information on greenhouse gas emissions and results of reduction efforts on the TWSE Market Observation Post System. 2. PCSC disclosed its CSR Report on TWSE Market Observation Post System and the Company's website.	Compliant
5. If PCSC has drawn up a code for CSR based on the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please describe any differences between said code and the Best Practice Principles:				
(1) In accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies, PCSC drew up the Rules for the Practice of Corporate Social Responsibility, which govern implementation of corporate governance, development of sustainable operations, protection of public welfare, strengthening of CSR information disclosure, and protections of stakeholder rights and interests. PCSC employees follow these regulations to manage Company risks and impacts on the economy, environment, and society.				
(2) PCSC's food safety policies are based in focused operations, traceability management, and winning consumer trust and include strengthening supplier management, implementing raw material traceability examination and management, improving quality assurance laboratory self-examination capabilities, and establishing and implementing a complete food safety monitoring program. These measures enable PCSC to fulfil our corporate social responsibility through food safety management, thereby reducing food safety risks and potential impacts.				

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
<p>6. Other important information for facilitating the understanding of CSR and its implementation:</p> <p>(1) To respond to the issue of food safety, PCSC formulated the Product Safety Information Collection and Inventory Tracking Operational Procedures to strengthen crisis management capabilities. Moreover, we perform self-reviews of potential major product safety incidents, customer complaints, and related regulations to discover latent food safety risks.</p> <p>(2) The PCSC quality assurance laboratory has been certified by the TFDA for six testing areas (microorganism counts, coliform bacteria, E. coli, Salmonella, nitrofurantol metabolites, and testing for residues of 48 veterinary drugs) and TAF certification for three testing areas (microorganism counts, coliform bacteria, E. coli). In addition, we independently test for 625 chemicals and 13 microorganisms. In 2015, the quality assurance laboratory performed testing on over 1000 raw materials and products to maintain strict control on the safety of food products.</p> <p>(3) In 2015, PCSC established the private label product raw material management system to strengthen traceability management of raw materials.</p> <p>(4) To properly implement the ethical operations system, PCSC provides channels that enable stakeholders (investors / customers / employees / franchisees / landlords / suppliers) to effectively communicate with the Company. On December 1, 2015, PCSC set up a stakeholder communication section on our website and related procedures to ensure stakeholders feedback is followed up properly.</p> <p>(5) In 2015, the Company awarded "ISO50001 Energy Management System" certification by Ministry of Economic Affairs Bureau of Energy, and became the only certified convenience store industry.</p>				
<p>7. If Company products or CSR report have received certification from relevant certification bodies, please detail below:</p> <p>PCSC issues its CSR Report annually and the results from the current and previous years are also disclosed on the Company website at http://www.7-11.com.tw. The 2014 PCSC CSR Report was based on the Global Reporting Initiative's G4 framework. The independent limited assurance report was compiled by PRICEWATERHOUSECOOPERS in accordance with the R.O.C. Assurance Engagement Bulletin #1 "Assurance Engagements Other than Reviews or Examination of Historical Financial Data".</p>				

(6) Ethical corporate management at the Company and related implementation:

Items Evaluated	Implementation Status			Variations (if any) with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
1. Establishment of ethical operation policies and programss				
(1) Do PCSC's Articles of Incorporation and external documents explicitly express its ethical policies and methods and are the Board and management committed to the active implementation of these commitments?	√		In order to establish a sound corporate management system, PCSC considered regulations set forth in the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies coproduced by TWSE and GTSM and passed the Ethical Corporate Management Best Practice Principles at the meeting of the Board on December 19, 2014. On August 4, 2015, the Board passed revisions to the Best Practice Principles and established Ethical Corporate Management Operating Procedures and Code of Conduct to serve as a guidance for directors, managers, employees, fiduciaries, and substantive controllers.	Compliant
(2) Has PCSC established and implemented programs to prevent unethical conduct and do these programs clearly specify relevant procedures, conduct guidelines, and a discipline and appeals system for rule violations?	√		PCSC formulated the Procedures for Ethical Management and Guidelines for Trade Secret Conduct, Standards Governing Awards and Discipline, Ethical Corporate Management Best Practice Principles, and Ethical Corporate Management Operating Procedures and Code of Conduct to prevent unethical behaviors.	Compliant
(3) Does PCSC implement preventative measures for each item under Clause 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or other operations that have higher risk of unethical behavior?	√		PCSC formulated the Procedures for Ethical Management and Guidelines for Trade Secret Conduct, Standards Governing Awards and Discipline, Ethical Corporate Management Best Practice Principles, and Ethical Corporate Management Operating Procedures and Code of Conduct to prevent unethical behaviors. Sales personnel who contact with outside firms are regularly rotated in order to eliminate bribery. PCSC has also set up an Audit Reporting Line at 02-2747-8032 to effectively prevent corruption.	Compliant

Items Evaluated	Implementation Status			Variations (if any) with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
2. Implementing ethical corporate management				
(1) Does PCSC evaluate the ethical records of the businesses with which it has dealings and include clear ethical corporate behavior provisions in contracts with such counterparties?	√		To ensure that both parties to any transaction act in an ethical manner, as to protect their common interests, PCSC has created an honesty affidavit that is part of every contract. Any request for an improper benefit by a company employee or supplier must immediately be reported orally or in writing to the PCSC Internal Audit Office. All contracts between PCSC's marketing, procurement, or shopping center divisions and outside entities now incorporate articles regarding ethical corporate management.	Compliant
(2) Has PCSC established an organization under the direct jurisdiction of the Board of Directors that promotes ethical management principles and also regularly reports to the Board concerning implementation?	√		PCSC established the interdepartmental Ethical Operations Team to strengthen the implementation of ethical corporate management in August 2015. The Ethical Operations Team is composed of personnel from the business planning, legal, operational planning, human resources, marketing, and finance divisions and is under the direct jurisdiction of the Board of Directors and supervised by the Chief Auditor. The Team formulates and promotes best practice principles and reports regularly to the Board regarding the implementation of these principles.	Compliant
(3) Has PCSC formulated and implemented policies to prevent conflicts of interest and provide appropriate ways to record any potential conflicts found?	√		1. PCSC's Board of Directors Meeting Procedures state that should a director or the legal representative of company have a conflict of interest with any of the matters under discussion by the Board that could negatively affect PCSC, a director may make comments and answer questions, but he or she is barred from the discussion and vote on the proposal. The director shall recuse him or herself from the discussion and vote and may not act as proxy to vote on the resolution on behalf of another director. 2. PCSC formulated the Ethical Corporate Management Best Practice Principles, Ethical Corporate Management Operating Procedures and Code of Conduct, Procedures for Ethical Management and Guidelines for Trade Secret Conduct, and Standards Governing Awards and Discipline to inform employee conduct. PCSC has also set up an Audit Reporting Line at 02-2747-8032.	Compliant
(4) Has PCSC implemented effective accounting and internal control systems and does it have an internal auditing unit or independent accountant periodically review them?	√		In accordance with the law, PCSC established effective accounting and internal control systems and internal auditors routinely conduct compliance tests and employ a self-check system to ensure the effectiveness of internal control mechanisms. The audit reports are prepared and submitted to the Board for approval.	Compliant
(5) Does PCSC periodically hold internal and external ethical corporate behavior training?	√		The Company's internal website features a Policy Promotion Area to educate employees about regulations governing ethical corporate behavior. In 2015, PCSC established the Ethical Operations Case Team to promote related education among employees. Through the end of December 2015, 2,072 employees took part in training and achieved a pass rate of 99.6%.	Compliant

Items Evaluated	Implementation Status			Variations (if any) with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
3. Operation of the Company's Violation Reporting System				
(1) Has PCSC established a concrete violation reporting and rewards system, set up convenient reporting channels, and appointed suitable personnel to handle these cases?	√		1. Both PCSC's Internal Audit Office and Integrated Services Center have set up exclusive reporting hotlines. Stakeholders may also report any violations through the stakeholder section of our website. In addition, we also have a complete system and mechanisms to ensure stakeholder feedback is followed up properly. After stakeholders send their opinions by email through the website, the message is passed through the system directly to the responsible party, who is then required to update on the status of the case within a specified period of time. PCSC keeps track of the number of reports received each month and the status of each case. 2. Through December 2015, there were 85 messages received through the stakeholder feedback section of the website. 3. The violation reporting and rewards system is implemented according to the Standards Governing Awards and Discipline and Regulations Governing Product Safety Protections set forth by human resources and quality assurance divisions. The Awards and Discipline Committee conducts deliberations according to these policies and the results of its appraisal are published on the Company's internal website.	Compliant
(2) Has PCSC established an investigation SOP for violation reporting and a relevant confidentiality mechanism?	√		PCSC has established an internal investigation SOP for violation reporting and a relevant confidentiality mechanism. Information related to reported violations is only available to auditing personnel and their direct supervisors, while related documents are placed on file by the deputy chief auditor.	Compliant
(3) Does PCSC have any measures in place to protect individuals from possible mistreatment arising from reporting violations?	√		PCSC has a duty to keep information about individuals who report violations confidential. Information about such individuals cannot be released without their prior consent to keep them from being improperly punished.	Compliant
4. Strengthening information disclosure				
(1) Does PCSC disclose the content of our Best Practice Principles and their effectiveness on our website and the TWSE Market Observation Post System?	√		PCSC has disclosed our Ethical Corporate Management Best Practice Principles, operating procedures, and code of conduct on our investor relations website and TWSE Market Observation Post System.	Compliant
5. If the Company has established a code of ethical corporate management based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please discuss the specifics of the code and implementation below: On December 19, 2014, PCSC established its Ethical Corporate Management Best Practice Principles as required by the Financial Supervisory Commission. On August 4, 2015, the Board passed revisions to the Best Practice Principles and established Ethical Corporate Management Operating Procedures and Code of Conduct, which have been implemented as written.				
6. Other information that will assist in the understanding of Company ethical corporate management practices (such as reviewing and revision of the Company' s existing Ethical Corporate Management Best Practice Principles). In addition to operating according to PCSC's Ethical Corporate Management Best Practice Principles, the Company has also established the Procedures for Ethical Management and Guidelines for Conduct Bulletin that sets up standards for moral conduct, gender interaction, gift giving and meals, and behavior with outside firms. PCSC has also established a system that implements appropriate disciplinary measure in cases of rules violations. Honesty affidavits and provisions regarding ethical corporate management are now part of all contracts with outside parties and suppliers. In order to ensure ethical operations are implemented fully, we have also set up an internal control mechanism where internal auditors perform evaluations regarding adherence to related regulations. Our subsidiaries also follow these regulations to ensure operations are conducted ethically.				

(7) Company procedures for processing material information:

Although the Company has not set up procedures regarding the processing of material information, in order to properly manage important internal information, PCSC has established the Operating Standards for Unscheduled Announcements and the 7-ELEVEN Spokesperson System to serve as standard procedure for directors, managers, and employees. These standards are posted on the Company's internal website for employee reference. As required by law, the standards are reviewed annually and revised as necessary. Furthermore, as part of our internal control mechanism, PCSC has established management practices to prevent insider trading to eliminate the possibility that directors or employees will use internal information gleaned from their positions for their material benefit. In the future, these standards will meet all applicable regulations and laws.

(8) Status of internal control system implementation:

1. Internal Control Declaration: Please refer to page 87 of this report.
2. If the company has commissioned external auditors to review the company's internal control system, the external auditor's report should be disclosed: N/A

(9) During the most recent year and as of the date of publication of the Annual Report, any disciplinary measures taken against the Company or its internal staff due to violations of legal requirements or taken by the Company against its own staff due to violations of the internal control system. The details of the disciplinary measures, major faults, and improvement measures should be noted: None.**(10) Major resolutions voted on at Shareholder and Board Meetings during the most recent year and as of the date of publication of the Annual Report:**

1. Major resolutions voted on by the Shareholders' Meeting (The following resolutions have been implemented)
During 2015 and this year as of the date of publication of the Annual Report, one General Shareholders' Meeting was held. The annual General Shareholders' meeting was held on June 18, 2015. The below resolutions were approved at the meeting:
 - (1) Approval of the financial report for 2014: Including business report, financial statements, and distribution of profits.
Result: Resolution approved.
 - (2) Proposal on the distribution of 2014 profits: In 2014, the Company had distributable income amounting to NT\$8,020,115,330 and proposed to pay a cash dividend of NT\$7.0 per share.
Result: Resolution approved and a cash dividend of NT\$7.0 per share was paid out on September 4, 2015.
 - (3) Amendment to the Regulations Governing the Election of Directors
Result: The above resolution was approved by the Shareholders' Meeting and implemented.
 - (4) Resolution regarding the election of new directors and independent directors
List of Elected directors :
Representative of Directors of Uni-President Enterprises Corp. : Lo, Chih-Hsien ; Su, Tsung-Ming ; Yang, Wen-Lung ; Chen, Jui-Tang ; Lu, Long-Hong ; Huang, Jui-Tien ; Hwang, Jau-Kai ; Wu, Chung-Pin ; Wu, Wen-Chi.
Representative of Director of Kao Chyuan Investment Co. Ltd. : Kao, Shiow-Ling.
Independent Directors : Wang, Wen-Yeu ; Chen, M. David ; Shu, Pei-Gi.
Result: The above resolution was approved by the Shareholders' Meeting and implemented. Registration was approved by Ministry of Economic Affairs on July 13th, 2015.
 - (5) Resolution to Remove PCSC Director Non-Competition Restrictions
Result: The above resolution was approved by the Shareholders' Meeting and implemented.
2. Major resolutions approved at Board Meetings:
(Discontinuation of operations at President Royal Host (Shanghai) Ltd., capital increase for PresiClerc Limited, acquisition of and capital increase for PresiClerc (Beijing) Supermarket Co., Ltd., and some applications for the renewal of credit limits from financial institutions are currently being implemented, while PCSC's 2015 earnings and dividend distribution proposal, Amendment to the Articles of Incorporation, and Resolution regarding to remove PCSC Director Non-Competition Restrictions must still be approved by the 2016 Shareholders' Meeting. All other resolutions have completed execution.)
During the fiscal year 2015 and as of the date of the publication this report, seven Board Meetings were convened. Major resolutions approved at these meetings are summarized below:
 - (1) The 17th meeting of the 10th Board (Date: March 18, 2015)
 - Approved 2014 financial statements, consolidated financial statement, and business reports.
 - Approved the 2014 asset impairment.
 - Approved the 2014 earnings distribution proposal.
 - Approved the 2014 dividend distribution proposal.
 - Approved the 2015 operations plan proposal.
 - Presentation of the 2014 PCSC Internal Control Statement.
 - Approved the proposed agenda of 2015 Shareholders' Meeting.

- Approved the procedures regarding the "Notice of the right of shareholders to make proposals" for the 2015 Shareholders' Meeting.
 - Approved the resolution regarding the election of new director and independent directors.
 - Approved the "Notice of the nomination of individuals for positions of director (including independent directors)" for the 2015 Shareholders' Meeting.
 - Approved the list of candidates for director (including independent director) proposed by the Board of Directors.
 - Approved resolution regarding the removal of non-competition restrictions for PCSC directors.
 - Approved the Regulations Governing the Election of Directors.
 - Approved the revised Rules for the Practice of Corporate Social Responsibility.
 - Approved the motion to change the custodian of the Company's official chop.
 - Approved the proposal to cancel the endorsement to Mister Donut Shanghai Co., Ltd.
 - Approved the motion on the application for the renewal of credit limits and new applications from financial institutions.
 - Approved the Management Consulting Services contracts.
 - Approved the establishment, change, and removal of Company branches and stores proposal 2015.
 - Approved the date and venue for the 2015 18th meeting of the 10th Board.
- (2) The 18th meeting of the 10th Board (Date: May 5, 2015)
- Approved the PCSC CPA Independence Evaluation Resolution.
 - Approved the PCSC director (including independent directors) qualification evaluation proposal.
 - Approved resolution regarding the removal of non-competition restrictions for PCSC directors.
 - Approved the resolutions approved at the 7th meeting of the 2nd Remuneration Committee and revisions to the Remuneration Articles of Association.
 - Approved the capital increase for President Fair Development Corp.
 - Approved the motion to change the custodian of PCSC's Ministry of Economic Affairs company registration chop.
 - Approved the proposal regarding change and removal of Company branches and stores.
 - Approved the date and venue for the 1st meeting of the 11th Board.
- (3) The 1st Meeting of the 11th Board (Date: June 18, 2015)
- Approved the motion regarding election of the Chairman of PCSC's 11th Board.
 - Approved the motion regarding appointment of PCSC's president.
 - Approved the motion regarding appointment of members of PCSC's 3rd Remuneration Committee.
 - Approved the record date of 2014 earnings distribution.
 - Approved the appointment of Mr. Kao, Chin-Yen to the positions of Chairman Emeritus and Senior Strategic Consultant.
 - Approved the change and removal of Company branches and stores proposal.
 - Approved the date and venue for the 2nd meeting of the 11th Board.
- (4) The 2nd Meeting of the 11th Board (Date: August 4, 2015)
- Approved the motion regarding PCSC's response to Formosa Fun Coast explosion and relevant corporate donations.
 - Approved the resolution to renewing liability insurance for the directors and key employees.
 - Approved the acquisition of PresiClerc Limited.
 - Approved the acquisition of PresiClerc (Beijing) Supermarket Co., Ltd. and capital increase for PresiClerc Limited.
 - Approved the capital increase for PCSC (SICHUAN) Hypermarket Limited.
 - Approved investment in President Chain Store (Taizhou) Ltd. to operate logistics and warehouse services.
 - Approved revisions to the Ethical Corporate Management Best Practice Principles.
 - Approved revisions to the Ethical Corporate Management Operating Procedures and Code of Conduct.
 - Approved the removal of Company branches and stores proposal.
 - Approved the date and venue for the 3rd meeting of the 11th Board.
- (5) The 3rd Meeting of the 11th Board (Date: November 5, 2015)
- Approved the motion on the application for the renewal of credit limits from financial institutions.
 - Approved the sale of all equities in BankPro E-Service Technology Co., Ltd.
 - Approved the proposal for Company donations.
 - Approved the establishment, change, and removal of Company branches and stores proposal.
 - Approved the date and venue for the 4th meeting of the 11th Board.
- (6) The 4th Meeting of the 11th Board (Date: December 10, 2015)
- Approved the 2016 operations plan proposal.
 - Approved revisions to the PCSC Articles of Incorporation.
 - Approved revisions to the Procedures for Halt and Resumption Applications.
 - Approved the motion regarding self-assessment of financial reporting capabilities.
 - Approved revisions to the Rules of Procedure for Board of Directors Meetings.
 - Approved the capital increase for iCASH Corp.
 - Approved the motion on the application for the renewal of credit limits from financial institutions.
 - Approved the 2016 audit plan.

- Approved the 2016 "PCSC Internal Control System" amendment.
- Approved the resolutions approved at the 1st meeting of the 3rd Remuneration Committee.
- Approved the proposal for planned donations in 2016.
- Approved the 2016 establishment, change, and removal of Company branches and stores proposal.
- Approved the date and venue for the 5th meeting of the 11th Board.

(7) The 5th Meeting of the 11th Board (Date: March 16, 2016)

- Approved the motion regarding PCSC's response to the Meinong Earthquake and relevant corporate donations.
- Approved the sale of all equities in President SATO Co., Ltd.
- Approved the 2015 employee and director earnings distribution proposal.
- Approved 2015 financial statements, consolidated financial statement, and business reports.
- Approved the 2015 asset impairment.
- Approved the 2015 earnings distribution proposal.
- Approved the 2015 dividend distribution proposal.
- Presentation of the 2015 PCSC Internal Control Statement.
- Approved the proposed agenda of 2016 Shareholders' Meeting.
- Approved the procedures regarding the "Notice of the right of shareholders to make proposals" at the 2016 Shareholders' Meeting.
- Approved resolution regarding the removal of non-competition restrictions for PCSC directors.
- Approved the resolutions approved at the 2nd meeting of the 3rd Remuneration Committee.
- Approved the motion regarding PCSC organizational restructuring and personnel changes.
- Approved the Management Consulting Services contracts.
- Approved the establishment, change, and removal of Company branches and stores proposal 2016.
- Approved the date and venue for the 6th meeting of the 11th Board.

(11) Differing opinions in records or written statements from directors or supervisors regarding important resolutions made by the Board in the most recent year and through the publication of the Annual Report: None

(12) Please provide summary of the resignations and dismissals of the chairman, president, accountant division manager, chief financial officer, internal auditing manager, and R&D manager during the last year and up to the time of printing: In 2015 and through April 30, 2016, there have been no resignations or dismissals for personnel holding those positions.

4. Independent Auditors

(1) Audit fees

Auditing Firm	Auditor Names		Audit Period	Remarks
PRICEWATERHOUSECOOPERS	Hsiao, Chun -Yuan	Chou, Chien-Hung	2015 Fiscal Year	—

Unit: NT\$1,000

Expense Scale		Fee Category	Audit Fees	Non-Audit Related Fees	Total
1	Less than 2,000		—	—	—
2	2,000 (incl.) – 4,000		—	3,495	3,495
3	4,000 (incl.) – 6,000		—	—	—
4	6,000 (incl.) – 8,000		—	—	—
5	8,000 (incl.) – 10,000		—	—	—
6	10,000 (incl.) and above		11,827	—	11,827
Total			11,827	3,495	15,322

Unit: NT\$ 1,000

Auditing Firm	Auditor Names	Audit Fees	Non-Audit Related Fees					Audit Period	Remarks
			System Design	Business Registration	Human Resources	Other	Subtotal		
PRICEWATERHOUSECOOPERS	Hsiao, Chun -Yuan	11,827	—	—	—	3,495	3,495	2015 Fiscal Year	Other Non-Audit Related Fees include CSR project, transfer pricing, tax consulting, and financial report translation fees.
	Chou, Chien-Hung								

(2) Changing of auditors- Should the Company change auditors over the past two years, the below information shall be disclosed:

1. Regarding previous auditors:

Date of Replacement	January 1, 2014
Reasons for replacement	Internal adjustments at PRICEWATERHOUSECOOPERS
Explain why the previous auditor was terminated or refused to accept the assignment	None
Instances of an auditor opinion other than unqualified over the past two years and reasons for such an assessment	None
Opinions different from the issuer	None
Other disclosures (Article 10 (5)-1- (4) of this standard shall be disclosed)	None

2. Regarding the new auditor(s):

Auditing Firm	PRICEWATERHOUSECOOPERS
Auditor Name	Chou, Chien-Hung
Appointment Date	January 1, 2014
The possible opinions, consulting advice, and results regarding any specific accounting treatments or principles before appointment date	None
Any written opinions issued by new auditors that are different from those of previous auditors	None

3. Previous auditors' response to Item 1, Paragraph 5, Article 10 and Sub-item 3 of Item 2, Paragraph 5, Article 10 of these principles: None

(3) If the Company's chairman, president, or managers responsible for financial and accounting affairs have held any position in the accounting firm or its affiliates during the past year, all relevant information should be disclosed: N/A.

5. Net Change in Shareholdings and in Shares Pledged by Directors, Supervisors, Management, and Shareholders Holding more than a 10% Share in the Company

(1) Recent changes:

Unit: Shares

Title	Name	2015		This year as of April 30	
		Net increase (decrease) in shares held	Net increase (decrease) in shares pledged	Net increase (decrease) in shares held	Net increase (decrease) in shares pledged
Director and Institutional Shareholder, Major Shareholder	Uni-President Enterprises Corp.	0	0	0	0
Director and Institutional Shareholder	Kao Chyuan Investment Co. Ltd.	120,000	0	160,000	0
Chairman	Lo, Chih-Hsien	0	0	0	0
Director	Kao, Shiow-Ling	0	0	0	0
Director	Su, Tsung-Ming	0	0	0	0
Director	Yang, Wen-Lung	0	0	0	0
Director	Lu, Long-Hong (Note 1)	0	0	0	0
Director	Huang, Jui-Tien (Note 1)	0	0	0	0
Director	Hwang, Jau-Kai (Note 1)	0	0	0	0
Director	Wu, Chung-Pin	0	0	0	0
Director/PCSC President	Chen, Jui-Tang	0	0	0	0
Director/ PCSC Chief Financial Officer(Vice President)	Wu, Wen-Chi (Note 1)	0	0	0	0
Director	Kao, Chin-Yen (Note 1)	0	0	—	—
Director	Lin, Chang-Sheng (Note 1)	0	0	—	—
Director	Lin, Lung-Yi (Note 1)	0	0	—	—
Independent Director	Wang, Wen-Yeu	0	0	0	0
Independent Director	Chen, M. David	0	0	0	0
Independent Director	Shu, Pei-Gi	0	0	0	0
Senior Vice President	Wu, Kuo-Hsuan	0	0	0	0
Senior Vice President	Lai, Nan-Bey (Note 1)	0	0	0	0
Senior Vice President	Chang Jen, Yun-Huei (Note 2)	0	0	0	0
Senior Vice President	Chung, Mao-Chia (Note 2)	0	0	0	0
Senior Vice President	Hsieh, Po-Chung (Note 2)	0	0	—	—
Vice President	Hsieh, Lien-Tang	0	0	0	0
Vice President	Lin, Hung-Chun	0	0	0	0
Chief Auditor (Vice President)	Hsieh Hong, Hui-Tzu	0	0	0	0
Vice President	Tzeng, Fan-Bin	0	0	0	0
Vice President	Lin, Chi-Chang	0	0	0	0
Vice President	Lee, Chi-Ming	0	0	0	0
Vice President	Hsieh, Ching-Hsun (Note2)	0	0	0	0
Vice President	Chang, Chia-Hua (Note 2)	0	0	—	—
Vice President	Hong, Gin-Guu (Note 2)	-9,000	0	—	—
Finance Division Manager	Cheng, Yea-Yun	0	0	0	0
Accounting Division Manager	Chang, Li-Ling	0	0	0	0

Note 1: As PCSC director terms expired, new elections were held. Uni-President Enterprises Corp. representatives on the Board Kao, Chin-Yen; Lin, Chang-Sheng; Lin, Lung-Yi; and Lai, Nan-Bey were dismissed from their positions in June 2015. Uni-President Enterprises Corp. representatives on the Board Lu, Long-Hong; Huang, Jui-Tien; Hwang, Jau-Kai; and Wu, Wen-Chi assumed their posts in June 2015.

Note 2: PCSC Senior Vice President Hsieh, Po-Chung was dismissed in February 2015; Vice President Chang, Chia-Hua was dismissed in March 2015; Vice President Hong, Gin-Guu was dismissed in May 2015. Senior Vice President Chang Jen, Yun-Huei was dismissed in January 2016. Senior Vice President Chung, Mao-Chia was dismissed in February 2016; Vice President Hsieh, Ching-Hsun assumed his posts in March 2015.

(2) Stock transfers to related parties: None

(3) Pledge of stock rights to related parties: None

6. Relationships Between the Company's Top 10 Largest Shareholders and Their Shareholding Percentages:

As of 30 April, 2016

Name	Shares Held Personally		Shares Held by Spouse or Minor Children		Shares Held by Nominee Agents		Names of Spouse or other relatives within two degrees of consanguinity who are also among PCSC's top 10 largest shareholders.		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Uni-President Enterprises Corp.	471,996,430	45.40%	0	0.00%	0	0.00%	None	None	—
Uni-President Enterprises Corp. Representative: Lo, Chih-Hsien	1,032,215	0.10%	1,014,315	0.10%	0	0.00%	None	None	—
Uni-President Enterprises Corp. Representative: Su, Tsung-Ming	0	0.00%	0	0.00%	0	0.00%	None	None	—
Uni-President Enterprises Corp. Representative: Yang, Wen-Lung	0	0.00%	0	0.00%	0	0.00%	None	None	—
Uni-President Enterprises Corp. Representative: Chen, Jui-Tang	13,652	0.00%	0	0.00%	0	0.00%	None	None	—
Uni-President Enterprises Corp. Representative: Lu, Long-Hong	0	0.00%	0	0.00%	0	0.00%	None	None	—
Uni-President Enterprises Corp. Representative: Huang, Jui-Tien	391	0.00%	0	0.00%	0	0.00%	None	None	—
Uni-President Enterprises Corp. Representative: Hwang, Jau-Kai	0	0.00%	0	0.00%	0	0.00%	None	None	—
Uni-President Enterprises Corp. Representative: Wu, Chung-Pin	0	0.00%	0	0.00%	0	0.00%	None	None	—
Uni-President Enterprises Corp. Representative: Wu, Wen-Chi	556	0.00%	737	0.00%	0	0.00%	None	None	—
Matthews Pacific Tiger Fund	21,486,608	2.07%	0	0.00%	0	0.00%	None	None	—
First State Investments ICVC- Stewart Investors Asia Pacific Leaders Fund	19,323,208	1.86%	0	0.00%	0	0.00%	None	None	—
PCSC Employees Benefits Trust account in the custody of CTBC Bank	18,334,162	1.76%	0	0.00%	0	0.00%	None	None	—
Government of Singapore	15,718,044	1.51%	0	0.00%	0	0.00%	None	None	—
Labor Pension Fund (New Scheme)	13,682,000	1.32%	0	0.00%	0	0.00%	None	None	—
Labor Insurance Fund	11,605,000	1.12%	0	0.00%	0	0.00%	None	None	—

Name	Shares Held Personally		Shares Held by Spouse or Minor Children		Shares Held by Nominee Agents		Names of Spouse or other relatives within two degrees of consanguinity who are also among PCSC's top 10 largest shareholders.		Remarks
	Shares	%	Shares	%	Shares	%			
JPMorgan Chase Bank N.A. Taipei Branch in custody for EuroPacific Growth Fund	9,569,000	0.92%	0	0.00%	0	0.00%	None	None	—
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency	9,022,910	0.87%	0	0.00%	0	0.00%	None	None	—
Vanguard Emerging Markets Stock Index Fund	8,899,647	0.86%	0	0.00%	0	0.00%	None	None	—

7. PCSC and Company Director, Supervisor, and Manager Direct or Indirect Ownership of Shares in Affiliated Enterprises:

As of 31 December, 2015/ Units: Shares,%

Affiliated Enterprise	PCSC Investment		Direct or Indirect Ownership by Directors, Supervisors, and Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
PCSC (BVI) Holdings Ltd.	138,899,066	100.00%	0	0.00%	138,899,066	100%
PCSC (China) Drugstore Ltd.	8,746,008	92.20%	740,000	7.80%	9,486,008	100%
President Drug Store Business	40,000,000	100.00%	0	0.00%	40,000,000	100%
21 Century Enterprise Co., Ltd.	10,000,000	100.00%	0	0.00%	10,000,000	100%
Ren-Hui Investment Corp.	10,000	100.00%	0	0.00%	10,000	100%
Capital Inventory Services Corp.	2,500,000	100.00%	0	0.00%	2,500,000	100%
Wisdom Distribution Service Corp.	10,847,421	100.00%	0	0.00%	10,847,421	100%
Uni-President Oven Bakery Corp.	6,511,963	100.00%	0	0.00%	6,511,963	100%
President Being Corp.	1,500,000	100.00%	0	0.00%	1,500,000	100%
President Yilan Art and Culture Corp.	20,000,000	100.00%	0	0.00%	20,000,000	100%
President Chain Store Corporation Insurance Brokers Co., Ltd.	1,500,000	100.00%	0	0.00%	1,500,000	100%
Cold Stone Creamery Taiwan Ltd.	12,244,390	100.00%	0	0.00%	12,244,390	100%
President Chain Store Tokyo Marketing Corp.	9,800	100.00%	0	0.00%	9,800	100%
iCASH Corp.	32,500,000	100.00%	0	0.00%	32,500,000	100%

Affiliated Enterprise	PCSC Investment		Direct or Indirect Ownership by Directors, Supervisors, and Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
President Musashino Corp.	48,519,890	90.00%	1	0.00%	48,519,891	90.00%
Q-Ware Systems & Services Corp.	24,382,921	86.76%	1	0.00%	24,382,922	86.76%
President SATO Co., Ltd.	80	80.00%	1	1.00%	81	81.00%
Mech-President Corp.	55,858,815	80.87%	13,046,359	18.89%	68,905,174	99.76%
President Pharmaceutical Corp.	22,121,962	73.74%	1	0.00%	22,121,963	73.74%
President Transnet Corp.	103,496,399	70.00%	29,570,401	20.00%	133,066,800	90.00%
President Collect Services Co., Ltd.	1,049,999	70.00%	1	0.00%	1,050,000	70.00%
Uni-President Department Store Corp.	27,999,999	70.00%	12,000,001	30.00%	40,000,000	100.00%
Uni-President Cold-Chain Corp.	19,563,271	60.00%	6,521,091	20.00%	26,084,362	80.00%
President Information Corp.	25,714,475	86.00%	1	0.00%	25,714,476	86.00%
Bank Pro E-Service Technology Co., Ltd.	7,874,999	58.33%	1	0.00%	7,875,000	58.33%
Duskin Serve Taiwan Co.	10,199,999	51.00%	1	0.00%	10,200,000	51.00%
Afternoon Tea Taiwan Co., Ltd.	8,669,999	51.00%	1	0.00%	8,670,000	51.00%
Books.com. Co., Ltd.	9,999,999	50.03%	1	0.00%	10,000,000	50.03%
Mister Donut Taiwan Corp.	7,500,049	50.00%	1	0.00%	7,500,050	50.00%
President Organic Corp.	1,833,333	36.67%	2,833,333	56.67%	4,666,666	93.33%
President Starbucks Coffee Corp.	10,691,337	30.00%	7,127,558	20.00%	17,818,895	50.00%
Retail Support International Corp.	6,429,999	25.00%	5,144,001	20.00%	11,574,000	45.00%
Uni-President Development Corp.	72,000,000	20.00%	108,000,000	30.00%	180,000,000	50.00%
Tonho Development Corp.	19,930,000	19.93%	72,120,000	72.12%	92,050,000	92.05%
PresiCarre Corp.	130,801,027	19.50%	137,511,893	20.50%	268,312,920	40.00%
President Fair Development Corp.	263,387,500	19.00%	561,431,250	40.50%	824,818,750	59.50%
President Technology Corp.	750,000	15.00%	0	0.00%	750,000	15.00%
President International Development Corp.	44,100,000	3.33%	942,430,230	71.24%	986,530,230	74.57%
Grand Bills Finance Corp.	108,160	0.02%	89,574,848	16.56%	89,683,008	16.58%

4 Fund Raising

1. Capital and Shares

(1) Source of Capital:

a. Shares issued:

As of 30 April, 2016 / Units: NT\$; Shares

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Expansion by Assets other than Cash	Date of Approval and Document Number
2002/07	10	900,000,000	9,000,000,000	772,031,899	7,720,318,990	Capitalization of retained earnings	None	July 19, 2002 (91) Tai-Tsai-Tzeng (1) No. 0910140565
2003/07	10	900,000,000	9,000,000,000	858,499,471	8,584,994,710	Capitalization of retained earnings	None	July 17, 2003 (92) Tai-Tsai- Tzeng (1) No. 0920132220
2004/08	10	960,000,000	9,600,000,000	915,160,436	9,151,604,360	Capitalization of retained earnings	None	July 20, 2004 Chin-Kuan-Cheng-Yi-Zi No. 0930132295
2009/08	10	1,050,000,000	10,500,000,000	1,039,622,255	10,396,222,550	Capitalization of retained earnings	None	July 16, 2009 Approval Letter Chin-Kuan-Cheng-Fa-Tzu No. 0980035714 on file

Note: When established in June 1987, the stated capital of the Company amounted to NT\$100,000,000. After several capitalizations of retained earnings, the paid-in capital as of April 30, 2016 totaled NT\$10,396,222,550.

b. Capital and shares:

Unit: Shares

Type of Stock	Authorized Capital			Remarks
	Outstanding Shares	Non-Issued Shares	Total	
Common Stock, Inscribed	1,039,622,255	10,377,745	1,050,000,000	Listed Stocks

(2) Shareholder structure:

As of 30 April, 2016 / Unit: Shares

Shareholder Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions and Individuals	Total
Number of Shareholders	0	0	165	17,525	975	18,665
Shares Held	0	0	580,159,010	34,236,050	425,227,195	1,039,622,255
Holding Percentage	0.00%	0.00%	55.81%	3.29%	40.90%	100%

(3) Distribution of shareholders:

As of 30 April, 2016 / Par value NT\$10

Tiers of Shareholding	Number of Shareholders	Total Shares Held	Holding Percentage
1 to 999	9,571	1,895,969	0.18%
1,000 to 5,000	7,013	13,125,425	1.26%
5,001 to 10,000	734	5,320,126	0.51%
10,001 to 15,000	256	3,163,614	0.30%
15,001 to 20,000	121	2,203,572	0.21%
20,001 to 30,000	165	4,091,409	0.39%
30,001 to 50,000	152	5,993,307	0.58%
50,001 to 100,000	186	13,648,726	1.31%
100,001 to 200,000	143	20,518,710	1.97%
200,001 to 400,000	111	31,580,614	3.04%
400,001 to 600,000	51	24,848,483	2.39%
600,001 to 800,000	23	15,565,257	1.50%
800,001 to 1,000,000	26	24,106,259	2.32%
1,000,001 and above	113	873,560,784	84.03%
Total	18,665	1,039,622,255	100%

(4) Major shareholders:

As of 30 April, 2016

Shareholders	Shares	Number of Shares Held	Holding Percentage
Uni-President Enterprises Corp.		471,996,430	45.40%
Matthews Pacific Tiger Fund		21,486,608	2.07%
First State Investments ICVC-Stewart Investors Asia Pacific Leaders Fund		19,323,208	1.86%
PCSC Employees Benefits Trust account in the custody of CTBC Bank		18,334,162	1.76%
Government of Singapore		15,718,044	1.51%
Labor Pension Fund (New Scheme)		13,682,000	1.32%
Labor Insurance Fund		11,605,000	1.12%
EuroPacific Growth Fund in the custody of JPMorgan Chase Bank N.A. Taipei Branch		9,569,000	0.92%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency		9,022,910	0.87%
Vanguard Emerging Markets Stock Index Fund		8,899,647	0.86%

(5) Share prices, net value, earnings, dividends, and other relevant information for the last two years:

Unit: NT\$

Year			2014	2015	As of 30 April 2016
Item					
Market Price per Share	Highest		253	259	242
	Lowest		181	191.5	188
	Average		222.25	221.87	221.70
Net Value per Share	Before Distribution		25.50	26.08	28.42
	After Distribution		18.50	(Note 1)	(Note 1)
Earnings per Share	Weighted Average Number of Shares (Shares)		1,039,622,255	1,039,622,255	1,039,622,255
	Earnings per Share (Undiluted)		8.74	7.92	2.35(Note 2)
	Earnings per Share (Diluted)		8.74	(Note 1)	—
Dividend per Share	Cash Dividends		7.00	7.20	—
	Stock Dividends	Dividends from Retained Earnings	0	(Note 1)	—
		Dividends from Capital Surplus	0	(Note 1)	—
	Accumulated Undistributed Dividends		0	(Note 1)	—
Return on Investment	Price/Earning Ratio		25.43	28.01	—
	Price/Dividend Ratio		31.75	(Note 1)	—
	Cash Dividend Yield Rate		3.15%	(Note 1)	—

Note 1: The earnings distributions for 2015 and the first quarter of 2016 have not yet been approved by the Shareholders' Meeting.

Note 2: Earnings per Share (EPS) in the first quarter of 2016 was NT\$2.35.

(6) Dividend policy and implementation:**1. Dividend policy****(1) Dividend policy as outlined in the Company's Articles of Incorporation**

In accordance with the newly added Article 235-1 of the Company Act, on December 10, 2015, the Board of Directors of PCSC approved a revision to the Articles of Incorporation and plan to bring up the proposal for discussion at the 2016 Shareholders' Meeting. As stipulated in the revised Articles of Incorporation and required by law, the current year's earnings, if any, must first be used to pay all taxes and offset prior years' operating losses. Should there still be a surplus, 10% of the remaining amount is to be set aside as a legal reserve. After setting aside and reserving a special reserve, the remaining amount combined with accumulated unappropriated earnings from prior years will be distributable earnings for the period. The distribution of accumulated distributable earnings is proposed by the Board of Directors in consideration of industry conditions, the Company's future operations, and investment plans, which are disbursed following approval of the proposal by the Shareholders' Meeting. Disbursement of shareholder dividends and bonuses are set as 50-100% of the accumulated distributable earnings, and 50-100% of which is to be issued as cash dividends, while the remainder is to be unappropriated retain earnings.

(2) PCSC business is growing stably. Taking the capital requirements and profitability of the Company into consideration, the Company's profit distribution over the next 3 years will consist primarily of cash dividends. In accordance with the Articles of Incorporation, 50%-100% of said profits are to be issued in the form of cash dividends.

2. The proposed distribution of 2015 profit approved by the Board of Directors will be submitted to the 2016 annual Shareholders' Meeting for approval. The proposal approved by the Board of Directors on March 16, 2016 is as follows: allocating NT\$7,485,280,236 from the 2015 distributable earnings to be issued as cash dividends, distributing NT\$ 7.2 per share. After the approval at the Shareholder's Meeting, the Board of Directors shall set a distribution record date.

(7) Impact on the Company's operating performance and EPS of the stock dividend proposed at the Shareholders' Meeting:

The Company did not distribute stock dividends this year, so this does not apply.

(8) Employee compensation, director and supervisor remuneration:

- According to the amendment of PCSC's Articles of Incorporation, if the current year's profit situation (pre-tax profits prior to deduction of employee compensation and director remuneration) is deducted by accumulated deficit, no less than 2% of said surplus shall be distributed as employee compensation and no more than 2% as director remuneration. Staff employed at the Company or subsidiaries meeting the requirements shall be eligible for compensation, distributed in the form of stock or cash. Relevant requirements are outlined separately.
- The Board adopted the below employee compensation and director remuneration proposal for 2015:
 - The Board proposed allocating the amount of NT\$443,949,053 as employee compensation and the amount of NT\$148,321,652 as remuneration for directors.
 - The amount of employee stock compensation and their proportion of overall earnings distribution: all employee compensation will be paid in cash.

	Distribution Approved by the Board
Distribution: (Unit: NT\$1000)	
Employee compensation	\$ 443,949
Director Remuneration	\$ 148,322

3. Distribution of the previous year's remuneration to employees, directors, and supervisors:

PCSC's distributable earnings in 2014 were distributed as employee compensation, director and supervisor remuneration as follows:

	Distribution Approved by the Board and at the Shareholder's Meeting
Distribution: (Unit: NT\$1000)	
Employee compensation	\$ 481,207
Director Remuneration	\$ 160,402

- The estimate of employees' compensation and directors' remuneration is made by calculating Company current year's profits (pre-tax profits prior to deduction of employee compensation and director remuneration) are deducted by accumulated deficit. In case of a discrepancy between the actual amount paid out and the estimate, it will be accounted for as changes in estimates and recognized as profit or loss in the following fiscal year.
- In the 2014 financial statement, employee compensation totaled NT\$481,206,920, while remuneration for directors totaled NT\$160,402,307. These amounts are consistent with the amounts approved by the Shareholders' Meeting.

6. The recipients of employee compensation in 2014 are listed below with the amount distributed:

Unit: NT\$1,000

	Title	Name	Value of Stock Dividend	Cash Dividend	Total
Managers	President	Chen, Jui-Tang	—	16,252	16,252
	Senior Vice President	Chang Jen, Yun-Huei			
	Senior Vice President	Lai, Nan-Bey			
	Senior Vice President	Wu, Kuo-Hsuan			
	Senior Vice President	Chung, Mao-Chia			
	Senior Vice President	Hsieh, Po-Chung			
	Vice President	Hsieh, Lien-Tang			
	Vice President	Hong, Gin-Guu			
	Vice President	Tzeng, Fan-Bin			
	Vice President	Lin, Chi-Chang			
	Vice President	Lee, Chi-Ming			
	Chief Auditor (Vice President)	Hsieh Hong, Hui-Tzu			
	Chief Financial Officer (Vice President)	Wu, Wen-Chi			
	Vice President	Lin, Hung-Chun			
	Vice President	Lin, Wen-Ching			
	Vice President	Wang, Wen-Kui			
	Vice President	Chang, Chia-Hua			
	Finance Division Manager	Cheng, Yea-Yun			
	Accounting Division Manager	Chang, Li-Ling			
	Accounting Division Manager	Chang, Sung-Hong			

(9) Share buyback: None

2. Status of Corporate Bonds, Preferred Shares, GDR, Employee Stock Option Plans, Employee Restricted Stock Plans, Mergers, Acquisitions, and Spin-offs

(1) Issuance of corporate bonds: None

(2) Issuance of preferred shares: None

(3) Global depository receipts: None

(4) Employee stock option plan: None

(5) Employee restricted stock plan: None

(6) Issuance of new shares to merge with or acquire other companies: None

3. Status of Capital Utilization Plan

(1) Capital projection:

Any incomplete share issuance or private placement or any completed share issuance or private placement over the past three years from which benefits have not yet been reported as of December 31, 2015: None

(2) Status of implementation:

Analysis of the purpose of each capital investment project as of December 31, 2015 and comparison of implementation with the originally anticipated benefits: None

5 Operating Highlights

1. Business Activities

(1) Business scope

1. PCSC's Key Operations

- | | |
|--|--|
| (1) F203020 Alcohol and tobacco retailing | (30) F401161 Importing of tobacco |
| (2) F206020 Daily necessities retailing | (31) F401171 Importing of alcohol |
| (3) F203010 Food, groceries, and beverage retailing | (32) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. |
| (4) F208040 Cosmetics retailing | (33) F301010 Department stores |
| (5) F399990 Other products retailing | (34) F301020 Supermarkets |
| (6) IZ01010 Photocopy services | (35) F399010 Convenience stores |
| (7) F201070 Floral retailing | (36) F501030 Coffee/tea shops and bars |
| (8) F209060 Educational, musical, and entertainment products retailing | (37) F501060 Restaurants |
| (9) JE01010 Leasing | (38) G902011 Type II telecommunications enterprise |
| (10) IE01010 Distribution of telecommunications contracts | (39) I301010 Software design services |
| (11) I401010 Advertising services | (40) I301030 Digital information supply services |
| (12) F207050 Fertilizer retailing | (41) F206010 Retail sale of ironware |
| (13) F210010 Watch and clock retailing | (42) F212011 Gasoline stations |
| (14) F210020 Eyeglass retailing | (43) F212050 Retail sale of petrochemical fuel products |
| (15) F216010 Photographic and film equipment retailing | (44) JA01990 Other automobile services |
| (16) JZ99030 Photography | (45) F212061 Automobile Liquefied Petroleum Gas Station |
| (17) F204110 Cloth, clothes, shoes, hats, umbrellas, and accessories retailing | (46) I101090 Food consultancy |
| (18) A102060 Sales of staple foods | (47) IZ09010 Management system verification |
| (19) F213010 Electronic appliance retailing | (48) J701020 Amusement parks |
| (20) F208031 Medical equipment retailing | (49) F102040 Wholesale of nonalcoholic beverages |
| (21) F205040 Furniture, bedding, kitchenware, and decorative item retailing | (50) F102170 Wholesale of food and grocery |
| (22) F207030 Cleaning product retailing | (51) F106020 Wholesale of articles for daily use |
| (23) F401010 International trade | (52) I103060 Management consulting services |
| (24) JA01010 Automotive repair services | (53) J304010 Book publishers |
| (25) F214030 Automotive and motorcycle accessory retailing | (54) J303010 Magazine and periodical publication |
| (26) G202010 Operation of parking lots | (55) IZ12010 Manpower services |
| (27) IZ14011 Public welfare lottery | (56) JA03010 Laundry services |
| (28) JZ99050 Agency services | (57) F201010 Retail sale of agricultural products |
| (29) IZ99990 Other industry and commerce services not elsewhere classified | (58) F501990 Other food or beverage establishment not elsewhere classified |

2. Segment revenues and proportion of overall business over the past two years

Unit: NT\$1,000

Segment	Revenue and proportion of overall business			
	2014		2015	
	Revenue	%	Revenue	%
Convenience stores	130,407,662	65.06%	132,826,559	64.64%
Retail Business	57,525,919	28.70%	59,938,346	29.17%
Logistics Business	2,323,032	1.16%	2,233,152	1.09%
Other Operating Segments	10,181,766	5.08%	10,483,260	5.10%
Total Consolidated Revenues	200,438,379	100.00%	205,481,317	100.00%

Note: Starting from January 1, 2015, the Company has adopted the 2013 version of IFRS, to adjust retrospectively the effect item of 2014 financial statements.

3. Present and future products and services

The domestic market for coffee is valued at NT\$70 billion, with an average of 100 cups of coffee consumed per person per year. From a simple pick me up, coffee has transformed into a lifestyle and a way to project one's tastes. CITY CAFE has actively tapped into this market for black gold by offering a combination of coffee drinks, coffee-related products, and books. In addition to simply offering these lifestyle products, the brand has also collaborated with the arts community to give the brand a deep cultural sensibility. This year, CITY CAFE was once again the only official coffee of the Taipei Golden Horse Film Festival, which featured our specially designed "Golden Horse" black cups incorporating the festival's theme. Drinkers of CITY CAFE coffee could interact with the brand for a special experience.

With an eye to the increasingly popular electronic payments and multi-purpose payment cards, the icash OPENPOINT loyalty point system now enables the public to spend and exchange their points at a large variety of channels. As e-commerce has boomed in Taiwan, PCSC utilizes its ubiquitous network of stores to actively strengthen digital services to provide the public with more convenient online shopping services. As business goes mobile, people in Taiwan require more and more from the ibon platform. This year, PCSC completed ibon and ibon app interface upgrades and feature enhancements that connect users with 200 businesses offering 600 different services for a convenient, time-saving experience.

As people in Taiwan look to cook simple meals at home and continue to put more emphasis on healthy foods and beverages, 7-ELEVEN has strategically partnered with Formosa Vegetable to provide consumers a convenient way to purchase fresh organic vegetables free from pesticides to serve on their dinner tables. With these offerings, 7-ELEVEN more thoroughly embodies its role as a community convenience store synonymous with reasonable prices and high quality enjoyment. At the same time, ibon mart offers organic vegetables and organic veggie boxes in collaboration with Formosa Vegetable to provide more choices in organic produce, while helping to stabilize quality, production output, and prices for consumers.

(2) Macro-economic and industry overview

1. Macro-economic environment analysis

While the global economic recovery has been lukewarm, the US has begun hiking interest rates while international oil prices have fallen and Chinese economic growth has slowed. These factors continue to cast uncertainty on global economic expansion and have impacted Taiwan's exports and overall economy. In 2015, Taiwanese exports fell 10.6% and the economic growth rate stood at only 0.75%, which represents a decrease of 3.17 percentage points from 2014's rate of 3.92%. As for commodity prices, in 2015 the Consumer Price Index (CPI) annual growth rate fell 0.31%, while the average unemployment rate was 3.78%, which represented a small improvement over 3.96% in 2014.

2. Industry overview

In 2015, turnover in the retail sector totaled NT\$4.198 trillion, a 0.31% increase over 2014. In the general merchandise category, turnover was a NT\$1.1505 trillion, which represents a 3.98% increase over the previous year. The supermarket category saw the greatest growth, with a total turnover of NT\$180.4 billion, 7.89% higher than 2014. Hypermarkets were second with an annual increase of 4.08% to a total turnover of NT\$183.0 billion in 2015. Both department store and convenience store annual growth rates dropped two percentage points or more.

Around the world, the effects of global warming are becoming more apparent, while international raw material and precious metals prices have dropped. In 2015, the Consumer Price Index (CPI) had a YoY decrease of 0.31%, while the core CPI (which does not include the price of energy, fresh fruits and vegetables, or seafood products as these can easily be affected by expected or one-time events) rose 0.79%. Prices of foods rose 3.13% among which take-away meals rose 2.25%. Larger price decreases in oil, gas, and consumer electronics will drive the overall price indices downward. Domestic salaries have yet to see any significant increases, so consumers will continue to economize. At the same time, food safety awareness continues to rise among consumers, while value for money is still important. All businesses are looking to compete in this market must focus on improving product quality management and increasing added value to raise quality and differentiate themselves from the pack.

Through the end of 2015, the key players in the convenience store industry had the below numbers of stores:

	7-ELEVEN	FamilyMart	Hi-Life	OK	Total
Numbers of Stores	5,028	2,972	1,286	862	10,148

3. Vertical supply chain

To better control the quality of fresh food raw materials, PCSC not only contracts directly with farmers and develops new products with local suppliers, we also continue to invest significant resources to build a raw material management system in coordination with our suppliers. By actively strengthening source management and food safety risk controls, strictly adhering to ethical principles in labeling and advertising, and expanding the auditing range from first tier suppliers to second tier raw material suppliers, PCSC can further increase customer satisfaction. In addition being the first retailer to establish an internationally certified quality assurance lab, we also continually expand our testing capabilities to provide customers with safe, convenient and, delicious food products.

4. Product development trends and competitiveness

(1) Product development trends

The structure of Taiwanese society and local lifestyles are changing. The population is aging, while people are choosing to have fewer children, marry later, or remain single, which all boost the take-away food market. As awareness of food safety issues has risen, consumers are increasingly choosing organic, healthy, traceable, and branded products, so gaining public trust is of the utmost importance for any brand. However, due to stagnant wages, the Taiwanese public's shopping habits tend more and more towards planned rather than spontaneous purchases. At the same time, they are relying more heavily on the web and social networks to make shopping decisions. All industries are looking to capitalize on these new trends and create innovative business opportunities such as quality and price of private labels, online shopping, products targeted at the elderly, healthy foods and beverages, and take-away foods and other products to meet the needs of Taiwan's singles, which all have great potential.

(2) Product competitiveness

- Take-away food business opportunities: To meet the needs of singles and small families, we continue to develop healthy, safe fresh fruits and vegetable and frozen food products, especially in small servings, to drive sales.
- Mobile business opportunities: The internet, social media, and smart mobile devices have greatly altered consumer behavior. PCSC continues to monitor new technologies and integrate the Group's resources to utilize our vast network of stores, excellent logistics and cash flow systems, and years of operational know-how to best take advantage of these new developments.

(3) Technology and R&D

PCSC continues to integrate a variety of innovative services to meet the needs of our evolving store format and differing modes of competition:

1. ibon kiosk upgrades: We continually upgrade ibon software to ensure a clear, intuitive user interface and have extended the ibon mobile app barcode scanning feature, so users can first use their mobile device to confirm, then visit their local store to complete the action.
2. Conveniences: To provide our customers with a wider variety of thoughtful services, 7-ELEVEN has teamed up with MYDAY online overseas shopping service and Gogoro, a brand of battery powered motorcycles. Customers can now pick up their MYDAY purchases or recharge their Gogoro battery at the local 7-ELEVEN, becoming an ever more important part of their lives.
3. OPENPOINT member loyalty points: In a first for the industry, PCSC introduced a point donation service that enables members to give away their points to other members. This new method of gift-giving can also help to increase the liquidity and use of loyalty points.
4. Expand equipment to strengthen real-time online services: To provide faster and more stable online ticket purchases and preordering services, which will not be adversely affected by high demand.
5. Introducing mobile payments: Working with the Pi mobile wallet enables PCSC to offer O2O third party payment services, adding to the variety of ways that customers can pay for purchases.
6. Upgrade the 7-11 app: To provide consumers with a variety of improved services, the 7-11 app has been significantly upgraded.
7. In 2015, a total of NT\$149,711,000 was spent on R&D and system upgrades.

(4) Short and long-term operating strategies

1. Short-term operating strategy

- (1) Continue to integrate stores into existing shopping districts and establish a competitive niche with large format stores.
- (2) Strengthen individual store autonomy to create advantages through differentiation.
- (3) Further integrate virtual and brick and mortar operations to create more virtual service opportunities.
- (4) Use the stable foundation of our core services to provide the strength for mid to long-term development.

2. Long-term business development plan

- (1) Maintain a stable franchise model, to create a win-win situation for both PCSC and franchisees.
- (2) Implement value marketing and create differentiated services.
- (3) Implement "lean operations" to use resources to their fullest.
- (4) Integrate the Group's resources and seek stable profits.
- (5) Actively nurture talent, to ensure sustainable operations.

2. Market Analysis and Merchandising

(1) Market analysis

1. Main product (service) sales areas:

PCSC keeps on top of new consumer trends and develops high value products and innovative services to meet customers' evolving needs. Our goal is to become a convenient, safe, and happy community service center. After overcoming logistical difficulties, our footprint has expanded to include Taiwan's outlying islands of Penghu, Kinmen, Matsu, Green Island, and Lanyu. No matter where you may be, our mission is to provide a wide variety of high quality, trustworthy products and services with a smile.

2. Future market supply and demand and potential growth:

As of the end of 2015, PCSC held a 49.6% share in the convenience store market in terms of store locations, which made us once again the industry leader and the top brand in the minds of consumers. In recent years, the Company has continued to strengthen the operational capacity of individual stores, while increasing their autonomy to best drive growth through efficiency. As boundaries blur in the retail industry, operations will inevitably face more difficult challenges, but as long as we can meet customers' needs for a convenient, safe, and happy experience, there is still great potential in the Taiwanese convenience store sector.

3. Competitive niche:

The convenience store industry in Taiwan is highly competitive. However, by capitalizing on our advantages and rapidly evolving to meet needs, we can stay at the head of the pack. PCSC's major competitive advantages are:

- (1) Positive corporate image and good brand reputation.
- (2) The capacity to rapidly develop new products (services) to meet customers' changing needs and use integrated marketing techniques to promote them.
- (3) Comprehensive channels favorable to successful product research, development, and sales.
- (4) A comprehensive logistics support system and an ever more seamless supply chain.
- (5) Strong IT platform and infrastructure with high potential for further development to meet the needs of consumers and effectively create new business opportunities.
- (6) First-rate franchise model.
- (7) The Group has significant resources that can be integrated and shared between members.

4. Positive and negative factors for future growth and strategic responses:

(1) Positive factors:

- The market for readymade food continues to grow as has demand for natural, organic food and beverage options.
- Taiwan's society is aging, while more people are having fewer children and living alone, so there are growing businesses opportunities from seniors, singles, and small families.
- With the rapid development of a variety of smart mobile devices, online shopping, and social network platforms, shoppers are seeking out entertaining, timely, and mobile shopping experiences.
- As cross-border internet transactions increase, greater opportunities will arise for business and logistics.

(2) Negative factors:

- The convenience store market is saturated, while small-scale supermarkets have sprung up, blurring the line between the two and resulting in increasingly fierce competition both in the virtual and brick and mortar space.
- Rising personnel costs will increase overall operating costs.
- Wages have not seen gains, so consumers remain cautious and conservative in their purchases.

(3) Strategic responses:

To keep up with the ever-changing consumer marketplace and new purchasing trends, PCSC is committed to launching differentiated products and services to meet consumers' needs and further build our competitive advantages. Through strict controls, we can offer a variety of safe, fresh food products to meet personalized ready-to-eat food and beverage needs. In response to local consumer fondness for coffee and tea, PCSC continues to upgrade the quality of our store-brewed coffee and tea drink offerings. By leveraging new technologies, we can make our customers' lives easier through digital services.

(2) Key purpose of major products and the production process

1. Key purpose: Provide consumers with products and innovative services to meet their needs.
2. Production process: None

(3) Supply of raw materials: None**(4) Information on major clients/suppliers who have accounted for at least 10% of sales/purchases in either of the past two years:**

1. List of customers that have accounted for at least 10% of sales over the past two years:
PCSC is a retailer of daily life merchandise. Our customers are the general public.
2. List of suppliers that have accounted for at least 10% of purchases over the past two years:
(1) List of suppliers that account for at least 10% of purchases:

Unit: NT\$1,000

Name	2014			Name	2015			Name	As of the first quarter of 2016		
	Amount (Note)	Percent of Annual Net Purchase	Affiliation to the Issuer		Amount	Percent of Annual Net Purchase	Affiliation to the Issuer		Amount	Percent of Annual Net Purchase	Affiliation to the Issuer
Uni-President Enterprises Corp.	13,987,629	10%	Ultimate parent company	Uni-President Enterprises Corp.	13,988,419	10%	Ultimate parent company	None	—	—	—
Net Purchase	137,779,532	100%	—	Net Purchase	139,200,450	100%	—	Net Purchase	34,844,146	100%	—

Note: Starting from January 1, 2015, the Company has adopted the 2013 version of IFRS, to adjust retrospectively the effect item of 2014 financial statements.

- (2) Reasons for significant changes: Increases or decreases in the purchase amount results from revenue fluctuations.

(5) Production over the past two years: None.**(6) Sales over the past two years:**

Unit: NT\$1,000

Year	2014	2015
Sales	Domestic Sales	Domestic Sales
Segment	Sales	Sales
Convenience Stores	130,407,662	132,826,559
Retail Business	57,525,919	59,938,346
Logistics Business	2,323,032	2,233,152
Other Operating Segments	10,181,766	10,483,260
Total Consolidated Revenues	200,438,379	205,481,317

Note: All products are sold domestically; all sales figures are expressed as sales value.

3. Human Resources:

(1) Personnel information:

Year		2014	2015	As of April 30, 2016
Numbers of Employees	Store Employees	10,662	12,365	12,582
	Management	3,894	4,263	4,450
	Part-Time	14,984	15,878	14,976
	Total	29,540	32,506	32,008
Average Age		32 years old	32 years old	32.3 years old
Average Years of Service		5.6 years	4.9 years	5.0 years
Education Level (as a % of the total)	PhD	0.0%	0.04%	0.03%
	Masters Degree	8.21%	9.17%	8.49%
	Bachelors Degree	66.41%	66.88%	65.26%
	High School	22.51%	22.11%	23.86%
	Junior High School or Below	2.86%	1.81%	2.36%

Note: The information above includes PCSC and its subsidiaries.

(2) Training and development

1. In accordance with the Group's core values, PCSC has developed training programs for various positions within the organization to build employee skills and standards. Such programs help managers and employees strengthen their performance and abilities, ensuring they can achieve their goals. Based on their individual needs, employees can participate in internal or external training classes. In addition, they can draw up a "Personal Development Plan" together with their immediate superiors based on each employee's education, experience, work requirements, performance evaluation results, and career development needs to map out the most suitable training sequence. Giving employees a goal and a plan will encourage disciplined learning and growth to ultimately enrich their professional knowledge and skills.
2. For some key employees, PCSC has mapped out a program of training and development that includes courses, mobile learning, and personal development plans to help them reach their ideal position within the company. Potential external training courses are vetted through a rigorous screening process, to ensure that all offerings are up to our exacting standards. Depending on the nature of the course and the participants, each class utilizes unique educational activities that may include case studies, group discussions, experiential activities, and mobile learning. These diverse options make learning more interesting, resulting in an ultimately more effective learning environment. In addition, utilizing the latest technology, PCSC has built a digital learning platform that empowers employees to literally take education into their own hands. These high-quality online courses, available through mobile devices, can be accessed anywhere, anytime for a more convenient way to build a competitive edge.

PCSC's training statistics for 2015 are as follows:

Internal Training by Operation Department				Internal Training by Headquarters				External Training			Online Training	
Training Sessions	Number of Trainees	Hours of Training	Training Expense	Training Sessions	Number of Trainees	Hours of Training	Training Expense	Number of Trainees	Hours of Training	Training Expense	Number of Trainees	Hours of Training
2,693	40,797	243,958	NT\$16,012,000	421	29,186	152,439	NT\$33,735,000	397	3,932.5	NT\$1,597,000	185,242	356,430

3. Continuing education

At PCSC, employees can take charge of their own learning through the many diverse training channels available, which include guidance by supervisors and peers, knowledge management system, external and internal training programs, lectures and seminars, online learning, on-the-job training, and continuing education. PCSC also encourages employees to pursue self-enrichment in their spare time, to strengthen their foundation and professional knowledge through scholarships for outside training and language courses.

4. Career development

(1) Multi-channel career development opportunities

PCSC has spared no effort in the training and personal development of employees and we fully support employees' quest for knowledge and enhanced work skills. Through training programs, online resources, and a mentoring system, the Company assists employees to map out their career development plan and provides a diverse range of opportunities for personal growth.

(2) Job rotation

We encourage our employees to try new things and expand their learning by working in various departments within the Company where they can broaden their vision and increase competence in a range of skills.

(3) Overseas appointments

The Company's overseas expansion provides a unique opportunity for employees to demonstrate their experience and individual strengths. Such an experience can expand their vision and enhance the competitiveness of both the individual and the Company.

4. Environmental Protection Expenditures

(1) Environmental (green) accounting:

PCSC is committed to fulfilling our corporate social responsibility (CSR) and providing customers with safe, convenient products and innovative services. At the same time, we work to reduce energy consumption and carbon emissions, and uphold our original philosophy of staying open all-day everyday to serve customers, while contributing to our community through social welfare activities in Taiwan and promoting a sustainable environment. Through our green accounting system, we turn these concrete actions into financial data and have compiled the information into an environmental expenditure table (see below). In 2015, PCSC investments and costs related to environmental protection totaled NT\$920 million, which comprises (1) environmentally-friendly packaging and testing costs of NT\$290 million (2) energy and carbon emissions reduction activities and installation of inverter air conditioning units in stores costing NT\$160 million (3) environmental cleaning, greening, and waste handling expenses of NT\$260 million (4) installation of environmentally-friendly equipment in stores and green procurement costs of NT\$130 million (5) environmental advocacy and CSR activities totaling NT\$70 million. Other ongoing initiatives include more advanced food safety management, plasticizer and pesticide testing, reduced paper use, recycling at stores, and holding Good Neighbor Club activities.

(2) Environmental-related expenditures:

1. Table of environmental-related expenditures

Unit: NT\$ 1,000

Category	Item	Details	Effect and Effectiveness in Resource Use or Greenhouse Gas Emissions	Investment	Expense	Total
Merchandise	Using environmentally friendly packaging for products, testing of fresh foods	Sourcing environmentally- friendly packaging material-PLA and coffee cup holders; refrained from using preservatives in fresh foods; tested for pesticide residues.	Protecting consumers' health, while also taking into consideration safety and the environmental impact.	16,376	279,424	295,800
Stores	Energy-saving measures	Purchased 401 pieces of energy-saving equipment for stores; Installed 1,477 A/C circulation fans, 1,066 inverter A/C units, 26,290 energy saving T5 light fixtures, 370 variable-frequency plug-in drives for freezing and refrigeration units, and turning off 2,644 Slurpee machines during the offseason in stores.	Saving energy and reducing carbon emissions.	164,588	370	164,958
	Cleaning and waste disposal	Store cleanliness, greening, and disposal of waste.	Maintaining a clean environment	—	260,116	260,116
	Extending the life span of equipment and building materials	Installed steel counters in 406 stores, refurbished existing equipment.	Reducing lumber use and wasted resources	44,280	29,081	73,361
	Green procurement	Purchased energy-saving equipment, environmentally-friendly paper and building materials, and expanded e-invoice use.	Meeting European Union standards, FCS certification, saving energy and reducing carbon emissions.	26,123	25,757	51,880
Delivery	Worked with President Logistics International Corp., Retail Support International, and Wisdom Distribution logistics center using reverse logistics to increase delivery efficiency and implement recycling.	Invested manpower and equipment in reverse logistics recycling operations at stores.	Recycling in stores: 247.4 tons of dry batteries, 60.7 tons of CDs, 5,000 discarded notebook computers, 81,000 cell phones, 90,000 cell phone chargers.	—	3,146	3,146
Internal Environmental Education	Advocated Environmental education and office resource recycling	Promoted reduced-paper operations, environmental cleaning and greening, and recycling of waste.	Back office recycling: 2,974 kgs of plastic bottles, 17,612 kgs of paper, 431 kgs of metal cans, and 429 kgs of other materials (CDs, batteries, light fixtures).	—	15,025	15,025
Social Contributions	Community environmental awareness advocacy	Taught energy-saving and conservation, while promoting CSR and sponsoring environmental groups	Promoted activities related to environmental education and resource reuse.	—	1,270	53,707
	Holding or participation in environmental protection and social charity events	Donations to support victims of the Formosa Fun Coast explosion in 2015	At the National Clean Up Taiwan Day, a total of 83 community service locations were cleaned along with 5,046 areas chosen by volunteers. Moreover, to meet our corporate social responsibility every day, 7-ELEVEn stores hold cleaning activities and implement recycling programs.	—	52,437	
Total				251,367	666,626	917,993

2. Due to breaches of the Building Act, Tobacco Hazards Prevention Act, and Labor Standards Act, stores were fined a total of NT\$431,600 in 2015.
3. Measures taken: PCSC has already required improvements in all stores and has strengthened education regarding relevant regulations.

(3) Benefits of investments in environmental protection:

1. Effects of major environmental equipment on energy savings:

- (1) Installation of ventilation fans in store air-conditioning systems in 2015
Ventilation fans were added to a total of 1,477 air conditioning systems at a cost of NT\$3,545,000, which helped to save 178,000 kWh of electricity / month and 2,140,000 kWh / year.
- (2) Installation of energy-saving equipment in 2015
These appliances were introduced in 401 stores at a cost of NT\$33,684,000 and helped to save 526,000 kWh of electricity / month and 6,310,000 kWh / year.
- (3) Installation of steel counters in 2015
Installed 406 steel counters at a cost of NT\$44,280,000, which helped to prevent the felling of 2,030 trees. Wooden cabinets and counters not only require the cutting of a large number of trees, but also the life span of wooden equipment is relatively short and they cannot be refurbished. Steel cabinets and counters have much longer life spans and can be recycled or refurbished.
- (4) Installation of inverter air conditioning units in 2015
Installed 1,066 inverter air conditioning units at a cost of NT\$95,940,000, which helped to save 422,000 kWh of electricity / month and 5,070,000 kWh / year.
- (5) Introduction of VFD to existing refrigerators in 2015
Installed VFD to 370 refrigerators at a cost of NT\$10,882,000, which helped to save 97,000 kWh / month and 1,170,000 kWh / year.
- (6) Installation of T5 light fixtures in 2015
A total of 26,290 light fixtures were installed at a cost of NT\$20,538,000, which helped to save 124,000 kWh / month and 1,490,000 kWh / year.
- (7) Slurpee machine offseason shutdowns in 2015
2,644 Slurpee machines were turned off all day or for 6 hours each day during the four month low season, which helped to save 2,940,000 kWh over the entire year.

2. Consumer food safety protections:

To ensure that customers can eat our products without worry and best protect their health, PCSC performs testing to show that goods are free from preservatives and microorganisms and that packaging meets relevant standards before they can hit our shelves. In 2015, we invested NT\$25,772,000 in testing fresh food products.

(4) Information regarding EU Restriction of Hazardous Substances (RoHS) Directive:

The Company and its subsidiaries do not sell directly or indirectly to Europe, and therefore is not subject to RoHS.

5. Labor-Management Relations

(1) Employee benefits:

1. Integration of the group's HR system and resources:

PCSC and its affiliates jointly review, revise, and integrate their HR systems to build a robust talent pool and career planning systems for the group. The result is an environment that facilitates a fair and reasonable development of in-house talents.

2. Comprehensive employee benefits:

- (1) By the decree of Official Letter Taipei City Social II No. 58459 of the Department of Social Welfare, PCSC established the Employee Benefit Committee on December 21, 1987. Members of the Committee are jointly elected by both labor and management. The Committee regularly hosts a variety of activities, organizes health check-ups for employees, and provides other benefits such as subsidies for on-the-job training.
- (2) The PCSC benefit scheme includes a flexible benefit program, overseas trips for senior employees, health examinations, employee stock ownership plans, club subsidies, library centers, discount purchasing, wedding and funeral allowances, paid maternity and paternity leaves, dormitories for female employees, group insurance, employee travel allowances, and other benefits provided by Employee Benefits Committee to meet the needs of employees.

- (3) In order to assist employees to effectively and efficiently manage their work, home life, and health, bolster their physical and emotional health, and encourage positive interpersonal relationships, the Company commissioned the Teacher Chang Foundation in 2009 to provide consultation services and organize psychological health colloquiums for employees.
- (4) In 2010, the Company decided to become more proactive in our care for employees and therefore established the "Happy Cooperative" in May of that year. In 2015, the program boasted 54 volunteers and began individual case grading management. Together, the program assisted employees in a total of 1,984 cases.
3. Providing entrepreneurial opportunities:
PCSC provides an incentive program to encourage its employees to become franchisees so that they can grow and develop with the Company.
4. Safe and friendly workplace:
PCSC provides its employees with a safe and harmonious workplace that encourages positive interactions between male and female employees. To best ensure employee rights and interests, the Company has defined a set of related crisis management policies. In accordance with the Labor Safety and Health Act, the Company has taken the following steps:
- (1) Establishment of a health and safety organization: Established the Health and Safety Committee and Work Safety Office to review and implement health and safety affairs.
 - (2) Implementation of health and safety management: In accordance with the Labor Safety and Health Act, PCSC issues a health and safety bulletin to update employees on new regulations.
 - (3) Health and safety training and drills: Both new and existing employees participate in training and we hold regular emergency evacuation drills to keep employees' skills fresh.
 - (4) Health and safety inspections:
 - Check for any unsafe equipment or situations and improve if found. In 2015, we held 48 unannounced workplace safety audits, provided improvement suggestions, and tracked related progress.
 - Tested indoor air quality, water quality, and lighting levels, and performed regular cleaning and disinfection.
 - (5) Healthcare: As soon as employees first report for work, they are signed up for group accident insurance, life insurance, medical insurance, and we provide subsidies for physicals.
 - (6) Health and safety activities:
 - Every two months, the Company holds occupational injury advocacy sessions to remind employees of the importance of work safety and encourage them to stay aware of any potential hazards.
 - PCSC launched Family Wednesdays, to remind employees to maintain a proper work-home balance.
5. Retirement plan:
- (1) Old pension system under the Labor Standards Act:
On June 1, 2014, PCSC modified its employee retirement program, applicable to all existing employees. As stipulated by law, the program calculates an employee's years of service starting with his or her hiring date. Employees who have worked for the company for less than 15 years (inclusive) shall be granted two basic units for each full year of service. From the 16th year onward, each full year of service shall be translated into one basic unit in the calculation of pensions. Any service period that is less than six months shall be calculated as half a year; while any service period that is between six months and twelve months shall be calculated as one full year. The number of basic units in the calculation of pensions is capped at 45. Pensions are calculated on the basis of years of service and the average wages of the last 6 months prior to retirement. Calculation of average salaries shall be made in compliance with the Labor Standard Act.
 - (2) Service year calculations under the old pension system for transferred employees:
 - Service years for transferred employees include the number of years they served in every PCSC affiliate and/or members of the Uni-President Group.
 - The sharing of pensions among affiliates is based on the percentage of the years of service spread over the affiliates that the employee has served.
 - (3) Labor Pension Act:
Beginning on July 1, 2005, in accordance with the Labor Pension Act, PCSC implemented a new pension system that is applicable to all employees. Existing employees could opt for the old pension system under the Labor Standard Act as stated in (1) or the new pension system under the Labor Pension Act. As stipulated in the Labor Pension Act, the monthly contribution is made based on the Monthly Contribution Wages Classification, which currently amounts to 6% of employee monthly income transferred to a personal pension reserve account with Bureau of Labor Insurance.

(2) Labor-management relations:**1. Open communication channels:**

Aside from a service center at our headquarters and an email suggestion box, PCSC has established an on-line discussion forum to facilitate communications among employees regarding a range of issues at work and at home, to exchange ideas, and provide feedback to the Company.

2. Employee code of conduct:

PCSC has prepared an employee handbook and regulations regarding incentives and rewards and has also set up a committee to implement related affairs. Furthermore, the Company has established an employee code of conduct to spell out specific regulations governing employee behavior. The code of conduct includes the below requirements:

- (1) Employees may not be involved with fraud, engage in unscrupulous behaviors for profit, participate in illegal acts, violate any contracts, damage public property, or otherwise jeopardize the company's reputation.
- (2) Employees shall not abuse any other individual, affect other individual's work performance or threaten to exchange the establishment of service contracts, compensations, performance reviews, promotions/demotions, rewards/disciplinary actions with any language or actions that contain sexual requests, that are sexually suggestive, or discriminate on the basis of sex.
- (3) Employees shall not give gifts to managers or treat managers for meals; however, managers may give gifts to subordinates and treat subordinates for meals as a token of gratitude for their hard work.
- (4) Employees shall not be engaged in any unofficial monetary transactions with any business-related vendors or individuals.
- (5) Employees shall not receive any benefits from business-related vendors or individuals.
- (6) Employees shall not make any publications, statements, or displays in the name of the Company without permission from the Company.
- (7) Employees should maintain complete confidentiality in all business activities for which they are responsible and shall never, under any circumstance, assist anyone with interests at odds with those of PCSC or reveal trade secrets to competing enterprises or individuals.
- (8) Employee attendance and behavior shall comply with regulations set forth by HR.

3. Labor-management negotiations:

PCSC has always believed that our employees are our most important asset. The Company works to align our vision for the future with the development goals of employees. PCSC also holds regular labor-management meetings as required by law. Therefore, the interaction between PCSC and its employees has been very positive and harmonious over the years.

4. Losses due to labor disputes:

PCSC provides employees with a comprehensive benefit system, quality working environment, and open communications channels. Therefore, no major labor disputes have occurred and no significant losses have been reported.

6. Important Contracts

As of 30 April, 2016

Contract Type	Contracting Party	Term of Agreement	Summary	Clauses
Regional licensing agreement	7-ELEVEN, INC.	2000.07.20 ~Perpetuity	<ol style="list-style-type: none"> During the term of the agreement, PCSC is authorized by 7-ELEVEN Inc. to exclusively operate its convenience store chain business in the R.O.C. and has the right to use the 7-ELEVEN franchise system, logos, products, and services. PCSC is required to pay royalties to 7-ELEVEN Inc. each month. 	PCSC is obliged to make its best effort to manage and expand the convenience store business within the R.O.C. PCSC is not permitted to operate its convenience store business outside the R.O.C. without prior approval or to operate a convenience store business for one year following the termination of the contract in any country in which 7-ELEVEN, Inc. has registered a trademark.
Long-term loan agreement	Bank of Taiwan	2015.12.29~2017.12.29	NT\$300 million credit loan	None
Long-term loan agreement	E.SUN Commercial Bank	2016.03.22~2018.03.22	NT\$300 million credit loan	None
Long-term loan agreement	HSBC Bank	2015.07.01~2017.06.30	US\$12 million credit loan.	None
Long-term loan agreement	Chang Hwa Bank	2016.03.01~2017.02.28	NT\$770 million credit loan	None
Long-term loan agreement	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2015.07.31~2018.07.31	NT\$690 million credit loan	None
Long-term loan agreement	ScotiaBank	2015.02.27~2017.02.27	NT\$1 billion credit loan	None
Long-term loan agreement	Fubon Financial	2015.11.11~2017.11.10	NT\$300 million credit loan	None
Long-term loan agreement	Bank SinoPac	2015.06.30~2017.06.30	NT\$1.2 billion credit loan	None
Long-term loan agreement	Mizuho Bank	2015.01.06~2017.01.06	NT\$1 billion credit loan	None
Long-term loan agreement	DBS Bank	2015.03.31~2020.03.31	NT\$2 billion credit loan	None

6 Financial Information

1. Five Year Condensed Balance Sheet and Comprehensive Income Statement

(1) Condensed balance sheet (non-consolidated)

Unit: NT\$1,000

Year		Financial information for the most recent five years (Note 1)				
		2011	2012	2013	2014 (Note 2)	2015
Item						
Current Assets		—	23,838,586	25,197,126	26,242,755	28,671,817
Property, Plants and Equipment		—	9,210,594	9,118,823	9,735,711	8,953,551
Intangible Assets		—	395,969	465,268	451,139	356,179
Other Assets		—	22,935,410	22,637,051	22,777,068	23,425,548
Total Assets		—	56,380,559	57,418,268	59,206,673	61,407,095
Current Liabilities	Before Distribution	—	29,849,885	27,872,628	27,664,928	29,156,110
	After Distribution	—	34,892,053	34,110,362	34,942,284	Not yet distributed
Non-Current Liabilities		—	5,693,976	5,805,764	5,029,271	5,137,299
Total Liabilities	Before Distribution	—	35,543,861	33,678,392	32,694,199	34,293,409
	After Distribution	—	40,586,029	39,916,126	39,971,555	Not yet distributed
Capital-Common Stock		—	10,396,223	10,396,223	10,396,223	10,396,223
Capital Surplus		—	910,278	890,234	7,031	7,733
Retained Earnings	Before Distribution	—	9,153,181	11,886,156	15,400,786	16,117,194
	After Distribution	—	4,111,013	5,648,422	8,123,430	Not yet distributed
Other Equity		—	377,016	567,263	708,434	592,536
Treasury Stock		—	—	—	—	—
Total Equity	Before Distribution	—	20,836,698	23,739,876	26,512,474	27,113,686
	After Distribution	—	15,794,530	17,502,142	19,235,118	Not yet distributed

Note 1: The Company has used International Financial Reporting Standards (IFRS) for less than five years, so please refer to the table (3) showing historical financial information under ROC GAAP.

Note 2: Starting from January 1, 2015, the Company has adopted the 2013 version of IFRS, to adjust retrospectively the effect item of 2014 financial statements.

(2) Condensed balance sheet (consolidated)

Unit: NT\$1,000

Year		Financial information for the most recent five years (Note 1)					As of 31 March 2016 Financial Information (Note 3)
		2011	2012	2013	2014 (Note 2)	2015	
Item							
Current Assets		—	45,145,793	46,451,616	47,066,566	49,022,957	50,060,573
Property, Plants and Equipment		—	21,375,351	21,542,772	22,107,291	22,339,376	22,233,447
Intangible Assets		—	1,395,529	1,205,388	1,197,505	1,150,914	1,139,864
Other Assets		—	14,299,511	14,298,192	15,472,864	16,869,465	16,876,389
Total Assets		—	82,216,184	83,497,968	85,844,226	89,382,712	90,310,273
Current Liabilities	Before Distribution	—	49,252,124	47,136,578	47,334,489	49,685,820	47,531,678
	After Distribution	—	54,294,292	53,374,312	54,611,845	Not yet distributed	Not yet distributed
Non-Current Liabilities		—	8,812,427	8,862,950	8,216,760	8,605,390	9,027,921
Total Liabilities	Before Distribution	—	58,064,551	55,999,528	55,551,249	58,291,210	56,559,599
	After Distribution	—	63,106,719	62,237,262	62,828,605	Not yet distributed	Not yet distributed
Equity Attributable to Owners of the Parent		—	20,836,698	23,739,876	26,512,474	27,113,686	29,548,178
Capital-Common Stock		—	10,396,223	10,396,223	10,396,223	10,396,223	10,396,223
Capital Surplus		—	910,278	890,234	7,031	7,733	7,733
Retained Earnings	Before Distribution	—	9,153,181	11,886,156	15,400,786	16,117,194	18,564,440
	After Distribution	—	4,111,013	5,648,422	8,123,430	Not yet distributed	Not yet distributed
Other Equity		—	377,016	567,263	708,434	592,536	579,782
Treasury Stock		—	—	—	—	—	—
Non-controlling Interest		—	3,314,935	3,758,564	3,780,503	3,977,816	4,202,496
Total Equity	Before Distribution	—	24,151,633	27,498,440	30,292,977	31,091,502	33,750,674
	After Distribution	—	19,109,465	21,260,706	23,015,621	Not yet distributed	Not yet distributed

Note 1: The Company has used International Financial Reporting Standards (IFRS) for less than five years, so please refer to the table (4) showing historical financial information under ROC GAAP.

Note 2: Starting from January 1, 2015, the Company has adopted the 2013 version of IFRS, to adjust retrospectively the effect item of 2014 financial statements.

Note 3: Financial information regarding the first quarter of 2016 follows IFRS and has been reviewed by independent auditors.

(3) Condensed balance sheet (non-consolidated) - ROC GAAP

Unit: NT\$1,000

Item	Year	Recent Historical Financial Information	
		2011	2012
Current Assets		21,581,358	23,703,570
Funds & Investments		19,635,754	20,870,339
Fixed Assets		8,540,837	9,210,594
Intangible Assets		222,356	395,969
Other Assets		2,298,263	2,396,992
Total Assets		52,278,568	56,577,464
Current Liabilities	Before Distribution	25,496,055	29,330,748
	After Distribution	30,486,241	34,372,916
Long-Term Liabilities		3,400,000	1,200,000
Other Liabilities		2,688,204	3,136,306
Total Liabilities	Before Distribution	31,584,259	33,667,054
	After Distribution	36,574,445	38,709,222
Capital-Common Stock		10,396,222	10,396,222
Capital Surplus		5,082	5,082
Retained Earnings	Before Distribution	11,061,826	12,847,558
	After Distribution	6,071,640	7,805,390
Unrealized Revaluation Increments from Financial Products		49,917	48,553
Unrealized Gains (Losses) from Financial Products		-634,091	488,133
Accumulated Translation Adjustments		-51,876	-256,925
Net Loss Not Recognized as Pension Cost		-132,771	-618,213
Shareholders' Equity	Before Distribution	20,694,309	22,910,410
	After Distribution	15,704,123	17,868,242

(4) Condensed balance sheet (consolidated) - ROC GAAP

Unit: NT\$1,000

Item	Year	Recent Historical Financial Information	
		2011	2012
Current Assets		41,184,876	45,131,133
Funds & Investments		9,515,634	9,328,594
Fixed Assets		18,763,844	21,435,776
Intangible Assets		1,141,578	1,493,434
Other Assets		3,767,727	3,823,803
Total Assets		74,373,659	81,212,740
Current Liabilities	Before Distribution	42,845,923	48,173,129
	After Distribution	47,836,109	53,215,297
Long-Term Liabilities		3,958,774	2,263,568
Other Liabilities		3,345,158	4,141,739
Total Liabilities	Before Distribution	50,149,855	54,578,436
	After Distribution	55,140,041	59,620,604
Capital-Common Stock		10,396,222	10,396,222
Capital Surplus		5,082	5,082
Retained Earnings	Before Distribution	11,061,826	12,847,558
	After Distribution	6,071,640	7,805,390
Unrealized Revaluation Increments from Financial Products		49,917	48,553
Unrealized Gains (Losses) from Financial Products		-634,091	488,133
Accumulated Translation Adjustments		-51,876	-256,925
Net Loss Not Recognized as Pension Cost		-132,771	-618,213
Total Parent Company Shareholders' Equity		20,694,309	22,910,410
Minority Interest		3,529,495	3,723,894
Shareholders' Equity	Before Distribution	24,223,804	26,634,304
	After Distribution	19,233,618	21,592,136

(5) Condensed comprehensive income statement (non-consolidated)

Unit: NT\$1,000 (EPS=NT\$)

Item \ Year	Financial information for the most recent five years (Note 1)				
	2011	2012	2013	2014 (Note 2)	2015
Operating Revenue	—	124,760,009	126,998,794	131,330,857	133,407,688
Gross Profit	—	39,779,492	41,082,720	43,179,892	45,109,265
Operating Income	—	5,955,560	6,293,799	6,300,851	6,412,115
Non-Operating Income (Expenses)	—	973,653	2,835,388	4,011,268	3,154,631
Net Income Before Tax	—	6,929,213	9,129,187	10,312,119	9,566,746
Net Income from Continuing Operations	—	5,915,636	8,036,752	9,090,462	8,238,993
Income (or Loss) from Discontinued Operations	—	—	—	—	—
Net Income (Loss)	—	5,915,636	8,036,752	9,090,462	8,238,993
Other Comprehensive Income (Loss)	—	353,437	-71,362	-59,319	-361,127
Total Comprehensive Income (Loss)	—	6,269,073	7,965,390	9,031,143	7,877,866
Net Income Attributable to Owners of the Parent	—	—	—	—	—
Net Income Attributable to Non-Controlling Interests	—	—	—	—	—
Total Comprehensive Income Attributable to Owners of the Parent	—	—	—	—	—
Total Comprehensive Income Attributable to Non-Controlling Interests	—	—	—	—	—
Earnings per Share (NT\$)	—	5.69	7.73	8.74	7.92

Note 1: The Company has used International Financial Reporting Standards (IFRS) for less than five years, so please refer to the table (7) showing historical financial information under ROC GAAP.

Note 2: Starting from January 1, 2015, the Company has adopted the 2013 version of IFRS, to adjust retrospectively the effect item of 2014 financial statements.

(6) Condensed comprehensive income statement (consolidated)

Unit: NT\$1,000 (EPS=NT\$)

Item \ Year	Financial information for the most recent five years (Note 1)					As of March 31, 2016 Financial Information (Note 3)
	2011	2012	2013	2014 (Note 2)	2015	
Operating Revenue	—	192,602,970	200,610,839	200,438,379	205,481,317	51,519,542
Gross Profit	—	63,214,670	63,422,059	62,658,847	66,280,867	16,675,396
Operating Income	—	8,767,877	10,196,565	9,504,879	9,609,813	2,518,421
Non-Operating Income (Expenses)	—	-161,693	1,096,231	2,843,845	2,071,990	742,088
Net Income Before Tax	—	8,606,184	11,292,796	12,348,724	11,681,803	3,260,509
Net Income from Continuing Operations	—	6,756,260	9,242,293	10,248,160	9,442,454	2,743,265
Income (or Loss) from Discontinued Operations	—	—	—	—	—	—
Net Income (Loss)	—	6,756,260	9,242,293	10,248,160	9,442,454	2,743,265
Other Comprehensive Income (Loss)	—	159,437	-72,378	-60,289	-437,305	-12,754
Total Comprehensive Income (Loss)	—	6,915,697	9,169,915	10,187,871	9,005,149	2,730,511
Net Income Attributable to Owners of the Parent	—	5,915,636	8,036,752	9,090,462	8,238,993	2,447,246
Net Income Attributable to Non-Controlling Interests	—	840,624	1,205,541	1,157,698	1,203,461	296,019
Total Comprehensive Income Attributable to Owners of the Parent	—	6,269,073	7,965,390	9,031,143	7,877,866	2,434,492
Total Comprehensive Income Attributable to Non-Controlling Interests	—	646,624	1,204,525	1,156,728	1,127,283	296,019
Earnings per Share (NT\$)	—	5.69	7.73	8.74	7.92	2.35

Note 1: The Company has used International Financial Reporting Standards (IFRS) for less than five years, so please refer to the table (8) showing historical financial information under ROC GAAP.

Note 2: Starting from January 1, 2015, the Company has adopted the 2013 version of IFRS, to adjust retrospectively the effect item of 2014 financial statements.

Note 3: Financial information regarding the first quarter of 2016 follows IFRS and has been reviewed by independent auditors.

(7) Condensed income statement - ROC GAAP

Unit: NT\$1,000 (EPS=NT\$)

Item \ Year	Recent historical financial information	
	2011	2012
Operating Revenue	122,712,725	134,569,525
Gross Profit	38,275,309	39,408,208
Operating Income	6,074,940	5,785,988
Non-Operating Income	2,285,947	3,159,156
Non-Operating Expenses	-930,422	-1,165,195
Pre-tax Income from Continuing Operations	7,430,465	7,779,949
After-tax Income from Continuing Operations	6,352,410	6,789,362
Profit/Loss from Discontinued Operations	—	—
Extraordinary Gains/Losses	—	—
Accumulated Adjustments due to Changes of Accounting Principles	—	—
Net Income	6,352,410	6,789,362
Earnings per Share (NT\$)	6.11	6.53

(8) Condensed income statement (consolidated) - ROC GAAP

Unit: NT\$1,000 (EPS=NT\$)

Item \ Year	Recent historical financial information	
	2011	2012
Operating Revenue	189,251,568	208,263,975
Gross Profit	60,367,967	63,219,746
Operating Income	8,919,750	8,727,160
Non-Operating Income	1,309,675	2,541,845
Non-Operating Expenses	-1,267,767	-1,795,277
Pre-tax Income from Continuing Operations	8,961,658	9,473,728
Consolidated Gross Profit/Loss	7,158,919	7,623,507
Profit/Loss from Discontinued Operations	—	—
Extraordinary Gains/Losses	—	—
Accumulated Adjustments due to Changes of Accounting Principles	—	—
Net Income Attributable to owners of the Parent	6,352,410	6,789,362
Earnings per Share (NT\$)	6.11	6.53

(9) Names and opinions of external auditors over the past five years

Year	Auditing Firm	Auditor Names		Audit Opinions
2011	PRICEWATERHOUSECOOPERS	Chen, Mei-Tzu	Tseng, Hui-Chin	Modified Unqualified
2012	PRICEWATERHOUSECOOPERS	Hsiao, Chun-Yuan	Tseng, Hui-Chin	Modified Unqualified
2013	PRICEWATERHOUSECOOPERS	Hsiao, Chun-Yuan	Tseng, Hui-Chin	Modified Unqualified
2014	PRICEWATERHOUSECOOPERS	Hsiao, Chun-Yuan	Chou, Chien-Hung	Modified Unqualified
2015	PRICEWATERHOUSECOOPERS	Hsiao, Chun-Yuan	Chou, Chien-Hung	Modified Unqualified
2016 Q1	PRICEWATERHOUSECOOPERS	Hsiao, Chun-Yuan	Chou, Chien-Hung	Qualified

Note: The financial report for the first quarter of 2016 has been reviewed by independent auditors. The financial statements of certain non-significant subsidiaries, investments accounted for using the equity method, and the information disclosed in Note 13 were not reviewed. Therefore, the independent auditors issued a qualified opinion review report.

(10) Changes of independent auditors in the past five years

Due to internal changes at PRICEWATERHOUSECOOPERS (Taiwan), the independent auditors were changed to Chen Mei-Tzu and Tseng, Hui-Chin in the second quarter of 2011. In the first quarter of 2012, the independent auditors were changed to Hsiao, Chun-Yuan and Tseng, Hui-Chin. Since the first quarter of 2014, Hsiao, Chun-Yuan and Chou, Chien-Hung have served as independent auditors.

2. Five Year Financial Analysis

(1) Financial analysis (non-consolidated)

Item	Year	Financial information for the most recent five years (Note 1)				
		2011	2012	2013	2014	2015
Financial Structure	Debt to Assets Ratio (%)	—	63.04	58.65	55.22	55.85
	Long-Term Capital to Property, Plant and Equipment Ratio (%)	—	288.05	324.01	324.02	360.20
Liquidity	Current Ratio (%)	—	79.86	90.40	94.86	98.34
	Quick Ratio (%)	—	62.61	71.73	74.26	76.67
	Interest Coverage	—	224.09	291.62	366.70	282.36
Operating Performance	Accounts Receivable Turnover (times) (Note 2)	—	—	—	—	—
	Average Collection Days (Note 2)	—	—	—	—	—
	Inventory Turnover (times)	—	19.71	17.53	17.07	15.19
	Accounts Payable Turnover (times)	—	6.77	6.73	7.28	7.03
	Average Inventory Turnover Days	—	18.57	20.82	21.39	24.03
	Property, Plant and Equipment Turnover (times)	—	13.55	13.93	13.49	14.28
	Total Assets Turnover (times)	—	2.21	2.21	2.22	2.21
Profitability	ROA (%)	—	10.95	14.17	15.62	13.71
	ROE (%)	—	29.95	36.06	36.16	30.73
	Ratio of Pre-tax Profit to Paid-in Capital (%)	—	66.65	87.81	99.14	92.02
	Net Margin (%)	—	4.74	6.33	6.92	6.18
	Earnings per Share (NT\$)	—	5.69	7.73	8.74	7.92
Cash Flow	Cash Flow Ratio (%)	—	45.09	24.75	34.81	39.63
	Cash Flow Adequacy (%)	—	153.99	148.10	130.06	126.93
	Cash Flow Reinvestment Ratio (%) (Note 4)	—	23.04	4.69	8.02	9.86
Leverage	Operating Leverage	—	1.86	1.86	1.98	1.96
	Financial Leverage	—	1.01	1.01	1.00	1.01

Note 1: The Company has used International Financial Reporting Standards (IFRS) for less than five years, so please refer to the table (3) showing historical financial information under ROC GAAP.

Note 2: Not applicable, as PCSC is a retail business.

Note 3: The calculations of the above financial ratios utilize the formulas listed on page 70, which are based on IFRS.

Note 4: The reasons for changes in financial ratios over the past two years:

Cash Flow Reinvestment Ratio: The change was primarily caused by increased cash inflows in 2015 from operations.

(2) Financial analysis (consolidated)

Item	Year	Financial information for the most recent five years (Note 1)					As of March 31, 2016 Financial Information (Note 3)
		2011	2012	2013	2014	2015	
Financial Structure	Debt to Assets Ratio (%)	—	70.62	67.07	65.50	65.22	62.63
	Long-Term Capital to Property, Plant and Equipment Ratio (%)	—	154.22	168.79	168.60	177.70	192.41
Liquidity	Current Ratio (%)	—	91.66	98.55	99.11	98.67	105.32
	Quick Ratio (%)	—	67.88	74.54	73.98	72.96	80.73
	Interest Coverage	—	75.66	95.30	123.87	110.05	117.07
Operating Performance	Accounts Receivable Turnover (times)(Note 2)	—	—	—	—	—	—
	Average Collection Days (Note 2)	—	—	—	—	—	—
	Inventory Turnover (times)	—	12.28	13.20	13.31	12.47	3.20
	Accounts Payable Turnover (times)	—	6.34	6.65	6.84	6.81	1.71
	Average Inventory Turnover Days	—	29.81	27.65	27.42	29.27	28.43
	Property, Plant and Equipment Turnover (times)	—	9.01	9.31	9.07	9.25	2.31
	Total Assets Turnover (times)	—	2.34	2.40	2.37	2.35	0.57
Profitability	ROA (%)	—	8.71	11.27	12.05	10.88	3.08
	ROE (%)	—	29.34	35.79	35.44	30.76	8.46
	Ratio of Pre-tax Profit to Paid-in Capital (%)	—	82.78	108.62	121.29	112.37	31.36
	Net Margin (%)	—	3.51	4.61	4.92	4.60	5.32
	Earnings per Share (NT\$)	—	5.69	7.73	8.74	7.92	2.35
Cash Flow	Cash Flow Ratio (%)	—	34.62	27.95	32.86	32.92	14.50
	Cash Flow Adequacy (%)	—	129.36	136.76	131.32	121.06	128.32
	Cash Flow Reinvestment Ratio (%)	—	22.71	14.09	16.06	12.98	10.21
Leverage	Operating Leverage	—	2.28	2.09	2.27	2.24	2.13
	Financial Leverage	—	1.01	1.01	1.01	1.01	1.01

Note 1: The Company has used International Financial Reporting Standards (IFRS) for less than five years, so please refer to the table (4) showing historical financial information under ROC GAAP.

Note 2: Not applicable, as PCSC is a retail business.

Note 3: Financial information regarding the first quarter of 2016 follows IFRS and has been reviewed by independent auditors.

Note 4: The calculations of the above financial ratios utilize the formulas listed on page 70, which are based on IFRS.

※Calculations based on IFRS:

• Financial Structure

- (1) Debt to Assets Ratio = total liabilities / total assets
 (2) Long-term Capital to Property, Plant and Equipment Ratio = (total shareholders' equity + non-current liabilities) / net property, plant and equipment

• Liquidity

- (1) Current Ratio = current assets / current liabilities
 (2) Quick Ratio = (current assets – inventory – prepaid expenses) / current liabilities
 (3) Interest Coverage = earnings before interest and taxes / interest expenses

• Operating Performance

- (1) Average Accounts Receivable Turnover (including accounts receivable and notes receivable arising from business activities) = net sales / average accounts receivable (including accounts receivable and notes receivable arising from business activities)
 (2) Average Collection Days = 365 / average accounts receivable turnover
 (3) Inventory Turnover = cost of goods sold / average inventory
 (4) Average Accounts Payable Turnover (including accounts payable and notes payable arising from business activities) = cost of goods sold / average accounts payable (including accounts payable and notes payable arising from business activities)
 (5) Average Inventory Turnover Days = 365 / inventory turnover ratio
 (6) Property, Plant and Equipment Turnover = net sales / net property, plant and equipment
 (7) Total Asset Turnover = net sales / average total assets

• Profitability

- (1) Return on Assets = [net income + interest expense × (1 – effective tax rate)] / average total assets
 (2) Return on Equity = net income / average shareholders' equity
 (3) Net Margin = net income / net sales
 (4) Earnings per Share = (net income attributable to owners of the parent – preferred stock dividends) / weighted average number of shares outstanding

• Cash Flow

- (1) Cash Flow Ratio = net cash flows from operating activities / current liabilities
 (2) Cash Flow Adequacy Ratio = five year sum of net cash flows from operating activities / five year sum of (capital expenditures+ increase in inventory + cash dividends)
 (3) Cash Flow Reinvestment Ratio = (net cash flows from operating activities – cash dividends) / (gross property, plant and equipment / long-term investments + other non-current assets + working capital)

• Leverage

- (1) Operating Leverage = (net sales – variable operating costs and expenses) / operating profit
 (2) Financial Leverage = operating profit / (operating profit – interest expenses)

(3) Financial analysis - ROC GAAP

Item		Year	Recent historical financial information	
			2011	2012
Financial Structure	Debt to Assets Ratio (%)		60.42	59.51
	Long-Term Capital to Fixed Asset Ratio (%)		282.11	261.77
Liquidity	Current Ratio (%)		84.65	80.81
	Quick Ratio (%)		69.78	63.26
	Interest Coverage		232.59	251.47
Operating Performance	Accounts Receivable Turnover (times) (Note 1)		—	—
	Average Collection Days (Note 1)		—	—
	Inventory Turnover (times)		25.62	22.07
	Accounts Payable Turnover (times)		7.81	7.58
	Average Inventory Turnover Days		14	17
	Fixed Assets Turnover (times)		14.37	14.61
	Total Assets Turnover (times)		2.35	2.38
Profitability	ROA (%)		12.56	12.52
	ROE (%)		31.06	31.14
	Ratio to Paid-in Capital (%)	Operating Income	58.43	55.65
		Pre-tax Profit	71.47	74.83
	Net Margin (%)		5.18	5.05
	Earnings per Share (NT\$)		6.11	6.53
Cash Flow	Cash Flow Ratio (%)		59.10	45.92
	Cash Flow Adequacy (%)		145.51	153.97
	Cash Flow Reinvestment Ratio (%)		25.37	21.39
Leverage	Operating Leverage		1.80	1.85
	Financial Leverage		1.01	1.01

Note 1: Not applicable, as PCSC is a retail business.

Note 2: The calculations of the above financial ratios utilize the formulas listed on page 71 based on ROC GAAP.

(4) Financial analysis (consolidated) - ROC GAAP

Item	Year	Recent historical financial information	
		2011	2012
Financial Structure	Debt to Assets Ratio (%)	67.43	67.20
	Long-Term Capital to Fixed Asset Ratio (%)	150.20	134.81
Liquidity	Current Ratio (%)	96.12	93.69
	Quick Ratio (%)	69.26	69.33
	Interest Coverage	94.93	83.19
Operating Performance	Accounts Receivable Turnover (times) (Note 1)	—	—
	Average Collection Days (Note 1)	—	—
	Inventory Turnover (times)	13.07	13.76
	Accounts Payable Turnover (times)	6.99	7.11
	Average Inventory Turnover Days	27.94	26.59
	Fixed Assets Turnover (times)	10.09	9.72
	Total Assets Turnover (times)	2.54	2.56
Profitability	ROA (%)	10.09	9.92
	ROE (%)	30.07	29.98
	Ratio to Paid-in Capital (%)	Operating Income	85.80
		Pre-tax Profit	83.95
	Net Margin (%)	86.20	91.13
	Earnings per Share (NT\$)	3.78	3.66
Cash Flow	Cash Flow Ratio (%)	6.11	6.53
	Cash Flow Adequacy (%)	42.70	35.26
	Cash Flow Reinvestment Ratio (%)	118.19	130.54
Leverage	Operating Leverage	24.44	21.74
	Financial Leverage	2.24	2.29
		1.01	1.01

Note 1: Not applicable, as PCSC is a retail business.

Note 2: The calculations of the above financial ratios utilize the below formulas based on ROC GAAP :

※Calculations based on ROC GAAP:

• Financial Structure

- (1) Debt to Assets Ratio = total liabilities / total assets
- (2) Long-term Capital to Fixed Asset Ratio = (shareholders' equity + long-term liabilities) / net fixed assets

• Liquidity

- (1) Current Ratio = current assets / current liabilities
- (2) Quick Ratio = (current assets – inventory – prepaid expenses) / current liabilities
- (3) Interest Coverage = earnings before interest and taxes / interest expenses

• Operating Performance

- (1) Average Accounts Receivable Turnover (including accounts receivable and notes receivable arising from business activities) = net sales / average accounts receivable (including accounts receivable and notes receivable arising from business activities)
- (2) Average Collection Days = 365 / average accounts receivable turnover
- (3) Inventory Turnover = cost of goods sold / average inventory
- (4) Average Accounts Payable Turnover (including accounts payable and notes payable arising from business activities) = cost of goods sold / average accounts payable (including accounts payable and notes payable arising from business activities)
- (5) Average Inventory Turnover Days = 365 / inventory turnover ratio
- (6) Fixed Asset Turnover = net sales / net fixed assets
- (7) Total Asset Turnover = net sales / average total assets

• Profitability

- (1) Return on Assets = [net income + interest expense × (1 – effective tax rate)] / average total assets
- (2) Return on Equity = net income / average shareholders' equity
- (3) Net Margin = net income / net sales
- (4) Earnings per Share = (net income after tax – preferred stock dividends) / weighted average number of shares outstanding

• Cash Flow

- (1) Cash Flow Ratio = net cash flows from operating activities / current liabilities
- (2) Cash Flow Adequacy Ratio = five year sum of net cash flows from operating activities / five year (sum of capital expenditures + increase in inventory + cash dividends)
- (3) Cash Flow Reinvestment Ratio = (net cash flows from operating activities – cash dividends) / (gross fixed assets + long-term investments + other assets + working capital)

• Leverage

- (1) Operating Leverage = (net sales – variable operating costs and expenses) / operating profit
- (2) Financial Leverage = operating profit / (operating profit – interest expenses)

3. The Audit Committee Report Regarding the most Recent Annual Financial Report: Please refer to page 88.
4. The Audited Consolidated Financial Report for the most Recent Fiscal Year: Please refer to pages 89 – 144.
5. The Audited Parent Company only Financial Report for the most Recent Fiscal Year: Please refer to pages 145 – 194.
6. Any Cash Flow Difficulties with the Company and its Affiliates During the most Recent Year and as of the Date of Publication of the Annual Report: None

Financial Status, Operating Results and Risk Management

7

1. Financial Position Analysis (Consolidated)

Unit: NT\$1,000

Item	Year	2014 (Note 1)	2015	Variance	
				Difference	%
Current Assets		\$47,066,566	\$49,022,957	1,956,391	4.16%
Property, Plant and Equipment		22,107,291	22,339,376	232,085	1.05%
Intangible Assets		1,197,505	1,150,914	-46,591	-3.89%
Other Assets		15,472,864	16,869,465	1,396,601	9.03%
Total Assets		85,844,226	89,382,712	3,538,486	4.12%
Current Liabilities		47,334,489	49,685,820	2,351,331	4.97%
Non-current Liabilities		8,216,760	8,605,390	388,630	4.73%
Total Liabilities		55,551,249	58,291,210	2,739,961	4.93%
Capital		10,396,223	10,396,223	—	0.00%
Capital Surplus		7,031	7,733	702	9.98%
Retained Earnings		15,400,786	16,117,194	716,408	4.65%
Equity Attributable to owners of the Parent		26,512,474	27,113,686	601,212	2.27%
Total Equities		30,292,977	31,091,502	798,525	2.64%

Note 1: Starting from January 1, 2015, the Company has adopted the 2013 version of IFRS, to adjust retrospectively the effect item of 2014 financial statements.

1. Reasons for variance over the past two years: No significant variance
2. Effect of said variance: None
3. Future strategy: The working capital generated from operations and utilization of bank financing is sufficient to support the needs of the Company's operations.

2. Financial Performance Analysis (Consolidated)

Unit: NT\$1,000

Item	Year	2014 (Note 1)	2015	Variance	
				Difference	%
Operating Revenue		\$200,438,379	\$205,481,317	5,042,938	2.52%
Gross Profit		62,658,847	66,280,867	3,622,020	5.78%
Operating Profit		9,504,879	9,609,813	104,934	1.10%
Total Non-operating Income (Expenses)		2,843,845	2,071,990	-771,855	-27.14%
Net Pre-tax Income		12,348,724	11,681,803	-666,921	-5.40%
Net Income		10,248,160	9,442,454	-805,706	-7.86%
Other Comprehensive Income		60,289	-437,305	-377,016	-625.35%
Total comprehensive income		10,187,871	9,005,149	-1,182,722	-11.61%
Net Income Attributable to owners of the Parent		9,090,462	8,238,993	-851,469	-9.37%
Total Comprehensive Income Attributable to owners of the Parent		9,031,143	7,877,866	-1,153,277	-12.77%

Note 1: Starting from January 1, 2015, the Company has adopted the 2013 version of IFRS, to adjust retrospectively the effect item of 2014 financial statements.

1. Explanation of variance:
 - (1) Decrease in Total Non-operating Income: Primarily due to reduction in income from the disposition of investments.
 - (2) Decrease in Other Comprehensive Income: Primarily due to reduction in exchange differences from translation of foreign operations.
2. Factors that may impact the Company's sales volume and related information over the coming year and proposed responses: The Company expects that by developing innovative and differentiated products and services, we can maintain steady growth.

3. Cash Flow Analysis

(1) Cash flow analysis for the current year:

Unit: NT\$1,000

Cash Balance at the Beginning of 2015	Net Cash Inflow from Operating Activities in 2015	Net Cash Outflows in 2015	Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plan	Financial Plan
21,450,797	16,356,547	(14,817,030)	22,990,314	—	—

1. Operating activities: The net cash inflow from operating activities was NT\$16.36 billion. The cash inflow remained steady primarily due to stable profits
2. Investing activities: The net cash outflow from investing activities totaled about NT\$7.4 billion, which was primarily due to purchases of operations-related fixed assets.
3. Financing activities: The net cash outflow from financing activities was about NT\$7.41 billion, mainly resulting from distribution of cash dividends.

(2) Remedies for cash shortfall and liquidity analysis: Not applicable to PCSC.

(3) Cash flow analysis for the coming year:

Unit: NT\$1,000

Cash Balance at the Beginning of 2016	Estimated Yearly Net Cash Inflow from Operating Activities	Estimated Yearly Net Cash Outflow	Anticipated Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plan	Financial Plan
22,990,314	17,606,499	(15,957,953)	24,638,860	—	—

1. Operating activities: Stable revenue is expected in 2016, which should bring in a net cash inflow.
2. Investing activities: Investing outflows will primarily include the purchase of fixed assets.
3. Financing activities: Financing outflows are primarily expected to be the payment of cash dividends.

4. Major Capital Expenditures in Recent Years and Impact on Financial and Business

(1) Major capital expenditures and sources of capital:

1. 7-ELEVEN Taiwan

Unit: NT\$1,000

Project	Actual or Planned Source of Capital	Actual or Planned Date of Project Completion	Total Capital Required	Actual or Planned Capital Expenditures				
				2013	2014	2015	2016	2017
Investments in new stores	Working capital and loans	Annual	6,161,078	1,564,651	1,119,643	1,216,830	1,033,137	1,033,137
POS (Point-of-Sale) Equipment	Working capital and loans	Annual	517,117	517,117	0	0	0	0
Remodeling of Existing Stores	Working capital and loans	Annual	1,942,271	270,105	406,040	693,550	294,408	294,408
Store Equipment Purchases / Replacement	Working capital and loans	Annual	3,675,682	764,630	882,175	620,588	690,239	690,239

2. Major affiliated companies

Unit: NT\$1,000

Project	Actual or Planned Source of Capital	Actual or Planned Date of Project Completion	Total Capital Required	Actual or Planned Capital Expenditures		
				2015	2016	2017
Investments in new stores	Working capital and loans	Annual	5,004,235	1,448,321	1,755,059	1,800,855
Remodeling of existing stores	Working capital and loans	Annual	1,023,538	355,561	350,410	317,567
Store equipment purchases / replacement	Working capital and loans	Annual	2,710,691	591,305	1,130,216	989,170
Investments in IT equipment (including purchases of hardware, software and POS equipment)	Working capital and loans	Annual	2,008,784	443,696	1,165,749	399,339
Purchase and replacement of logistics system related equipment	Working capital and loans	Annual	1,961,603	796,010	519,356	646,237
Other (e.g., establishment of fresh food logistics centers and distribution centers)	Working capital and loans	Annual	1,529,930	532,587	309,583	687,760

(2) Estimated benefits:

1. Anticipated increase in sales and gross profits:

Unit: NT\$1,000

Year	Item	Sales Amount	Gross Profit
2016	Investments in new and existing stores	3,206,209	1,031,117
2017	Investments in new and existing stores	3,302,395	1,065,237
2018	Investments in new and existing stores	3,401,467	1,100,485
2019	Investments in new and existing stores	3,503,511	1,136,900
2020	Investments in new and existing stores	3,608,617	1,174,520

2. Other potential benefits:

The year's capital expenditures were primarily used to introduce new stores, expand store space, and set up new IT equipment, which we expect to have the following benefits:

Expanding to larger format stores provides space for additional seating and creates an inviting shopping experience. Extra room gives customers a place away from home, school, or the office where they can enjoy a comfortable space to eat or relax. IT equipment optimization, on the other hand, will improve operational efficiency.

5. Analysis of Investments in Affiliates in Recent Years**(1) Investment policy and plan:**

PCSC invests in a wide array of business including convenience stores, food and beverages, cosmetics and pharmacies, department stores, super and hypermarkets, and an online shopping website. In order to provide customers with a rich, varied shopping experience, PCSC continually expands into new areas. At the end of 2015, PCSC and its affiliates boasted a total of 8,874 stores, 7-ELEVEN Philippines had 1,602 stores now spanning from the country's north to its southernmost island of Mindanao. Together, Starbucks Taiwan and Starbucks Shanghai have now exceeded 1,200 stores. President Drugstore Business Corp. (COSMED) is giving customers a fresh shopping experience through new store designs and an enhanced brand image. In the future, we will continue to focus on core business operations to enhance the effectiveness of long-term investments.

(2) Reasons for profits or losses at affiliated enterprises:

Major long-term investments in 2015 include the following:

Unit: NT\$1,000

Company	Item	Amount of Investment in 2015	Main reasons for profit / loss
President Chain Store (Shanghai) Ltd. (Note 1)		315,125	The business model has not yet stabilized, so the affiliate operated at a loss.
President Fair Development Corp.		870,200	The business model has not yet stabilized, so the affiliate operated at a loss.
PCSC (SICHUAN) Hypermarket Limited (Note 1)		307,797	Due to continuing operating losses, we have already moved towards liquidation of the company.
President Chain Store (Taizhou) Ltd. (Note 1)		301,207	Newly established company.

Note 1: These companies were funded by President Chain Store (Hong Kong) Holdings Limited.

(3) Improvement Plan for Investments in Affiliated Enterprises and Investment Plans for the Coming Year

To improve performance at affiliated enterprises showing a loss, the Company will adjust their business model, improve the product mix offered, and implement effective cost control measures.

The long-term investments planned for 2016 are shown in the table below:

Company	Item	Planned investment in 2016
President SATO Co., Ltd.		NT\$81 million
ICASH Corporation		NT\$175 million
Presiclarc (Beijing) Supermarket Ltd.		NT\$832 million

6. Risk Management Policies and Organizational Structure and Risk Assessment

(1) Risk management policies and organizational structure

PCSC endeavors to maintain a comprehensive risk management system that works to manage risks for the entire organization including consolidated subsidiaries. The Board of Directors, managers at all levels, and employees work together to promote proper implementation of risk management.

In addition to observing relevant regulations, PCSC identifies, analyzes, measures, monitors, responds to, reports, and mitigates all potential risks that could arise from operating activities based on the characteristics and impact of such risks. While working to achieve PCSC's strategic goals, we can also effectively maintain and control potential risk.

The Company's primary risk management structure and the various business units responsible for risk management and its implementation are discussed below:

1. Strategic and operational risks: Each business unit and subsidiary is responsible for the planning and risk assessment of any new investments or operational decisions. PCSC's Office of the President regularly conducts related indicator analysis and tracks performance at the PCSC and affiliated enterprises quarterly meetings and regularly scheduled themed project operation reviews for key affiliated enterprises. Appropriate adjustments to operational strategy are made in accordance with changes in market competition and consumer trends to ensure each business entity's strategy is in line with its operational goals and strategic vision.
2. Financial, liquidity, and credit risks: To respond to changes in related regulations, policies, and the market, PCSC's Finance Office defines a range of strategies, procedures, and indicators to perform regularly-scheduled analysis and evaluation of changes in risk status and respond appropriately in order to mitigate potential risks for the entire company.
3. Market risks: Each business unit analyses and assesses major government policies, laws, and technological advances both in Taiwan and abroad and formulates appropriate response measures to reduce potential future risks. In addition, PCSC established an inter-division Regulation Identification Team and holds regular Regulation Identification Meetings to track the latest changes in laws and regulations and formulate appropriate responses. Also, the Crisis Management Team, made up of division managers, was established effectively control and manage any potential or existing market risks and crises.
4. Through risk assessment and regulatory reviews, the Internal Audit Office draws up an annual audit plan and self-inspection procedures and methods, which, when implemented, help to control aforementioned risks. The results of these inspections shall be reported periodically to the Board of Directors.

(2) Risk Assessment and Analysis

1. Impact on company profits of and responses to fluctuations in interest rates, foreign exchange rates, and inflation:

(1) Interest rate fluctuation:

The US economic recovery is now on track, but the overall global economy has been sluggish and domestic growth slowed. The Directorate-General of Budget, Accounting and Statistics estimates 2016 GDP growth at 1.47%. With modest growth and no inflation worries, Taiwan's Central Bank monetary policy will move from "moderately loose" to "loose" in order to spur economic growth.

Response: By continuing to observe interest rate trends and effectively negotiating with financial institutions and utilizing other fundraising channels, the Company ensures that financing costs are in line with the current low interest rates.

(2) Exchange rate fluctuation:

Most Company purchases and sales are settled in NT dollars. As imports account for just a marginal portion of its total sales, exchange rate fluctuation does not have a significant impact on Company profits.

(3) Inflation:

The CPI increase rate in 2015 was -0.31%, while the Directorate-General of Budget, Accounting and Statistics predicts 2016's CPI increase rate will rise to 0.69% showing that price levels continue to remain stable.

Response: The Company has made efforts to adjust our product mix, improve gross margins, and pursue a diversified marketing strategy to minimize the cost pressure resulting from inflation and mitigate its effects on the Company's operations.

2. Policies regarding engagement in highly risky or highly leveraged investments, loans to others, endorsements, or derivatives trading; reasons for profits or losses from such activities; and proposed response measures:

(1) Company policy:

PCSC focuses on our retail and distribution business and has not engaged in risky or highly-leveraged investments. However, in order to effectively control and manage business-related risks and enhance the safety of financial operations, PCSC has structured a set of internal management and operational procedures on the basis of the relevant regulations from the Securities and Futures Bureau. These requirements and procedures include "Operational Procedures for Granting Loans", "Operational Procedures for Acquisitions or Disposals of Assets" and "Operational Procedures for Making of Endorsements and Guarantees". In accordance with the Securities and Futures Bureau's Guidelines Governing Establishment of Internal Control Systems at Publicly Held Companies, PCSC's Internal Audit Office and subsidiaries have defined a set of risk management and assessment procedures.

(2) Status of loans from PCSC and affiliated enterprises to others, endorsements, and derivatives trading and reasons for profit or losses of such activities:

- a. Loans to others: The Company and its subsidiaries are not engaged in any loans to others.
- b. Endorsements and guarantees: The Company and its subsidiaries have not offered endorsements.
- c. Derivatives: The Company and its subsidiaries are not engaged in the trade of derivatives.

(3) Future response measures:

- a. The main goal of the risk control and hedging strategy implemented by PCSC is to avoid operational risks. To this end, should the Company utilize derivatives, it should be to establish a hedging position. Financial products shall be selected for the purpose of hedging operational risks resulting from interest expenses, assets, or liabilities.
- b. PCSC's Finance Office is responsible for managing the Company's derivatives trading position and performs routine market evaluations. If the Finance Office discovers unusual trading or losses, it shall take necessary action and report the situation to the Board immediately. In addition, the Company also conducts routine performance evaluations of derivative trades to ensure they are in line with our operating strategy and that the risks are maintained within the Company's risk tolerance.

3. R&D Plans and Projected Investment:

(1) Payment Platform: To respond to the development of a variety of new payment mechanisms, PCSC shall establish related systems to facilitate linkages with other platforms thereby providing customers with convenient payment options.

(2) Laboratory Management System: Upgrade quality testing laboratory systems and equipment in order to establish a tighter food safety net.

(3) R&D Plans for 2016 are expected to cost NT\$71.92 million and include the following:

Plan	Current Progress	Additional Funds to be Invested	Expected Date of Completion	Main Factors Determining the Success of Future R&D
Analysis of Customer Behavior Database	Planning stage	7.08 million	2016/12	Further analysis of customer behavior can provide direction for future product development and marketing plans.
Online Preorder System	Process in development	5.33million	2016/12	Provide customers with different sales channels to meet varied needs. PCSC will fully utilize store resources to provide customers with a convenient way to shop, whether that is at the store counter, or through the ibon kiosk and the internet.
Payment Platform Related Business	Process and system in development	24.80 million	2016/07	Keep up with payment developments and connect with various payment tools to provide customers with convenient options.
Food Safety Management System Optimization	Process in development	11.75 million	2016/12	Optimize the system to meet food safety management needs, implement more detailed oversight to ensure more complete safety controls.
Member Points Related-Operation Implementation	Process and system in development	10.90 million	2016/12	Utilize membership and points systems to increase customer loyalty and learn more about our customers and potential opportunities.
O2O Application Services	Process and system in development	12.06 million	2016/12	Continue to expand our O2O services to attract more customers.

4. Financial impacts of and responses to major changes to domestic and overseas laws and government policies:
 - (1) PCSC has already taken appropriate measures to respond to recent changes in government policies and laws in Taiwan and overseas, so these changes did not significantly impact the Company's financial operations.
 - (2) In response to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter announced in March 2011 by the Securities and Futures Bureau, PCSC established the Remuneration Committee in June 2011. In June 2012, PCSC held new elections for the Company's Board of Directors, invited independent directors to the Board, and established the Audit Committee in response to the March 2011 announcement of the Applicable Scope of Appointment of Independent Directors for Publicly Traded Companies. In response to amendments to the Company Act, PCSC implemented electronic voting and voting by polls at the General Shareholders' Meeting in 2013. In 2014, PCSC formulated Ethical Best Practice Principles and Corporate Governance Best Practice Principles, and in 2015 further added the Ethical Operating Procedures and Behavior Guidelines and Procedures Governing Applications to Suspend and Resume Trading. PCSC established the interdepartmental Regulations Identification Team, which issues a quarterly report and keeps up to date on the latest regulatory changes. In May 2015, Article 235 of the Company Act was revised, while Article 235-1 was added. In response, the Board of Directors passed a draft amendment to the Articles of Incorporation in December 2015 to change the sources and order of employee bonus and director remuneration to comply with the law.
5. Financial impacts of and responses to technological and industry changes:
 - (1) Third party payment deposit methods and payment recipients are relevant to the service operations of PCSC stores, so the Company is closely following related developments.
 - (2) The Internet of Things is developing rapidly and many types of connected equipment can provide stores and customers better services. In Taiwan, 7-11 has the broadest sales channels. Newly developed technologies useful in the retail environment, can be tested and implemented in 7-11 stores.
 - (3) Taiwan's rapidly aging society, low birth rate, and otaku economy are market realities that provide new business and service opportunities. However, this also affects our ability to recruit employees, so we also continue to research labor saving measures.
6. Impacts of changes in corporate image on corporate crisis management and related response measures:

PCSC does our utmost to provide the public with safe, convenient, high-quality products and services. Our standards are higher than those required by law to best protect the interests of our customers. As a good corporate citizen, PCSC actively takes part in social welfare and environmental protection activities as we work to achieve our goal of sustainable corporate development. In 2015, PCSC was awarded the top A++ score from 12th Publicly Traded and OTC Company Information Disclosure and Transparency Evaluation and ranked among the top 5% in the 1st Taiwan Corporate Governance Evaluation System. The Company was also named to the MSCI Global Sustainability Indices.

Furthermore, PCSC has also implemented comprehensive disaster response measures to deal with any natural or manmade event. Should a crisis occur, PCSC headquarters will immediately convene an interdepartmental crisis management team, which is responsible for taking stock of the situation, discussing responses, and rapidly working to minimize the effect of the crisis on the Company. At the same time, PCSC also holds regular internal regulation identification meetings and has fully implemented Personal Information Protection Act management and inspections to keep track of and ensure the Company is in full compliance with all relevant laws, regulations, and requirements. The Company also works closely with government agencies, with our stores functioning as service points. To confront the impacts of increasingly frequent climate disasters, the key is real-time information. In coordination with the Executive Yuan, Water Resources Agency, and Ministry of Transportation, PCSC has become the first private company incorporated into the Disaster Prevention and Rescue System to provide the Taiwanese public with early warning information and communications during disaster relief operations.

7. Anticipated benefits, risks of M&A activity and appropriate responses: Not applicable
8. Anticipated benefits, risks of factory expansion and appropriate responses: Not applicable
9. Anticipated risks of concentrating purchasing and distribution and appropriate responses: Not applicable
10. Possible effects and risks caused by large transfers or changing hands of shares by directors, supervisors, or major shareholders who hold an over 10% stake in the Company and proposed responses: Not applicable
11. Possible benefits and risks to the Company due to a change in operating rights and proposed responses: Not applicable
12. All major litigation, non-litigation disputes, and administrative disputes that involve the Company, the Company's Directors, Supervisors, President, responsible parties, major shareholders with over 10% stake, or affiliated enterprises should be disclosed as long as the outcome may have a significant impact on shareholder equity or share prices, whether said dispute has been settled or is still pending. The disclosure should include the factual matters of the dispute, underlying monetary values, date actions commenced, the main parties involved, and response measures taken as of the Annual Report publication date: Not applicable
13. Other major risks and proposed responses: None

7. Other Important Items: None

8 Specific Notes

1. Information About Affiliated Companies

(1) 2015 Consolidated Business Report of Affiliated Companies : Please refer to pages 195 – 207.

2. Private Placement of Securities: None (in the most recent fiscal year and up to the issue date of this Annual Report)

3. PCSC Securities Acquired, Disposed of, or Held by Subsidiaries: None (in the most recent fiscal year and up to the issue date of this Annual Report)

4. Other Supplementary Information Required: None

5. Situations Described in Article 36, Paragraph 2, Item 2 of the Securities and Exchange Act: In the most recent fiscal year and up to the issue date of this Annual Report, PCSC has not experienced any events as described in Article 36, Paragraph 2, Item 2 of the Securities and Exchange Act that have had major impacts on shareholders' equity or share prices.

Supplementary Disclosures

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1. Key Performance Indicators

	2014	2015
Net operating margin (%)	4.80%	4.81%
Net profit margin (%)	6.92%	6.18%
Earnings per share (NT\$)	8.74	7.92
ROE (%)	36.16%	30.73%
Inventory turnover (times)	17.07	15.19

Note: The above percentages were calculated in accordance with parent company-only financial statements under IFRS.

2. Evaluation Method and Basis for Valuation Allowance on the Balance Sheet

(1) Provisions for doubtful accounts and allowance for inventory valuation loss

Assets and Liabilities Subject to Evaluation	Evaluation Method	Basis of Evaluation
Provisions for doubtful accounts	Aging analysis method	Account receivables overdue for more than one year and are difficult to recover are recognized as doubtful accounts (100%)
Allowance for inventory valuation loss	Lower of cost and net realizable value	The cost is estimated using retail inventory method.

(2) Financial assets

1. Financial assets at fair value through profit or loss

- (1) Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
- (2) Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

2. Available-for-sale financial assets

- (1) Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.
- (2) Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income.
- (3) When there is objective evidence of impairment, the amount of the impairment loss is measured as the difference between the asset's acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from "other comprehensive income" to "profit or loss". Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

3. Financial assets measured at cost

- (1) Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in "financial assets measured at cost".
- (2) Impairment losses are recognized when there is objective evidence of impairment. Impairment loss recognized for this category shall not be reversed subsequently.

4. Investments accounted for using equity method / Subsidiaries, associates and joint ventures

- (1) Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- (2) The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- (3) When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in "capital surplus" in proportion to its ownership.
- (4) Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (5) In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- (6) Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- (7) When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss.
- (8) When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

3. Hedge Accounting Goals and Methods

The Company does not employ hedge accounting. When financial products qualify for hedge accounting, the changes in fair values should be recognized as profits or losses for the period based on their hedging relations by offsetting the values of hedging tools and hedged items. The accounting treatments are as follows:

1. Fair Value Hedging: When hedging instruments are remeasured by fair values or when their book values are adjusted due to exchange rate fluctuations, the resulting gains (losses) are immediately recognized as gains (losses) for the period. If the hedged items produce gains or losses due to hedged risks, the book values of the hedged items are adjusted and the resulting gains (losses) are immediately recognized as gains (losses) for the period.
2. Cash Flow Hedging: The gains (losses) of the hedging instruments are recognized as adjustments to shareholder equity.

4. Certificates Earned by Employees Involved in Information Transparency and Related Training

(1) Number of employees who hold professional certificates:

Certified Internal Auditor (CIA): 1

Certified Information Systems Auditor (CISA): 1

Project Management Professional (PMP): 1

Enterprise Internal Control Basic Skills Examination: 13

Certified Public Accountant: 3

Certified Public Bookkeeper: 4

Business Continuity Management Systems Lead Auditor: 1 (ISO 22301 LA)

Taiwan Personal Information Protection and Administration System (TPIPAS) Management Professional: 1

TPIPAS Personal Information Management Professional: 2

TPIPAS Personal Information Internal Assessment Professional: 2

(2) Professional training:

Accounting managers: The accounting division manager Chang, Li-Ling completed the Listed Company Junior Accounting Administrator Training Course (30 hours) in October 2015.

As required by the Guidelines for Establishment of Internal Control Systems by Public Companies, auditing supervisors and the Company's entire internal auditing staff shall participate in training courses regarding internal control systems and register their study hours and programs with the Securities and Futures Bureau.

Appendix

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1 Positions Concurrently Held by Director in Other Companies

As of December 31, 2015

Name		Current Position in Other Companies
Lo, Chih-Hsien	Chairman	: Uni-President Enterprises Corp., President Natural Industrial Corp., Ton Yi Industrial Corp, TTET Union Corp, Kai Yu Investment Co., Ltd., President Packaging Corp., President International Development Corp., Uni-President Cold-Chain Corp., Presco Netmarketing Inc., Uni-President Dream Parks Corp., Uni-OAO Travel Service Corp., Kai Nan Investment Co., Ltd., President Century Corp., Tong Yu Investment Corp., President Property Corporation, Uni-President (Vietnam) Co., Ltd., Uni-President (Thailand) Ltd., Uni-President (Philippines) Corp., Changjiagang President Nisshin Food Co., Ltd., Foshan Sanshui Jianlibao Commerce Co., Ltd., Uni-President China Holdings Ltd., Uni-President Enterprises (China) Investment Co., Ltd., Tong Ren Corp. Limited, Beijing President Enterprises Food Co., Ltd.
	Vice Chairman	: President Nisshin Corp., Prince Housing & Development Corp., Time Square International Co., Ltd., Jinmailang Beverage Co., Ltd.
	Director	: President Baseball Team Corp., Nanlien International Corp., President Entertainment Corp., Tone Sang Construction Corp., Retail Support International Corp., Presicarre Corp., Tung Ho Development Corp., President Fair Development Corp., Tainan Spinning Retail & Distribution Co., Ltd., ScinoPharm Taiwan, Ltd., President Starbucks Coffee Corp., Uni-President Organics Corp., PK Venture Capital Corp., Uni-President Glass Industrial Co., Ltd., Kuang Chuan Dairy Co., Ltd., Kuang Chuan Foods Co., Ltd., Uni-President Development Corp., Tait Marketing & Distribution Co., Ltd., Weilih Food Corp., Ming Da Enterprises Co., Ltd., Keng Ting Enterprises Co., Ltd., Cheng-Shi Investment Holding Co., Prince Property Management Consulting Co., Prince Corp., Prince Real Estate Co., Ltd., Uni-Splendor Corp., Uni-President Dream Parks Corp (Shanghai), Kao Chyuan Investment Co., Ltd., President Chain Store (BVI) Holdings Ltd., President Chain Store (Labuan) Holdings Ltd., President Coffee(Cayman) Holdings Ltd., Shanghai President Starbucks Coffee Corp., Cayman President Holdings Ltd., Kai Yu (BVI) Investment Co., Ltd., President Packing Holdings Ltd., Uni-President Southeast Asia Holdings Ltd., PT. ABC President Indonesia, President Energy Development (Cayman Islands) Ltd., Uni-President Asia Holdings Ltd., Uni-President Hong Kong Holdings Limited, Champ Green Capital Co., Limited, Champ Green (Shanghai) Consulting Co., Ltd., Yantai Tongli Beverage Industries Co., Ltd., Beijing President Enterprises Drinks Co., Ltd., Zixi President Enterprises Drinks Co., Ltd., Wuhan President Enterprises Food Co., Ltd., Kunshan President Enterprises Food Co., Ltd., Kunming President Enterprises Food Co., Ltd., Chengdu President Enterprises Food Co., Ltd., Xinjiang President Enterprises Food Co., Ltd., President Enterprise (Kunshan) Food Technology Co., Ltd., Beijing President Enterprise Drink & Food Co., Ltd., Uni-President Enterprises (Shanghai) Drink & Food Co., Ltd., Guangzhou President Enterprises Co., Ltd., Shenyang President Enterprises Co., Ltd., Harbin President Enterprises Co., Ltd., Hefei President Enterprises Co., Ltd., Fuzhou President Enterprises Co., Ltd., Nanchang President Enterprises Co., Ltd., Zhengzhou President Enterprises Co., Ltd., Changsha President Enterprises Co., Ltd., Zhanjiang President Enterprises Co., Ltd., Nanning President Enterprises Co., Ltd., Taizhou President Enterprises Co., Ltd., Chongqing President Enterprises Co., Ltd., Changchun President Enterprises Co., Ltd., Shijiazhuang President Enterprises Co., Ltd., Hainan President Enterprises Co., Ltd., Jinan President Enterprises Co., Ltd., Baiyin President Enterprises Co., Ltd., Xuzhou President Enterprises Co., Ltd., Guiyang President Enterprises Co., Ltd., Akesu President Enterprises Co., Ltd., Hangzhou President Enterprises Co., Ltd., Henan President Enterprises Co., Ltd., Shaanxi President Enterprises Co., Ltd., President Enterprises (Shanghai) Co., Ltd., Ningxia President Enterprises Co., Ltd., President Enterprises (Inner Mongolia) Co., Ltd., Shanxi President Enterprises Co., Ltd., Uni-President Enterprises (Tianjin) Co., Ltd., Jiangsu President Enterprises Co., Ltd., Uni-President Enterprises (Hunan) Co., Ltd., President (Kunshan) Trading Co., Ltd., Uni-President Trading (Hubei) Co., Ltd., President (Shanghai) Trading Co., Ltd., Changbaishan Mountain President Enterprises (Jilin) Mineral Water Co., Ltd., Wuyuan President Enterprises Mineral Water Co., Ltd., Bama President Mineral Water Co., Ltd., Wuxue President Mineral Water Co., Ltd., Uni-President Enterprise (Hutubi) Tomato Products Technology Co., Ltd., Uni-President (Shanghai) Pearly Century Co., Ltd., Uni-President Shanghai Managment Consulting Co., Ltd., Uni-President Enterprises(China) Research & Development Center Co., Ltd.
	President	: Uni-President Enterprises Corp., Presco Netmarketing Inc.
Kao, Shiow-Ling	Chairman	: Kao Chyuan Investment Co., Ltd., President Being Corp., Uni-President Department Store Corp, President Pharmaceutical Corp., President Fair Development Corp., President Drugstore Business Corp., Afternoon Tea Taiwan Co., Ltd.
	Director	: Uni-President Enterprises Corp., Ton Yi Industrial Corp., ScinoPharm Taiwan Ltd., President International Development Corp., Prince Housing &Development Corp., President Securities Corp., Uni-President Development Corp., Time Square International Co., Ltd., President Starbucks Coffee Corporation, Tainan Spinning Retail & Distribution Co., Ltd., President (Shanghai) Health Product Trading Co., Ltd.

As of December 31, 2015

Name		Current Position in Other Companies
Su, Tsung-Ming	Chairman Director	: Uni-President Development Corp., President Life Sciences Co., Ltd., AndroSciences Corp. : Kai Yu Investment Co., Ltd., Grand Bills Finance Corporation, President Fair Development Corp., Tainan Spinning Retail & Distribution Co., Ltd., ScinoPharm Taiwan, Ltd., President Tokyo Corp., President Tokyo Auto Leasing Corp., Tong-Sheng Finance Leasing Co., Ltd., Tong-Sheng (Suzhou) Car Rental Co., Ltd., Kai Nan Investment Co., Ltd., President International Development Corp., Tong Yu Investment Corp., Puppetmotion Entertainment Co., Ltd., CDIB & Partners Investment Holding Corp., Uni-Splendor Corp., President Property Corporation, Uni-President China Holdings Ltd. (Cayman), Uni-President Hong Kong Holdings Limited, Xiang Lu Industrial Ltd., Tong Ting Gas Corp., Kuan Tang Industrial Harbor Corp., Tanvex Biologics, Inc., Uni-Home Tech Corp., President Life Sciences Cayman Co., Ltd., President (BVI) International Investment Holdings Ltd., President Energy Development (Cayman Islands) Ltd.
	Supervisor President	: Presicarre Corp., Presco Netmarketing Inc., Uni-President Enterprises (China) Investment Co., Ltd. : President International Development Corp., President Life Sciences Co., Ltd., President Property Corporation.
Yang, Wen-Lung	Chairman Director	: President Global Corp., Uni-President Vendor Corp., Tung-Ju Enterprise Corp., PT. Uni President Indonesia : President International Development Corp., Tait Marketing & Distribution Co., Ltd., Tung Ang Enterprises Corp., Tung-Xiang Corp., Foshan Sanshui Jianlibao Commerce Co., Ltd., Uni-President (Vietnam) Co., Ltd., Uni-President (Thailand) Ltd., Uni-President Marketing Co., Ltd., PT. ABC President Indonesia
Chen, Jui-Tang	Chairman	: President Yilan Art and Culture Corp., President Transnet Corp., President Collect Services Co., Ltd., President Starbucks Coffee Corp., Retail Support International Corp., President Musashino Corp., Ren-Hui Investment Corp., President Chain Store (Shanghai) Ltd., Shanghai President Starbucks Coffee Corp.
	Director	: President Drugstore Business Corp., President Being Corp., President Pharmaceutical Corp., Uni-President Department Store Corp., 21 Century Enterprise Co., Ltd., Wisdom Distribution Service Corp., Uni-President Cold-Chain Corp., President Development Corp., President International Development Corp., Philippine Seven Corp., Shan Dong President Yinzuo Commercial Limited, President (Shanghai) Health Product Trading Company Ltd., President Chain Store (BVI) Holdings Ltd., PCSC (China) Drugstore Limited, President Chain Store (Labuan) Holdings Ltd., President Chain Store (Hong Kong) Holdings Limited, President Coffee (Cayman) Holdings Ltd., Uni-President Logistics (BVI) Holdings Limited., Nanlien International Corp.
	President	: Ren-Hui Investment Corp.
Lu, Long-Hong	Director	: President Packaging Corp., Uni-President Glass Industrial Co., Ltd., Uni-Splendor Corp., President Musashino Corp., President Energy Development (Cayman Islands) Ltd., Uni-President (Vietnam) Co., Ltd., Uni-President (Thailand) Ltd.
	Supervisor	: Kuan Tang Industrial Harbor Corp.
Huang, Jui-Tien	Chairman	: Tait Marketing & Distribution Co., Ltd., Zhongshan President Enterprises Co., Ltd., Tianjiang President Enterprises Food Co., Ltd., Shanghai Songjiang President Enterprises Co., Ltd., Qingdao President Feed & Livestock Co., Ltd.
	Director	: Uni-President Foodstuff (BVI) Holdings Ltd., Retail Support International Corp., President Nisshin Corp., President International Development Corp., Uni-President Cold-Chain Corp., Changjiagang President Nisshin Food Co., Ltd., Foshan Sanshui Jianlibao Commerce Co., Ltd. Uni-President (Thailand) Ltd., Uni-President (Philippines) Corp.
Hwang, Jau-Kai	Chairman Director	: Tung Ang Enterprises Corp. : Mech-President Corp., Uni-President Cold-Chain Corp., Tung-You International Corp., Uni-President (Vietnam) Co., Ltd.
Wu, Tsung-Pin	Chairman Director	: Uni-President Assets Management Co., Ltd. : President International Trade & Investment Corp., Prince Housing & Development Corp., Prince Real Estate Co., Ltd., Time Square International Co., Ltd., Ton Yi Pharmaceutical Corp., ScinoPharm Taiwan Ltd., Kuang Chuan Dairy Co., Ltd., Kuang Chuan Foods Co., Tong Yu Investment Corp., Ltd., Uni-President Hong Kong Holdings Limited
	Supervisor	: President Baseball Team Corp., President Entertainment Corp., Tone Sang Construction Corp., President Kikkoman Inc., Uni-President Asset Management Corp., Kai Yu Investment Co., Ltd., President International Development Corp., Uni-Splendor Corp., President Property Corporation, Kai Nan Investment Co., Ltd., Tait Marketing & Distribution Co., Ltd., President Kikkoman Zhenji Foods Co., Ltd.
Wu, Wen-Chi	Director	: Philippine Seven Corp., PCSC (Cayman) Restaurant Limited, Grand Bills Finance Corporation
	Supervisor	: President Pharmaceutical Corp., President Transnet Corp., President Collect Services Co., Ltd., Uni-President Department Store Corp., Books.com. Co., Ltd., Mister Donut Taiwan Corp., President Starbucks Coffee Corp., Q-ware Systems & Services Corp., President Information Corp., Ren-Hui Investment Corp., President Chain Store (Shanghai) Ltd., Shanghai President Starbucks Coffee Corp., President (Shanghai) Health Product Trading Company Ltd.
Wang, Wen-Yeu	Independent Director	: Xintec Inc., KGI Bank, Global Unichip Corp.
Chen, M.David	Director	: Ampoc Far-East Co., Ltd., Kedge Construction Co., Ltd., Global Mall Co., Ltd.

2 Positions Concurrently Held by Management in Other Companies

As of December 31, 2015

Name		Current Position in Other Companies
Chen, Jui-Tang	Chairman	: President Yilan Art and Culture Corp., President Transnet Corp., President Collect Services Co., Ltd., President Starbucks Coffee Corp., Retail Support International Corp., President Musashino Corp., Ren-Hui Investment Corp., President Chain Store (Shanghai) Ltd., Shanghai President Starbucks Coffee Corp.
	Director	: President Drugstore Business Corp., President Being Corp., President Pharmaceutical Corp., Uni-President Department Store Corp., 21 Century Enterprise Co., Ltd., Wisdom Distribution Service Corp., Uni-President Cold-Chain Corp., President Development Corp., President International Development Corp., Philippine Seven Corp., Shan Dong President Yinzuo Commercial Limited, President (Shanghai) Health Product Trading Company Ltd., President Chain Store (BVI) Holdings Ltd., PCSC (China) Drugstore Limited, President Chain Store (Labuan) Holdings Ltd., President Chain Store (Hong Kong) Holdings Limited, President Coffee (Cayman) Holdings Ltd., Uni-President Logistics (BVI) Holdings Limited., Nanlien International Corp.
	President	: Ren-Hui Investment Corp.
Chang Jen, Yun-Huei	Chairman	: President SATO Co., Ltd.
Lai, Nan-Bey	Chairman	: Duskin Serve Taiwan Co., Bank Pro E-Service Technology Co., Ltd.
	Vice Chairman	: Philippine Seven Corp.
	Director	: Mech-President Corp., President Transnet Corp., President Collect Services Co., Ltd., Books.com. Co., Ltd., President SATO Co., Ltd., Ren-Hui Investment Corp., Tung Ho Development Corp.
Wu, Kuo-Hsuan	Chairman	: Mech-President Corp., Wisdom Distribution Service Corp., President Chain Store Tokyo Marketing Corporation, Retail Support Taiwan Corp., President Logistics International Corp., Chieh-Shuen Logistics International Corp., President Jing Corp., Capital Inventory Services Corp.
	Director	: President Transnet Corp., President Collect Services Co., Ltd., Uni-President Cold-Chain Corp., Retail Support International Corp., Ren-Hui Investment Corp., President Chain Store (Hong Kong) Holdings Limited, PresiClerc Limited
Chung, Mao-Chia	Chairman	: President Chain Store Corporation Insurance Brokers Co., Ltd., President (Shanghai) Health Product Trading Company Ltd.
	Director	: President Drugstore Business Corp., President Being Corp., President Pharmaceutical Corp., PCSC (China) Drugstore Limited, President Pharmaceutical (Hong Kong) Holdings Limited, President Chain Store Good Neighbor Foundation
Hsieh, Lien-Tang	Chairman	: Mister Donut Taiwan Corp.
	Director	: Duskin Serve Taiwan Co., Uni-President Cold-Chain Corp., Philippine Seven Corp., President Chain Store Good Neighbor Foundation, President Baseball Team Corp., President Musashino Corp., President Transnet Corp., President Collect Services Co., Ltd., President Chain Store Tokyo Marketing Corporation, President Chain Store (Shanghai) Ltd., PresiClerc Limited, PCSC Restaurant (Cayman) Holdings Limited
Tzeng, Fan-Bin	Director Supervisor	: Capital Inventory Services Corp. : Duskin Serve Taiwan Co.
Lin, Chi-Chang	Chairman	: Cold Stone Creamery Taiwan Ltd., President Chain Store Good Neighbor Foundation
	Director	: Philippine Seven Corp., President Chain Store Corporation Insurance Brokers Co., Ltd., Capital Inventory Services Corp.
	Supervisor	: Uni-President Cold-Chain Corp.
Hsieh Hong, Hui-Tzu	Director	: President Securities Corp.
Wu, Wen-Chi	Director	: Philippine Seven Corp., PCSC (Cayman) Restaurant Limited, Grand Bills Finance Corporation
	Supervisor	: President Pharmaceutical Corp., President Transnet Corp., President Collect Services Co., Ltd., Uni-President Department Store Corp., Books.com. Co., Ltd., Mister Donut Taiwan Corp., President Starbucks Coffee Corp., Q-ware Systems & Services Corp., President Information Corp., Ren-Hui Investment Corp., President Chain Store (Shanghai) Ltd., Shanghai President Starbucks Coffee Corp., President (Shanghai) Health Product Trading Company Ltd.
Lin, Hung-Chun	Chairman	: PCSC (Sichuan) Hypermarket Limited, PCSC (Chengdu) Hypermarket Limited, Shanghai Cold Stone Ice Cream Corporation, Shanghai President Logistics Co., Ltd., Shanghai President Chain Store Corporation Trade Co., Ltd., President Royal Host (Shanghai) Ltd., PresiClerc (Beijing) Supermarket Ltd., President Cosmed Chain Store (Shen Zhen) Co., Ltd., Zhejiang Uni-Champion Logistics Development Co., Ltd., President Chain Store (Taizhou) Ltd.
	Director	: President Chain Store (Shanghai) Ltd., Shan Dong President Yinzuo Commercial Limited, Duskin (Shanghai) Co., Ltd., Duskin China (BVI) Holdings Limited
	President	: President Chain Store (Shanghai) Ltd., Shanghai President Chain Store Corporation Trade Co., Ltd., Shanghai Cold Stone Ice Cream Corporation, PresiClerc (Beijing) Supermarket Ltd., PCSC (Sichuan) Hypermarket Limited, PCSC (Chengdu) Hypermarket Limited
Hsieh, Ching-Hsun	Director	: President Information Corp., President Chain Store Corporation Insurance Brokers Co., Ltd., President Chain Store Good Neighbor Foundation
Cheng, Yea-Yun	Director	: Uni-President Asset Management Corp., PK Venture Capital Corp.
	Supervisor	: 21 Century Enterprise Co., Ltd., Uni-President Oven Bakery Corp., Cold Stone Creamery Taiwan Ltd., Afternoon Tea Taiwan Co., Ltd., President Chain Store Tokyo Marketing Corporation, President Chain Store Corporation Insurance Brokers Co., Ltd., Shanghai President Logistics Co., Ltd., President Chain Store (Taizhou) Ltd.
Chang, Li-Ling	Supervisor	: President Yilan Art and Culture Corp., Taiwan Traditional Arts Promotion Foundation

3 Statement of Internal Control System

Statement of Internal Control System of President Chain Store Corporation (translated from Chinese)

Date: March 16, 2016

According to the results of a self-assessment, President Chain Store Corporation (the "Company") states the following with regard to its internal control system during the year 2015:

- 1.The Company acknowledges that the establishment, implementation and maintenance of internal control system are the responsibility of Board of Directors and management, and the Company has established the system. The internal control system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and safeguard of assets), the reliability, timeliness and transparency of financial reporting and the compliance of applicable law and regulations are achieved.
- 2.The internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of achieving the aforementioned three goals. Moreover, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. Nevertheless, the internal control system has self-monitoring mechanism, and the Company will take remedial action in response to any identified deficiencies.
- 3.The Company evaluates the effectiveness of design and operation of its internal control system based on the judgment items ruled in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (collectively referred herein as "Regulations"). The judgment items of internal control system adopted by the Regulations are the process of management control, and there are five key components of internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes a certain number of items, and seeing the Regulation for the foregoing items.
- 4.The Company assessed the effectiveness of design and operation of its internal control system according to the aforementioned Regulations.
- 5.Based on the foregoing results of evaluation, the Company believes that the internal control system (that includes the supervision and management of subsidiaries), to provide reasonable assurance over the aforementioned goals are accomplished, including the effectiveness and the efficiency of operations, the reliability, timeliness and transparency of financial reporting and the compliance of applicable law and regulations.
- 6.This statement will be the main content of Annual Report and Prospectus, and will be disclosed publicly. If the above contents contain any falsehood, concealment, or illegality, it will involve in legal liability under Article 20, 32, 171 and 174 of Securities and Exchange Law.
- 7.This statement has been approved by the meeting of Board of Directors held on March 16, 2016, and those 13 directors in presence all affirm at the contents of this statement.

President Chain Store Corporation

Chairman : Lo, Chih-Hsien

President : Chen, Jui-Tang

4 Audit Committee's Review Report

President Chain Store Corp. Audit Committee's Review Report (Translation)

The Board of Directors has prepared the Company's 2015 Business Report, Financial Statements, and Proposal for Allocation of 2015 profits. The independent auditors, Hsiao, Chun-Yuan and Chou, Chien-Hung, of PRICEWATERHOUSECOOPERS, audited PCSC's Financial Statements and issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and Profit Allocation Proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of President Chain Store Corp.. According to Article 219 of the Company Act, we hererby submit this report.

General Shareholders' Meeting of PRESIDENT CHAIN STORE CORP. 2016

President Chain Store Corp.

Chairman of the Audit Committee Shu. Pei-Gi

Date: May 3rd , 2016

5 Consolidated Financial Statement and Report of Independent Accountants

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2015, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements under International Financial Reporting Standards 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

PRESIDENT CHAIN STORE CORP.

March 16, 2016

**AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
TRANSLATED FROM CHINESE**

To the Board of Directors and Stockholders of President Chain Store Corp.

We have audited the accompanying consolidated balance sheets of President Chain Store Corp. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which reflect total assets of NT\$6,800,620 thousand and NT\$5,718,426 thousand, representing 7.6% and 6.7% of total consolidated assets as of December 31, 2015 and 2014, respectively, and total operating revenue of NT\$17,924,596 thousand and NT\$13,281,897 thousand, representing 8.7% and 6.6% of total consolidated operating revenue for the years then ended, respectively. In addition, we also did not audit the financial statements of certain investee companies accounted for using equity method. Investments in these companies amounted to NT\$5,078,101 thousand and NT\$5,021,414 thousand, representing 5.7% and 5.8% of total consolidated assets as of December 31, 2015 and 2014, respectively, and total net comprehensive income including the share of profit and other comprehensive income of associates and joint ventures accounted for using equity method of NT\$218,314 thousand and NT\$178,207 thousand, representing 2.4% and 1.7% of total consolidated comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors 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 on investees disclosed in Note 13 were based solely on the reports of other independent accountants.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable bases for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of President Chain Store Corp. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretation as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of President Chain Store Corp. as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on those financial statements.

As described in Note 3(1) of the consolidated financial statements, starting from January 1, 2015, President Chain Store Corp. and its subsidiaries have adopted the International Financial Reporting Standard No. 11, "Joint Arrangements" and the revised International Accounting Standard No. 19, "Employee Benefits" as part of the 2013 version of the International Financial Reporting Standards, as endorsed by the Financial Supervisory Commission. President Chain Store Corp. and its subsidiaries account for their investment interests in joint ventures using the equity method rather than proportionately consolidating their interests in joint ventures in the consolidated financial statements, and immediately recognize past service costs in the period incurred. As a result, the related changes to accounting policies were applied retrospectively and necessary adjustments were made to the comparative periods.

Independent Accountants

Hsiao, Chun-Yuan

Chou, Chien-Hung

PricewaterhouseCoopers, Taiwan

March 16, 2016

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Appendix

Consolidated Financial
Statement and
Report of Independent
Accountants

(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 22,990,314	26	\$ 21,450,797	25	\$ 20,235,519	25
1110	Financial assets at fair value through profit or loss - current	6(2)	5,620,386	6	6,535,463	8	6,931,752	8
1170	Accounts receivable, net	6(3) and 7	4,294,865	5	4,148,471	5	3,703,554	5
1200	Other receivables		1,336,252	2	1,655,895	2	1,216,761	2
1220	Current income tax assets	6(28)	6,322	-	314	-	15,999	-
130X	Inventories, net	6(4)	11,550,553	13	10,772,538	13	9,997,474	12
1410	Prepayments		1,223,826	1	1,246,060	1	1,068,499	1
1460	Non-current assets held for sale, net		-	-	-	-	1,171,130	1
1470	Other current assets		2,000,439	2	1,257,028	1	652,368	1
11XX	Total current assets		49,022,957	55	47,066,566	55	44,993,056	55
Non-current assets								
1523	Available-for-sale financial assets - non-current	6(5)	923,129	1	998,108	1	865,199	1
1543	Financial assets measured at cost - non-current	6(6)	27,526	-	35,776	-	44,619	-
1550	Investments accounted for using equity method	6(7)	10,598,635	12	9,409,409	11	9,074,072	11
1600	Property, plant and equipment, net	6(8)(31), 7 and 8	22,339,376	25	22,107,291	26	20,919,547	26
1760	Investment property, net	6(9)	1,416,269	2	1,202,969	2	1,157,525	1
1780	Intangible assets	6(10)(26)	1,150,914	1	1,197,505	1	1,204,122	2
1840	Deferred income tax assets	6(28)	1,149,951	1	1,008,370	1	934,410	1
1900	Other non-current assets	6(11)	2,753,955	3	2,818,232	3	2,747,696	3
15XX	Total non-current assets		40,359,755	45	38,777,660	45	36,947,190	45
1XXX	Total assets		\$ 89,382,712	100	\$ 85,844,226	100	\$ 81,940,246	100
Current liabilities								
2100	Short-term borrowings	6(13) and 8	\$ 2,454,299	3	\$ 1,655,957	2	\$ 1,873,785	2
2110	Short-term notes and bills payable		395,000	-	400,000	1	305,000	-
2150	Notes payable	7	1,146,992	1	1,207,585	1	1,617,869	2
2170	Accounts payable		16,933,015	19	17,121,262	20	15,938,451	19
2180	Accounts payable - related parties	7	2,276,068	3	2,176,607	3	2,146,201	3
2200	Other payables	6(14)	21,528,252	24	19,927,493	23	18,868,123	23
2230	Current income tax liabilities	6(28)	1,190,288	1	1,214,705	1	852,579	1
2260	Liabilities directly related to non-current assets held for sale		-	-	-	-	414,531	1
2300	Other current liabilities	6(15)	3,761,906	4	3,630,880	4	3,686,560	5
21XX	Total current liabilities		49,685,820	55	47,334,489	55	45,703,099	56
Non-current liabilities								
2540	Long-term borrowings	6(16) and 8	664,911	1	930,041	1	1,826,385	2
2570	Deferred income tax liabilities	6(28)	38,195	-	42,043	-	31,293	-
2600	Other non-current liabilities	6(17)(18)	7,902,284	9	7,244,676	9	6,886,819	8
25XX	Total non-current liabilities		8,605,390	10	8,216,760	10	8,744,497	10
2XXX	Total liabilities		58,291,210	65	55,551,249	65	54,447,596	66
Equity attributable to owners of the parent								
Share capital								
3110	Share capital - common stock	6(19)	10,396,223	12	10,396,223	12	10,396,223	13
Capital surplus								
3200	Capital surplus	6(20)	7,733	-	7,031	-	890,234	1
Retained earnings								
3310	Legal reserve	6(21)	7,384,165	8	6,493,041	8	5,931,412	7
3320	Special reserve		-	-	-	-	338,453	-
3350	Unappropriated retained earnings		8,733,029	10	8,907,745	10	5,612,191	7
Other equity								
3400	Other equity interest	6(22)	592,536	-	708,434	1	567,263	1
31XX	Equity attributable to owners of the parent		27,113,686	30	26,512,474	31	23,735,776	29
36XX	Non-controlling interest		3,977,816	5	3,780,503	4	3,756,874	5
3XXX	Total equity		31,091,502	35	30,292,977	35	27,492,650	34
3X2X	Total liabilities and equity		\$ 89,382,712	100	\$ 85,844,226	100	\$ 81,940,246	100

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Notes	For the years ended December 31			
		2015		2014 (adjusted)	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(23) and 7	\$ 205,481,317	100	\$ 200,438,379	100
5000 Operating costs	6(26) and 7	(139,200,450)	(68)	(137,779,532)	(69)
5900 Net operating margin		66,280,867	32	62,658,847	31
Operating expenses	6(26)(27)				
6100 Selling expenses		(48,241,396)	(23)	(45,474,523)	(23)
6200 General and administrative expenses		(8,429,658)	(4)	(7,679,445)	(4)
6000 Total operating expenses		(56,671,054)	(27)	(53,153,968)	(27)
6900 Operating profit		9,609,813	5	9,504,879	4
Non-operating income and expenses					
7010 Other income	6(24)	1,751,552	1	1,606,351	1
7020 Other gains and losses	6(25)	(817,748)	(1)	461,007	-
7050 Finance costs	6(13)(16)	(107,121)	-	(99,830)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)	1,245,307	1	876,317	-
7000 Total non-operating income and expenses		2,071,990	1	2,843,845	1
7900 Profit before income tax		11,681,803	6	12,348,724	5
7950 Income tax expense	6(28)	(2,239,349)	(1)	(2,100,564)	(1)
8000 Profit for the year from continuing operations		9,442,454	5	10,248,160	4
8200 Profit for the year		\$ 9,442,454	5	\$ 10,248,160	4
Other comprehensive income (loss)					
8311 Remeasurments of net actuarial loss on defined benefit plan		(\$ 359,692)	-	(\$ 238,827)	-
8320 Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will not be reclassified to profit or loss		(16,749)	-	(5,884)	-
8349 Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss		56,535	-	39,236	-
8310 Components of other comprehensive loss that will not be reclassified to profit or loss		(319,906)	-	(205,475)	-
8361 Exchange differences from translation of foreign operations	6(22)	(16,434)	-	189,485	-
8362 Unrealized loss on valuation of available-for-sale financial assets	6(22)	(74,866)	-	(66,394)	-
8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method, components of other comprehensive (loss) income that will be reclassified to profit or loss		(19,400)	-	17,163	-
8399 Income tax relating to the components of other comprehensive (loss) income that will be reclassified to profit or loss	6(22)(28)	(6,699)	-	4,932	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		(117,399)	-	145,186	-
8300 Total other comprehensive loss for the year		(\$ 437,305)	-	(\$ 60,289)	-
8500 Total comprehensive income for the year		\$ 9,005,149	5	\$ 10,187,871	4
Profit attributable to:					
8610 Owners of the parent		\$ 8,238,993	4	\$ 9,090,462	3
8620 Non-controlling interests		1,203,461	1	1,157,698	1
		\$ 9,442,454	5	\$ 10,248,160	4
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 7,877,866	4	\$ 9,031,143	3
8720 Non-controlling interests		1,127,283	1	1,156,728	1
		\$ 9,005,149	5	\$ 10,187,871	4
9750 Basic earnings per share (in dollars)	6(29)	\$ 7.92		\$ 8.74	
9850 Diluted earnings per share (in dollars)		\$ 7.90		\$ 8.72	

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Appendix

Consolidated Financial
Statement and
Report of Independent
Accountants

(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent								Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus	Retained earnings			Other equity interest		Total		
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translation of foreign operations	Unrealized gain or loss on available-for-sale financial assets			
For the year ended December 31, 2014 (adjusted)											
Balance at January 1, 2014		\$ 10,396,223	\$ 890,234	\$ 5,931,412	\$ 338,453	\$ 5,616,291	\$ 17,945	\$ 549,318	\$ 23,739,876	\$ 3,758,564	\$ 27,498,440
Effect of transition		-	-	-	-	(4,100)	-	-	(4,100)	(1,690)	(5,790)
Retrospective balance at January 1, 2014		10,396,223	890,234	59,31,412	338,453	5,612,191	17,945	549,318	23,735,776	3,756,874	27,492,650
Distribution of 2013 earnings:											
Legal reserve		-	-	561,629	-	(561,629)	-	-	-	-	-
Reversal of special reserve		-	-	-	(338,453)	338,453	-	-	-	-	-
Cash dividends		-	(883,679)	-	-	(5,354,055)	-	-	(6,237,734)	-	(6,237,734)
Disposal of equity interest in a subsidiary without losing control		-	-	-	-	(16,904)	-	-	(16,904)	-	(16,904)
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	476	-	-	(283)	-	-	193	-	193
Profit for the year		-	-	-	-	9,090,462	-	-	9,090,462	1,157,698	10,248,160
Other comprehensive income (loss) for the year 6(22)		-	-	-	-	(200,490)	198,402	(57,231)	(59,319)	(970)	(60,289)
Non-controlling interest		-	-	-	-	-	-	-	-	(1,133,099)	(1,133,099)
Balance at December 31, 2014		\$ 10,396,223	\$ 7,031	\$ 6,493,041	\$ -	\$ 8,907,745	\$ 216,347	\$ 492,087	\$ 26,512,474	\$ 3,780,503	\$ 30,292,977
For the year ended December 31, 2015											
Balance at January 1, 2015		\$ 10,396,223	\$ 7,031	\$ 6,493,041	\$ -	\$ 8,907,745	\$ 216,347	\$ 492,087	\$ 26,512,474	\$ 3,780,503	\$ 30,292,977
Distribution of 2014 earnings:											
Legal reserve		-	-	891,124	-	(891,124)	-	-	-	-	-
Cash dividends		-	-	-	-	(7,277,356)	-	-	(7,277,356)	-	(7,277,356)
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	702	-	-	-	-	-	702	-	702
Profit for the year		-	-	-	-	8,238,993	-	-	8,238,993	1,203,461	9,442,454
Other comprehensive loss for the year 6(22)		-	-	-	-	(245,229)	(7,021)	(108,877)	(361,127)	(76,178)	(437,305)
Non-controlling interest		-	-	-	-	-	-	-	-	(929,970)	(929,970)
Balance at December 31, 2015		\$ 10,396,223	\$ 7,733	\$ 7,384,165	\$ -	\$ 8,733,029	\$ 209,326	\$ 383,210	\$ 27,113,686	\$ 3,977,816	\$ 31,091,502

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

PRESIDENT CHAIN STORE CORP. AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2015	2014 (Adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before income tax for the year		\$ 11,681,803	\$ 12,348,724
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Gain on valuation of financial assets at fair value through profit or loss	6(2)	(2,223)	(87)
Provision for doubtful accounts	6(3)	12,498	2,976
Depreciation on property, plant and equipment	6(8)	5,069,564	4,739,664
Amortization		377,064	354,562
Depreciation on investment property	6(9)	14,757	15,506
Finance costs		107,121	99,830
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(1,245,307)	(876,317)
Loss (gain) on disposal of investments in subsidiaries		2,055	(1,028,508)
Loss on disposal of investments accounted for using equity method		5,705	-
Loss on disposal of property, plant and equipment, net		75,984	49,426
Interest income	6(24)	(171,709)	(158,410)
Dividend income	6(24)	(45,949)	(40,017)
Impairment loss on other non-current assets	6(12)	289,691	116,118
Impairment loss on intangible assets	6(12)	14,485	91,651
Impairment loss on investments accounted for using equity method	6(7)(12)	-	100,000
Impairment loss on financial assets measured at cost - non-current		-	4,279
Impairment loss on property, plant and equipment	6(8)	152,199	31,722
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		917,300	396,376
Accounts receivable		(23,214)	(461,010)
Other receivables		329,712	(426,281)
Inventories		(778,015)	(775,064)
Prepayments		63,278	(177,561)
Other current assets		(743,411)	(604,660)
Net changes in liabilities relating to operating activities			
Notes payable		(60,593)	(410,284)
Accounts payable		(88,786)	1,213,217
Other payables		1,746,582	809,379
Advance receipts		167,066	149,605
Net defined benefit liabilities - non-current		(18,638)	(55,124)
Cash generated from operations		17,849,019	15,509,712
Interest received		165,282	158,674
Income tax paid		(2,351,356)	(1,762,268)
Interest paid		(106,135)	(99,829)
Dividends received		799,737	686,098
Net cash provided by operating activities		16,356,547	14,492,387

(Continued)

	Notes	For the years ended December 31	
		2015	2014 (Adjusted)
CASH FLOWS FROM INVESTING ACTIVITIES			
Return of capital from financial assets measured at cost - non-current		\$ 16,800	\$ 4,667
Proceeds from disposal of subsidiaries		13,130	1,450,000
Acquisition of investments accounted for using equity method		(870,200)	(138,300)
Proceeds from disposal of investments accounted for using equity method		29,841	-
Acquisition of property, plant and equipment	6(31)	(6,363,925)	(6,090,022)
Proceeds from disposal of property, plant and equipment		359,883	180,269
Liquidating dividends of available-for-sale financial assets - non-current		218	218
Increase in available-for-sale financial assets - non-current		-	(199,521)
Increase in guarantee deposits paid		(68,670)	(187,041)
Acquisition of intangible assets		(151,317)	(293,650)
Increase in other non-current assets		(363,796)	(137,637)
Net cash used in investing activities		(7,398,036)	(5,411,017)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		798,342	(217,828)
(Decrease) increase in short-term notes and bills payable		(5,000)	95,000
Increase in long-term borrowings		185,988	452,380
Repayment of long-term borrowings		(517,772)	(1,595,520)
Increase in guarantee deposits received		284,002	173,308
Acquisition of equity interest in subsidiaries		(13,373)	-
Decrease in other non-current liabilities		63,166	846
Change in non-controlling interests		(146,282)	29,093
Payment of cash dividends - the company		(7,277,356)	(6,237,734)
Payment of cash dividends – subsidiaries		(783,688)	(764,039)
Net cash used in financing activities		(7,411,973)	(8,064,494)
Effect of foreign exchange rate changes on cash and cash equivalents		(7,021)	198,402
Increase in cash and cash equivalents		1,539,517	1,215,278
Cash and cash equivalents at beginning of year		21,450,797	20,235,519
Cash and cash equivalents at end of year		\$ 22,990,314	\$ 21,450,797

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

- (1) President Chain Store Corporation (the "Company") was established on June 10, 1987. The main businesses of the Company and its subsidiaries (collectively referred herein as the "Group") are managing convenience stores, restaurants, drugstores, department stores, supermarkets and online shopping stores. Business areas include Taiwan, Mainland China, the Philippines and Japan. The common shares of the Company have been listed on the Taiwan Stock Exchange since August 22, 1997. Details of the Group's main operating activities and segment information are provided in Notes 4 and 14.
- (2) The Group's ultimate parent company is Uni-President Enterprises Corp., which holds a 45.4% equity interest in the Company.

2. DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 16, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC") of the Republic of China.

According to Financial-Supervisory-Securities-Audit Ruling No. 1030010325 issued by the FSC on April 3, 2014, effective from January 1, 2015, companies with shares listed on the Taiwan Stock Exchange, or traded on the Taipei Exchange or Emerging Stock Market, are required to adopt the 2013 version of IFRS (not including IFRS 9, "Financial instruments") as endorsed by the FSC and "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (collectively referred herein as "the 2013 version of IFRS") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is detailed below:

A. IAS 19 (revised), "Employee benefits"

This revised standard requires that a net interest amount, calculated by applying a discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that actuarial gains and losses could be recognized based on a corridor approach or recognized in the profit or loss. The revised standard requires actuarial gains and losses to be only recognized immediately in "Other comprehensive income" when incurred. Past service costs are to be recognized immediately in the period incurred and no longer amortized on a straight-line basis over the average period until the benefits become vested. An entity is required to recognize termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits or when it recognizes any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans. Based on the Group's assessment, the impact of revised IAS 19 is summarized in Note 3(1)G.

B. IFRS 11, "Joint arrangements"

This standard replaces IAS 31, "Interests in joint ventures" and eliminates the option of proportionate consolidation for joint ventures. When deciding the types of joint arrangements, joint operations or joint ventures, the entity should assess the contractual rights and obligations and not just the legal form. Based on the Group's assessment, the impact of IFRS 11 is summarized in Note 3(1) G.

C. IAS 1, "Presentation of financial statements"

This standard requires entities to separate out items presented in "Other comprehensive income" into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax, then the tax related to each of the two groups of "Other comprehensive income" items (that is, those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust the presentation of its financial statements in relation to "Other comprehensive income".

D. IFRS 12, "Disclosure of interests in other entities"

This standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

E. IFRS 13, "Fair value measurement"

This standard defines fair value as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from the perspective of market participants, and requires disclosures about fair value measurements. For non-financial assets only, the fair value is determined based on the highest and best use of the asset. Based on the Group's assessment, the adoption of IFRS 13 does not have a significant impact on its consolidated financial statements. The Group will disclose additional information about fair value measurements accordingly.

F. IAS 28, "Investments in associates and joint ventures" (as amended in 2011)

As consequential amendments resulting from the issuance of IFRS 11, "Joint arrangements", revised IAS 28 sets out the requirements for the application of the equity method when accounting for investments in joint ventures. A portion of an investment in an associate or a joint venture that meets the classification criteria as held for sale shall be measured at fair value less selling costs. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. When an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not re-measure the retained interest. Based on the Group's assessment, the impact of the revised IAS 28 is summarized Note 3(1) G.

G. The effects of the transition to the 2013 version of IFRS on the consolidated financial statements are summarised below:

Consolidated balance sheet Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Description
January 1, 2014				
Cash and cash equivalents	\$ 21,008,243	(\$ 772,724)	\$ 20,235,519	(b)
Property, plant and equipment	21,542,772	(623,225)	20,919,547	(b)
Investments accounted for using equity method	7,837,184	1,236,888	9,074,072	(b)
Other assets	33,109,769	(1,398,661)	31,711,108	(a)(b)
Total affected assets	<u>\$ 83,497,968</u>	<u>(\$ 1,557,722)</u>	<u>\$ 81,940,246</u>	
Accounts payable (including related parties)	\$ 18,520,029	(\$ 435,377)	\$ 18,084,652	(b)
Other payables	19,460,674	(592,551)	18,868,123	(b)
Other liabilities	18,018,825	(524,004)	17,494,821	(a)(b)
Total affected liabilities	<u>55,999,528</u>	<u>(1,551,932)</u>	<u>54,447,596</u>	
Share capital	10,396,223	-	10,396,223	
Capital surplus	890,234	-	890,234	
Retained earnings	11,886,156	(4,100)	11,882,056	(a)
Other equity interest	567,263	-	567,263	
Non-controlling interests	3,758,564	(1,690)	3,756,874	(a)
Total affected equity	<u>27,498,440</u>	<u>(5,790)</u>	<u>27,492,650</u>	
Total affected liabilities and equity	<u>\$ 83,497,968</u>	<u>(\$ 1,557,722)</u>	<u>\$ 81,940,246</u>	

Consolidated balance sheet Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Description
December 31, 2014				
Cash and cash equivalents	\$ 22,369,629	(\$ 918,832)	\$ 21,450,797	(b)
Property, plant and equipment	22,934,321	(827,030)	22,107,291	(b)
Investments accounted for using equity method	7,757,089	1,652,320	9,409,409	(b)
Other assets	34,768,334	(1,891,605)	32,876,729	(a)(b)
Total affected assets	\$ 87,829,373	(\$ 1,985,147)	\$ 85,844,226	
Accounts payable (including related parties)	\$ 19,870,593	(\$ 572,724)	\$ 19,297,869	(b)
Other payables	20,764,656	(837,163)	19,927,493	(b)
Other liabilities	16,896,215	(570,328)	16,325,887	(a)(b)
Total affected liabilities	57,531,464	(1,980,215)	55,551,249	
Share capital	10,396,223	-	10,396,223	
Capital surplus	7,031	-	7,031	
Retained earnings	15,404,280	(3,494)	15,400,786	(a)
Other equity interest	708,434	-	708,434	
Non-controlling interests	3,781,941	(1,438)	3,780,503	(a)
Total affected equity	30,297,909	(4,932)	30,292,977	
Total affected liabilities and equity	\$ 87,829,373	(\$ 1,985,147)	\$ 85,844,226	
December 31, 2015				
Cash and cash equivalents	\$ 22,900,314	\$ -	\$ 22,990,314	(b)
Property, plant and equipment	22,339,376	-	22,339,376	(b)
Investments accounted for using equity method	10,598,635	-	10,598,635	(b)
Other assets	33,453,376	1,011	33,454,387	(a)(b)
Total affected assets	\$ 89,381,701	\$ 1,011	\$ 89,382,712	
Accounts payable (including related parties)	\$ 19,209,083	\$ -	\$ 19,209,083	(b)
Other payables	21,528,252	-	21,528,252	(b)
Other liabilities	17,547,932	5,943	17,553,875	(a)(b)
Total affected liabilities	58,285,267	5,943	58,291,210	
Share capital	10,396,223	-	10,396,223	
Capital surplus	7,733	-	7,733	
Retained earnings	16,120,688	(3,494)	16,117,194	(a)
Other equity interest	592,536	-	592,536	
Non-controlling interests	3,979,254	(1,438)	3,977,816	(a)
Total affected equity	31,096,434	(4,932)	31,091,502	
Total affected liabilities and equity	\$ 89,381,701	\$ 1,011	\$ 89,382,712	

Note: The impact of adopting IFRS 11, "Joint arrangements", of the 2013 version of IFRS on the consolidated financial statements as of and for the year ended December 31, 2015 is not disclosed in accordance with paragraph C1B of the transition guidance provided in IFRS 11.

Consolidated balance sheet Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Description
For the year ended December 31, 2014				
Operating revenue	\$ 207,989,021	(\$ 7,550,642)	\$ 200,438,379	(b)
Operating costs	(141,050,853)	3,271,321	(137,779,532)	(b)
Operating expenses	(56,340,888)	3,186,920	(53,153,968)	(b)
Non-operating income and expenses	2,012,496	831,349	2,843,845	(b)
Profit before income tax	12,609,776	(261,0523)	12,348,724	
Income tax expense	(2,367,021)	266,457	(2,100,564)	(b)
Profit for the year	10,242,755	5,405	10,248,160	
Other comprehensive loss, net of tax	(55,742)	(4,547)	(60,289)	
Total comprehensive income for the period	\$ 10,187,013	\$ 858	\$ 10,187,871	
Earnings per share:				
Basic	\$ 8.74	\$ -	\$ 8.74	
Diluted	\$ 8.72	\$ -	\$ 8.72	

Descriptions:

- (a) The Group recognized previously unrecognized past service costs by increasing the deferred tax assets by \$1,185 and \$1,011, increasing defined benefit liabilities by \$6,975 and \$5,943, decreasing retained earnings by \$4,100 and \$3,494, and decreasing non-controlling interests by \$1,690 and \$1,438, as at January 1, 2014 and December 31, 2014, respectively, and decreasing operating expenses by \$6,501, increasing income tax expense by \$1,096 and increasing other comprehensive loss by \$4,547 for the year ended December 31, 2014.
- (b) The Group accounted for its investment interests in joint ventures-including Mister Donut Taiwan Corp., Ltd., President Starbucks Coffee Corp., Ltd., Mister Donut Shanghai Co., Ltd., President Coffee (Cayman) Holdings Ltd., President Starbucks Coffee Shanghai Co., Ltd., and Zhejiang Uni-Champion Logistics Development Co., Ltd.—by using the equity method instead of using proportionate consolidation method after the adoption of IFRS 11. The Group decreased the carrying amounts of assets and liabilities previously recognized using the proportionate consolidation method and increased investments accounted for using the equity method as at January 1, 2014 and December 31, 2014 respectively, and also adjusted the income statement accounts for the year ended December 31, 2014.
- (2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group
None.
- (3) IFRSs issued by IASB but not yet endorsed by the FSC
New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC are listed below:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 9, "Financial instruments"	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, "Regulatory deferral accounts"	January 1, 2016
IFRS 15, "Revenue from contracts with customers"	January 1, 2018
IFRS 16, "Leases"	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, "Leases"	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments highlighted above. The impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities at fair value through profit or loss.
- (b) Available-for-sale financial assets measured at fair value.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less the present value of defined benefit obligations.

B. The preparation of financial statements, in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs"), requires the use of certain critical accounting estimates and the exercise of management's judgment in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. The basis for preparation of consolidated financial statements is as follows:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			December 31, 2015	December 31, 2014	January 1, 2014	
The Company	President Chain Store (BVI) Holdings Ltd.	Professional investment	100.00	100.00	100.00	
The Company	PCSC (China) Drugstore Limited	Professional investment	92.20	92.20	100.00	(a)
The Company	Wisdom Distribution Service Corp.	Delivery of magazines, etc.	100.00	100.00	100.00	
The Company	President Drugstore Business Corp.	Sales of cosmetics, medicine and daily items	100.00	100.00	100.00	
The Company	Ren-Hui Investment Corp.	Professional investment	100.00	100.00	100.00	
The Company	Capital Inventory Services Corp.	Enterprise management consultancy	100.00	100.00	100.00	
The Company	Uni-President Yi-Lan Art and Culture Corp.	Art and cultural exhibition	100.00	100.00	100.00	
The Company	Cold Stone Creamery Taiwan Ltd.	Ice cream stores, operation of restaurant	100.00	100.00	100.00	
The Company	President Chain Store Corporation Insurance Brokers Co., Ltd. (formerly known as President FN Business Corp.)	Life and property insurance	100.00	100.00	100.00	
The Company	21 Century Enterprise Co., Ltd.	Operation of chain restaurants	100.00	100.00	100.00	
The Company	President Being Corp.	Sports and entertainment business	100.00	100.00	100.00	
The Company	Uni-President Oven Bakery Corp.	Bread and pastry retailer	100.00	100.00	100.00	
The Company	President Chain Store Tokyo Marketing Corp.	Enterprise management consultancy	100.00	100.00	100.00	
The Company	icash Corp.	Electronic ticketing	100.00	100.00	100.00	
The Company	President Musashino Corp.	Food manufacturing	90.00	90.00	90.00	
The Company	Q-ware Systems & Services Corp.	Enterprise information management and consultancy	86.76	86.76	86.76	
The Company	President Information Corp.	Enterprise information management and consultancy	86.00	86.00	86.00	
The Company	President SATO Co., Ltd.	Operation of restaurants	80.00	81.00	81.00	
The Company	Mech-President Corp.	Gas station and elevator installation	80.87	80.87	80.87	
The Company	President Pharmaceutical Corp.	Sales of various health care products, cosmetics, and pharmaceuticals	73.74	73.74	73.74	
The Company	President Collect Services Co., Ltd.	Collection agent	70.00	70.00	70.00	
The Company	Uni-President Department Store Corp.	Department stores	70.00	70.00	70.00	
The Company	President Transnet Corp.	Delivery service	70.00	70.00	70.00	
The Company	Uni-President Cold-Chain Corp.	Low-temperature foods logistics including frozen foods	60.00	60.00	60.00	
The Company	Bank Pro E-Service Technology Co., Ltd.	Enterprise information management and consultancy	58.33	58.33	58.33	
The Company	Duskin Serve Taiwan Co.	Sales of cleaning instruments	51.00	51.00	51.00	
The Company	Afternoon Tea Taiwan Co., Ltd.	Operation of restaurants	51.00	51.00	51.00	
The Company	Books.com. Co., Ltd.	Information supply services	50.03	50.03	50.03	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			December 31, 2015	December 31, 2014	January 1, 2014	
The Company	Muji (Taiwan) Co., Ltd.	Retail of sundry merchandise	-	-	51.00	(b)
The Company	Retail Support International Corp.	Room-temperature logistics	25.00	25.00	25.00	(c)
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Professional investment	100.00	100.00	100.00	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Professional investment	100.00	100.00	100.00	
President Chain Store (BVI) Holdings Ltd.	PCSC (Vietnam) Supermarket Ltd.	Retail hypermarket	-	51.00	51.00	(d)
President Chain Store (BVI) Holdings Ltd.	Presiclrc Limited	Professional investment	100.00	98.31	98.13	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Sales of medicines and daily items	100.00	100.00	65.00	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00	20.00	20.00	
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Magazines and book publishing industry	60.00	60.00	60.00	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Trucking	25.00	25.00	25.00	
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	Professional investment	100.00	100.00	100.00	
Retail Support International Corp.	Retail Support Taiwan Corp.	Room temperature distribution	51.00	51.00	51.00	
Retail Support International Corp.	President Logistics International Corp.	Trucking	49.00	49.00	49.00	
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00	6.00	6.00	
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Trucking	100.00	100.00	100.00	
Duskin Serve Taiwan Co.	Duskin China (BVI) Holdings Limited	Professional investment	100.00	100.00	100.00	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	Professional investment	100.00	100.00	100.00	
Books.com. (BVI) Ltd.	Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	100.00	100.00	100.00	
Mech-President Corp.	Safety Elevator Corp.	Elevator installation, repair and maintenance	100.00	100.00	100.00	
Mech-President Corp.	President Jing Corp.	Gas station and other automobile services	60.00	60.00	60.00	
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	100.00	
President Pharmaceutical (Hong Kong) Holdings Limited	President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	100.00	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corporation	Operation of chain store	51.56	51.56	51.56	
Philippine Seven Corporation	Convenience Distribution Inc.	Logistics & delivery	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	Professional investment	7.80	7.80	-	(a)
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	Operation of chain store	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai President Logistics Co., Ltd.	Logistics & delivery	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Cayman) Restaurant Limited	Professional investment	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shan Dong President Yinzuo Commercial Limited	Retail hypermarket	55.00	55.00	55.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			December 31, 2015	December 31, 2014	January 1, 2014	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Sichuan) Hypermarket Limited	Retail hypermarket	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai Cold Stone Ice Cream Corporation	Ice cream stores, operation of restaurant	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	SATO (Shanghai) Catering Mathematics Co., Ltd.	Operation of restaurants	-	81.00	81.00	(e)
President Chain Store (Hong Kong) Holdings Limited	President Royal Host (Shanghai) Ltd.	Operation of restaurants	51.00	51.00	51.00	
Shanghai President Logistics Co., Ltd.	President Chain Store (Taizhou) Ltd.	Logistics & delivery	100.00	-	-	(f)
Shanghai President Logistics Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics & delivery	50.00	-	-	(g)
PCSC (Cayman) Restaurant Limited	Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	100.00	100.00	100.00	
Presiclerc Limited	Presiclerc (Beijing) Supermarket Co., Ltd.	Retail hypermarket	92.33	92.33	90.80	
Uni-President Logistics (BVI) Holdings Limited	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics & delivery	50.00	50.00	50.00	(g)

(a) The subsidiary, President Chain Store (Hong Kong) Holdings Limited, acquired a 7.8% shareholding in PCSC (China) Drugstore Limited in February 2014. After the capital increase, the Company's shareholding in PCSC (China) Drugstore Limited declined to 92.2%, and the Group's total shareholding still remained at 100%.

(b) The Company sold its shares of the subsidiary, Muji (Taiwan) Co., Ltd., in January 2014.

(c) As the Company controls the financial and operating policies of Retail Support International Corp., the latter is included as a subsidiary in the consolidated financial statements.

(d) The Company sold its shares of the subsidiary, PCSC (Vietnam) Supermarket Ltd., in November 2015.

(e) The subsidiary, SATO (Shanghai) Catering Mathematics Co., Ltd., was liquidated on March 19, 2015.

(f) The subsidiary of the Company was established in December 2015.

(g) The Company and its subsidiary held 50% shareholding in Zhejiang Uni-Champion Logistics Development Co., Ltd. and the investee was recognized using equity method. Shanghai President Logistics Co., Ltd. acquired the other 50% shareholding in Zhejiang Uni-Champion Logistics Development Co., Ltd. in December 2015. After the acquisition, Zhejiang Uni-Champion Logistics Development Co., Ltd. became a consolidated entity of the Group since December 2015.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of the Group is measured using the currency of the primary economic environment in which the operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains and losses.
- B. Translation of foreign operations
 - (a) The operating results and financial position of all the subsidiaries, associates and jointly arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
 - (b) When the foreign operation partially disposed of or sold is an associate or jointly arrangements exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Group still retains partial interest in the former foreign associate or jointly arrangements after losing significant influence over the former foreign associate, or losing joint control of the former jointly arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
 - (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
 - (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.
- (5) Classification of current and non-current items
 - A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
 - B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
- (6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.
- (7) Financial assets at fair value through profit or loss
 - A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
 - B. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(8) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.
- B. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in "financial assets measured at cost".

(9) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
- Significant financial difficulty of the issuer or debtor;
 - A breach of contract, such as a default or delinquency in interest or principal payments;
 - A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:
- Financial assets measured at amortized cost**
The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.
 - Financial assets measured at cost**
The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.
 - Available-for-sale financial assets**
The amount of the impairment loss is measured as the difference between the asset's acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from "other comprehensive income" to "profit or loss". Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Leases (Lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

- A. Inventories are initially recorded at cost. Cost of consolidated entities which manage convenience stores is determined using the retail inventory method while cost of other subsidiaries is determined in accordance with the type of business.

- B. Ending inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / Subsidiaries, associates and joint ventures

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in "capital surplus" in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Investment accounted for using the equity method - joint ventures

The Group accounts for its investment interests in joint ventures using the equity method. Unrealized profits and losses arising from transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are audited, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	4~50 years
Transportation equipment	3~8 years
Office equipment	2~15 years
Leasehold assets	2~28 years

(16) Leases (Lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 28 to 50 years.

(18) Intangible assets

A. Trademarks and licences

Separately acquired trademarks and licences are stated at historical cost. Trademarks and licences acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and licences have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 15 to 30 years.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 6 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Provisions

The Group's provisions are presented in "Other non-current liabilities". Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(21) Employee benefits**A. Short-term employee benefits**

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions**(a) Defined contribution plans**

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Income tax

A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(23) Revenue recognition

- A. The Group's revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity.
- B. The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognized.
- C. The Group has customer loyalty programmes where the Group grants loyalty award credits to customers as part of a sales transaction. The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the initial sale of goods and the award credits. The amount of proceeds allocated to the award credits is measured by reference to the fair value of goods that can be redeemed by using the award credits and the proportion of award credits that are expected to be redeemed by customers. The Group recognizes the deferred portion of the proceeds allocated to the award credits as revenue only when it has fulfilled its obligations in respect of the award credits.

(24) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Group has no such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014	January 1, 2014
Cash on hand and petty cash	\$ 1,031,565	\$ 963,089	\$ 1,076,203
Checking accounts and demand deposits	7,471,302	8,102,167	7,858,340
Cash equivalents			
Time deposits	10,015,833	6,311,878	4,991,960
Short-term transaction instruments	4,471,614	6,073,663	6,309,016
	<u>\$ 22,990,314</u>	<u>\$ 21,450,797</u>	<u>\$ 20,235,519</u>

A. The Group transacts with a variety of financial institutions, all with high credit quality, to disperse credit risk, so it considers the probability of counterparty default as remote.

B. Information about time deposits provided as performance guarantees and reclassified as "Other non-current assets – guarantee deposits paid" is provided in Note 8.

(2) Financial assets at fair value through profit or loss - current

	December 31, 2015	December 31, 2014	January 1, 2014
Financial assets held for trading			
Open-ended fund	\$ 5,616,875	\$ 6,534,175	\$ 6,930,551
Valuation adjustment of financial assets held for trading	3,511	1,288	1,201
	<u>\$ 5,620,386</u>	<u>\$ 6,535,463</u>	<u>\$ 6,931,752</u>

The Group recognized net gain of \$42,249 and \$41,125 on financial assets held for trading for the years ended December 31, 2015 and 2014, respectively.

(3) Accounts receivable

	December 31, 2015	December 31, 2014	January 1, 2014
Accounts receivable	\$ 4,512,401	\$ 4,369,245	\$ 3,885,938
Less: allowance for sales returns and discounts	(88,656)	(102,297)	(80,000)
allowance for doubtful accounts	(128,880)	(118,477)	(102,384)
	<u>\$ 4,294,865</u>	<u>\$ 4,148,471</u>	<u>\$ 3,703,554</u>

A. The sales revenue of the Group is mainly received in the form of cash and credit card charges. Accounts receivable mainly consist of payments due from banks for third-party credit cards and operating income from department stores. The maximum exposure to credit risk at the balance sheet date is the carrying amount of accounts receivable less allowance for doubtful accounts.

B. An ageing analysis based on the past due date of accounts receivable that were past due but not impaired is provided below:

	December 31, 2015	December 31, 2014	January 1, 2014
Up to 90 days	\$ 101,639	\$ 121,247	\$ 58,543
91 to 180 days	17,842	14,323	4,192
181 to 365 days	3,426	4,475	7,727
Over 365 days	386	-	2,740
	<u>\$ 123,293</u>	<u>\$ 140,045</u>	<u>\$ 73,202</u>

C. Movement analysis of financial assets that were impaired is as follows:

(a) As of December 31, 2015, December 31, 2014, and January 1, 2014, the Group's accounts receivable that were impaired amounted to \$128,880, \$118,477 and \$102,384, respectively.

(b) Movements on the Group's provision for impairment of accounts receivable are as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
At January 1	\$ 118,477	\$ 102,384
Provision for impairment	12,498	2,976
Write-offs	(2,095)	-
Reclassification	-	13,117
At December 31	<u>\$ 128,880</u>	<u>\$ 118,477</u>

(4) Inventories

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 77,729	\$ -	\$ 77,729
Merchandise and finished goods	11,650,678	(177,854)	11,472,824
	<u>\$ 11,728,407</u>	<u>(\$ 177,854)</u>	<u>\$ 11,550,553</u>

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 113,177	\$ -	\$ 113,177
Merchandise and finished goods	10,762,946	(103,585)	10,659,361
	<u>\$ 10,876,123</u>	<u>(\$ 103,585)</u>	<u>\$ 10,772,538</u>

	January 1, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 154,024	\$ -	\$ 154,024
Merchandise and finished goods	9,920,985	(77,535)	9,843,450
	<u>\$ 10,075,009</u>	<u>(\$ 77,535)</u>	<u>\$ 9,997,474</u>

The cost of inventories recognized as expenses for the period:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Cost of goods sold	\$ 137,385,989	\$ 135,932,281
Loss on decline in market value of inventories	74,269	26,050
Spoilage	1,503,281	1,582,104
Others	236,911	239,097
	<u>\$ 139,200,450</u>	<u>\$ 137,779,532</u>

(5) Available-for-sale financial assets - non-current

	December 31, 2015	December 31, 2014	January 1, 2014
Listed stocks	\$ 265,606	\$ 265,606	\$ 265,606
Unlisted stocks	42,230	42,448	65,164
Government bonds	199,626	199,521	-
	507,462	507,575	330,770
Valuation adjustment	415,667	490,533	534,429
	<u>\$ 923,129</u>	<u>\$ 998,108</u>	<u>\$ 865,199</u>

A. The Group recognized (\$74,866) and (\$66,394) in other comprehensive loss in relation to fair value changes for the years ended December 31, 2015 and 2014, respectively.

B. The counterparties of debt instrument investments the Group invests in are of good credit quality.

(6) Financial assets carried at cost - non-current

A. Based on the Group's intention, its investment in unlisted stocks should be classified as "available-for-sale financial assets". However, as those unlisted stocks are not traded in an active market, and no sufficient industry information of companies similar to these unlisted stocks can be obtained, the fair value of the investment in unlisted stocks cannot be measured reliably. As a result, the Group classified those stocks as "financial assets carried at cost".

B. As of December 31, 2015, December 31, 2014 and January 1, 2014, no financial assets carried at cost held by the Group were pledged to others.

(7) Investments accounted for using the equity method

	December 31, 2015	December 31, 2014	January 1, 2014
Associates:			
PresiCarre Corp.	\$ 5,078,101	\$ 5,021,414	\$ 5,072,795
President Fair Development Corp.	2,018,057	1,224,548	1,326,105
Uni-President Development Corp.	910,037	872,213	821,838
President International Development Corp.	457,066	468,111	441,000
Tung Ho Development Corp.	97,015	113,661	121,352
President Organics Corp., etc.	58,592	57,142	54,094
	<u>8,618,868</u>	<u>7,757,089</u>	<u>7,837,184</u>
Joint ventures:			
President Coffee (Cayman) Holdings	1,495,870	1,092,095	849,450
President Starbucks Coffee Corp.	407,163	352,169	308,716
Mister Dount Taiwan corp., Ltd., etc.	76,734	208,056	78,722
	<u>1,979,767</u>	<u>1,652,320</u>	<u>1,236,888</u>
	<u>\$ 10,598,635</u>	<u>\$ 9,409,409</u>	<u>\$ 9,074,072</u>

The investments in associates or joint ventures are not significant to the Group. The details of the Group's share of the operating results in the aforementioned investments are as follows:

(a) The Group's share of the operating results in all individually immaterial associates is summarized below:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Total comprehensive income	\$ 177,032	\$ 163,814

(b) The Group's share of the operating results in all individually immaterial joint ventures is summarized below:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Total comprehensive income	\$ 1,032,126	\$ 723,782

(8) Property, plant and equipment

A. The details of property, plant and equipment are as follows:

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1, 2015							
Cost	\$ 2,026,495	\$ 4,271,693	\$ 4,895,140	\$ 18,918,874	\$ 11,523,905	\$ 6,233,524	\$ 47,869,631
Accumulated depreciation and impairment	- (1,331,990)	(2,894,871)	(11,678,597)	(6,385,639)	(3,471,243)	(25,762,340)	
	<u>\$ 2,026,495</u>	<u>\$ 2,939,703</u>	<u>\$ 2,000,269</u>	<u>\$ 7,240,277</u>	<u>\$ 5,138,266</u>	<u>\$ 2,762,281</u>	<u>\$ 22,107,291</u>
2015							
Opening net book amount as of January 1	\$ 2,026,495	\$ 2,939,703	\$ 2,000,269	\$ 7,240,277	\$ 5,138,266	\$ 2,762,281	\$ 22,107,291
Additions	226,693	42,295	665,350	1,588,616	1,595,516	2,108,033	6,226,503
Disposals	- (211)	(71,826)	(113,750)	(225,920)	(24,160)	(435,867)	
Reclassifications	- (233,326)	61,286	236,537	136,800	(475,073)	(273,776)	
Depreciation charge	- (166,604)	(556,887)	(2,166,047)	(1,161,359)	(1,018,667)	(5,069,564)	
(Impairment loss) reversal of impairment loss	-	-	(146,253)	234	(6,180)	(152,199)	
Net exchange differences	(3,600)	(499)	(414)	(34,411)	(12,262)	(11,826)	(63,012)
Closing net book amount as of December 31	<u>\$ 2,249,588</u>	<u>\$ 2,581,358</u>	<u>\$ 2,097,778</u>	<u>\$ 6,604,969</u>	<u>\$ 5,471,275</u>	<u>\$ 3,334,408</u>	<u>\$ 22,339,376</u>
At December 31, 2015							
Cost	\$ 2,249,588	\$ 4,038,997	\$ 5,459,989	\$ 18,713,302	\$ 12,242,425	\$ 7,556,878	\$ 50,261,179
Accumulated depreciation and impairment	- (1,457,639)	(3,362,211)	(12,108,333)	(6,771,150)	(4,222,470)	(27,921,803)	
	<u>\$ 2,249,588</u>	<u>\$ 2,581,358</u>	<u>\$ 2,097,778</u>	<u>\$ 6,604,969</u>	<u>\$ 5,471,275</u>	<u>\$ 3,334,408</u>	<u>\$ 22,339,376</u>

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1, 2014							
Cost	\$ 2,035,673	\$ 4,334,528	\$ 4,633,341	\$ 18,193,033	\$ 10,635,798	\$ 5,092,910	\$ 44,925,283
Accumulated depreciation and impairment	- (1,240,982)	(2,615,017)	(11,358,096)	(5,997,163)	(2,794,478)	(24,005,736)	
	<u>\$ 2,035,673</u>	<u>\$ 3,093,546</u>	<u>\$ 2,018,324</u>	<u>\$ 6,834,937</u>	<u>\$ 4,638,635</u>	<u>\$ 2,298,432</u>	<u>\$ 20,919,547</u>
2014							
Opening net book amount as of January 1	\$ 2,035,673	\$ 3,093,546	\$ 2,018,324	\$ 6,834,937	\$ 4,638,635	\$ 2,298,432	\$ 20,919,547
Additions	-	42,266	408,036	2,437,210	1,581,549	1,625,282	6,094,343
Disposals	(6,782)	(7,725)	(20,021)	(66,653)	(119,840)	(8,674)	(229,695)
Reclassifications	(3,988)	(13,457)	98,195	149,800	127,447	(382,299)	(24,302)
Depreciation charge	- (176,948)	(506,053)	(2,099,654)	(1,143,298)	(813,711)	(4,739,664)	
(Impairment loss) reversal of impairment loss	-	-	- (29,451)	586	(2,857)	(31,722)	
Net exchange differences	1,592	2,021	1,788	14,088	53,187	46,108	118,784
Closing net book amount as of December 31	<u>\$ 2,026,495</u>	<u>\$ 2,939,703</u>	<u>\$ 2,000,269</u>	<u>\$ 7,240,277</u>	<u>\$ 5,138,266</u>	<u>\$ 2,762,281</u>	<u>\$ 22,107,291</u>
At December 31, 2014							
Cost	\$ 2,026,495	\$ 4,271,693	\$ 4,895,139	\$ 18,918,874	\$ 11,523,905	\$ 6,233,525	\$ 47,869,631
Accumulated depreciation and impairment	- (1,331,990)	(2,894,870)	(11,678,597)	(6,385,639)	(3,471,244)	(25,762,340)	
	<u>\$ 2,026,495</u>	<u>\$ 2,939,703</u>	<u>\$ 2,000,269</u>	<u>\$ 7,240,277</u>	<u>\$ 5,138,266</u>	<u>\$ 2,762,281</u>	<u>\$ 22,107,291</u>

B. Information about impairment loss on property, plant and equipment is provided in Note 6(12).

C. Information about property, plant and equipment pledged to others as collateral is provided in Note 8.

(9) Investment property

	Land	Buildings	Total
2015			
January 1, 2015	\$ 902,270	\$ 300,699	\$ 1,202,969
Reclassification	-	228,057	228,057
Depreciation charge	- (14,757)	(14,757)	
December 31, 2015	<u>\$ 902,270</u>	<u>\$ 513,999</u>	<u>\$ 1,416,269</u>

	Land	Buildings	Total
2014			
January 1, 2014	\$ 898,282	\$ 259,243	\$ 1,157,525
Reclassification	3,988	56,962	60,950
Depreciation charge	- (15,506)	(15,506)	
December 31, 2014	<u>\$ 902,270</u>	<u>\$ 300,699</u>	<u>\$ 1,202,969</u>

The fair value of the investment property held by the Group ranged from \$2,020,978,767 to \$2,259,829,661 over the period from January 1, 2014 to December 31, 2015. These figures are based on similar investment properties in the neighboring area or valued by independent appraisers. The valuations were made using the comparative method and income approach. The key assumptions include a growth rate of 2% and a discount rate 2.63%.

(10) Intangible assets

	December 31, 2015	December 31, 2014	January 1, 2014
Software	\$ 600,546	\$ 654,062	\$ 639,385
Goodwill	393,414	405,256	494,967
Others	156,954	138,187	69,770
	<u>\$ 1,150,914</u>	<u>\$ 1,197,505</u>	<u>\$ 1,204,122</u>

A. Amortization expenses on intangible assets are recognized as operating expenses.

B. Information about impairment loss on intangible assets is provided in Note 6(12).

(11) Other non-current assets

	December 31, 2015	December 31, 2014	January 1, 2014
Guarantee deposits paid	\$ 2,320,964	\$ 2,252,294	\$ 2,065,253
Deferred expenses	294,261	393,173	475,446
Long-term prepaid rents	42,230	55,616	62,196
Others	96,500	117,149	144,801
	<u>\$ 2,753,955</u>	<u>\$ 2,818,232</u>	<u>\$ 2,747,696</u>

(12) Impairment loss

A. The Group recognized impairment loss for the years ended December 31, 2015 and 2014 amounting to \$456,375 and \$343,770, respectively. Details of impairment loss are as follows:

	For the year ended December 31, 2015		For the year ended December 31, 2014	
	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in profit or loss	Recognized in other comprehensive income
Impairment loss				
Financial assets measured at cost - non-current	\$ -	\$ -	\$ 4,279	\$ -
Investments accounted for using equity method	-	-	100,000	-
Other assets	289,691	-	116,118	-
Intangible assets - goodwill	14,485	-	91,651	-
Property, plant and equipment	152,199	-	31,722	-
	<u>\$ 456,375</u>	<u>\$ -</u>	<u>\$ 343,770</u>	<u>\$ -</u>

B. Goodwill is allocated to the Group's cash-generating units based on operating segments. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations, which use pre-tax cash flow projections based on five-year financial budgets approved by the management. The Group performs impairment testing annually.

(13) Short-term borrowings

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Bank borrowings			
Credit loan	\$ 2,404,299	0.9%~6.05%	None
Secured borrowings	50,000	1.23%	Property, plant and equipment
	<u>\$ 2,454,299</u>		

Type of borrowings	December 31, 2014	Interest rate range	Collateral
Bank borrowings			
Credit loan	\$ 1,555,957	1.05%~6.3%	None
Secured borrowings	100,000	1.23%~1.24%	Property, plant and equipment
	<u>\$ 1,655,957</u>		

Type of borrowings	January 1, 2014	Interest rate range	Collateral
Bank borrowings			
Credit loan	\$ 1,873,785	1.90%~6.44%	None

There was no capitalisation of borrowing costs for the years ended December 31, 2015 and 2014. Relevant interest expense on borrowings is recognized as "finance costs".

(14) Other payables

	December 31, 2015	December 31, 2014	January 1, 2014
Store collections	\$ 8,375,014	\$ 8,054,655	\$ 8,223,020
Wages, salaries and bonus payable	3,968,227	3,765,402	3,385,698
Sales receipt on behalf of others	1,513,759	1,253,591	1,072,447
Payables for acquisition of property, plant and equipment	891,043	1,028,465	1,024,144
Rent payable	776,089	789,275	706,715
Incentive bonus payable to franchisee	729,214	579,502	608,066
Employees' bonus and remuneration for directors and supervisors	684,172	700,330	482,557
Payables for labor and health insurance	225,058	164,556	148,123
Others	4,365,676	3,591,717	3,217,353
	<u>\$ 21,528,252</u>	<u>\$ 19,927,493</u>	<u>\$ 18,868,123</u>

(15) Other current liabilities

	December 31, 2015	December 31, 2014	January 1, 2014
Advance receipts for gift certificates	\$ 1,098,233	\$ 1,072,486	\$ 1,025,008
Advance receipts of deposits in icash cards	765,642	670,317	685,192
Advance receipts for gift cards	436,648	348,438	305,196
Advance receipts of members' deposits	407,205	443,503	492,299
Advance receipts for franchise fee	223,016	232,291	208,922
Current portion of long-term liabilities	130,357	166,397	371,682
Others	700,805	697,448	598,261
	<u>\$ 3,761,906</u>	<u>\$ 3,630,880</u>	<u>\$ 3,686,560</u>

(16) Long-term borrowings

Type of borrowings	Interest rate range	Collateral	December 31, 2015
Long-term bank borrowings			
Credit loan	0.983%~1%		\$ 513,818
Secured borrowings	2.225%~2.385%	Property, plant and equipment	249,063
			762,881
Less: current portion			(97,970)
			<u>\$ 664,911</u>

Type of borrowings	Interest rate range	Collateral	December 31, 2014
Long-term bank borrowings			
Credit loan	1.08%~1.58%		\$ 752,752
Secured borrowings	2.345%~2.525%	Property, plant and equipment	275,857
			1,028,609
Less: current portion			(98,568)
			<u>\$ 930,041</u>

Type of borrowings	Interest rate range	Collateral	January 1, 2014
Long-term bank borrowings			
Credit loan	0.79%~1.981%		\$ 1,855,513
Secured borrowings	2.355%~2.94%	Property, plant and equipment	246,394
			2,101,907
Less: current portion			(275,522)
			<u>\$ 1,826,385</u>

A. There was no capitalization of borrowing costs for the years ended December 31, 2015 and 2014. Relevant interest expense on borrowings is recognized as "finance costs".

B. The Group had undrawn long-term borrowings of \$8,407,408, \$7,096,571, and \$10,629,928 as of December 31, 2015, December 31, 2014 and January 1, 2014, respectively.

(17) Other non-current liabilities

	December 31, 2015	December 31, 2014	January 1, 2014
Net defined benefit liability	\$ 4,105,592	\$ 3,764,538	\$ 3,580,835
Guarantee deposit received	3,055,919	2,771,917	2,598,609
Decommissioning liability	361,752	352,210	336,714
Deferred income	179,689	113,704	169,074
Long-term installments payable	7,642	38,256	79,767
Others	191,690	204,051	121,820
	<u>\$ 7,902,284</u>	<u>\$ 7,244,676</u>	<u>\$ 6,886,819</u>

(18) Pensions

A. The Company and its domestic subsidiaries operate a defined benefit pension plan, in accordance with the Labor Standards Law, which covers all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company contributes monthly an amount equal to 2%-9% of employees' monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. Furthermore, the subsidiary, Philippine Seven Corporation, operates an employer matching pension plan, under which the employer contributes the same amount as employee's to the employee's individual pension accounts.

(a) The amounts recognized in the balance sheet are as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Present value of defined benefit obligations	(\$ 6,628,994)	(\$ 6,172,203)	(\$ 5,811,256)
Fair value of plan assets	2,523,402	2,407,665	2,230,421
Net defined benefit liability	<u>(\$ 4,105,592)</u>	<u>(\$ 3,764,538)</u>	<u>(\$ 3,580,835)</u>

(2) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2015			
Balance at January 1	(\$ 6,172,203)	\$ 2,407,665	(\$ 3,764,538)
Current service cost	(100,396)	-	(100,396)
Interest (expense) income	(128,274)	51,276	(76,998)
Settlement profit or loss	5,395	-	5,395
	<u>(6,395,478)</u>	<u>2,458,941</u>	<u>(3,936,537)</u>
Remeasurements:			
Return on plan assets (not including the amount included in interest income or expense)	-	11,927	11,927
Change in demographic assumptions	(36,962)	-	(36,962)
Change in financial assumptions	(325,477)	-	(325,477)
Experience adjustments	(9,180)	-	(9,180)
	<u>(371,619)</u>	<u>11,927</u>	<u>(359,692)</u>
Pension fund contribution	-	181,028	181,028
Paid pension	138,103	(128,494)	9,609
	<u>138,103</u>	<u>52,534</u>	<u>190,637</u>
Balance at December 31	<u>(\$ 6,628,994)</u>	<u>\$ 2,523,402</u>	<u>(\$ 4,105,592)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2014			
Balance at January 1	(\$ 5,811,256)	\$ 2,230,421	(\$ 3,580,835)
Current service cost	(103,238)	-	(103,238)
Interest (expense) income	(121,540)	51,511	(70,029)
Settlement profit or loss	2,694	-	2,694
	(6,033,340)	2,281,932	(3,751,408)
Remeasurements:			
Return on plan assets (not including the amount included in interest revenue or expense)	-	11,275	11,275
Change in demographic assumptions	(177,711)	-	(177,711)
Change in financial assumptions	(47,551)	-	(47,551)
Experience adjustments	(24,840)	-	(24,840)
	(250,102)	11,275	(238,827)
Pension fund contribution	-	211,777	211,777
Paid pension	111,239	(97,319)	13,920
	111,239	114,458	225,697
Balance at December 31	(\$ 6,172,203)	\$ 2,407,665	(\$ 3,764,538)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Discount rate	1.50%	2.00%
Future salary increases	4.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2015				
Effect on present value of defined benefit obligation	(\$ 224,656)	\$ 214,952	\$ 231,373	(\$ 221,647)
December 31, 2014				
Effect on present value of defined benefit obligation	(\$ 161,638)	\$ 279,052	\$ 275,836	(\$ 159,721)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The method and the assumption of sensitivity analysis are the same for the years ended December 31, 2015 and 2014.

(e) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 are \$150,475.

(f) As of December 31, 2015, the weighted average duration of the retirement plan is 9 to 16 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	107,228
1-2 year(s)		223,958
2-5 years		838,269
Over 5 years		8,892,490
	\$	<u>10,061,945</u>

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(a) The Company's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC.) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2015 and 2014, was 14%~22% and 15%~22%, respectively. Other than the monthly contributions, the Group has no further obligations.

(b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were \$811,949 and \$704,506, respectively.

(19) Share capital

As of December 31, 2015, the Company's authorized capital was \$10,500,000 consisting of 1,050,000,000 shares of ordinary stock, and the paid-in capital was \$10,396,223 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company's outstanding ordinary shares was 1,039,622,255 as of December 31, 2015 and January 1, 2015.

(20) Capital surplus

In accordance with the Company Act of the Republic of China, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Law of the Republic of China requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital surpluses should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, must first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount is to be set aside as a legal reserve. After setting aside or reversing a special reserve, in accordance with related laws, the remaining amount is distributable for the given period. The appropriation of the total distributable amount (that is, the distributable amount for the period along with accumulated unappropriated earnings from prior years) should be proposed by the Board of Directors and voted on by the shareholders at the shareholders' meeting. The dividends and bonus to be distributed to shareholders may be 50%-100% of the total distributable amount, and 50%-100% of dividends are to be distributed as cash dividends, and the remaining undistributed amount to set aside as unappropriated retained earnings.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside a special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.

D. The appropriations for 2014 and 2013 as resolved by the shareholders on June 18, 2015 and June 19, 2014, respectively, are as follows:

	2014		2013	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 891,124		\$ 561,629	
Cash dividends - retained earnings	7,277,356	\$ 7.00	5,354,055	\$ 5.15
- capital surplus	-	-	883,679	0.85
Employees' cash bonus	481,207		323,587	
Directors' and supervisors' remuneration	160,402		107,862	

E. The appropriations for 2015 as resolved by the Board of Directors on March 16, 2016 is as follows:

	2015	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 823,899	
Cash dividends - retained earnings	7,485,280	\$ 7.2
Employees' cash bonus	443,949	
Directors' and supervisors' remuneration	148,322	

F. See Note 6(27) for information about employees' remuneration (bonuses) and directors' and supervisors' remuneration.

(22) Other equity items

	For the year ended December 31, 2015		
	Exchange differences from translation of foreign operations	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1, 2015	\$ 216,347	\$ 492,087	\$ 708,434
Revaluation:			
-Group	-	(74,866)	(74,866)
-Associates	-	(27,312)	(27,312)
Revaluation-tax	-	(6,699)	(6,699)
Currency translation differences:			
-Group	(14,933)	-	(14,933)
-Associates	7,912	-	7,912
At December 31, 2015	\$ 209,326	\$ 383,210	\$ 592,536

	For the year ended December 31, 2014		
	Exchange differences from translation of foreign operations	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1, 2014	\$ 17,945	\$ 549,318	\$ 567,263
Revaluation:			
-Group	-	(66,394)	(66,394)
-Associates	-	4,231	4,231
Revaluation-tax	-	4,932	4,932
Currency translation differences:			
-Group	185,470	-	185,470
-Associates	12,932	-	12,932
At December 31, 2014	\$ 216,347	\$ 492,087	\$ 708,434

(23) Operating revenue

	For the year ended December 31, 2015	For the year ended December 31, 2014
Sales revenue	\$ 184,982,474	\$ 183,227,691
Other operating revenue	20,498,843	17,210,688
	<u>\$ 205,481,317</u>	<u>\$ 200,438,379</u>

(24) Other income

	For the year ended December 31, 2015	For the year ended December 31, 2014
Grants income	\$ 553,587	\$ 538,731
Rental revenue	279,984	232,601
Interest income	171,709	158,410
Dividend income	45,949	40,017
Others	700,323	636,592
	<u>\$ 1,751,552</u>	<u>\$ 1,606,351</u>

(25) Other gains and losses

	For the year ended December 31, 2015	For the year ended December 31, 2014
Gain on disposal of investments	\$ 32,266	\$ 1,069,546
Loss on disposal of property, plant and equipment	(75,984)	(49,426)
Impairment loss	(456,375)	(343,770)
Others	(317,655)	(215,343)
	<u>(\$ 817,748)</u>	<u>\$ 461,007</u>

(26) Expenses by nature

	For the year ended December 31, 2015	For the year ended December 31, 2014
Cost of goods sold	\$ 126,545,536	\$ 126,616,874
Employee benefit expense	19,569,448	18,249,046
Incentive bonuses for franchisees	15,880,747	14,387,268
Operating lease payments	9,830,549	9,293,292
Depreciation and amortization	5,446,628	5,094,226
Utilities expense	4,036,540	4,154,280
Other costs and expenses	14,562,056	13,138,514
Total operating costs and operating expenses	<u>\$ 195,871,504</u>	<u>\$ 190,933,500</u>

(27) Employee benefit expense

	For the year ended December 31, 2015	For the year ended December 31, 2014
Wages and salaries	\$ 16,250,592	\$ 15,257,367
Labor and health insurance fees	1,558,729	1,421,012
Pension costs	983,948	875,079
Other personnel expenses	776,179	695,588
	<u>\$ 19,569,448</u>	<u>\$ 18,249,046</u>

A. When distributing earnings, according to its Articles of Incorporation, the Company shall distribute bonuses to the employees and pay remuneration to directors and supervisors equivalent to no less than 0.2% and equivalent to 2%, respectively, of the distributable amount for the period.

However, in accordance with a new amendment to the Company Act on May 20, 2015, a company shall now distribute employee remuneration based on the current year's profit situation, at a fixed amount or percentage of profits. If a company has an accumulated deficit, earnings should be used to cover such losses. The aforementioned employee remuneration can be paid in cash or stock shares. The specifics of the compensation are to be determined at a board meeting with two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported during the shareholders' meeting. The qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned cash or stock should be specified in the Articles of Incorporation. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on December 20, 2015. According to the amended articles, a percentage of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The percentage shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the years ended December 31, 2015 and 2014, employees' bonus was accrued at \$443,949 and \$481,207, respectively; while directors' and supervisors' remuneration was accrued at \$148,322 and \$160,402, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 4.37% and 1.46% of profit of the current year distributable for the year ended December 31, 2015. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$443,949 and \$148,322, respectively and the employees' compensation will be distributed in the form of cash.

The expenses recognized for 2014 were accrued based on the net income for 2014 and the percentage of 6% and 2% for employees and directors/supervisors, respectively, taking into account other factors such as legal reserve. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are accounted for as changes in estimates. Employees' bonus and directors' and supervisors' remuneration for 2014 as resolved by the shareholders during their meeting were in agreement with those amounts recognized in the profit or loss for 2014.

Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Current tax:		
Current tax on profits for the year	\$ 2,244,998	\$ 2,122,891
Additional 10% tax on undistributed earnings	72,585	2,380
Under (over) provision of prior year's income tax	17,359	(5,665)
Total current tax	2,334,942	2,119,606
Deferred tax:		
Origination and reversal of temporary differences	(95,593)	(19,042)
Income tax expense	\$ 2,239,349	\$ 2,100,564

(b) The income tax (charge)/credit relating to the components of other comprehensive income is as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Fair value gains/losses on available-for-sale financial assets	\$ 6,699	(\$ 4,932)
Remeasurement of defined benefit obligations	(56,535)	(39,236)
	<u>(\$ 49,836)</u>	<u>(\$ 44,168)</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2015	For the year ended December 31, 2014
Tax calculated based on profit before tax and statutory tax rate	\$ 2,539,032	\$ 2,650,649
Expenses disallowed by tax regulation	(414,161)	(536,439)
Capital reduction plan to offset accumulated deficit	(8,262)	-
Additional 10% tax on undistributed earnings	72,585	2,380
Under (over) provision of prior year's income tax	17,359	(5,665)
Loss carryforward	32,796	(10,361)
Tax expenses	<u>\$ 2,239,349</u>	<u>\$ 2,100,564</u>

The difference between the Group's accounting income and taxable income in 2015 and 2014 was mainly due to the dividend income, investment tax credits and the operating loss of subsidiaries.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, loss carryforward and investment tax credits are as follows:

	For the year ended December 31, 2015			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Allowance for doubtful accounts	\$ 26,565	\$ 810	\$ -	\$ 27,375
Unrealized sales allowance	15,635	(497)	-	15,138
Loss on inventory market value decline	23,837	11,222	-	35,059
Unrealized expenses	168,767	90,428	-	259,195
Unrealized gain on financial instrument	(2,676)	-	(6,699)	(9,375)
Book-tax difference of pension	72,396	(906)	-	71,490
Remeasurements of the net defined benefit plan	577,517	-	56,535	634,052
Loss carryforward	113,253	(32,796)	-	80,457
Others	13,076	23,484	-	36,560
	<u>1,008,370</u>	<u>91,745</u>	<u>49,836</u>	<u>1,149,951</u>
Deferred tax liabilities				
Unrealized exchange gain	(42,043)	3,848	-	(38,195)
	<u>(42,043)</u>	<u>3,848</u>	<u>-</u>	<u>(38,195)</u>
	<u>\$ 966,327</u>	<u>\$ 95,593</u>	<u>\$ 49,836</u>	<u>\$ 1,111,756</u>

	For the year ended December 31, 2014			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Allowance for doubtful accounts	\$ 29,763	(\$ 3,198)	\$ -	\$ 26,565
Unrealized sales allowance	13,600	2,035	-	15,635
Loss on inventory market value decline	26,249	(2,412)	-	23,837
Unrealized expenses	144,694	24,073	-	168,767
Unrealized gain on financial instrument	(7,608)	-	4,932	(2,676)
Book-tax difference of pension	77,931	(5,535)	-	72,396
Remeasurements of the net defined benefit plan	538,281	-	39,236	577,517
Loss carryforward	102,892	10,361	-	113,253
Others	8,608	4,468	-	13,076
	934,410	29,792	44,168	1,008,370
Deferred tax liabilities				
Unrealized exchange gain	(31,293)	(10,750)	-	(42,043)
	(31,293)	(10,750)	-	(42,043)
	\$ 903,117	\$ 19,042	\$ 44,168	\$ 966,327

D. Expiration dates of unused taxable loss and amounts of unrecognized deferred tax assets are as follows:

December 31, 2015				
Year incurred	Amount filed /assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2004~2015	\$ 4,330,656	\$ 4,330,656	\$ 3,857,380	2015~2025
December 31, 2014				
Year incurred	Amount filed /assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2003~2014	\$ 4,580,089	\$ 4,580,089	\$ 3,913,893	2014~2024
January 1, 2014				
Year incurred	Amount filed /assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2003~2013	\$ 4,398,786	\$ 4,398,786	\$ 3,793,537	2013~2023

E. The amounts of deductible temporary differences that are not recognized as deferred tax assets are as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Deductible temporary differences	\$ 129,015	\$ 81,398	\$ 36,550

F. The Company's income tax returns through tax year 2013 have been assessed and approved by the Tax Authority.

G. All the unappropriated earnings were generated on and after January 1, 1998.

H. The balance of the imputation tax credit account was \$1,312,218, \$1,204,864 and \$1,009,884 as of December 31, 2015, December 31, 2014 and January 1, 2014, respectively. The creditable tax rate was 20.48% for 2014 and the estimated creditable tax rate is 15.03% for 2015.

(29) Earnings per share

	For the year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 8,238,993	1,039,622	\$ 7.92
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 8,238,993	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	3,274	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 8,238,993	1,042,896	\$ 7.90

	For the year ended December 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 9,090,462	1,039,622	\$ 8.74
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 9,090,462	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2,639	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 9,090,462	1,042,261	\$ 8.72

(30) Operating leases

Lessor

A. The Group leases its investment property and shopping centres to others under operating lease agreements on terms between five and eighteen years. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Less than one year	\$ 93,234	\$ 57,482	\$ 57,171
Over one year but less than five years	275,409	166,230	193,346
Over five years	98,700	121,296	151,621
	<u>\$ 467,343</u>	<u>\$ 345,008</u>	<u>\$ 402,138</u>

Lessee

A. The Group leases business premises for its stores. The lease terms are between three and twenty years, and certain lease agreements are renewable at the end of the lease period. Rents are paid in accordance with the agreements. Partial leases incur extra rent based on the operating revenue of stores or changes in local price indices. Rental expenses recognized in profit and loss for the years ended December 31, 2015 and 2014 are as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Rental expenses	\$ 9,406,358	\$ 8,935,965
Contingent rents	\$ 424,191	\$ 357,327

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Less than one year	\$ 8,403,055	\$ 7,965,422	\$ 7,452,159
Over one year but less than five years	25,302,142	26,156,809	25,365,176
Over five years	12,869,558	13,089,149	12,224,445
	<u>\$ 46,574,755</u>	<u>\$ 47,211,380</u>	<u>\$ 45,041,780</u>

B. The Group has sub-leased certain business premises to others. Sublease revenues recognized in profit and loss for the years ended December 31, 2015 and 2014 are as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Sublease revenues	\$ 295,246	\$ 332,399
Contingent rents	\$ 1,234,907	\$ 1,055,030

In accordance with non-cancellable sub-lease agreements as of December 31, 2015, sub-lease payments totalling \$580,476 are expected to be collected between 2015 and 2025.

(31) Supplemental cash flow information

Investing activities with partial cash payments

	For the year ended December 31, 2015	For the year ended December 31, 2014
Purchase of property, plant and equipment	\$ 6,226,503	\$ 6,094,343
Add: opening balance of payable on equipment	1,028,465	1,024,144
Less: ending balance of payable on equipment	(891,043)	(1,028,465)
Cash paid during the year	<u>\$ 6,363,925</u>	<u>\$ 6,090,022</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent company and the Group's ultimate parent company is Uni-President Enterprises Corp. which holds a 45.4% equity interest in the Company as of December 31, 2015.

(2) Significant related party transactions and balances

A. Operating revenue

	For the year ended December 31, 2015	For the year ended December 31, 2014
Sales of goods		
Ultimate parent	\$ 514,133	\$ 517,951
Associates	717,159	534,353
Sister companies	172,662	164,314
Other related parties	25,456	34,719
Sales of services		
Ultimate parent	9,212	11,846
Associates	87,014	73,018
Sister companies	7,903	8,709
Other related parties	3,197	1,680
	<u>\$ 1,536,736</u>	<u>\$ 1,346,680</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	For the year ended December 31, 2015	For the year ended December 31, 2014
Ultimate parent	\$ 13,988,419	\$ 13,987,629
Associates	268,898	183,849
Sister companies	4,225,744	4,184,603
Other related parties	950,688	932,476
	<u>\$ 19,433,749</u>	<u>\$ 19,288,557</u>

Goods are purchased from related parties on normal commercial terms and conditions.

C. Receivables from related parties

	December 31, 2015	December 31, 2014	January 1, 2014
Ultimate parent	\$ 177,174	\$ 176,118	\$ 178,152
Associates	165,058	110,151	65,606
Sister companies	77,148	72,867	94,810
Other related parties	5,342	2,763	12,502
	<u>\$ 424,722</u>	<u>\$ 361,899</u>	<u>\$ 351,070</u>

Receivables from related parties mainly arise from sales transactions. Receivables are unsecured in nature and bear no interest. There are no provisions for receivables from related parties.

D. Payables to related parties

	December 31, 2015	December 31, 2014	January 1, 2014
Ultimate parent	\$ 1,566,385	\$ 1,494,414	\$ 1,522,648
Associates	93,602	29,072	29,436
Sister companies	449,336	461,750	401,949
Other related parties	189,467	216,717	240,306
	<u>\$ 2,298,790</u>	<u>\$ 2,201,953</u>	<u>\$ 2,194,339</u>

Payables to related parties mainly arise from purchase transactions. Payables bear no interest.

E. Long-term installment payable

The subsidiaries, President Transnet Corp., Chieh-Shuen Logistics International Corp. and President Logistics International Corp., acquired transportation equipment on installment payments for up to five years. Details of the related long-term installment payables (under "Other current liabilities" and "Other non-current liabilities") are as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Sister companies	\$ 40,675	\$ 108,991	\$ 181,358
Discount on the long-term installment payable	(646)	(2,906)	(5,431)
Net amount	40,029	106,085	175,927
Less: Current portion	(32,387)	(67,829)	(96,160)
	<u>\$ 7,642</u>	<u>\$ 38,256</u>	<u>\$ 79,767</u>

F. Endorsements and guarantees provided to related parties

	December 31, 2015	December 31, 2014	January 1, 2014
Joint ventures	\$ -	\$ 108,845	\$ 104,377

(3) Key management compensation

	For the year ended December 31, 2015	For the year ended December 31, 2014
Salaries and other short-term employee benefits	\$ 644,205	\$ 879,364
Other long-term benefits	1,163	2,067
	<u>\$ 645,368</u>	<u>\$ 881,431</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2015	December 31, 2014	
Land	\$ 368,869	\$ 368,869	Long-term and short-term borrowings and guarantee facilities
Buildings	232,830	238,616	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	542,964	575,524	Long-term borrowings and long-term installment payable
Pledged time deposits			
(Recognized as "Other non-current assets - guarantee deposits paid ")	39,879	50,270	Performance guarantee
	<u>\$ 1,184,542</u>	<u>\$ 1,233,279</u>	

Pledged asset	Book value		Purpose
		January 1, 2014	
Land		\$ 240,226	Long-term and short-term borrowings and guarantee facilities
Buildings		214,247	Long-term and short-term borrowings and guarantee facilities
Transportation equipment		663,298	Long-term borrowings and long-term installment payable
Pledged time deposits			
(Recognized as "Other non-current assets - guarantee deposits paid ")		63,438	Performance guarantee
		<u>\$ 1,181,209</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives in this area are to retain the confidence of investors and the market, to fund future capital expenditures and stable dividend flows for ordinary shares, and to maintain the most appropriate capital structure to maximize the equity interest of shareholders.

(2) Financial instruments

A. Fair value information of financial instruments

(a) Except for the items listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets carried at cost, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings) are approximate to their fair values. See Note 12(3) for information on financial instruments measured at fair value.

	December 31, 2015		December 31, 2014	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Guarantee deposit paid	<u>\$ 2,320,964</u>	<u>\$ 2,247,333</u>	<u>\$ 2,252,294</u>	<u>\$ 2,171,043</u>
Financial liabilities:				
Guarantee deposit received	<u>\$ 3,055,919</u>	<u>\$ 2,973,355</u>	<u>\$ 2,771,917</u>	<u>\$ 2,701,156</u>

	January 1, 2014	
	Book value	Fair value
Financial assets:		
Guarantee deposit paid	\$ 2,065,253	\$ 2,001,465
Financial liabilities:		
Guarantee deposit received	\$ 2,598,609	\$ 2,532,383

(b) The methods and assumptions of fair value measurement are as follows:

Guarantee deposits paid/received are measured at the estimated fair value of the expected present cash flow.

B. Financial risk management policies

(a) The Group's risk management and hedging policies mainly focus on hedging business risk. The Group also establishes hedge positions when trading derivative financial instruments. The choice of instruments should hedge risks relating to interest expense, assets or liabilities arising from business operations.

(b) For managing derivative instruments, the treasury department is responsible for managing trading positions of derivative instruments and assesses market values periodically. If transactions and gains (losses) are abnormal, the treasury will respond accordingly and report to the Board of Directors immediately.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

I. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currencies.

II. The Company's and certain subsidiaries' functional currency is the New Taiwan dollar (NTD), and for other certain subsidiaries, the functional currency is the Renminbi (RMB). The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by exchange rate fluctuations are as follows:

(Foreign currency: functional currency)	December 31, 2015			December 31, 2014		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets						
Monetary items						
USD: NTD	\$ 4,241	32.825	\$ 139,211	\$ 2,555	31.65	\$ 80,866
Non-monetary items						
JPY: NTD	\$ 660,900	0.2730	\$ 180,426	\$ 532,200	0.2646	\$ 140,820
Financial liabilities						
Monetary items						
USD: NTD	\$ 858	32.825	\$ 28,164	\$ 1,281	31.65	\$ 40,544
JPY: NTD	174,196	0.2730	47,556	53,947	0.2646	14,274

(Foreign currency: functional currency)	January 1, 2014		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD: NTD	\$ 3,291	29.81	\$ 98,105
JPY: NTD	291,271	0.2839	82,692
Non-monetary items			
JPY: NTD	\$ 598,200	0.2839	\$ 169,829
Financial liabilities			
Monetary items			
USD: NTD	\$ 1,574	29.81	\$ 46,921
JPY: NTD	638,821	0.2839	181,361

- III. Total exchange losses, including realized and unrealized losses from significant foreign exchange variations on monetary items held by the Group amounted to \$42,749 for the year ended December 31, 2015.

Price risk

- I. The Group is exposed to price risk on its equity securities investments, which are classified on the consolidated balance sheet as either available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage price risk on its equity securities investments, the Group seeks to maintain diversified portfolio in line with set policy.
- II. The Group's equity securities investments comprise domestic listed stocks and open-ended funds. The prices of equity securities and open-ended funds may change due to changes in the future value of investee companies. If the prices of these equity securities increase or decrease by 5%, and open-ended funds increase or decrease by 0.25%, with all other variables held constant, the post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by \$14,051 and \$16,339, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$32,778 and \$36,682, respectively, over the same periods as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

- I. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which are partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.
- II. The Group's invested open-ended funds are mainly quasi money market funds. The holding durations of short-term transactions instruments are short. The Group has assessed there is no significant market risk.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments under contract obligations. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum credit rating of "A" are accepted.
- II. Management has assessed there are no significant losses due to non-performance by these counterparties for the years ended December 31, 2015 and 2014.

(c) Liquidity risk

- I. Cash flow forecasting is performed by the operating entities of the Group and aggregated by the Group's finance department. It monitors rolling forecasts of liquidity requirements to ensure the Group has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities—see Note 6(16)—at all times, so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.
- II. The Group invests surplus cash in interest bearing current accounts, time deposits, money market fund and marketable securities, and chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasting. The Group held money market funds of \$5,620,386, \$6,535,463, and \$6,931,752 as at December 31, 2015, December 31, 2014, and January 1, 2014, respectively, which are expected to readily generate cash inflows for the purpose of managing liquidity risk.
- III. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	\$ 2,518,332	\$ -	\$ -	\$ -
Short-term notes and bills payable	395,000	-	-	-
Notes payable	1,146,992	-	-	-
Accounts payable	19,209,083	-	-	-
Other payables	21,528,252	-	-	-
Long-term borrowings (including current portion)	144,381	583,080	101,339	-

Non-derivative financial liabilities:

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	\$ 1,679,220	\$ -	\$ -	\$ -
Short-term notes and bills payable	400,000	-	-	-
Notes payable	1,207,585	-	-	-
Accounts payable	19,297,869	-	-	-
Other payables	19,927,493	-	-	-
Long-term borrowings (including current portion)	183,169	910,530	68,034	-

Non-derivative financial liabilities:

January 1, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	\$ 1,917,477	\$ -	\$ -	\$ -
Short-term notes and bills payable	305,000	-	-	-
Notes payable	1,617,869	-	-	-
Accounts payable	18,084,652	-	-	-
Other payables	18,868,123	-	-	-
Long-term borrowings (including current portion)	305,687	1,301,877	537,257	23,276

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(9).

B. The different levels of the inputs used in valuation techniques to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates and on-the-run Taiwan central government bonds is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investments without an active market is included in Level 3.

C. The related information for financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 5,620,386	\$ -	\$ -	\$ 5,620,386
Available-for-sale financial assets				
Equity securities	655,553	-	64,728	720,281
Government bond	202,848	-	-	202,848
	858,401	-	64,728	923,129
	\$ 6,478,787	\$ -	\$ 64,728	\$ 6,543,515

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 6,535,463	\$ -	\$ -	\$ 6,535,463
Available-for-sale financial assets				
Equity securities	733,641	-	64,946	798,587
Government bond	199,521	-	-	199,521
	933,162	-	64,946	998,108
	\$ 7,468,625	\$ -	\$ 64,946	\$ 7,533,571

January 1, 2014	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 6,931,752	\$ -	\$ -	\$ 6,931,752
Available-for-sale financial assets				
Equity securities	800,035	-	65,164	865,199
	\$ 7,731,787	\$ -	\$ 65,164	\$ 7,796,951

D. The methods and assumptions the Group uses to measure fair value are as follows:

(a) The instruments the Group uses market quoted prices as their fair values (that is, Level 1) are listed below:

	Listed shares	Open-ended fund	Government bond
Market quoted price	Closing price	Net asset value	Closing price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, by discounted cash flow method or other valuation methods, including calculations by applying models using market information available at the consolidated balance sheet date.

E. For the years ended December 31, 2015 and 2014, there was no significant transfer in or out of Level 3.

F. The Group is in charge of valuation procedures for fair value measurements being categorised within Level 3, which aim to verify the independent fair value of financial instruments. Such assessments are to ensure the valuation results are reasonable by applying independent information to compare the results to current market conditions, confirming the information resources are independent, reliable and in line with other resources, and represented as the exercisable price, and frequently making any other necessary adjustments to the fair value. Investment property is assessed by independent appraisers or based on recent closing prices of similar property in the neighbouring area.

G. The qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement are provided below:

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 64,728	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value, and regards its fair value measurements as reasonable. However, the use of different valuation models or assumptions may result in different measurements. If net assets from financial assets and liabilities categorised within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of December 31, 2015, December 31, 2014 and January 1, 2014.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to Table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 2.

D. Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital: Please refer to Table 3.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 4.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to Table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on reports audited by the chief operating decision-maker and used to make strategic decisions.

There was no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

The chief operating decision-maker considers the business from industry and geographic perspectives. By industry, the Group focuses on convenience stores, retail business groups, logistics business groups and others. Geographically, the Group focuses on Taiwan and mainland China where most of its business premises are located. As the operation of convenience stores in Taiwan is the focus of the Company, it is classified as a single operating segment. The whole of Mainland China is considered the same operating segment.

The revenue of the Group's reportable segments is derived from the operations of convenience stores, retail business group and logistics business group. Other operating segments include a restaurant-related business group, China business group and supporting business group. The latter mainly provides services relating to the Group's business, such as system maintenance and development and food manufacturing and supply.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on operating revenue and profit before income tax, which are the basis for measuring performance.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2015					
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	\$ 132,826,559	\$ 59,938,346	\$ 2,233,152	\$ 10,483,260	\$ -	\$ 205,481,317
Internal department revenue	581,129	2,664,863	10,985,202	5,788,349	(20,019,543)	-
Total segment revenue	\$ 133,407,688	\$ 62,603,209	\$ 13,218,354	\$ 16,271,609	(\$ 20,019,543)	\$ 205,481,137
Segment income	\$ 9,566,746	\$ 3,267,565	\$ 932,915	(\$ 287,586)	(\$ 1,797,837)	\$ 11,681,803
Depreciation and amortization	(\$ 2,342,132)	(\$ 1,788,056)	(\$ 578,871)	(\$ 737,569)	\$ -	(\$ 5,446,628)
Gain (loss) on investments accounted for using equity method	\$ 2,147,664	\$ -	\$ -	\$ -	(\$ 902,357)	\$ 1,245,307
Income tax expense	(\$ 1,327,753)	(\$ 672,242)	(\$ 136,735)	(\$ 102,619)	\$ -	(\$ 2,239,349)
Interest income	\$ 87,564	\$ 29,012	\$ 5,986	\$ 49,147	\$ -	\$ 171,709
Interest expense	(\$ 34,002)	(\$ 34,812)	(\$ 11,019)	(\$ 27,288)	\$ -	(\$ 107,121)

	For the year ended December 31, 2014					
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	\$ 130,407,662	\$ 57,525,919	\$ 2,323,032	\$ 10,181,766	\$ -	\$ 200,438,379
Internal department revenue	923,195	2,910,351	8,593,244	5,884,594	(18,311,384)	-
Total segment revenue	\$ 131,330,857	\$ 60,436,270	\$ 10,916,276	\$ 16,066,360	(\$ 18,311,384)	\$ 200,438,379
Segment income	\$ 10,312,119	\$ 3,196,883	\$ 862,613	(\$ 297,812)	(\$ 1,725,079)	\$ 12,348,724
Depreciation and amortization	(\$ 2,303,054)	(\$ 1,570,455)	(\$ 549,195)	(\$ 671,522)	\$ -	(\$ 5,094,226)
Gain (loss) on investments accounted for using equity method	\$ 2,001,107	\$ -	\$ -	\$ -	(\$ 1,124,790)	\$ 876,317
Income tax expense	(\$ 1,221,657)	(\$ 642,289)	(\$ 130,333)	(\$ 106,285)	\$ -	(\$ 2,100,564)
Interest income	\$ 74,317	\$ 28,348	\$ 4,453	\$ 51,292	\$ -	\$ 158,410
Interest expense	(\$ 28,185)	(\$ 36,433)	(\$ 13,388)	(\$ 21,824)	\$ -	(\$ 99,830)

(4) Reconciliation of segment income (loss)

Revenue from external customers and segment income (loss) reported to the chief operating decision-maker are measured using the same method as for revenue and profit before tax in the financial statements. Thus, no reconciliation is needed.

(5) Information on products and services

	For the year ended December 31, 2015	For the year ended December 31, 2014
Convenience stores	\$ 152,058,340	\$ 144,814,355
Sales of daily items	26,141,724	25,688,858
Gas station	10,011,432	14,056,522
Delivery service	9,819,717	8,741,330
Logistics service	2,233,152	2,323,032
Restaurants	1,881,528	2,049,099
Others	3,335,424	2,765,183
	<u>\$ 205,481,317</u>	<u>\$ 200,438,379</u>

(6) Information on geographic area

As of and for the years ended December 31, 2015 and 2014, the information on geographic area is as follows:

	2015		2014	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 178,325,111	\$ 20,937,917	\$ 177,358,908	\$ 21,486,353
Others	27,156,206	4,065,140	23,079,471	3,693,456
	<u>\$ 205,481,317</u>	<u>\$ 25,003,057</u>	<u>\$ 200,438,379</u>	<u>\$ 25,179,809</u>

(7) Major customer information

No customers constituted more than 10% of the Group's total revenue for the years ended December 31, 2015 and 2014.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Table 1

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	President Chain Store Corp.	Mister Donut Shanghai Co., Ltd.	Joint venture	\$ 5,422,737	\$ 107,800	\$ -	\$ -	\$ -	0	\$ 13,556,843	N	N	Y	
1	Wisdom Distribution Service Corp.	President Drugstore Business Corp.	Subsidiary of President Chain Store Corp.	57,516	5,000	-	-	-	0	143,790	N	N	N	

Note 1: Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 2: The total amount of endorsements equals to 50% of the Company's net asset value, the limit on endorsements provided for a single party is 20% of the Company's net assets value.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES**Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)**

Table 2

December 31, 2015
Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
	Open ended funds:							
The Company	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss - current	137,352,649	\$ 1,700,000	-	\$ 1,700,000	
The Company	Prudential Financial Money Market Fund	"	"	64,063,551	1,000,000	-	1,000,000	
The Company	Jih Sun Money Market Fund	"	"	82,070,923	1,200,000	-	1,200,000	
The Company	UPAMC James Bond Money Market Fund	"	"	30,287,795	500,000		500,000	
	Stock:							
The Company	President Securities Corp.	Investees of Uni-President Enterprises Corp. under the Equity Method	Available-for-sale financial assets - non-current	35,604,872	475,325	2.69	475,325	
The Company	Duskin Co., Ltd.	None	"	300,000	180,228	0.47	180,228	
The Company	President Investment Trust Corp., etc.	"	"	-	64,728	-	64,728	
The Company	Kaohsiung Rapid Transit Corp., etc.	"	Financial assets measured at cost - non-current	-	25,721	-	-	
	Open ended funds:							
Uni-President Yi-Lan Art and Culture Corp.	Eastspring Investment Well Pool Money Market Fund, etc.	None	Financial assets at fair value through profit or loss - current	-	100,000	-	100,000	
President Information Corp.	UPAMC James Bond Money Market Fund, etc.	"	"	-	231,527	-	231,527	
President Drugstore Business Corp.	Union Money Market Fund	"	"	8,432,937	110,010	-	110,010	
President Drugstore Business Corp.	Jih Sun Money Market Fund, etc.	"	"	-	80,009	-	80,009	
President Transnet Corp.	UPAMC James Bond Money Market Fund	"	"	7,875,972	130,019	-	130,019	
Books.com Co., Ltd.	Jih Sun Money Market Fund	"	"	10,605,306	155,065	-	155,065	
Chieh-Shuen Logistics International Corp.	Eastspring Investment Well Pool Money Market Fund, etc.	"	"	-	83,099	-	83,099	
Capital Inventory Services Corp., etc.	UPAMC James Bond Money Market Fund, etc.	"	"	-	330,657	-	330,657	
Duskin China (BVI) Holdings Limited	Duskin (Shanghai) Cleaning Products Rental Co., Ltd.	None	Financial assets measured at cost - non-current	-	1,805	8.75	-	
	Bond:							
icash Corp.	Government bond	None	Available-for-sale financial assets - non-current	-	202,848	-	202,848	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital

Table 3

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Type and name of securities	General ledger account	Counterparty	Relationship with the investor	Balance as of January 1, 2015		Addition		Disposal				Balance as of December 31, 2015	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
	Open ended funds:													
The Company	Jih Sun Money Market Fund	Note 1	Not applicable	Not applicable	82,532,084	\$ 1,200,000	82,070,923	\$ 1,200,000	82,532,084	\$ 1,206,743	\$ 1,200,000	\$ 6,743	82,070,923	\$ 1,200,000
The Company	Mega Diamond Money Market Fund	"	"	"	138,140,627	1,700,000	137,352,649	1,700,000	138,140,627	1,709,753	1,700,000	9,753	137,352,649	1,700,000
The Company	Paradigm Pion Money Market Fund	"	"	"	132,067,830	1,500,000	-	-	132,067,830	1,505,771	1,500,000	5,771	-	-
The Company	CTBC Hua Win Money Market Fund	"	"	"	-	-	92,071,705	1,000,000	92,071,705	1,000,424	1,000,000	424	-	-
The Company	Cathay Taiwan Money Market Fund	"	"	"	-	-	40,659,662	500,000	40,659,662	500,142	500,000	142	-	-
The Company	Nomura Taiwan Money Market Fund	"	"	"	-	-	37,375,027	600,000	37,375,027	601,334	600,000	1,334	-	-
The Company	Shin Kong Chi-Shin Money Market Fund	"	"	"	19,693,051	300,000	-	-	19,693,051	300,197	300,000	197	-	-
The Company	Prudential Financial Money Market Fund	"	"	"	-	-	128,398,298	2,000,000	64,334,747	1,004,233	1,000,000	4,233	64,063,551	1,000,000
The Company	UPAMC James Bond Money Market Fund	"	"	"	36,537,021	600,000	66,788,586	1,100,000	73,037,812	1,203,926	1,200,000	3,926	30,287,795	500,000
Books.com. Co., Ltd.	UPAMC James Bond Money Market Fund	"	"	"	1,843,608	30,082	27,293,302	450,000	29,136,910	480,547	480,082	465	-	-
Books.com. Co., Ltd.	Jih Sun Money Market Fund	"	"	"	-	-	26,004,473	380,000	15,399,167	225,109	225,000	109	10,605,306	155,000
Chieh-Shuen Logistics International Corp.	Eastspring Investment Well Pool Money Market Fund	"	"	"	1,882,518	25,157	37,158,797	498,000	34,533,485	462,782	462,607	175	4,507,830	60,550
President Drugstore Business Corp.	Union Money Market Fund	"	"	"	10,634,945	138,029	102,603,785	1,335,000	104,805,793	1,363,413	1,363,000	413	8,432,937	110,029
President Drugstore Business Corp.	Jih Sun Money Market Fund	"	"	"	-	-	31,347,596	457,000	27,927,338	407,147	407,000	147	3,420,258	50,000
President Drugstore Business Corp.	Paradigm Pion Money Market Fund	"	"	"	-	-	63,219,695	720,000	60,592,425	690,300	690,000	300	2,627,270	30,000
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	"	14,866,405	216,155	79,374,110	1,156,000	94,240,515	1,373,044	1,372,155	889	-	-
President Transnet Corp.	UPAMC James Bond Money Market Fund	"	"	"	-	-	20,002,496	330,000	12,126,524	200,076	200,000	76	7,875,972	130,000
Q-ware Systems & Services Corp.	Eastspring Investmant Well Pool Money Market Fund	"	"	"	-	-	112,936,043	1,513,500	107,724,685	1,443,938	1,443,500	438	5,211,358	70,000
	Stocks:													
The Company	President Fair Development Corp.	Note 2	Cash capital increase	Not applicable	209,000,000	1,224,548	54,387,500	870,200	-	-	-	-	263,387,500	2,094,748
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	"	"	"	-	226,417	-	315,125	-	-	-	-	-	541,542
President Chain Store (Hong Kong) Holdings Limited	PCSC (Sichuan) Hypermarket Limited	"	"	"	- (	130,994)	-	307,797	-	-	-	-	-	176,803
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Taizhou) Ltd.	"	"	"	-	-	-	301,207	-	-	-	-	-	301,207

Note 1: The marketable security was recognized as 'Financial assets at fair value through profit or loss –current'.

Note 2: The stocks were recognized as 'investments accounted for using equity method'.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES**Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more**

Table 4

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 13,648,306	15	Net 30-40 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 1,204,870)	(9)	
	President Musashino Corp.	Subsidiary	Purchases	2,862,087	3	Net 45 days from the end of the month when invoice is issued	"	"	(522,303)	(4)	
	Tung Ang Enterprise Corp.	Sister company	Purchases	1,933,820	2	Net 30 days from the end of the month when invoice is issued	"	"	(168,920)	(1)	
	Lien-Bo Enterprises Corp.	Sister company	Purchases	896,068	1	Net 10-54 days from the end of the month when invoice is issued	"	"	(95,399)	(1)	
	Tait Marketing & Distribution Co., Ltd.	Sister company	Purchases	505,250	1	Net 20-70 days from the end of the month when invoice is issued	"	"	(57,920)	(0)	
	Vision Distribution Service Corp.	Subsidiary	Purchases	823,471	1	Net 30-60 days from the end of the month when invoice is issued	"	"	(56,666)	(0)	
	President Packaging Corp.	Sister company	Purchases	374,745	-	Net 15-60 days from the end of the month when invoice is issued	"	"	(69,009)	(1)	
	Kuang Chuan Dairy Corp.	Other related party	Purchases	350,700	-	Net 30-65 days from the end of the month when invoice is issued	"	"	(88,357)	(1)	
	Q-ware Systems & Services Corp.	Subsidiary	Purchases	558,227	-	Net 15-40 days from the end of the month when invoice is issued	"	"	(98,320)	(0)	
	Weilih Food Industrial Co., Ltd.	Other related party	Purchases	200,811	-	Net 30-60 days from the end of the month when invoice is issued	"	"	(30,720)	(0)	
	21 Century Enterprise Co., Ltd.	Subsidiary	Purchases	186,436	-	Net 30-60 days from the end of the month when invoice is issued	"	"	(49,717)	(0)	
	President Pharmaceutical Corp.	Subsidiary	Purchases	150,049	-	Net 10-54 days from the end of the month when invoice is issued	"	"	(9,445)	(0)	
	President Transnet Corp.	Subsidiary	Purchases	165,197	-	Net 60 days from the end of the month when invoice is issued	"	"	(17,238)	(0)	
21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Parent company	Sales revenue	(186,436)	(22)	Net 30-60 days from the end of the month when invoice is issued	"	"	49,717	43	
Q-ware Systems & Services Corp.	President Chain Store Corp.	"	Sales revenue	(558,227)	(65)	Net 15-40 days from the end of the month when invoice is issued	"	"	98,320	69	
Retail Support Taiwan Corp.	Retail Support International Corp.	"	Delivery revenue	(274,340)	(77)	Net 15-20 days from the end of the month when invoice is issued	"	"	23,811	69	
Vision Distribution Service Corp.	President Chain Store Corp.	"	Sales revenue	(823,471)	(18)	Net 30-60 days from the end of the month when invoice is issued	"	"	56,666	36	
President Logistics International Corp.	Retail Support International Corp.	"	Delivery revenue	(710,273)	(30)	Net 20 days from the end of the month when invoice is issued	"	"	63,244	29	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	(915,938)	(39)	Net 20 days from the end of the month when invoice is issued	"	"	78,038	36	
	Wisdom Distribution Service Corp.	"	"	(396,542)	(17)	Net 20 days from the end of the month when invoice is issued	"	"	44,388	20	
	Chieh-Shuen Logistics International Corp.	Subsidiary	Service cost	649,460	29	Net 20 days from the end of the month when invoice is issued	"	"	(58,169)	(59)	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(886,325)	(56)	Net 40 days from the end of the month when invoice is issued	"	"	112,836	65	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Parent company	Delivery revenue	\$ 649,460	(41)	Net 20 days from the end of the month when invoice is issued		No significant differences	\$ 58,169	33	
Retail Support International Corp.	Retail Support Taiwan Corp.	Subsidiary	Service cost	274,340	11	Net 15~20 days from the end of the month when invoice is issued		"	(23,811)	(29)	
	President Logistics International Corp.	Subsidiary	"	710,273	29	Net 20 days from the end of the month when invoice is issued		"	(63,244)	(36)	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	1,163,562	14	Net 30~80 days from the end of the month when invoice is issued		"	(42,210)	(2)	
President Musashino Corp.	President Chain Store Corp.	Parent company	Sales revenue	(2,862,087)	(100)	Net 45 days from the end of the month when invoice is issued		"	522,303	100	
President Transnet Corp.	Chieh-Shuen Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	886,325	10	Net 40 days from the end of the month when invoice is issued		"	(112,836)	(10)	
President Transnet Corp.	President Chain Store Corp.	Parent company	Sales revenue	(165,197)	(2)	Net 60 days from the end of the month when invoice is issued		"	17,238	3	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(763,706)	(68)	Net 45 days from the end of the month when invoice is issued		"	155,936	66	
	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Service revenue	(146,269)	(13)	Net 45 days from the end of the month when invoice is issued		"	19,406	8	
President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary of President Chain Store Corp.	Sales revenue	(1,163,562)	(28)	Net 30~80 days from the end of the month when invoice is issued		"	42,210	11	
	President Chain Store Corp.	Parent company	Sales revenue	(150,049)	(4)	Net 10~54 days from the end of the month when invoice is issued		"	9,445	1	
	President Pharmaceutical (Hong Kong) Holdings Ltd.	Subsidiary	Sales revenue	(276,355)	(9)	Net 90 days from the end of the month when invoice is issued		"	76,709	15	
President Pharmaceutical (Hong Kong) Holdings Limited.	President Pharmaceutical Corp.	Parent company	Purchases	276,355	90	Net 90 days from the end of the month when invoice is issued		"	(76,709)	(28)	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	915,938	38	Net 20 days from the end of the month when invoice is issued		"	(78,038)	(35)	
Duskin Serve Taiwan Co.	President Chain Store Corp.	Parent company	Service revenue	(222,691)	(24)	Net 45 days from the end of the month when invoice is issued		"	27,486	20	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	396,542	32	Net 20 days from the end of the month when invoice is issued		"	(44,388)	(21)	
	Books.com. Co., Ltd.	"	Delivery revenue	(254,651)	(17)	Net 60 days from the end of the month when invoice is issued		"	22,977	7	
Capital Inventory Services Corp.	President Chain Store Corp.	Parent company	Service revenue	(161,370)	(82)	Net 60 days from the end of the month when invoice is issued		"	30,009	83	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES**Receivables from related parties reaching \$100 million or 20% of paid-in capital or more**

Table 5

December 31, 2015
Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2015	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
President Chain Store Corp.	Wisdom Distribution Service Corp.	Subsidiary	\$ 281,311	Note	\$ -	None	\$ 83,900	\$ -
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	112,836	8.24	-	“	22,475	-
President Information Corp.	President Chain Store Corp.	Parent company	155,936	7.41	-	“	145,184	-
President Musashino Corp.	President Chain Store Corp.	Parent company	522,303	5.96	-	“	522,303	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent company	293,914	-	-	“	293,914	-
Books.com. Co., Ltd.	President Chain Store Corp.	Parent company	145,744	-	-	“	145,744	-

Note: It is not applicable to calculate receivables turnover ratio since most of the collections pertain to purchase rebate.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Table 6

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	President Chain Store Corp.	Wisdom Distribution Service Corp.	Parent company to subsidiary	Collection payable	\$ 141,544	-	0.16
0	President Chain Store Corp.	Wisdom Distribution Service Corp.	Parent company to subsidiary	Other receivables	202,697	-	0.23
0	President Chain Store Corp.	Books.com. Co., Ltd.	Parent company to subsidiary	Collection payable	157,205	-	0.18
0	President Chain Store Corp.	Q-ware Systems & Services Corp.	Parent company to subsidiary	Collection payable	366,534	-	0.41
0	President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	Parent company to subsidiary	Other income	285,465	-	0.14
0	President Chain Store Corp.	Retail Support International Corp.	Parent company to subsidiary	Other income	248,243	-	0.12
0	President Chain Store Corp.	Uni-President Cold-Chain Corp.	Parent company to subsidiary	Other income	165,083	-	0.08
0	President Chain Store Corp.	Presco Netmarketing Inc.	Parent company to subsidiary	Collection payable	956,381	-	1.07
1	President Pharmaceutical Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	150,049	Net 10~54 days from the end of the month when invoice is issued	0.07
1	President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Subsidiary to subsidiary	Sales revenue	276,355	Net 90 days from the end of the month when invoice is issued	0.13
1	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	1,163,562	Net 30~80 days from the end of the month when invoice is issued	0.57
2	President Transnet Corp.	President Collect Services Corp.	Subsidiary to subsidiary	Collection payable	588,158	Net 40 days from the end of the month when invoice is issued	0.66
3	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Accounts receivable	112,836	Net 40 days from the end of the month when invoice is issued	0.13
3	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Service revenue	886,325	Net 40 days from the end of the month when invoice is issued	0.43
3	Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Service revenue	649,460	Net 20 days from the end of the month when invoice is issued	0.32
4	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Service revenue	710,273	Net 20 days from the end of the month when invoice is issued	0.35
4	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Service revenue	915,938	Net 20 days from the end of the month when invoice is issued	0.45
4	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Service revenue	396,542	Net 20 days from the end of the month when invoice is issued	0.19
5	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Sales revenue	254,651	Net 60 days from the end of the month when invoice is issued	0.12
6	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	763,706	Net 45 days from the end of the month when invoice is issued	0.37
6	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	155,936	Net 45 days from the end of the month when invoice is issued	0.17
7	Duskin Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	222,691	Net 45 days from the end of the month when invoice is issued	0.11
8	President Musashino Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	522,303	Net 45 days from the end of the month when invoice is issued	0.58
8	President Musashino Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	2,862,087	Net 45 days from the end of the month when invoice is issued	1.41
9	Vision Distribution Service Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	823,471	Net 30~60 days from the end of the month when invoice is issued	0.40
10	21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	186,436	Net 30~60 days from the end of the month when invoice is issued	0.09

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES**Names, locations and other information of investee companies (not including investees in Mainland China)**

Table 7

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as of December 31, 2015	Balance as of December 31, 2014	Number of shares	Ownership (%)	Book value			
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	\$ 4,885,624	\$ 4,885,624	138,899,066	100.00	\$ 3,945,077	(\$ 87,258)	(\$ 87,258)	Subsidiary
President Chain Store Corp.	President Drugstore Business Corp.	Taiwan	Sales of cosmetics, medicines and daily items	288,559	288,559	40,000,000	100.00	783,127	378,181	378,181	Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,239,582	405,166	283,549	Subsidiary
President Chain Store Corp.	Mech-President Corp.	Taiwan	Gas station and elevator installation	904,475	904,475	55,858,815	80.87	585,704	53,902	43,590	Subsidiary
President Chain Store Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	330,216	330,216	22,121,962	73.74	724,426	262,829	193,809	Subsidiary
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	1,120,000	27,999,999	70.00	279,163	199,681	139,777	Subsidiary
President Chain Store Corp.	President Musashino Corp.	Taiwan	Foods manufacturing	520,141	520,141	48,519,890	90.00	391,991	16,959	15,263	Subsidiary
President Chain Store Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature foods logistics including frozen foods	237,437	237,437	19,563,271	60.00	416,186	307,387	184,432	Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	434,146	93,727	80,605	Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Enterprise information management and consultancy	332,482	332,482	24,382,921	86.76	337,216	78,966	68,509	Subsidiary
President Chain Store Corp.	Wisdom Distribution Service Corp.	Taiwan	Delivery of Magazines, etc.	50,000	50,000	10,847,421	100.00	287,580	114,972	114,972	Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Information supply services	100,400	100,400	9,999,999	50.03	340,990	360,026	180,108	Subsidiary
President Chain Store Corp.	Uni-President Yi-Lan Art and Culture Corp.	Taiwan	Art and cultural exhibition	200,000	200,000	20,000,000	100.00	252,693	27,227	27,280	Subsidiary
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Sales of cleaning instruments	102,000	102,000	10,199,999	51.00	154,203	112,358	57,539	Subsidiary
President Chain Store Corp.	Bank Pro E-Service Technology Co., Ltd.	Taiwan	Enterprise information management and consultancy	94,554	94,554	7,874,999	58.33	109,510	33,524	19,550	Subsidiary
President Chain Store Corp.	icash Corp.	Taiwan	Electronic ticketing	325,000	325,000	32,500,000	100.00	235,375	(8,408)	(8,408)	Subsidiary
President Chain Store Corp.	Uni-President Development Corp.	Taiwan	Construction, development and operation of an MRT station	720,000	720,000	72,000,000	20.00	910,037	221,365	47,185	Note 1
President Chain Store Corp.	President Starbucks Coffee Corp.	Taiwan	Selling of coffee, beverage, and food	59,400	59,400	10,691,337	30.00	407,163	827,379	248,214	Note 1

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as of December 31, 2015	Balance as of December 31, 2014	Number of shares	Ownership (%)	Book value			
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics	\$ 91,414	\$ 91,414	6,429,999	25.00	\$ 113,181	\$ 228,878	\$ 57,243	Note 1
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Entertainment business	861,696	861,696	19,930,000	19.93	97,015	(92,090)	(18,256)	Note 1
President Chain Store Corp.	Presicarre Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	130,801,027	19.50	5,078,101	1,197,688	230,721	Note 1
President Chain Store Corp.	President Fair Development Corp.	Taiwan	Operation of shopping mall, department store, international trade, etc.	3,191,700	2,321,500	263,387,500	19.00	2,018,057	(403,161)	(76,691)	Note 1
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	457,066	290,245	8,077	Note 1
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd., etc.	Other	-	1,702,754	1,702,754	-	-	345,449	621,100	(40,327)	Note 2
Retail Support International Corp.	President Logistics International Corp., etc.	Other	-	-	-	-	-	513,449	-	-	-
Wisdom Distribution Service Corp.	Vision Distribution Service Corp., etc.	Other	-	-	-	-	-	124,139	-	-	-
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited, etc.	Other	-	-	-	-	-	165,617	-	-	-
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Other	Professional investment	678,963	678,963	20,684,321	100.00	1,565,389	359,199	-	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,088,407	4,088,407	124,551,630	100.00	2,912,061	209,421	-	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	Presiclerc Limited, etc.	Other	-	-	-	-	-	(848,199)	-	-	-
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippine	Operation of chain stores	678,043	678,043	236,376,070	51.56	1,564,743	720,004	-	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited.	President Coffee (Cayman) Holdings Ltd., etc.	Other	-	-	-	-	-	1,540,316	-	-	-
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Hong Kong	Sales of various health care products, cosmetics, and pharmaceuticals	89,415	89,415	3,000,000	100.00	238,127	(4,702)	-	Subsidiary of a subsidiary
Mech-President Corp., etc.	President Jing Corp., etc.	Other	-	-	-	-	-	30,568	-	-	-
Philippine Seven Corp.	Convenience Distribution Inc., etc.	Other	-	-	-	-	-	67,232	-	-	-

Note 1: The investee was recognized using equity method by the company.

Note 2: The information in the column includes the subsidiary and the investee recognized using equity method by the company.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Information on investments in Mainland China

Table 8

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trading of food and commodities	\$ 295,946	Note 1	\$ 169,724	\$ -	\$ -	\$ 169,724	\$ 439	100.00	\$ 439	\$ 38,268	\$ -	Note 2
Shanghai President Starbucks Coffee Corp.	Selling of coffee, beverage, and food	387,523	Note 1	65,650	-	-	65,650	2,830,905	30.00	849,271	1,218,898	-	Note 2
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Sales of medicines and daily items	499,500	Note 1	309,122	-	-	309,122	1,374	100.00	1,374	68,785	-	Note 2
President Chain Store (Shanghai) Ltd.	Operation of chain store	2,197,800	Note 1	1,930,076	315,125	-	2,245,201	(238,784)	100.00	(238,784)	284,832	-	Note 2
Shanghai President Logistic Co., Ltd.	Logistics & delivery	68,266	Note 1	65,650	-	-	65,650	102,114	100.00	98,223	203,164	-	Note 2
Shanghai Cold Stone Ice Cream Corporation	Ice cream stores, operation of restaurant	811,905	Note 1	784,013	-	-	784,013	(146,506)	100.00	(147,181)	77,865	-	Note 2
PCSC (Sichuan) Hypermarket Limited	Retail hypermarket	699,300	Note 1	332,517	307,797	-	640,314	(169,026)	100.00	(168,304)	4,175	-	Note 2
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	499,500	Note 1	425,494	-	-	425,494	(44,078)	100.00	(43,466)	128,628	-	Note 2
President Royal Host (Shanghai) Ltd.	Operation of restaurant	134,998	Note 1	70,311	-	-	70,311	(621)	51.00	(317)	4,538	-	Note 2
Shan Dong President Yinzuo Commercial Limited	Retail hypermarket	299,700	Note 1	133,872	-	-	133,872	24,383	55.00	(25,754)	221,384	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	95,690	Note 1	98,475	-	-	98,475	5,878	73.74	6,524	87,622	-	Note 2
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehouse	199,800	Note 1	97,406	97,406	-	194,812	16,226	80.00	4,868	101,466	-	Note 2
Duskin (Shanghai) Cleaning Products Rental Co., Ltd.	Sales of cleaning instruments	299,700	Note 1	21,984	-	-	21,984	(38)	4.46	-	920	-	Note 2
Presidenc (Beijing) Supermarket Co., Ltd.	Retail hypermarket	798,177	Note 1	725,468	9,087	-	734,555	(260,640)	92.33	(240,649)	(493,681)	-	Note 2
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	595	Note 1	-	-	-	-	(10)	50.03	(5)	52	-	Note 2
President Chain Store (Taizhou) Ltd.	Logistics & delivery	299,700	Note 1	-	301,207	-	301,207	(154)	100.00	(154)	299,548	-	Note 2

Note 1: Indirect investment in PRC through the existing company located in the third area.

Note 2: The financial statements are audited by the CPA of parent company in Taiwan.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
President Chain Store Corp.	\$ 4,037,132	\$ 7,458,225	\$ 18,654,901
President Pharmaceutical Corp.	98,475	98,475	466,262
Duskin Serve Taiwan Co.	21,984	21,984	181,138
Uni-President Cold-Chain Corp.	97,406	97,406	403,861

6 Parent Company Only Non-Consolidated Financial Statements and Report of Independent Accountants

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of President Chain Store Corp.

We have audited the accompanying non-consolidated balance sheets of President Chain Store Corp. as of December 31, 2015 and 2014, and the related non-consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits. We did not audit the financial statements of certain investee companies accounted for using equity method. The investments in these companies amounted to NT\$6,642,844 thousand and NT\$6,293,356 thousand, representing 10.8% and 10.6% of total assets as of December 31, 2015 and 2014, respectively, and the related total comprehensive net income (including share of profit of subsidiaries, associates and joint ventures accounted for using equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method) amounted to NT\$587,659 thousand and NT\$487,363 thousand, representing 7.5% and 5.4% of the total comprehensive net income for the years then ended, respectively. The financial statements of these investee companies 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 on investees as described in Note 13 is based solely on the reports of other independent accountants.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable bases for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of President Chain Store Corp. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

As described in Note 3(1) of the non-consolidated financial statements, starting from January 1, 2015, President Chain Store Corp. has adopted the revised International Accounting Standard No. 19, "Employee Benefits" as part of the 2013 version of the International Financial Reporting Standards, as endorsed by the Financial Supervisory Commission. As a result, the related changes to accounting policies were applied retrospectively and necessary adjustments were made to the comparative periods.

Independent Accountants Hsiao, Chun-Yuan
Chou, Chien-Hung

PricewaterhouseCoopers, Taiwan
March 16, 2016

PRESIDENT CHAIN STORE CORP.
NON-CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(Expressed in thousands of New Taiwan dollars)								
Assets		Notes	December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current Assets								
1100	Cash and cash equivalents	6(1)	\$ 14,839,057	24	\$ 12,898,946	22	\$ 11,778,753	20
1110	Financial assets at fair value through profit or loss - current	6(2)	4,400,000	7	5,300,000	9	5,750,000	10
1170	Accounts receivable, net	6(3) and 7	474,644	1	500,527	1	455,916	1
1200	Other receivables		1,386,749	2	1,250,860	2	1,056,462	2
130X	Inventories, net	6(4)	6,129,025	10	5,495,240	9	4,835,283	8
1410	Prepayments		189,832	1	203,870	-	370,166	1
1460	Non-current assets held for sale, net		-	-	-	-	411,577	1
1470	Other current assets		1,252,510	2	593,312	1	538,969	1
11XX	Total current assets		28,671,817	47	26,242,755	44	25,197,126	44
Non-current assets								
1523	Available-for-sale financial assets - non-current	6(5)	720,281	1	798,587	1	865,199	1
1543	Financial assets measured at cost - non-current	6(6)	25,721	-	34,036	-	42,981	-
1550	Investments accounted for using equity method	6(7)	19,943,038	32	19,263,995	33	18,819,771	33
1600	Property, plant and equipment, net	6(8)	8,953,551	14	9,735,711	16	9,118,823	16
1760	Investment property, net	6(9)	1,075,964	2	1,087,892	2	1,378,302	2
1780	Intangible assets	6(10)	356,179	1	451,139	1	465,268	1
1840	Deferred income tax assets	6(25)	555,510	1	502,513	1	462,373	1
1900	Other non-current assets	6(11)	1,105,034	2	1,090,045	2	1,064,325	2
15XX	Total non-current assets		32,735,278	53	32,963,918	56	32,217,042	56
1XXX	Total assets		\$ 61,407,095	100	\$ 59,206,673	100	\$ 57,414,168	100

(Continued)

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current Liabilities								
2150	Notes payable		\$ 919,751	2	\$ 990,181	2	\$ 1,395,459	3
2160	Notes payable - related parties	7(2)	3,456,457	6	3,058,697	5	3,082,137	5
2170	Accounts payable		1,697,947	3	1,465,493	3	1,408,558	3
2180	Accounts payable - related parties	7(2)	7,002,112	11	6,512,139	11	6,317,080	11
2200	Other payables	6(12) and 7(2)	13,386,554	22	13,032,951	22	12,708,744	22
2230	Current income tax liabilities	6(25)	724,308	1	752,774	1	507,980	1
2310	Advance receipts	6(13)	1,968,981	3	1,852,693	3	2,452,670	4
21XX	Total current liabilities		29,156,110	48	27,664,928	47	27,872,628	49
Non-current liabilities								
2540	Long-term borrowings	6(14)	-	-	-	-	1,000,000	2
2570	Deferred income tax liabilities	6(25)	9,658	-	10,390	-	14,062	-
2640	Net defined benefit liability	6(15)	2,501,178	4	2,440,380	4	2,290,932	4
2645	Guarantee deposit received		2,191,196	3	2,177,988	3	2,083,417	3
2670	Other non-current liabilities		435,267	1	400,513	1	417,353	1
25XX	Total non-current liabilities		5,137,299	8	5,029,271	8	5,805,764	10
2XXX	Total liabilities		34,293,409	56	32,694,199	55	33,678,392	59
Equity								
Share capital		6(16)						
3110	Share capital - common stock		10,396,223	17	10,396,223	18	10,396,223	18
Capital surplus		6(17)						
3200	Capital surplus		7,733	-	7,031	-	890,234	1
Retained earnings		6(18)						
3310	Legal reserve		7,384,165	12	6,493,041	11	5,931,412	10
3320	Special reserve		-	-	-	-	338,453	1
3350	Unappropriated retained earnings		8,733,029	14	8,907,745	15	5,612,191	10
Other equity		6(19)						
3400	Other equity interest		592,536	1	708,434	1	567,263	1
3XXX	Total equity		27,113,686	44	26,512,474	45	23,735,776	41
3X2X	Total liabilities and equity		\$ 61,407,095	100	\$ 59,206,673	100	\$ 57,414,168	100

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

PRESIDENT CHAIN STORE CORP.
NON-CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Notes	For the years ended December 31			
		2015		2014 (adjusted)	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(20) and 7(2)	\$ 133,407,688	100	\$ 131,330,857	100
5000 Operating costs	7(2)	(88,298,423)	(66)	(88,150,965)	(67)
5900 Net operating margin		45,109,265	34	43,179,892	33
Operating expenses	6(23)(24) and 7(2)				
6100 Selling expenses		(34,747,991)	(26)	(32,861,861)	(25)
6200 General and administrative expenses		(3,949,159)	(3)	(4,017,180)	(3)
6000 Total operating expenses		(38,697,150)	(29)	(36,879,041)	(28)
6900 Operating profit		6,412,115	5	6,300,851	5
Non-operating income and expenses					
7010 Other income	6(21)	1,248,430	1	1,199,235	1
7020 Other gains and losses	6(22)	(207,461)	-	(839,111)	1
7050 Finance costs		(34,002)	-	(28,185)	-
7060 Share of profit of associates and joint ventures accounted for using equity method		2,147,664	1	2,001,107	1
7000 Total non-operating income and expenses		3,154,631	2	4,011,268	3
7900 Profit before income tax		9,566,746	7	10,312,119	8
7950 Income tax expense	6(25)	(1,327,753)	(1)	(1,221,657)	(1)
8200 Profit for the year		\$ 8,238,993	6	\$ 9,090,462	7
Other comprehensive loss	6(19)				
8311 Remeasurements of net actuarial loss on defined benefit plan		(\$ 69,768)	-	(\$ 167,274)	-
8330 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive loss that will not be reclassified to profit or loss		(187,322)	-	(61,653)	-
8349 Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss		11,861	-	28,437	-
8310 Components of other comprehensive loss that will not be reclassified to profit or loss		(245,229)	-	(200,490)	-
8361 Exchange differences from translation of foreign operations		(11,710)	-	185,470	-
8362 Unrealized loss on valuation of available-for-sale financial assets		(78,088)	-	(66,394)	-
8380 Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for under equity method, components of other comprehensive income that will be reclassified to profit or loss		(19,401)	-	17,163	-
8399 Income tax relating to the components of other comprehensive (loss) income that will be reclassified to profit or loss		(6,699)	-	4,932	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		(115,898)	-	141,171	-
8300 Total other comprehensive loss for the year		(\$ 361,127)	-	(\$ 59,319)	-
8500 Total comprehensive income for the year		\$ 7,877,866	6	\$ 9,031,143	7
9750 Basic earnings per share (in dollars)	6(26)	\$	7.92	\$	8.74
9850 Diluted earnings per share (in dollars)	6(26)	\$	7.90	\$	8.72

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

PRESIDENT CHAIN STORE CORP.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Appendix

Parent Company Only
Non-Consolidated
Financial Statements and
Report of Independent
Accountants

(Expressed in thousands of New Taiwan dollars)

	Note	Share capital - common stock	Capital surplus	Retained earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translation of foreign operations	Unrealized gain or loss on available-for-sale financial assets	
For the year ended December 31, 2014 (adjusted)									
Balance at January 1, 2014		\$ 10,396,223	\$ 890,234	\$ 5,931,412	\$ 338,453	\$ 5,616,291	\$ 17,945	\$ 549,318	\$ 23,739,876
Effect of transition		-	-	-	-	(4,100)	-	-	(4,100)
Retrospective balance as of January 1, 2014		10,396,223	890,234	5,931,412	338,453	5,612,191	17,945	549,318	23,735,776
Distribution of 2013 earnings:	6(18)								
Legal reserve		-	-	561,629	-	(561,629)	-	-	-
Reversal of special reserve		-	-	(338,453)	338,453	-	-	-	-
Cash dividends		(883,679)	-	-	-	(5,354,055)	-	-	(6,237,734)
Disposal of equity interest in a subsidiary without losing control		-	-	-	-	(16,904)	-	-	(16,904)
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	476	-	-	(283)	-	-	193
Profit for the year		-	-	-	-	9,090,462	-	-	9,090,462
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	(200,490)	198,402	(57,231)	(59,319)
Balance at December 31, 2014		\$ 10,396,223	\$ 7,031	\$ 6,493,041	\$ -	\$ 8,907,745	\$ 216,347	\$ 492,087	\$ 26,512,474
For the year ended December 31, 2015									
Balance at January 1, 2015		\$ 10,396,223	\$ 7,031	\$ 6,493,041	\$ -	\$ 8,907,745	\$ 216,347	\$ 492,087	\$ 26,512,474
Distribution of 2014 earnings:	6(18)								
Legal reserve		-	-	891,124	-	(891,124)	-	-	-
Cash dividends		-	-	-	-	(7,277,356)	-	-	(7,277,356)
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	702	-	-	-	-	-	702
Profit for the year		-	-	-	-	8,238,993	-	-	8,238,993
Other comprehensive loss for the year	6(19)	-	-	-	-	(245,229)	(7,021)	(108,877)	(361,127)
Balance at December 31, 2015		\$ 10,396,223	\$ 7,733	\$ 7,384,165	\$ -	\$ 8,733,029	\$ 209,326	\$ 383,210	\$ 27,113,686

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

PRESIDENT CHAIN STORE CORP.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2015	2014 (Adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax for the year		\$ 9,566,746	\$ 10,312,119
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Provision for doubtful accounts	6(5)	6,930	9,030
Depreciation on property, plant and equipment	6(8)(23)	2,247,172	2,205,472
Amortization	6(10)(23)	94,960	97,582
Finance costs		34,002	28,185
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(	2,147,664)	(2,001,107)
Depreciation on investment property	6(9)	11,928	14,898
Gain on disposal of investments accounted for using equity method	6(22)	-	(1,028,508)
Impairment loss on investments accounted for using equity method	6(7)(22)	3,148	100,000
Impairment loss on financial assets measured at cost - non-current	6(4)(22)	-	4,278
Interest income	6(21)	(87,564)	(74,317)
Dividend income	6(21)	(45,949)	(40,017)
Impairment loss on property, plant and equipment	6(8)(22)	146,253	29,451
Loss on disposal of property, plant and equipment, net	6(22)	54,123	45,795
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		900,000	450,000
Accounts receivable		18,953	(53,641)
Other receivables	(	129,477)	(194,067)
Inventories	(	633,785)	(659,957)
Prepayments		14,038	166,296
Other current assets	(	659,198)	(54,343)
Other non-current assets	(	14,989)	(25,720)
Net changes in liabilities relating to operating activities			
Notes payable		327,330	(428,718)
Accounts payable		722,427	251,994
Other payables		449,083	263,253
Advance receipts		116,288	(599,977)
Net defined benefit liability - non-current	(	8,970)	(17,826)
Other non-current liabilities		34,754	(8,883)
Cash generated from operations		11,020,539	8,791,272
Interest received		81,152	73,986
Income tax paid	(	1,404,786)	(987,305)
Interest paid	(	24,834)	(19,268)
Dividends received		1,883,891	1,771,170
Net cash provided by operating activities		11,555,962	9,629,855
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using equity method	(	870,200)	(125,000)
Return of capital from investments accounted for using equity method		280,000	-
Return of capital from financial assets measured at cost - non-current		16,800	4,667
Proceeds from disposal of investments accounted for using equity method		-	1,450,000
Liquidating dividends of available-for-sale financial assets - non-current		218	217
Acquisition of property, plant and equipment	6(28)	(1,897,021)	(2,661,388)
Proceeds from disposal of property, plant and equipment		118,500	48,458
Acquisition of intangible assets	6(10)	-	(83,453)
Net cash used in investing activities	(	2,351,703)	(1,366,499)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term borrowings		-	(1,000,000)
Payment of cash dividends	6(18)	(7,277,356)	(6,237,734)
Increase in guarantee deposits received		13,208	94,571
Net cash used in financing activities	(	7,264,148)	(7,143,163)
Increase in cash and cash equivalents		1,940,111	1,120,193
Cash and cash equivalents at beginning of year		12,898,946	11,778,753
Cash and cash equivalents at end of year		\$ 14,839,057	\$ 12,898,946

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

PRESIDENT CHAIN STORE CORP.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

Appendix

Parent Company Only
Non-Consolidated
Financial Statements and
Report of Independent
Accountants

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

- (1) President Chain Store Corporation (the "Company") was established on June 10, 1987. The Company is primarily engaged in the investment and operation of convenience store chains. Business items include sales of food, beverages, coffee, daily commodities of cosmetics and health care products. The common shares of the Company have been listed on the Taiwan Stock Exchange since August 22, 1997.
- (2) The Company's ultimate parent company is Uni-President Enterprises Corp., which holds a 45.4% equity interest in the Company.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE NON-CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These non-consolidated financial statements were authorized for issuance by the Board of Directors on March 16, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC") of the Republic of China.

According to Financial-Supervisory-Securities-Audit Ruling No. 1030010325 issued by the FSC on April 3, 2014, effective from January 1, 2015, companies with shares listed on the Taiwan Stock Exchange, or traded on the Taipei Exchange or Emerging Stock Market, are required to adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (collectively referred herein as "the 2013 version of IFRS") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is detailed below:

A. IAS 19 (revised), "Employee benefits"

This revised standard requires that a net interest amount, calculated by applying a discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that actuarial gains and losses could be recognized based on a corridor approach or recognized in the profit or loss. The revised standard requires actuarial gains and losses to be only recognized immediately in 'Other comprehensive income' when incurred. Past service costs are to be recognized immediately in the period incurred and no longer amortized on a straight-line basis over the average period until the benefits become vested. An entity is required to recognize termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits or when it recognizes any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans. The company replaced the expected return on plan assets by a net interest amount calculated by applying a discount rate to the net defined benefit liability. Accordingly, investments accounted for using equity method decreased by \$4,100 and \$3,494 and unappropriated retained earnings decreased by \$4,100 and \$3,494, as of January 1, 2014 and December 31, 2014, respectively, and operating expenses decreased by \$3,182, non-operating income and expenses increased by \$1,806, income tax expense increased by \$541 and other comprehensive loss increased by \$3,841 for the year ended December 31, 2014.

B. IFRS 11, "Joint arrangements"

This standard replaces IAS 31, "Interests in joint ventures" and eliminates the option of proportionate consolidation for joint ventures. When deciding the types of joint arrangements, joint operations or joint ventures, the entity should assess the contractual rights and obligations and not just the legal form.

C. IAS 1, "Presentation of financial statements"

This standard requires entities to separate out items presented in 'Other comprehensive income' into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax, then the tax related to each of the two groups of 'Other comprehensive income' items (that is, those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company will adjust the presentation of its financial statements in relation to 'Other comprehensive income'.

D. IFRS 12, "Disclosure of interests in other entities"

This standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

E. IFRS 13, 'Fair value measurement'

This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from the perspective of market participants, and requires disclosures about fair value measurements. For non-financial assets only, the fair value is determined based on the highest and best use of the asset. Based on the Company's assessment, the adoption of IFRS 13 does not have a significant impact on its consolidated financial statements. The Company will disclose additional information about fair value measurements accordingly.

F. IAS 28, "Investments in associates and joint ventures" (as amended in 2011)

As consequential amendments resulting from the issuance of IFRS 11, "Joint arrangements", revised IAS 28 sets out the requirements for the application of the equity method when accounting for investments in joint ventures. A portion of an investment in an associate or a joint venture that meets the classification criteria as held for sale shall be measured at fair value less selling costs. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. When an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not re-measure the retained interest.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC are listed below:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Company is assessing the potential impact of the new standards, interpretations and amendments highlighted above. The impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies in the preparation of these non-consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The non-consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the non-consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities at fair value through profit or loss.
- (b) Available-for-sale financial assets measured at fair value.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less the present value of defined benefit obligations.

B. The preparation of financial statements, in compliance with IFRSs, requires the use of certain critical accounting estimates and the exercise of management's judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the non-consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The non-consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and jointly arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Company still retains partial interest in the former foreign associate or jointly arrangements after losing significant influence over the former foreign associate, or losing joint control of the former jointly arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
- B. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(7) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.
- B. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(8) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

- A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:
 - (a) Significant financial difficulty of the issuer or debtor;
 - (b) A breach of contract, such as a default or delinquency in interest or principal payments;
 - (c) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(11) Inventories

A. Purchases are initially recorded at cost. Cost is determined using the retail inventory method.

B. Ending inventories are stated at the lower of cost and net realizable value, the item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / Subsidiaries, associates and joint ventures

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owner. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- N. The Company accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.
- O. According to "Rules Governing the Preparation of Financial Statements by Securities Issuers", profit for the year and other comprehensive income for the year reported in the non-consolidated financial statements, shall be equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the consolidated financial statements, equity reported in the non-consolidated financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured subsequently using the cost model. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	50 years
Office equipment	4-7 years
Leasehold improvements	7 years

(14) Leases (Lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(16) Intangible assets

Computer software and copyright are stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 15 years.

(17) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Provisions

The Company's provisions are presented in 'Other non-current liabilities'. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) Income tax

A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10 percent tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. A deferred tax asset shall be recognized for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(21) Revenue recognition

A. The Company's revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods should be recognized when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity.

B. The Company offers customers volume discounts and right of return for defective products. The Company estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognized.

C. The Company has customer loyalty programmes where the Company grants loyalty award credits to customers as part of a sales transaction. The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the initial sale of goods and the award credits. The amount of proceeds allocated to the award credits is measured by reference to the fair value of goods that can be redeemed by using the award credits and the proportion of award credits that are expected to be redeemed by customers. The Company recognizes the deferred portion of the proceeds allocated to the award credits as revenue only when it has fulfilled its obligations in respect of the award credits.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these non-consolidated financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Company has no such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand and petty cash	\$ 714,454	\$ 716,333
Checking accounts and demand deposits	2,863,502	2,890,768
Cash equivalents		
Time deposits	7,600,000	3,694,950
Short-term transaction instruments	3,661,101	5,596,895
	<u>\$ 14,839,057</u>	<u>\$ 12,898,946</u>

A. The Company transacts with a variety of financial institutions, all with high credit quality, to disperse credit risk, so it considers the probability of counterparty default as remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss - current

	December 31, 2015	December 31, 2014
Financial assets held for trading		
Open-ended fund	<u>\$ 4,400,000</u>	<u>\$ 5,300,000</u>

The Company recognized net gain of \$32,523 and \$34,182 on financial assets held for trading for the years ended December 31, 2015 and 2014, respectively.

(3) Accounts receivable

	December 31, 2015	December 31, 2014
Accounts receivable	\$ 542,140	\$ 564,276
Less: Allowance for sales returns and discounts	(1,062)	(1,839)
Allowance for doubtful accounts	(66,434)	(61,910)
	<u>\$ 474,644</u>	<u>\$ 500,527</u>

A. The sales revenue of the Company is mainly received in the form of cash and credit card charges. Accounts receivable mainly consist of payments due from banks for third-party credit cards and operating income from department stores.

B. The Company has no accounts receivable that were past due but not impaired.

C. Movement analysis of financial assets that were impaired is as follows:

(a) As of December 31, 2015 and 2014, the Company's accounts receivable that were impaired amounted to \$66,434 and \$61,910, respectively.

(b) Movements on the Company's provision for impairment of accounts receivable are as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
At January 1	\$ 61,910	\$ 52,880
Provision for impairment	6,930	9,030
Write-offs during the year	(2,406)	-
At December 31	<u>\$ 66,434</u>	<u>\$ 61,910</u>

(4) Inventories

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Merchandise	<u>\$ 6,213,505</u>	<u>(\$ 84,480)</u>	<u>\$ 6,129,025</u>

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Merchandise	<u>\$ 5,515,275</u>	<u>(\$ 20,035)</u>	<u>\$ 5,495,240</u>

The cost of inventories recognized as expense for the years ended December 31, 2015 and 2014 was \$88,298,423 and \$88,150,965, respectively, including the amount of \$64,445 and (\$2,600), respectively, that the Company wrote down from cost to net realizable value accounted for as cost of goods sold.

(5) Available-for-sale financial assets - non-current

	December 31, 2015	December 31, 2014
Listed stocks	\$ 265,606	\$ 265,606
Unlisted stocks	42,230	42,448
	307,836	308,054
Valuation adjustment	412,445	490,533
	<u>\$ 720,281</u>	<u>\$ 798,587</u>

The Company recognized (\$78,088) and (\$66,394) in other comprehensive loss in relation to fair value changes for the years ended December 31, 2015 and 2014, respectively.

(6) Financial assets measured at cost - non-current

	December 31, 2015	December 31, 2014
Unlisted stocks	\$ 237,399	\$ 245,714
Accumulated impairment	(211,678)	(211,678)
	<u>\$ 25,721</u>	<u>\$ 34,036</u>

A. Based on the Company's intention, its investment in unlisted stocks should be classified as 'available-for-sale financial assets'. However, as those unlisted stocks are not traded in an active market, and no sufficient industry information of companies similar to these unlisted stocks can be obtained, the fair value of the investment in unlisted stocks cannot be measured reliably. As a result, the Company classified those stocks as 'financial assets measured at cost'.

B. As of December 31, 2015 and 2014, no financial assets measured at cost held by the Company were pledged to others.

(7) Investments accounted for using the equity method

		For the year ended December 31, 2015	For the year ended December 31, 2014
At January 1		\$ 19,263,995	\$ 18,819,771
Addition of investments accounted for using equity method		870,200	150,000
Return of capital from investments accounted for using equity method		(280,000)	-
Share of profit or loss of investments accounted for using equity method		2,147,664	2,001,107
Earnings distribution of investments accounted for using equity method		(1,837,942)	(1,731,153)
Changes in other equity items		(218,433)	140,980
Impairment loss on investments accounted for using equity method		(3,148)	(100,000)
Changes in other items		702	(16,710)
At December 31		\$ 19,943,038	\$ 19,263,995
	December 31, 2015	December 31, 2014	January 1, 2014
Subsidiaries:			
President Chain Store (BVI) Holdings Ltd.	\$ 3,945,077	\$ 4,045,242	\$ 3,907,731
President Transnet Corp.	1,239,582	1,019,639	870,685
President Pharmaceutical Corp.	724,426	885,666	883,283
President Drugstore Business Corp.	783,127	733,327	629,989
Mech-President Corp.	585,704	551,680	576,626
Uni-President Department Store Corp.	279,163	499,047	455,765
Uni-President Cold-Chain Corp.	416,186	424,296	397,815
President Information Corp.	434,146	407,973	435,107
President Musashino Corp.	391,991	380,689	393,142
Q-ware Systems & Services Corp.	337,216	353,732	352,999
Books.com. Co., Ltd.	340,990	300,427	266,903
Uni-President Yi-Lan Art and Culture Corp.	252,693	255,082	208,242
icash Corp.	235,375	245,381	281,344
Wisdom Distribution Service Corp.	287,580	238,207	213,575
Duskin Serve Taiwan Co.	154,203	152,566	135,123
Bank Pro E-Service Technology Co., Ltd.	109,510	113,714	99,410
Retail Support International Corp.	113,181	113,585	103,720
President Collect Services Co., Ltd., etc.	210,123	365,706	473,054
	10,840,273	11,085,959	10,684,513
Associates:			
PresiCarre. Corp.	5,078,101	5,021,414	5,072,795
President Fair Development Corp.	2,018,057	1,224,548	1,326,105
Uni-President Development Corp.	910,037	872,213	821,838
President International Development Corp.	457,066	468,111	441,000
Tung Ho Development Corp.	97,015	113,661	121,352
President Organics Corp., etc.	58,592	57,142	54,094
	8,618,868	7,757,089	7,837,184
Joint ventures:			
President Starbucks Coffee Corp.	407,163	352,169	308,716
Mister Donut Taiwan Co., Ltd.	76,734	68,778	(10,642)
	483,897	420,947	298,074
	\$ 19,943,038	\$ 19,263,995	\$ 18,819,771

- A. Information about the subsidiaries of the Company is provided in Note 4(3) – Basis of preparation of the consolidated financial statements for the year ended December 31, 2015.
- B. The Board of Directors of the Company has resolved to sell all the shares of Muji (Taiwan) Co., Ltd. in December 2013. As a result, the related assets have been transferred to Non-current assets held for sale. The transaction had been settled on January 6, 2014, with a consideration of \$1,450,000.
- C. Certain investments in associates or joint ventures are not significant to the Company. The details of the Company's share of the operating results in the aforementioned investments are as follows:
- (a) The Company's share of the operating results in all individually immaterial associates is summarized below:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Total comprehensive income	\$ 177,032	\$ 163,814

- (b) The Company's share of the operating results in all individually immaterial joint ventures is summarized below:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Total comprehensive income	\$ 255,393	\$ 211,450

- D. The Company recognized impairment loss on investments accounted for using equity method amounting to \$3,148 and \$100,000 for the years ended December 31, 2015 and 2014, respectively.

(8) Property, plant and equipment

- A. The details of property, plant and equipment are as follows:

	Land	Buildings	Office equipment	Leasehold improvements	Others	Total
<u>At January 1, 2015</u>						
Cost	\$ 1,535,401	\$ 946,371	\$ 12,891,092	\$ 7,161,767	\$ 9,763	\$ 22,544,394
Accumulated depreciation and impairment	-	(257,717)	(8,018,900)	(4,525,031)	(7,035)	(12,808,683)
	<u>\$ 1,535,401</u>	<u>\$ 688,654</u>	<u>\$ 4,872,192</u>	<u>\$ 2,636,736</u>	<u>\$ 2,728</u>	<u>\$ 9,735,711</u>
<u>2015</u>						
Opening net book amount as of January 1	\$ 1,535,401	\$ 688,654	\$ 4,872,192	\$ 2,636,736	\$ 2,728	\$ 9,735,711
Additions	-	-	1,095,023	688,865	-	1,783,888
Disposals	-	-	(66,718)	(105,905)	-	(172,623)
Depreciation charge	-	(20,562)	(1,422,128)	(803,672)	(810)	(2,247,172)
Impairment loss	-	-	(146,253)	-	-	(146,253)
Closing net book amount as of December 31	<u>\$ 1,535,401</u>	<u>\$ 668,092</u>	<u>\$ 4,332,116</u>	<u>\$ 2,416,024</u>	<u>\$ 1,918</u>	<u>\$ 8,953,551</u>
<u>At December 31, 2015</u>						
Cost	\$ 1,535,401	\$ 946,371	\$ 12,442,240	\$ 7,149,307	\$ 9,192	\$ 22,082,511
Accumulated depreciation and impairment	-	(278,279)	(8,110,124)	(4,733,283)	(7,274)	(13,128,960)
	<u>\$ 1,535,041</u>	<u>\$ 668,092</u>	<u>\$ 4,332,116</u>	<u>\$ 2,416,024</u>	<u>\$ 1,918</u>	<u>\$ 8,953,551</u>

	Land	Buildings	Office equipment	Leasehold improvements	Others	Total
<u>At January 1, 2014</u>						
Cost	\$ 1,317,441	\$ 895,829	\$ 12,491,506	\$ 6,749,188	\$ 6,692	\$ 21,460,656
Accumulated depreciation and impairment	-	(231,977)	(7,826,770)	(4,279,151)	(3,935)	(12,341,833)
	<u>\$ 1,317,441</u>	<u>\$ 663,852</u>	<u>\$ 4,664,736</u>	<u>\$ 2,470,037</u>	<u>\$ 2,757</u>	<u>\$ 9,118,823</u>
<u>2014</u>						
Opening net book amount as of January 1	\$ 1,317,441	\$ 663,852	\$ 4,664,736	\$ 2,470,037	\$ 2,757	\$ 9,118,823
Additions	-	-	1,663,641	1,014,432	436	2,678,509
Disposals	(6,782)	(6,355)	(47,531)	(41,542)	-	(102,210)
Reclassifications	224,742	50,592	-	-	178	275,512
Depreciation charge	-	(19,435)	(1,379,203)	(806,191)	(643)	(2,205,472)
Impairment loss	-	-	(29,451)	-	-	(29,451)
Closing net book amount as of December 31	<u>\$ 1,535,401</u>	<u>\$ 688,654</u>	<u>\$ 4,872,192</u>	<u>\$ 2,636,736</u>	<u>\$ 2,728</u>	<u>\$ 9,735,711</u>
<u>At December 31, 2014</u>						
Cost	\$ 1,535,401	\$ 946,371	\$ 12,891,092	\$ 7,161,767	\$ 9,763	\$ 22,544,394
Accumulated depreciation and impairment	-	(257,717)	(8,018,900)	(4,525,031)	(7,035)	(12,808,683)
	<u>\$ 1,535,401</u>	<u>\$ 688,654</u>	<u>\$ 4,872,192</u>	<u>\$ 2,636,736</u>	<u>\$ 2,728</u>	<u>\$ 9,735,711</u>

B. Information about property, plant and equipment pledged to others as collateral is provided in Note 8.
(9) Investment property

	Land	Buildings	Total
<u>2015</u>			
January 1, 2015	\$ 805,515	\$ 282,377	\$ 1,087,892
Depreciation charge	-	(11,928)	(11,928)
December 31, 2015	<u>\$ 805,515</u>	<u>\$ 270,449</u>	<u>\$ 1,075,964</u>
<u>2014</u>			
January 1, 2014	\$ 1,030,257	\$ 348,045	\$ 1,378,302
Reclassification	(224,742)	(50,770)	(275,512)
Depreciation charge	-	(14,898)	(14,898)
December 31, 2014	<u>\$ 805,515</u>	<u>\$ 282,377</u>	<u>\$ 1,087,892</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Rental income from investment property	\$ 55,377	\$ 52,220
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 12,260</u>	<u>\$ 20,968</u>

B. The fair value of the investment property held by the Company ranged from \$2,252,266 to \$2,264,120 over the years ended December 31, 2015 and 2014. These figures are based on similar investment properties in the neighboring area and valued by independent appraisers. The valuations were made using the comparative method and income approach. The key assumptions include a growth rate of 2% and a discount rate 2.63%.

(10) Intangible assets

2015	Software and copyright
January 1, 2015	\$ 451,139
Amortization	(94,960)
December 31, 2015	\$ 356,179
2014	Software and copyright
January 1, 2014	\$ 465,268
Additions - acquired separately	83,453
Amortization	(97,582)
December 31, 2014	\$ 451,139

Amortization on intangible assets are recognized as operating expenses.

(11) Other non-current assets

	December 31, 2015	December 31, 2014
Guarantee deposits paid	\$ 1,103,970	\$ 1,087,933
Others	1,064	2,112
	\$ 1,105,034	\$ 1,090,045

(12) Other payables

	December 31, 2015	December 31, 2014
Store collections	\$ 8,375,014	\$ 8,054,655
Wages, salaries and bonus payable	1,777,536	1,704,284
Employees' bonus to employees and remuneration to directors and supervisors	592,271	641,609
Incentive bonus payable to franchisees	729,214	579,502
Rent payable	481,352	475,666
Payables for acquisition of property, plant and equipment	362,086	475,219
Payables for system development and maintenance expenses	154,873	80,339
Payables for labor and health insurance	65,561	31,007
Others	848,647	990,670
	\$ 13,386,554	\$ 13,032,951

(13) Advance receipts

	December 31, 2015	December 31, 2014
Advance receipts for gift certificates	\$ 1,098,233	\$ 1,072,486
Advance receipts for gift cards	436,648	348,438
Advance receipts for franchise fee	223,016	232,291
Others	211,084	199,478
	\$ 1,968,981	\$ 1,852,693

(14) Long-term borrowings

There was no long-term borrowing as of December 31, 2015 and 2014. The Company had undrawn long-term borrowings of \$7,000,841 and \$6,471,657 as of December 31, 2015 and 2014, respectively.

(15) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 5.21% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(a) The amounts recognized in the balance sheet are as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Present value of defined benefit obligation	(\$ 3,858,181)	(\$ 3,752,251)	(\$ 3,546,568)
Fair value of plan assets	1,357,003	1,311,871	1,255,636
Net defined benefit liability	(\$ 2,501,178)	(\$ 2,440,380)	(\$ 2,290,932)

(b) Movements in net defined benefit liability are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	(\$ 3,752,251)	\$ 1,311,871	(\$ 2,440,380)
Current service cost	(49,752)	-	(49,752)
Interest (expense) income	(74,427)	26,596	(47,831)
	(3,876,430)	1,338,467	(2,537,963)
Remeasurements:			
Return on plan assets	-	8,204	8,204
Change in demographic assumptions	(8,921)	-	(8,921)
Change in financial assumptions	(130,614)	-	(130,614)
Experience adjustments	61,563	-	61,563
	(77,972)	8,204	(69,768)
Pension fund contribution	-	97,421	97,421
Paid pension	96,221	(87,089)	9,132
Balance at December 31	(\$ 3,858,181)	\$ 1,357,003	(\$ 2,501,178)
Year ended December 31, 2014			
Balance at January 1	(\$ 3,546,568)	\$ 1,255,636	(\$ 2,290,932)
Current service cost	(47,486)	-	(47,486)
Interest (expense) income	(70,420)	25,453	(44,967)
	(3,664,474)	1,281,089	(2,383,385)
Remeasurements:			
Return on plan assets	-	4,133	4,133
Change in demographic assumptions	(153,950)	-	(153,950)
Experience adjustments	(17,457)	-	(17,457)
	(171,407)	4,133	(167,274)
Pension fund contribution	-	94,032	94,032
Paid pension	83,630	(67,383)	16,247
Balance at December 31	(\$ 3,752,251)	\$ 1,311,871	(\$ 2,440,380)

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (d) The principal actuarial assumptions used were as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Discount rate	1.5%	2.00%
Future salary increases	2.75%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2015				
Effect on present value of defined benefit obligation	(\$ 128,916)	\$ 135,005	\$ 132,656	(\$ 127,363)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2014				
Effect on present value of defined benefit obligation	(\$ 129,351)	\$ 135,622	\$ 133,941	(\$ 128,429)

The sensitivity analysis above was arrived at based one assumption which changed while the other conditions remained unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The method and assumption used in the current sensitivity analysis are the same as prior year.

- (e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2016 are \$85,186.
- (f) As of December 31, 2015, the weighted average duration of the retirement plan is 13 years. The analysis of timing of the future pension payment is as follows:

Within 1 year	\$ 84,332
1-2 year(s)	132,165
2-5 years	411,239
Over 5 years	4,978,501

- B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 2% - 15% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the Company's defined contribution pension plan for the years ended December 31, 2015 and 2014 were \$177,295 and \$170,914, respectively.

(16) Share capital

As of December 31, 2015, the Company's authorized capital was \$10,500,000, consisting of 1,050,000,000 shares of ordinary stock, and the paid-in capital was \$10,396,223 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company's outstanding ordinary shares was 1,039,622,255 as of December 31, 2015 and January 1, 2015.

(17) Capital surplus

In accordance with the Company Act of the Republic of China, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Law of the Republic of China requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, must first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount is to be set aside as legal reserve. After setting aside or reversing a special reserve, in accordance with related laws, the remaining amount is distributable for the given period. The appropriation of the total distributable amount (that is, the distributable amount for the year along with accumulated unappropriated earnings from prior years) should be proposed by the Board of Directors and voted on by the shareholders at the shareholders' meeting. The dividends and bonus to be distributed to shareholders may be 50%-100% of the total distributable amount, and 50%-100% of dividends are to be distributed as cash dividends, and the remaining undistributed amount to set aside as unappropriated retained earnings.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve is not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside a special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.
- D. The appropriations for 2014 and 2013 were resolved by the shareholders on June 18, 2015 and June 19, 2014, respectively, as follows:

	2014		2013	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 891,124		\$ 561,629	
Cash dividends - retained earnings	7,277,356	\$ 7.00	5,354,055	\$ 5.15
- capital surplus	-	-	883,679	0.85
Employees' cash bonus	481,207		323,587	
Directors' and supervisors' remuneration	160,402		107,862	

E. The appropriations for 2015 as resolved by the Board of Directors on June 16, 2016 is as follows:

	2015	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 823,899	
Cash dividends - retained earnings	7,485,280	\$ 7.20
Employees' cash bonus	443,949	
Directors' and supervisors' remuneration	148,322	

F. Information about employees' remuneration (bonuses) and directors' and supervisors' remuneration is provided in Note 6(24).

(19) Other equity items

	For the year ended December 31, 2015		
	Exchange difference from translation of foreign operations	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1, 2015	\$ 216,347	\$ 492,087	\$ 708,434
Revaluation:			
–The Company	-	(78,088)	(78,088)
–Subsidiaries	-	3,222	3,222
–Associates	-	(27,312)	(27,312)
–Revaluation - tax	-	(6,699)	(6,699)
Currency translation differences:			
–The Company	(11,710)	-	(11,710)
–Subsidiaries	(3,223)	-	(3,223)
–Associates	7,912	-	7,912
At December 31, 2015	\$ 209,326	\$ 383,210	\$ 592,536

	For the year ended December 31, 2014		
	Exchange difference from translation of foreign operations	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1, 2014	\$ 17,945	\$ 549,318	\$ 567,263
Revaluation:			
–The Company	-	(66,394)	(66,394)
–Associates	-	4,231	4,231
–Revaluation - tax	-	4,932	4,932
Currency translation differences:			
–The Company	185,470	-	185,470
–Associates	12,932	-	12,932
At December 31, 2014	\$ 216,347	\$ 492,087	\$ 708,434

(20) Operating revenue

	For the year ended December 31, 2015	For the year ended December 31, 2014
Sales revenue	\$ 127,028,252	\$ 125,686,099
Other operating revenue	6,379,436	5,644,758
	<u>\$ 133,407,688</u>	<u>\$ 131,330,857</u>

(21) Other income

	For the year ended December 31, 2015	For the year ended December 31, 2014
Grants income	\$ 459,898	\$ 470,422
Dividend income	45,949	40,017
Rental revenue	73,901	81,893
Interest income	87,564	74,317
Other income	581,118	532,586
	<u>\$ 1,248,430</u>	<u>\$ 1,199,235</u>

(22) Other gains and losses

	For the year ended December 31, 2015	For the year ended December 31, 2014
Impairment loss	(\$ 149,401)	(\$ 133,729)
Gains on disposal of investments	32,523	1,062,690
Losses on disposal of property, plant and equipment	(54,123)	(45,795)
Others	(36,460)	(44,055)
	<u>(\$ 207,461)</u>	<u>\$ 839,111</u>

(23) Expenses by nature

	For the year ended December 31, 2015	For the year ended December 31, 2014
Cost of goods sold	\$ 86,641,147	\$ 86,359,586
Incentive bonuses for franchisees	15,880,747	14,387,268
Employee benefit expense	6,347,039	6,305,828
Operating lease payments	5,980,268	5,788,237
Utilities expense	2,491,205	2,665,230
Depreciation and amortization	2,342,132	2,303,054
Other costs and expenses	7,313,035	7,220,803
Total operating costs and operating expenses	<u>\$ 126,995,573</u>	<u>\$ 125,030,006</u>

(24) Employee benefit expense

	For the year ended December 31, 2015	For the year ended December 31, 2014
Wages and salaries	\$ 5,385,466	\$ 5,399,374
Labor and health insurance fees	383,261	363,641
Pension costs	274,878	263,367
Other personnel expenses	303,434	279,446
	<u>\$ 6,347,039</u>	<u>\$ 6,305,828</u>

Note: As of December 31, 2015 and 2014, the Company had 8,300 and 7,800 employees (including part-timers), respectively.

A. When distributing earnings, according to its Articles of Incorporation, the Company shall distribute bonuses to the employees and pay remuneration to directors and supervisors equivalent to no less than 0.2% and equivalent to 2%, respectively, of the distributable amount for the period.

However, in accordance with a new amendment to the Company Act on May 20, 2015, a company shall now distribute employee remuneration based on the current year's profit situation, at a fixed amount or percentage of profits. If a company has an accumulated deficit, earnings should be used to cover such losses. The aforementioned employee remuneration can be paid in cash or stock shares. The specifics of the compensation are to be determined at a board meeting with two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported during the shareholders' meeting. The qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned cash or stock should be specified in the Articles of Incorporation. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on December 10, 2015. According to the amended articles, a percentage of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The percentage shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at \$443,949 and \$481,207, respectively; while directors' and supervisors' remuneration was accrued at \$148,322 and \$160,402, respectively.

The employees' compensation and directors' and supervisors' remuneration were accrued based on 4.37% and 1.46% of profit of current year distributable for the year ended December 31, 2015, respectively. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$443,949 and \$148,322, and the employees' compensation will be distributed in the form of cash.

The expenses recognized for 2014 were accrued based on the net income for 2014 and the percentage of 6% and 2% for employees and directors/supervisors, respectively, taking into account other factors such as legal reserve. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are accounted for as changes in estimates. Employees' bonus and directors' and supervisors' remuneration for 2014 as resolved by the shareholders during their meeting were in agreement with those amounts recognized in the profit or loss for 2014. Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Current tax:		
Current tax on profits for the year	\$ 1,287,228	\$ 1,238,567
Additional 10% tax on undistributed earnings	72,089	2,216
Under (over) provision of prior year's income tax	17,003	(8,683)
Total current tax	1,376,320	1,232,100
Deferred tax:		
Origination and reversal of temporary differences	(48,567)	(10,443)
Income tax expense	\$ 1,327,753	\$ 1,221,657

(b) The income tax (charge)/credit relating to the components of other comprehensive income is as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Fair value gains/losses on available-for-sale financial assets	\$ 6,699	(\$ 4,932)
Remeasurement of defined benefit obligations	(11,861)	(28,437)
	(\$ 5,162)	(\$ 33,369)

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2015	For the year ended December 31, 2014
Tax calculated based on profit before tax and statutory tax rate	\$ 1,626,348	\$ 1,752,754
Expenses disallowed by tax regulation	6,425	3,893
Capital reduction plan to offset accumulated deficit by subsidiaries	(8,262)	(14,945)
Tax on profit for using equity method by domestic subsidiaries	(380,321)	(339,486)
Additional 10% tax on undistributed earnings	72,089	2,216
Under (over) provision of prior year's income tax	17,003	(8,683)
Investment tax credits	(5,529)	(174,092)
Income tax expense	\$ 1,327,753	\$ 1,221,657

The difference between the Company's accounting profit and taxable income in 2015 and 2014 was mainly due to the dividend income.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2015			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	\$ 10,451	\$ 769	\$ -	\$ 11,220
Unrealized sales allowance	313	(132)	-	181
Unrealized expenses	114,231	6,662	-	120,893
Unrealized gain on financial instruments	(2,676)	-	(6,699)	(9,375)
Deferred revenues	8,598	4,718	-	13,316
Remeasurements of defined benefit obligation	361,788	-	11,861	373,649
Others	9,808	35,818	-	45,626
	<u>502,513</u>	<u>47,835</u>	<u>5,162</u>	<u>555,510</u>
<u>Deferred tax liabilities</u>				
Unrealized gain	(10,390)	732	-	(9,658)
	<u>\$ 492,123</u>	<u>\$ 48,567</u>	<u>\$ 5,162</u>	<u>\$ 545,852</u>
	2014			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	\$ 8,916	\$ 1,535	\$ -	\$ 10,451
Unrealized sales allowance	418	(105)	-	313
Unrealized expenses	103,091	11,140	-	114,231
Unrealized gain on financial instruments	(7,608)	-	4,932	(2,676)
Deferred revenues	15,658	(7,060)	-	8,598
Remeasurements of defined benefit obligation	333,351	-	28,437	361,788
Others	8,547	1,261	-	9,808
	<u>462,373</u>	<u>6,771</u>	<u>33,369</u>	<u>502,513</u>
<u>Deferred tax liabilities</u>				
Unrealized gain	(14,062)	3,672	-	(10,390)
	<u>\$ 448,311</u>	<u>\$ 10,443</u>	<u>\$ 33,369</u>	<u>\$ 492,123</u>

D. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

E. All unappropriated earnings were generated on and after January 1, 1998.

F. The balance of the imputation tax credit account was \$1,312,218 and \$1,204,864 as of December 31, 2015 and 2014, respectively. The creditable tax rate was 20.48% for 2014 and the estimated creditable tax rate is 15.03% for 2015.

(26) Earnings per share

	For the year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 8,238,993	1,039,622	\$ 7.92
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 8,238,993	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	3,274	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 8,238,993	1,042,896	\$ 7.90
	For the year ended December 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 9,090,462	1,039,622	\$ 8.74
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 9,090,462	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2,639	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 9,090,462	1,042,261	\$ 8.72

(27) Operating leases

Lessor

A. The Company leases its investment property and shopping centres to others under operating lease agreements on terms between five and eighteen years. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014
Less than one year	\$ 56,000	\$ 55,377
Over one year but less than five years	140,554	166,230
Over five years	90,972	121,296
	<u>\$ 287,526</u>	<u>\$ 342,903</u>

Lessee

A. The Company leases business premises for its stores. The lease terms are between three and twenty years, and certain lease agreements are renewable at the end of the lease period. Rents are paid in accordance with the agreements. Partial leases incur extra rent based on the operating revenue of stores or changes in local price indices. Rental expenses recognized in profit and loss for the years ended December 31, 2015 and 2014 are as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Rental expenses	\$ 5,839,812	\$ 5,623,863
Contingent rents	<u>\$ 140,456</u>	<u>\$ 164,374</u>

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014
Less than one year	\$ 5,589,040	\$ 5,503,915
Over one year but less than five years	18,721,134	18,417,236
Over five years	8,707,032	8,729,374
	<u>\$ 33,017,206</u>	<u>\$ 32,650,525</u>

B. The Company has sub-leased certain business premises to others. Sublease revenues recognized in profit and loss for the years ended December 31, 2015 and 2014 are as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Sublease revenues	\$ 139,355	\$ 130,191
Contingent rents	\$ 347,570	\$ 314,141

In accordance with non-cancellable sub-lease agreements as of December 31, 2015, sub-lease payments totalling \$336,582 are expected to be collected between 2016 and 2023.

(28) Supplemental cash flow information

Investing activities with partial cash payments

	For the year ended December 31, 2015	For the year ended December 31, 2014
Purchase of property, plant and equipment	\$ 1,783,888	\$ 2,678,509
Add: opening balance of payable on equipment	475,219	458,098
Less: ending balance of payable on equipment	(362,086)	(475,219)
Cash paid during the year	<u>\$ 1,897,021</u>	<u>\$ 2,661,388</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's ultimate parent company is Uni-President Enterprises Corp. which holds a 45.4% equity interest in the Company as of December 31, 2015.

(2) Significant related party transactions and balances

A. Operating revenue

	For the year ended December 31, 2015	For the year ended December 31, 2014
Commission revenue from collection services		
Subsidiaries	\$ 313,596	\$ 312,855
Sister companies	642,580	630,281
	<u>\$ 956,176</u>	<u>\$ 943,136</u>

B. Purchases (net of purchase rebate)

	For the year ended December 31, 2015	For the year ended December 31, 2014
Ultimate parent	\$ 13,648,306	\$ 13,795,530
Subsidiaries	4,553,816	4,677,848
Sister companies	3,868,020	3,997,196
Associates	116,067	113,398
Other related parties	615,747	550,686
	<u>\$ 22,801,956</u>	<u>\$ 23,134,658</u>

(a) The purchase referred to above is a net amount after deducting the replacement for defects and rebate.

(b) The Company's purchases from the related parties are priced in accordance with the agreed terms that are generally not different from general vendors. The payment terms are net 10-60 days from the end of the month when invoice is issued that is generally not different from the general vendors.

C. Promotion income (recorded as deduction to "operating costs")

	For the year ended December 31, 2015	For the year ended December 31, 2014
Ultimate parent	\$ 649,202	\$ 659,921
Subsidiaries	184,141	161,942
Sister companies	219,954	208,998
Associates	4,508	995
Other related parties	72,249	61,192
	<u>\$ 1,130,054</u>	<u>\$ 1,093,048</u>

The promotion income referred to above includes shelf display fee, advertising sponsorship and performance incentives, which are calculated and collected in a manner equivalent to the general suppliers.

D. Non-operating income

	For the year ended December 31, 2015	For the year ended December 31, 2014
Ultimate parent	\$ 47,916	\$ 30,408
Subsidiaries	927,967	762,688
Sister companies	15,025	5,623
Associates	54,006	76,370
	<u>\$ 1,044,914</u>	<u>\$ 875,089</u>

E. Receivables (payables) from related parties

Other receivables	December 31, 2015	December 31, 2014
Ultimate parent	\$ 48,015	\$ 98,146
Subsidiaries	645,543	615,398
Sister companies	41,109	37,475
Associates	21,834	26,109
	<u>\$ 756,501</u>	<u>\$ 777,128</u>

Payables	December 31, 2015	December 31, 2014
Ultimate parent	\$ 335,918	\$ 346,615
Subsidiaries	10,071,705	9,155,187
Sister companies	5,769	30,805
Associates	43,730	37,868
Other related parties	1,447	361
	<u>\$ 10,458,569</u>	<u>\$ 9,570,836</u>

Payables to related parties mainly arise from purchase transactions. Payables bear no interests.

F. Endorsements and guarantees provided to related parties

	December 31, 2015	December 31, 2014
Joint ventures	\$ -	\$ 108,845

(3) Key management compensation

	For the year ended December 31, 2015	For the year ended December 31, 2014
Other short-term employee benefits	\$ 317,684	\$ 563,797

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS**(1) Capital management**

The Company's objectives in this area are to retain the confidence of investors and the market, to fund future capital expenditures and stable dividend flows for ordinary shares, and to maintain the most appropriate capital structure to maximize the equity interest of shareholders.

(2) Financial instruments**A. Fair value information of financial instruments**

- (a) Except for the items listed in the table below, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables) are approximate to their fair values. See Note 12(3) for information on financial instruments measured at fair value.

	December 31, 2015	
	Book value	Fair value
Financial assets:		
Financial assets measured at cost - non-current	\$ 25,721	\$ 25,721
Guarantee deposits paid	1,103,970	1,071,238
	<u>\$ 1,129,691</u>	<u>\$ 1,096,959</u>
Financial liabilities:		
Guarantee deposits received	\$ 2,191,196	\$ 2,134,474
	<u>\$ 2,191,196</u>	<u>\$ 2,134,474</u>
	December 31, 2014	
	Book value	Fair value
Financial assets:		
Financial assets measured at cost - non-current	\$ 34,036	\$ 34,036
Guarantee deposits paid	1,087,933	1,058,291
	<u>\$ 1,121,969</u>	<u>\$ 1,092,327</u>
Financial liabilities:		
Guarantee deposits received	\$ 2,177,988	\$ 2,123,858
	<u>\$ 2,177,988</u>	<u>\$ 2,123,858</u>

- (b) The methods and assumptions of fair value measurement are as follows:

The fair value of guarantee deposits paid/received is estimated using the present value of expected cash flows.

B. Financial risk management policies

- (a) The Company's risk management and hedging policies mainly focus on hedging business risk. The Company also establishes hedge positions when trading derivative financial instruments. The choice of instruments should hedge risks relating to interest expense, assets or liabilities arising from business operations.
- (b) For managing derivative instruments, the treasury department is responsible for managing trading positions of derivative instruments and assess market values periodically. If transactions and gains (losses) are abnormal, the treasury will respond accordingly and report to the Board of Directors immediately.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

Management has set up a policy to require the segments to manage their foreign exchange risk against their functional currencies.

- i. The Company's businesses involve some non-functional currency operations. The details on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations are as follows:

(Foreign currency: functional currency)	December 31, 2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Non-monetary items</u>			
JPY: NTD	\$ 669,900	0.2727	\$ 180,227
<u>Investments accounted for using equity method</u>			
USD: NTD	\$ 122,316	32,825	\$ 4,015,023
(Foreign currency: functional currency)	December 31, 2014		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Non-monetary items</u>			
JPY: NTD	\$ 532,200	0.2646	\$ 140,820
<u>Investments accounted for using equity method</u>			
USD: NTD	\$ 129,848	31.65	\$ 4,109,689

- ii. The total exchange gain (loss), including realized and unrealized gain (loss) from significant foreign exchange variation on the monetary items held by the Company amounted to \$1,281 and (\$1,008) for the years ended December 31, 2015 and 2014, respectively.

II. Price risk

- i. The Company is exposed price risk on its equity securities investments, which are classified on the non-consolidated balance sheet as either available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage price risk on its equity securities investments, the Company seeks to maintain diversified portfolio in line with set policy.
- ii. The Company's equity securities investments comprise domestic listed stocks and open-ended funds. The prices of equity securities and open-ended funds may change due to changes in the future value of investee companies. If the prices of these equity securities increase or decrease by 5%, and open-ended funds increase or decrease by 0.25%, with all other variables held constant, the post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by \$11,000 and \$13,250, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$32,778 and \$36,682, respectively, over the same periods as a result of gains/losses on equity securities classified as available-for-sale.

III. Interest rate risk

The Company's invested open-ended funds are mainly quasi money market funds. The holding durations of short-term transactions instruments are short. The Company has assessed there is no significant market risk.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments under contract obligations. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum credit rating of 'A' are accepted.
- II. Management has assessed there are no significant losses due to non-performance by these counterparties for the years ended December 31, 2015 and 2014.

(c) Liquidity risk

- I. Cash flow forecasting is performed by the operating entities of the Company and aggregated by the Company's finance department. It monitors rolling forecasts of liquidity requirements to ensure the Company has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities—see Note 6(14)—at all times, so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.
- II. The Company invests surplus cash in interest bearing current accounts, time deposits, money market fund and marketable securities, and chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasting. The Company held money market funds of \$4,400,000 and \$5,300,000 as of December 31, 2015 and 2014, respectively, which are expected to readily generate cash inflows for the purpose of managing liquidity risk.
- III. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Notes payable	\$ 4,376,208	\$ -	\$ -	\$ -
Accounts payable	8,700,059	-	-	-
Other payables	13,386,554	-	-	-
December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Notes payable	\$ 4,048,878	\$ -	\$ -	\$ -
Accounts payable	7,977,632	-	-	-
Other payables	13,032,951	-	-	-

(3) Fair value information

- A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Company's investment property measured at cost are provided in Note 6(9).
- B. The different levels of the inputs used in valuation techniques to measure the fair value of financial and non-financial instruments are defined as follows:
 - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and beneficiary certificates is included in Level 1.
 - Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
 - Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investments without an active market is included in Level 3.

C. The related information for financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 4,400,000	\$ -	\$ -	\$ 4,400,000
Available-for-sale financial assets				
Equity securities	655,553	-	64,728	720,281
	<u>\$ 5,055,553</u>	<u>\$ -</u>	<u>\$ 64,728</u>	<u>\$ 5,120,281</u>

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 5,300,000	\$ -	\$ -	\$ 5,300,000
Available-for-sale financial assets				
Equity securities	733,641	-	64,946	798,587
	<u>\$ 6,033,641</u>	<u>\$ -</u>	<u>\$ 64,946</u>	<u>\$ 6,098,587</u>

D. The methods and assumptions the Company uses to measure fair value are as follows:

(a) The instruments the Company uses market quoted prices as their fair values (that is, Level 1) are listed below:

	Listed shares	Open-ended fund
Market quoted price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, by discounted cash flow method or other valuation methods, including calculations by applying models using market information available at the consolidated balance sheet date.

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2015 and 2014, there was no significant transfer in or out of Level 3.

G. The Company is in charge of valuation procedures for fair value measurements being categorised within Level 3, which aim to verify the independent fair value of financial instruments. Such assessments are to ensure the valuation results are reasonable by applying independent information to compare the results to current market conditions, confirming the information resources are independent, reliable and in line with other resources, and represented as the exercisable price, and frequently making any other necessary adjustments to the fair value. Investment property is assessed by independent appraisers or based on recent closing prices of similar property in the neighbouring area.

H. The qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement are provided below:

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 64,728	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

- I. The Company has carefully assessed the valuation models and assumptions used to measure fair value, and regards its fair value measurements as reasonable. However, the use of different valuation models or assumptions may result in different measurements. If net assets from financial assets and liabilities categorised within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of December 31, 2015 and 2014.

13.SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to Table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 2.
- D. Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital: Please refer to Table 3.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to Table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

SEGMENT INFORMATION

None.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Table 1

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	President Chain Store Corp.	Mister Donut Shanghai Co., Ltd.	Joint venture	\$ 5,422,737	\$ 107,800	\$ -	\$ -	\$ -	0	\$ 13,556,843	N	N	Y	
1	Wisdom Distribution Service Corp.	President Drugstore Business Corp.	Subsidiary of President Chain Store Corp.	57,516	5,000	-	-	-	0	143,790	N	N	N	

Note 1: Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 2: The total amount of endorsements equals to 50% of the Company's net asset value, the limit on endorsements provided for a single party is 20% of the Company's net assets value.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Holding of marketable securities at the end of the period
(not including subsidiaries, associates and joint ventures)

Table 2

December 31, 2015
Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
	Open ended funds:							
The Company	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss - current	137,352,649	\$ 1,700,000	-	\$ 1,700,000	
The Company	Prudential Financial Money Market Fund	"	"	64,063,551	1,000,000	-	1,000,000	
The Company	Jih Sun Money Market Fund	"	"	82,070,923	1,200,000	-	1,200,000	
The Company	UPAMC James Bond Money Market Fund	"	"	30,287,795	500,000		500,000	
	Stock:							
The Company	President Securities Corp.	Investees of Uni-President Enterprises Corp. under the Equity Method	Available-for-sale financial assets - non-current	35,604,872	475,325	2.69	475,325	
The Company	Duskin Co., Ltd.	None	"	300,000	180,228	0.47	180,228	
The Company	President Investment Trust Corp., etc.	"	"	-	64,728	-	64,728	
The Company	Kaohsiung Rapid Transit Corp., etc.	"	Financial assets measured at cost - non-current	-	25,721	-	-	
	Open ended funds:							
Uni-President Yi-Lan Art and Culture Corp.	Eastspring Investment Well Pool Money Market Fund, etc.	None	Financial assets at fair value through profit or loss - current	-	100,000	-	100,000	
President Information Corp.	UPAMC James Bond Money Market Fund, etc.	"	"	-	231,527	-	231,527	
President Drugstore Business Corp.	Union Money Market Fund	"	"	8,432,937	110,010	-	110,010	
President Drugstore Business Corp.	Jih Sun Money Market Fund, etc.	"	"	-	80,009	-	80,009	
President Transnet Corp.	UPAMC James Bond Money Market Fund	"	"	7,875,972	130,019	-	130,019	
Books.com. Co., Ltd.	Jih Sun Money Market Fund	"	"	10,605,306	155,065	-	155,065	
Chieh-Shuen Logistics International Corp.	Eastspring Investment Well Pool Money Market Fund, etc.	"	"	-	83,099	-	83,099	
Capital Inventory Services Corp., etc.	UPAMC James Bond Money Market Fund, etc.	"	"	-	330,657	-	330,657	
Duskin China (BVI) Holdings Limited	Duskin (Shanghai) Cleaning Products Rental Co., Ltd.	None	Financial assets measured at cost - non-current	-	1,805	8.75	-	
	Bond:							
icash Corp.	Government bond	None	Available-for-sale financial assets - non-current	-	202,848	-	202,848	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital

Table 3

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Type and name of securities	General ledger account	Counterparty	Relationship with the investor	Balance as of January 1, 2015		Addition		Disposal				Balance as of December 31, 2015	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
	Open ended funds:													
The Company	Jih Sun Money Market Fund	Note 1	Not applicable	Not applicable	82,532,084	\$ 1,200,000	82,070,923	\$ 1,200,000	82,532,084	\$ 1,206,743	\$ 1,200,000	\$ 6,743	82,070,923	\$ 1,200,000
The Company	Mega Diamond Money Market Fund	"	"	"	138,140,627	1,700,000	137,352,649	1,700,000	138,140,627	1,709,753	1,700,000	9,753	137,352,649	1,700,000
The Company	Paradigm Pion Money Market Fund	"	"	"	132,067,830	1,500,000	-	-	132,067,830	1,505,771	1,500,000	5,771	-	-
The Company	CTBC Hua Win Money Market Fund	"	"	"	-	-	92,071,705	1,000,000	92,071,705	1,000,424	1,000,000	424	-	-
The Company	Cathay Taiwan Money Market Fund	"	"	"	-	-	40,659,662	500,000	40,659,662	500,142	500,000	142	-	-
The Company	Nomura Taiwan Money Market Fund	"	"	"	-	-	37,375,027	600,000	37,375,027	601,334	600,000	1,334	-	-
The Company	Shin Kong Chi-Shin Money Market Fund	"	"	"	19,693,051	300,000	-	-	19,693,051	300,197	300,000	197	-	-
The Company	Prudential Financial Money Market Fund	"	"	"	-	-	128,398,298	2,000,000	64,334,747	1,004,233	1,000,000	4,233	64,063,551	1,000,000
The Company	UPAMC James Bond Money Market Fund	"	"	"	36,537,021	600,000	66,788,586	1,100,000	73,037,812	1,203,926	1,200,000	3,926	30,287,795	500,000
Books.com. Co., Ltd.	UPAMC James Bond Money Market Fund	"	"	"	1,843,608	30,082	27,293,302	450,000	29,136,910	480,547	480,082	465	-	-
Books.com. Co., Ltd.	Jih Sun Money Market Fund	"	"	"	-	-	26,004,473	380,000	15,399,167	225,109	225,000	109	10,605,306	155,000
Chieh-Shuen Logistics International Corp.	Eastspring Investment Well Pool Money Market Fund	"	"	"	1,882,518	25,157	37,158,797	498,000	34,533,485	462,782	462,607	175	4,507,830	60,550
President Drugstore Business Corp.	Union Money Market Fund	"	"	"	10,634,945	138,029	102,603,785	1,335,000	104,805,793	1,363,413	1,363,000	413	8,432,937	110,029
President Drugstore Business Corp.	Jih Sun Money Market Fund	"	"	"	-	-	31,347,596	457,000	27,927,338	407,147	407,000	147	3,420,258	50,000
President Drugstore Business Corp.	Paradigm Pion Money Market Fund	"	"	"	-	-	63,219,695	720,000	60,592,425	690,300	690,000	300	2,627,270	30,000
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	"	14,866,405	216,155	79,374,110	1,156,000	94,240,515	1,373,044	1,372,155	889	-	-
President Transnet Corp.	UPAMC James Bond Money Market Fund	"	"	"	-	-	20,002,496	330,000	12,126,524	200,076	200,000	76	7,875,972	130,000
Q-ware Systems & Services Corp.	Eastspring Investment Well Pool Money Market Fund	"	"	"	-	-	112,936,043	1,513,500	107,724,685	1,443,938	1,443,500	438	5,211,358	70,000
	Stocks:													
The Company	President Fair Development Corp.	Note 2	Cash capital increase	Not applicable	209,000,000	1,224,548	54,387,500	870,200	-	-	-	-	263,387,500	2,094,748
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	"	"	"	-	226,417	-	315,125	-	-	-	-	-	541,542
President Chain Store (Hong Kong) Holdings Limited	PCSC (Sichuan) Hypermarket Limited	"	"	"	-	(130,994)	-	307,797	-	-	-	-	-	176,803
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Taizhou) Ltd.	"	"	"	-	-	-	301,207	-	-	-	-	-	301,207

Note 1: The marketable security was recognized as 'Financial assets at fair value through profit or loss –current'.

Note 2: The stocks were recognized as 'investments accounted for using equity method'.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES**Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more**

Table 4

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 13,648,306	15	Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 1,204,870)	(9)	
	President Musashino Corp.	Subsidiary	Purchases	2,862,087	3	Net 45 days from the end of the month when invoice is issued	"	"	(522,303)	(4)	
	Tung Ang Enterprise Corp.	Sister company	Purchases	1,933,820	2	Net 30 days from the end of the month when invoice is issued	"	"	(168,920)	(1)	
	Lien-Bo Enterprises Corp.	Sister company	Purchases	896,068	1	Net 10~54 days from the end of the month when invoice is issued	"	"	(95,399)	(1)	
	Tait Marketing & Distribution Co., Ltd.	Sister company	Purchases	505,250	1	Net 20~70 days from the end of the month when invoice is issued	"	"	(57,920)	(0)	
	Vision Distribution Service Corp.	Subsidiary	Purchases	823,471	1	Net 30~60 days from the end of the month when invoice is issued	"	"	(56,666)	(0)	
	President Packaging Corp.	Sister company	Purchases	374,745	-	Net 15~60 days from the end of the month when invoice is issued	"	"	(69,009)	(1)	
	Kuang Chuan Dairy Corp.	Other related party	Purchases	350,700	-	Net 30~65 days from the end of the month when invoice is issued	"	"	(88,357)	(1)	
	Q-ware Systems & Services Corp.	Subsidiary	Purchases	558,227	-	Net 15~40 days from the end of the month when invoice is issued	"	"	(98,320)	(0)	
	Weilih Food Industrial Co., Ltd.	Other related party	Purchases	200,811	-	Net 30~60 days from the end of the month when invoice is issued	"	"	(30,720)	(0)	
	21 Century Enterprise Co., Ltd.	Subsidiary	Purchases	186,436	-	Net 30~60 days from the end of the month when invoice is issued	"	"	(49,717)	(0)	
	President Pharmaceutical Corp.	Subsidiary	Purchases	150,049	-	Net 10~54 days from the end of the month when invoice is issued	"	"	(9,445)	(0)	
	President Transnet Corp.	Subsidiary	Purchases	165,197	-	Net 60 days from the end of the month when invoice is issued	"	"	(17,238)	(0)	
21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Parent company	Sales revenue	(186,436)	(22)	Net 30~60 days from the end of the month when invoice is issued	"	"	49,717	43	
Q-ware Systems & Services Corp.	President Chain Store Corp.	"	Sales revenue	(558,227)	(65)	Net 15~40 days from the end of the month when invoice is issued	"	"	98,320	69	
Retail Support Taiwan Corp.	Retail Support International Corp.	"	Delivery revenue	(274,340)	(77)	Net 15~20 days from the end of the month when invoice is issued	"	"	23,811	69	
Vision Distribution Service Corp.	President Chain Store Corp.	"	Sales revenue	(823,471)	(18)	Net 30~60 days from the end of the month when invoice is issued	"	"	56,666	36	
President Logistics International Corp.	Retail Support International Corp.	"	Delivery revenue	(710,273)	(30)	Net 20 days from the end of the month when invoice is issued	"	"	63,244	29	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	(915,938)	(39)	Net 20 days from the end of the month when invoice is issued	"	"	78,038	36	
	Wisdom Distribution Service Corp.	"	"	(396,542)	(17)	Net 20 days from the end of the month when invoice is issued	"	"	44,388	20	
	Chieh-Shuen Logistics International Corp.	Subsidiary	Service cost	649,460	29	Net 20 days from the end of the month when invoice is issued	"	"	(58,169)	(59)	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(886,325)	(56)	Net 40 days from the end of the month when invoice is issued	"	"	112,836	65	

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Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Parent company	Delivery revenue	(\$ 649,460)	(41)	Net 20 days from the end of the month when invoice is issued	No significant differences	No significant differences	\$ 58,169	33	
Retail Support International Corp.	Retail Support Taiwan Corp.	Subsidiary	Service cost	274,340	11	Net 15-20 days from the end of the month when invoice is issued	"	"	(23,811)	(29)	
	President Logistics International Corp.	Subsidiary	"	710,273	29	Net 20 days from the end of the month when invoice is issued	"	"	(63,244)	(36)	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	1,163,562	14	Net 30-80 days from the end of the month when invoice is issued	"	"	(42,210)	(2)	
President Musashino Corp.	President Chain Store Corp.	Parent company	Sales revenue	(2,862,087)	(100)	Net 45 days from the end of the month when invoice is issued	"	"	522,303	100	
President Transnet Corp.	Chieh-Shuen Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	886,325	10	Net 40 days from the end of the month when invoice is issued	"	"	(112,836)	(10)	
President Transnet Corp.	President Chain Store Corp.	Parent company	Sales revenue	(165,197)	(2)	Net 60 days from the end of the month when invoice is issued	"	"	17,238	3	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(763,706)	(68)	Net 45 days from the end of the month when invoice is issued	"	"	155,936	66	
	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Service revenue	(146,269)	(13)	Net 45 days from the end of the month when invoice is issued	"	"	19,406	8	
President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary of President Chain Store Corp.	Sales revenue	(1,163,562)	(28)	Net 30-80 days from the end of the month when invoice is issued	"	"	42,210	11	
	President Chain Store Corp.	Parent company	Sales revenue	(150,049)	(4)	Net 10-54 days from the end of the month when invoice is issued	"	"	9,445	1	
President Pharmaceutical (Hong Kong) Holdings Limited.	President Pharmaceutical (Hong Kong) Holdings Ltd.	Subsidiary	Sales revenue	(276,355)	(9)	Net 90 days from the end of the month when invoice is issued	"	"	76,709	15	
	President Pharmaceutical Corp.	Parent company	Purchases	276,355	90	Net 90 days from the end of the month when invoice is issued	"	"	(76,709)	(28)	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	915,938	38	Net 20 days from the end of the month when invoice is issued	"	"	(78,038)	(35)	
Duskin Serve Taiwan Co.	President Chain Store Corp.	Parent company	Service revenue	(222,691)	(24)	Net 45 days from the end of the month when invoice is issued	"	"	27,486	20	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	396,542	32	Net 20 days from the end of the month when invoice is issued	"	"	(44,388)	(21)	
	Books.com. Co., Ltd.	"	Delivery revenue	(254,651)	(17)	Net 60 days from the end of the month when invoice is issued	"	"	22,977	7	
Capital Inventory Services Corp.	President Chain Store Corp.	Parent company	Service revenue	(161,370)	(82)	Net 60 days from the end of the month when invoice is issued	"	"	30,009	83	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES**Receivables from related parties reaching \$100 million or 20% of paid-in capital or more**

Table 5

December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2015	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
President Chain Store Corp.	Wisdom Distribution Service Corp.	Subsidiary	\$ 281,311	Note	\$ -	None	\$ 83,900	\$ -
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	112,836	8.24	-	"	22,475	-
President Information Corp.	President Chain Store Corp.	Parent company	155,936	7.41	-	"	145,184	-
President Musashino Corp.	President Chain Store Corp.	Parent company	522,303	5.96	-	"	522,303	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent company	293,914	-	-	"	293,914	-
Books.com. Co., Ltd.	President Chain Store Corp.	Parent company	145,744	-	-	"	145,744	-

Note: It is not applicable to calculate receivables turnover ratio since most of the collections pertain to purchase rebate.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Table 6

For the year ended December 31, 2015

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	President Chain Store Corp.	Wisdom Distribution Service Corp.	Parent company to subsidiary	Collection payable	\$ 141,544	-	0.16
0	President Chain Store Corp.	Wisdom Distribution Service Corp.	Parent company to subsidiary	Other receivables	202,697	-	0.23
0	President Chain Store Corp.	Books.com. Co., Ltd.	Parent company to subsidiary	Collection payable	157,205	-	0.18
0	President Chain Store Corp.	Q-ware Systems & Services Corp.	Parent company to subsidiary	Collection payable	366,534	-	0.41
0	President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	Parent company to subsidiary	Other income	285,465	-	0.14
0	President Chain Store Corp.	Retail Support International Corp.	Parent company to subsidiary	Other income	248,243	-	0.12
0	President Chain Store Corp.	Uni-President Cold-Chain Corp.	Parent company to subsidiary	Other income	165,083	-	0.08
0	President Chain Store Corp.	Presco Netmarketing Inc.	Parent company to subsidiary	Collection payable	956,381	-	1.07
1	President Pharmaceutical Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	150,049	Net 10~54 days from the end of the month when invoice is issued	0.07
1	President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Subsidiary to subsidiary	Sales revenue	276,355	Net 90 days from the end of the month when invoice is issued	0.13
1	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	1,163,562	Net 30~80 days from the end of the month when invoice is issued	0.57
2	President Transnet Corp.	President Collect Services Corp.	Subsidiary to subsidiary	Collection payable	588,158	Net 40 days from the end of the month when invoice is issued	0.66
3	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Accounts receivable	112,836	Net 40 days from the end of the month when invoice is issued	0.13
3	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Service revenue	886,325	Net 40 days from the end of the month when invoice is issued	0.43
3	Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Service revenue	649,460	Net 20 days from the end of the month when invoice is issued	0.32
4	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Service revenue	710,273	Net 20 days from the end of the month when invoice is issued	0.35
4	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Service revenue	915,938	Net 20 days from the end of the month when invoice is issued	0.45
4	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Service revenue	396,542	Net 20 days from the end of the month when invoice is issued	0.19
5	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Sales revenue	254,651	Net 60 days from the end of the month when invoice is issued	0.12
6	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	763,706	Net 45 days from the end of the month when invoice is issued	0.37
6	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	155,936	Net 45 days from the end of the month when invoice is issued	0.17
7	Duskin Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	222,691	Net 45 days from the end of the month when invoice is issued	0.11
8	President Musashino Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	522,303	Net 45 days from the end of the month when invoice is issued	0.58
8	President Musashino Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	2,862,087	Net 45 days from the end of the month when invoice is issued	1.41
9	Vision Distribution Service Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	823,471	Net 30~60 days from the end of the month when invoice is issued	0.40
10	21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	186,436	Net 30~60 days from the end of the month when invoice is issued	0.09

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Names, locations and other information of investee companies (not including investees in Mainland China)

Table 7

For the year ended December 31, 2015
Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as of December 31, 2015	Balance as of December 31, 2014	Number of shares	Ownership (%)	Book value			
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	\$ 4,885,624	\$ 4,885,624	138,899,066	100.00	\$3,945,077	(\$ 87,258)	(\$ 87,258)	Subsidiary
President Chain Store Corp.	President Drugstore Business Corp.	Taiwan	Sales of cosmetics, medicines and daily items	288,559	288,559	40,000,000	100.00	783,127	378,181	378,181	Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,239,582	405,166	283,549	Subsidiary
President Chain Store Corp.	Mech-President Corp.	Taiwan	Gas station and elevator installation	904,475	904,475	55,858,815	80.87	585,704	53,902	43,590	Subsidiary
President Chain Store Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	330,216	330,216	22,121,962	73.74	724,426	262,829	193,809	Subsidiary
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	1,120,000	27,999,999	70.00	279,163	199,681	139,777	Subsidiary
President Chain Store Corp.	President Musashino Corp.	Taiwan	Foods manufacturing	520,141	520,141	48,519,890	90.00	391,991	16,959	15,263	Subsidiary
President Chain Store Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature foods logistics including frozen foods	237,437	237,437	19,563,271	60.00	416,186	307,387	184,432	Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	434,146	93,727	80,605	Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Enterprise information management and consultancy	332,482	332,482	24,382,921	86.76	337,216	78,966	68,509	Subsidiary
President Chain Store Corp.	Wisdom Distribution Service Corp.	Taiwan	Delivery of Magazines, etc.	50,000	50,000	10,847,421	100.00	287,580	114,972	114,972	Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Information supply services	100,400	100,400	9,999,999	50.03	340,990	360,026	180,108	Subsidiary
President Chain Store Corp.	Uni-President Yi-Lan Art and Culture Corp.	Taiwan	Art and cultural exhibition	200,000	200,000	20,000,000	100.00	252,693	27,227	27,280	Subsidiary
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Sales of cleaning instruments	102,000	102,000	10,199,999	51.00	154,203	112,358	57,539	Subsidiary
President Chain Store Corp.	Bank Pro E-Service Technology Co., Ltd.	Taiwan	Enterprise information management and consultancy	94,554	94,554	7,874,999	58.33	109,510	33,524	19,550	Subsidiary
President Chain Store Corp.	icash Corp.	Taiwan	Electronic ticketing	325,000	325,000	32,500,000	100.00	235,375	(8,408)	(8,408)	Subsidiary
President Chain Store Corp.	Uni-President Development Corp.	Taiwan	Construction, development and operation of an MRT station	720,000	720,000	72,000,000	20.00	910,037	221,365	47,185	Note 1

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Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as of December 31, 2015	Balance as of December 31, 2014	Number of shares	Ownership (%)	Book value			
President Chain Store Corp.	President Starbucks Coffee Corp.	Taiwan	Selling of coffee, beverage, and food	\$ 59,400	\$ 59,400	10,691,337	30.00	\$ 407,163	\$ 827,379	\$ 248,214	Note 1
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics	91,414	91,414	6,429,999	25.00	113,181	228,878	57,243	Note 1
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Entertainment business	861,696	861,696	19,930,000	19.93	97,015	(92,090)	(18,256)	Note 1
President Chain Store Corp.	Presicarre Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	130,801,027	19.50	5,078,101	1,197,688	230,721	Note 1
President Chain Store Corp.	President Fair Development Corp.	Taiwan	Operation of shopping mall, department store, international trade, etc.	3,191,700	2,321,500	263,387,500	19.00	2,018,057	(403,161)	(76,691)	Note 1
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	457,066	290,245	8,077	Note 1
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd., etc.	Other	-	1,702,754	1,702,754	-	-	345,449	621,100	(40,327)	Note 2
Retail Support International Corp.	President Logistics International Corp., etc	Other	-	-	-	-	-	513,449	-	-	-
Wisdom Distribution Service Corp.	Vision Distribution Service Corp., etc	Other	-	-	-	-	-	124,139	-	-	-
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited, etc.	Other	-	-	-	-	-	165,617	-	-	-
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Other	Professional investment	678,963	678,963	20,684,321	100.00	1,565,389	359,199	-	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,088,407	4,088,407	124,551,630	100.00	2,912,061	209,421	-	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	Presiderc Limited, etc.	Other	-	-	-	-	-	(848,199)	-	-	-
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippine	Operation of chain stores	678,043	678,043	236,376,070	51.56	1,564,743	720,004	-	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited.	President Coffee (Cayman) Holdings Ltd., etc.	Other	-	-	-	-	-	1,540,316	-	-	-
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Hong Kong	Sales of various health care products, cosmetics, and pharmaceuticals	89,415	89,415	3,000,000	100.00	238,127	(4,702)	-	Subsidiary of a subsidiary
Mech-President Corp., etc.	President Jing Corp., etc.	Other	-	-	-	-	-	30,568	-	-	-
Philippine Seven Corp.	Convenience Distribution Inc., etc.	Other	-	-	-	-	-	67,232	-	-	-

Note 1: The investee was recognized using equity method by the company.

Note 2: The information in the column includes the subsidiary and the investee recognized using equity method by the company.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Information on investments in Mainland China

Table 8

For the year ended December 31, 2015

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trading of food and commodities	\$ 295,946	Note 1	\$ 169,724	\$ -	\$ -	\$ 169,724	\$ 439	100.00	\$ 439	\$ 38,268	\$ -	Note 2
Shanghai President Starbucks Coffee Corp.	Selling of coffee, beverage, and food	387,523	Note 1	65,650	-	-	65,650	2,830,905	30.00	849,271	1,218,898	-	Note 2
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Sales of medicines and daily items	499,500	Note 1	309,122	-	-	309,122	1,374	100.00	1,374	68,785	-	Note 2
President Chain Store (Shanghai) Ltd.	Operation of chain store	2,197,800	Note 1	1,930,076	315,125	-	2,245,201	(238,784)	100.00	(238,784)	284,832	-	Note 2
Shanghai President Logistic Co., Ltd.	Logistics & delivery	68,266	Note 1	65,650	-	-	65,650	102,114	100.00	98,223	203,164	-	Note 2
Shanghai Cold Stone Ice Cream Corporation	Ice cream stores, operation of restaurant	811,905	Note 1	784,013	-	-	784,013	(146,506)	100.00	(147,181)	77,865	-	Note 2
PCSC (Sichuan) Hypermarket Limited	Retail hypermarket	699,300	Note 1	332,517	307,797	-	640,314	(169,026)	100.00	(168,304)	4,175	-	Note 2
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	499,500	Note 1	425,494	-	-	425,494	(44,078)	100.00	(43,466)	128,628	-	Note 2
President Royal Host (Shanghai) Ltd.	Operation of restaurant	134,998	Note 1	70,311	-	-	70,311	(621)	51.00	(317)	4,538	-	Note 2
Shan Dong President Yinzu Commercial Limited	Retail hypermarket	299,700	Note 1	133,872	-	-	133,872	24,383	55.00	(25,754)	221,384	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	95,690	Note 1	98,475	-	-	98,475	5,878	73.74	6,524	87,622	-	Note 2
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehouse	199,800	Note 1	97,406	97,406	-	194,812	16,226	80.00	4,868	101,466	-	Note 2
Duskin (Shanghai) Cleaning Products Rental Co., Ltd.	Sales of cleaning instruments	299,700	Note 1	21,984	-	-	21,984	(38)	4.46	-	920	-	Note 2
Presiderc (Beijing) Supermarket Co., Ltd.	Retail hypermarket	798,177	Note 1	725,468	9,087	-	734,555	(260,640)	92.33	(240,649)	(493,681)	-	Note 2
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	595	Note 1	-	-	-	-	(10)	50.03	(5)	52	-	Note 2
President Chain Store (Taizhou) Ltd.	Logistics & delivery	299,700	Note 1	-	301,207	-	301,207	(154)	100.00	(154)	299,548	-	Note 2

Note 1: Indirect investment in PRC through the existing company located in the third area.

Note 2: The financial statements are audited by the CPA of parent company in Taiwan.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
President Chain Store Corp.	\$ 4,037,132	\$ 7,458,225	\$ 18,654,901
President Pharmaceutical Corp.	98,475	98,475	466,262
Duskin Serve Taiwan Co.	21,984	21,984	181,138
Uni-President Cold-Chain Corp.	97,406	97,406	403,861

PRESIDENT CHAIN STORE CORP. STATEMENT OF CASH AND CASH EQUIVALENTS

Statement 1

DECEMBER 31, 2015
Expressed in thousands of NTD

Item	Description	Amount
Cash on hand and petty cash		\$ 714,454
Demand deposits and checking accounts		2,863,502
Time deposits – New Taiwan dollar	Due dates are during February 2016 and January 2017, and interest rates are at 0.7%~1.08%.	7,600,000
Cash equivalents		
Short-term transaction instruments	Due dates are within one month, interest rates are at 0.44%~0.46%.	3,661,101
		<u>\$ 14,839,057</u>

PRESIDENT CHAIN STORE CORP. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

Statement 2

DECEMBER 31, 2015
Expressed in thousands of NTD

Name of financial instruments	Description	Number of shares	Par value (in dollars)	Total amount	Interest rate	Acquisition cost	Fair value		Footnote
							Unit price (in dollars)	Total Amount	
Open-ended funds:									
UPAMC James Bond Money Market Fund		30,287,795	\$ 10	\$ 500,000	Not applicable	\$ 500,000	\$ 16.5083	\$ 500,000	
Mega Diamond Money Market Fund		137,352,649	10	1,700,000	Not applicable	1,700,000	12.3769	1,700,000	
Prudential Financial Money Market Fund		64,063,551	10	1,000,000	Not applicable	1,000,000	15.6095	1,000,000	
Jih Sun Money Market Fund		82,070,923	10	1,200,000	Not applicable	1,200,000	14.6215	1,200,000	
						4,400,000		\$ 4,400,000	
Valuation Adjustment						-			
						\$ 4,400,000			

PRESIDENT CHAIN STORE CORP. STATEMENT OF INVENTORIES

Statement 3

DECEMBER 31, 2015
Expressed in thousands of NTD

Item	Description	Amount		Footnote
		Cost	Market value	
Merchandise		<u>\$ 6,129,025</u>	<u>\$ 6,301,361</u>	The net realizable value is the market value.

PRESIDENT CHAIN STORE CORP.**STATEMENT OF CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS - NON-CURRENT**

Statement 4

FOR THE YEAR ENDED DECEMBER 31, 2015

Expressed in thousands of NTD

Name	Balance as of January 1, 2015		Additions		Decreases (Note)		Balance as of December 31, 2015		Collateral
	Number of shares	Book value	Number of shares	Amount	Number of shares	Amount	Number of shares	Book value	
Listed stocks									
President Securities Corp.	35,604,872	\$ 140,534	-	\$ -	-	\$ -	35,604,872	\$ 140,534	None
Duskin Co., Ltd.	300,000	125,072	-	-	-	-	300,000	125,072	“
Unlisted stocks									
President Investment Trust Corp., etc.	-	42,448	-	-	-	(218)	-	42,230	“
		308,054		-		(218)		307,836	
Valuation adjustment		490,533		-		(78,088)		412,445	
		\$ 798,587		\$ -		(\$ 78,306)		\$ 720,281	

Note: The amount decreased this year is due to the liquidating dividends distributed by investees.

PRESIDENT CHAIN STORE CORP.**STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT**

Statement 5

FOR THE YEAR ENDED DECEMBER 31, 2015

Expressed in thousands of NTD

Name	Balance as of January 1, 2015		Additions		Decreases (Note)		Balance as of December 31, 2015		Collateral
	Number of shares	Book value	Number of shares	Amount	Number of shares	Amount	Number of shares	Book value	
Unlisted stocks									
Kaohsiung Rapid Transit Corp.	2,572,127	\$ 203,714	-	\$ -	-	\$ -	2,572,127	\$ 203,714	None
PK Venture Capital Corp.	4,200,000	42,000	-	-	(1,680,000)	(8,315)	2,520,000	33,685	“
		245,714		-		(8,315)		237,399	
Accumulated impairment		(211,678)		-		-		(211,678)	
		\$ 34,036		\$ -		(\$ 8,315)		\$ 25,721	

Note: The amount decreased this year is due to cash capital reduction.

PRESIDENT CHAIN STORE CORP. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Statement 6

FOR THE YEAR ENDED DECEMBER 31, 2015

Expressed in thousands of NTD

Name	Balance as of January 1, 2015		Additions (Note 1)		Decreases (Note 2)		Other Adjustments (Note 3)	Balances as of December 31, 2015			Market price or Equity of subsidiaries and Associates		Collateral
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Amount	Number of shares	Percentage of ownership	Amount	Unit Price	Total price	
President Chain Store (BVI) Holdings Ltd.	138,899,066	\$ 4,045,242	-	\$ -	-	(\$ 87,258)	(\$ 12,907)	138,899,066	100.00	\$ 3,945,077	\$ 28.40	\$ 3,945,077	None
President Drugstore Business Corp.	40,000,000	733,327	-	378,181	-	-	(328,381)	40,000,000	100.00	783,127	19.58	783,127	"
President Transnet Corp.	86,246,999	1,019,639	17,249,400	283,548	-	-	(63,605)	103,496,399	70.00	1,239,582	11.79	1,220,739	"
Mech-President Corp.	55,858,815	551,680	-	43,590	-	-	(9,566)	55,858,815	80.87	585,704	10.49	585,704	"
President Pharmaceutical Corp.	22,121,962	885,666	-	193,809	-	-	(355,049)	22,121,962	73.74	724,426	25.57	565,628	"
Uni-President Department Store Corp.	55,999,999	499,047	-	139,777	(28,000,000)	(280,000)	(79,661)	27,999,999	70.00	279,163	9.97	279,163	"
President Musashino Corp.	48,519,890	380,689	-	15,263	-	-	(3,961)	48,519,890	90.00	391,991	8.08	391,991	"
Uni-President Cold-Chain Corp.	19,563,271	424,296	-	184,432	-	-	(192,542)	19,563,271	60.00	416,186	20.64	403,861	"
President Information Corp.	25,714,475	407,973	-	80,605	-	-	(54,432)	25,714,475	86.00	434,146	12.65	325,305	"
Q-ware Systems & Services Corp.	24,382,921	353,732	-	68,509	-	-	(85,025)	24,382,921	86.76	337,216	13.29	324,063	"
Wisdom Distribution Service Corp.	10,847,421	238,207	-	114,972	-	-	(65,599)	10,847,421	100.00	287,580	26.51	287,580	"
Books.com. Co., Ltd.	9,999,999	300,427	-	180,108	-	-	(139,545)	9,999,999	50.03	340,990	34.10	340,990	"
Uni-President Yi-Lan Art and Culture Corp.	20,000,000	255,082	-	27,280	-	-	(29,669)	20,000,000	100.00	252,693	12.66	253,175	"
Duskin Serve Taiwan Co.	10,199,999	152,566	-	57,539	-	-	(55,902)	10,199,999	51.00	154,203	15.12	154,203	"
Bank Pro E-Service Technology Co., Ltd.	7,874,999	113,714	-	19,550	-	-	(23,754)	7,874,999	58.33	109,510	13.91	109,510	"
icash Corp.	32,500,000	245,381	-	-	-	(8,409)	(1,597)	32,500,000	100.00	235,375	7.24	235,375	"
Uni-President Development Corp.	72,000,000	872,213	-	47,185	-	-	(9,361)	72,000,000	20.00	910,037	12.64	910,037	"
President Starbucks Coffee Corp.	10,691,337	352,169	-	248,214	-	-	(193,220)	10,691,337	30.00	407,163	38.08	407,163	"
Retail Support International Corp.	6,429,999	113,585	-	57,243	-	-	(57,647)	6,429,999	25.00	113,181	16.20	104,194	"
Tung Ho Development Corp.	19,930,000	113,661	-	-	-	(18,256)	1,610	19,930,000	19.93	97,015	4.87	97,015	"
PresiCarre Corp.	130,801,027	5,021,414	-	230,721	-	-	(174,034)	130,801,027	19.50	5,078,101	16.52	2,160,703	"
President Fair Development Corp.	209,000,000	1,224,548	54,387,500	870,200	-	(76,691)	-	263,387,500	19.00	2,018,057	7.01	1,845,524	"
President International Development Corp.	44,100,000	468,111	-	8,077	-	-	(19,122)	44,100,000	3.33	457,066	10.63	468,644	"
Mister Donut Taiwan Corp., Ltd., etc.	-	491,626	-	114,174	-	(154,499)	(105,852)	-	-	345,449	-	345,410	"
		<u>\$ 19,263,995</u>		<u>\$ 3,362,977</u>		<u>(\$ 625,113)</u>	<u>(\$ 2,058,821)</u>			<u>\$ 19,943,038</u>		<u>\$ 16,544,181</u>	

Note 1: The amount increased this year includes recognized gains on investments \$2,492,777 and acquisition of investments \$870,200.

Note 2: The amount decreased this year includes recognized losses on investments of \$345,113 and cash capital reduction of \$280,000.

Note 3: Other adjustments are cash dividends of \$1,837,942, exchange differences from translation of foreign operations (\$7,021), actuarial loss on measurement of defined benefit plan (\$187,322), recognized impairment loss (\$3,148), unrealized loss on valuation of available-for-sale financial assets of (\$24,090) and others of \$702.

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Statement 7

FOR THE YEAR ENDED DECEMBER 31, 2015

Expressed in thousands of NTD

Item	Balance as of January 1, 2015	Additions	Disposals	Reclassifications	Balance as of December 31, 2015	Collateral
<u>Cost</u>						
Land	\$ 1,535,401	\$ -	\$ -	\$ -	\$ 1,535,401	None
Buildings	946,371	-	-	-	946,371	"
Office equipment	12,891,092	1,095,023	(1,543,875)	-	12,442,240	"
Leasehold improvements	7,161,767	688,865	(701,325)	-	7,149,307	"
Others	9,763	-	(571)	-	9,192	"
	<u>22,544,394</u>	<u>\$ 1,783,888</u>	<u>(\$ 2,245,771)</u>	<u>\$ -</u>	<u>22,082,511</u>	
<u>Accumulated depreciation</u>						
Buildings	(257,717)	(20,562)	-	-	(278,279)	"
Office equipment	(7,978,055)	(1,422,128)	1,477,157	-	(7,923,026)	"
Leasehold improvements	(4,525,031)	(803,672)	595,420	-	(4,733,283)	"
Others	(7,035)	(810)	571	-	(7,274)	"
	<u>(12,767,838)</u>	<u>(\$ 2,247,172)</u>	<u>\$ 2,073,148</u>	<u>\$ -</u>	<u>(12,941,862)</u>	
Accumulated impairment	(40,845)	(\$ 146,253)	\$ -	\$ -	(187,098)	
Book value	<u>\$ 9,735,711</u>				<u>\$ 8,953,551</u>	

PRESIDENT CHAIN STORE CORP.
STATEMENT OF OPERATING REVENUE

Statement 8

FOR THE YEAR ENDED DECEMBER 31, 2015

Expressed in thousands of NTD

Item	Amount	Footnote
Merchandise sales	\$ 127,028,252	Sales of food, cans, beverages and daily commodities, etc.
Other operating revenue	6,379,436	Commission revenue from collection services, etc.
	<u>\$ 133,407,688</u>	

PRESIDENT CHAIN STORE CORP. STATEMENT OF OPERATING COSTS

Statement 9

FOR THE YEAR ENDED DECEMBER 31, 2015

Expressed in thousands of NTD

Item	Amount
Inventory at beginning of the year	\$ 5,495,240
Inventory purchased	92,163,036
Purchase rebate from suppliers	(1,837,071)
Compensation for damaged merchandise	(312,139)
Promotion income	(498,140)
Slotting income	(1,624,996)
Inventory at end of the year	(6,129,025)
Others	1,041,518
Operating costs	<u>\$ 88,298,423</u>

PRESIDENT CHAIN STORE CORP. STATEMENT OF SELLING EXPENSES

Statement 10

FOR THE YEAR ENDED DECEMBER 31, 2015

Expressed in thousands of NTD

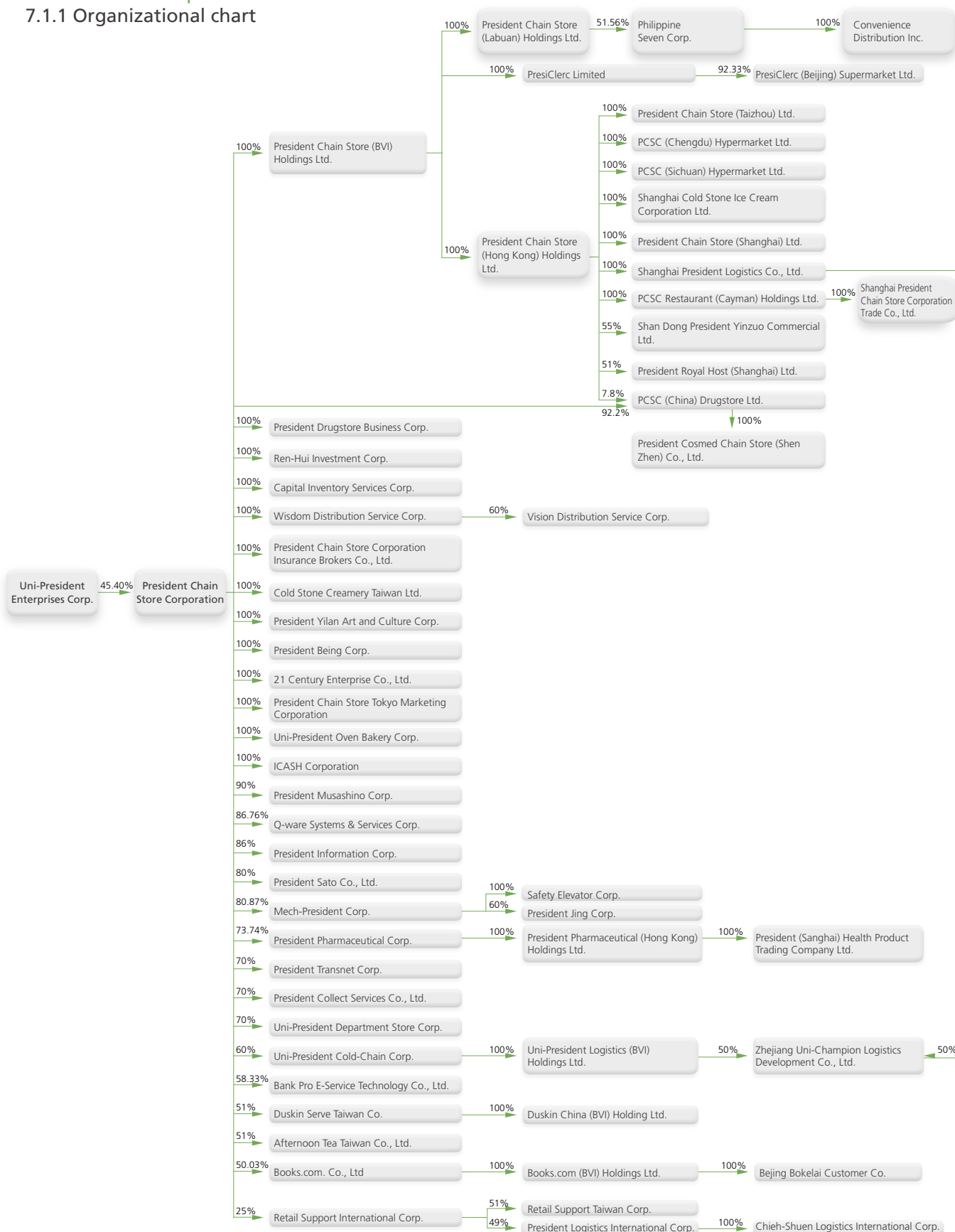
Item	Amount
Incentive bonuses for franchisees	\$ 15,880,747
Operating lease payments	5,816,827
Wages and salaries	3,248,545
Utilities expense	2,485,044
Depreciation and amortization	2,219,202
Other expenses	5,097,626
	<u>\$ 34,747,991</u>

7 Consolidated Business Reports of Affiliated Companies

7.1 Affiliated Companies Conditions

7.1.1 Organizational chart

As of December 31, 2015



7.1.1.2 PCSC has a direct or indirect control over the management of the personnel, financial or business operation of the following companies, and is considered to be the controlling company under Article 369-2 of the Company Law.

Affiliated Companies	Relationship
Retail Support International Corp.	The appointee of PCSC is voted as the Chairman of the affiliated company.

7.1.2 Information of PCSC affiliated companies

Dec. 31, 2015/Unit: NT\$1,000

Company	Date of incorporation	Address	Paid-in Capital	Major Business / Production Items
President Chain Store (BVI) Holdings Ltd.	Jul. 09, 1998	Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD 138,899,000	Professional investments
PCSC (China) Drugstore Limited	Feb. 16, 2004	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 9,486,000	Professional investments
President Drugstore Business Corp.	Jul. 27, 1995	7F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	400,000	Selling of drugs and cosmetics
ICASH Corporation	Nov. 19, 2013	3F., No.101, Ruihu St., Neihu Dist., Taipei City 114, Taiwan	325,000	Electronic ticketing services
President Yilan Art and Culture Corp.	Jun. 07, 2004	No.201, Sec. 2, Wubin Rd., Wujie Township, Yilan County, Taiwan	200,000	Art and cultural exhibition
Cold Stone Creamery Taiwan Ltd.	Dec. 26, 2006	8F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	122,444	Manufacturing, wholesaling and retailing of foods and beverages
Wisdom Distribution Service Corp.	Jan. 11, 1999	No.70-1, Sec. 2, Jiayuan Rd., Shulin Dist., New Taipei City, Taiwan	108,474	Magazine delivery
21 Century Enterprise Co., Ltd.	Nov. 18, 1995	B2, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	100,000	Selling and production of roast chicken products
Uni-President Oven Bakery Corp.	Nov. 20, 2000	12F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	65,120	Bread and pastry retailer
President Chain Store Tokyo Marketing Corporation	Jan. 07, 2009	6F, 1-20-1 Shinkawa, Chuou-ku, Tokyo, Japan	JPY 98,000,000	Design and trade
Capital Inventory Services Corp.	Apr. 13, 1998	8F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	25,000	Inventory consulting
President Being Corp.	Apr. 08, 2003	B1, No.149, Sec.5, Minsheng E. Rd., Songshan Dist., Taipei City, Taiwan	15,000	Sports and entertainment business
President Chain Store Corporation Insurance Brokers Co., Ltd.	Oct. 05, 2006	6F-3, No.197, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan	15,000	Life and property insurance
Ren-Hui Investment Corp.	Dec. 20, 1996	8F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	100	Professional investments
President Musashino Corp.	Mar. 11, 1999	No.16, Zhongxing Rd., Tucheng Dist., New Taipei City, Taiwan	539,110	Food process and research
Q-ware Systems & Services Corp.	Jun. 26, 1963	9F., No.81, Zhouzi St., Neihu Dist., Taipei City, Taiwan	281,042	IT & software services
President Information Corp.	Aug. 27, 1997	6F, No. 246, Yang Guang St., Neihu Dist., Taipei City, Taiwan	299,006	Information consulting services
President SATO Co., Ltd.	Aug. 20, 2010	8F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	1	Japanese cuisine restaurant
Mech-President Corp.	Dec. 09, 1991	No. 67, Huan Gong Rd., Yung Kang Dist., Tainan City, Taiwan	690,713	Gas station, design & maintenance of elevators
President Pharmaceutical Corp.	Sep. 03, 1993	7F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	300,000	Selling and trade of cosmetics and health care products
President Transnet Corp.	Jan. 24, 2000	2F., No.8, Sec. 3, Shuangshi Rd., Banqiao Dist., New Taipei City, Taiwan	1,478,520	Delivering and selling of food and merchandise
President Collect Services Co., Ltd.	Jun. 24, 2002	8F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	15,000	Bill collection service
Uni-President Department Store Corp.	Feb. 24, 2006	No.8, Sec. 5, Zhong Xiao E. Rd., Xinyi Dist., Taipei City, Taiwan	400,000	Department stores
Uni-President Cold-Chain Corp.	Jan. 22, 1999	No.340, Tzu Chiang Rd., Yung Kang Dist., Tainan City, Taiwan	326,055	Wholesaling and delivery of cold or frozen food

Company	Date of incorporation	Address	Paid-in Capital		Major Business / Production Items
Bank Pro E-Service Technology Co., Ltd.	Oct. 17, 2000	7F, No. 261, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan	135,000		Professional e-commerce software services
Duskin Serve Taiwan Co.	Oct. 28, 1994	8F, No. 8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	200,000		Selling and rent of cleaning instruments
Afternoon Tea Taiwan Co., Ltd.	Feb. 14, 2008	8F, No. 8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	170,000		Selling of food and daily utensils
Books.com. Co., Ltd.	Dec. 27, 1995	12F, No. 560, Sec. 4, Zhongxiao E. Rd., Xinyi Dist., Taipei City, Taiwan	199,900		Information service
Retail Support International Corp.	Aug. 13, 1990	7F, No. 560, Sec. 4, Zhong Xiao E. Rd., Xinyi Dist., Taipei City, Taiwan	257,200		Delivery of room temperature foods and goods
President Chain Store (Labuan) Holdings Ltd.	Oct. 24, 2000	Level 15(A1), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan FT, Malaysia	USD	20,684,000	Professional investments ,general Merchandise
Philippine Seven Corp.	Nov. 24, 1982	7/F The Columbia Tower, Ortigas Avenue, Mandaluyong City, Metro Manila, the Philippines	PHP	459,122,000	Food and household goods retailing
Convenience Distribution Inc.	Sep. 17, 1998	8001F, Legaspi Avenue, Maybunga, Pasig City, Manila, the Philippines	PHP	45,000,000	Delivery and storage
PresiClerc Limited	Jun. 15, 2000	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, Virgin Islands, British	USD	46,538,000	Professional investments
PresiClerc (Beijing) Supermarket Ltd.	Oct. 15, 2003	Room 1103 B, Jintai International Bulding , No. 11 Courtyard, No. 1 Bulding , Guangqu Rd., Chaoyang Dist, Beijing , China	RMB	159,795,000	Wholesaling and retailing of goods
President Chain Store (Hong Kong) Holdings Limited	Aug. 13, 2008	Unit 1405-1406, Dominion Centre, 43-59 Queen's Road East, Wan Chai, Hong Kong	USD	124,552,000	Professional investments
President Chain Store (Taizhou) Ltd.	Nov. 27, 2015	South of Innovation Dadao, Gaoxin Technology Industries Park, Gaogang Dist, Taizhou City, China	RMB	60,000,000	Delivery and storage
PCSC (Chengdu) Hypermarket Limited	Oct. 12, 2006	Room 701, B block, Red Star Macalline, No. 6, Two Road 1 West Section, Wuhou District, Chengdu City, Sichuan Province, China	RMB	100,000,000	Wholesaling and retailing of goods
PCSC (Sichuan) Hypermarket Limited	Oct. 14, 2005	B1, No. 75, Wenhua Rd., Nanchong City, Sichuan Province, China	RMB	140,000,000	Wholesaling and retailing of goods
Shanghai Cold Stone Ice Cream Corporation	May. 28, 2007	Block A, Room 33, Building 1, No. 103, Nantangbang Road, Huangpu Dist, Shanghai, China	USD	23,885,000	Selling of ice cream
President Chain Store (Shanghai) Ltd.	Feb. 03, 2009	No. 45-47, Mengzi Rd, Huangpu Dist., Shanghai, China	RMB	440,000,000	Convenience store, general merchandise
Shanghai President Logistics Co., Ltd.	Apr. 15, 2009	Building 18, No. 22, Min Yi Rd., Songjiang Dist., Shanghai, China	USD	2,000,000	Delivery and storage
PCSC Restaurant (Cayman) Holdings Limited	Mar. 18, 2008	Floor 4, Willow House, Cricket Square, P. O. Box 2804, Grand Cayman KY1-1112, Cayman Islands	USD	8,954,000	Professional investments
Shanghai President Chain Store Corporation Trade Co., Ltd.	Dec. 02, 2008	Block E, Room 209, No. 103, Nantangbang Road, Huangpu Dist, Shanghai, China	USD	8,880,000	Selling of food and goods
Shan Dong President Yinzuo Commercial Limited	Sep. 23, 1997	Floor 5/6/7, Zhonghe Business Building, No. 146-1, Lishan Road, Lixia Zone, Jinan City, Shandong Province, China	RMB	60,000,000	Wholesaling and retailing of goods
President Royal Host (Shanghai) Ltd.	Sep. 15, 2010	Room 608, 6F, No. 30, Tianyaoqiao Rd., Xuhui Dist., Shanghai, China	USD	4,200,000	Restaurant
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Dec. 13, 2004	No. 3, Floor 7, Main Tower, Xinxing Plaza, Jiefang Road, Guiyuan Sub-District, Luohu District, Shenzhen, Guangdong Province, China	RMB	100,000,000	Household goods retailing
Vision Distribution Service Corp.	Jun. 27, 2005	8F, No. 8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan	100,000		Publishing
Safety Elevator Corp.	Oct. 29, 1998	No. 69, Alley 727, Jhonghua Rd., Yongkang Dist., Tainan City, Taiwan	2,000		Installment of elevators
President Jing Corp.	Jul. 04, 2003	No. 138, 37th Neighborhood, Huandao N. Rd., Ximen Vil., Jincheng Township, Kinmen County, Taiwan	16,000		Wholesaling of gasoline products
President Pharmaceutical (Hong Kong) Holdings Limited	Feb. 25, 2009	703A, 7/F, Golden Centre, 188 Des Voeux Road Central, Sheung Wan, Hong Kong	USD	3,000,000	Selling of drugs and cosmetics
President (Shanghai) Health Product Trading Company Ltd.	Nov. 19, 2009	Room 203, 2F, No. 131, Lin Hong Road, Chang Ning District, Shanghai, China	USD	3,000,000	Selling of drugs and cosmetics
Uni-President Logistics (BVI) Holdings Limited	Mar. 14, 2007	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD	2,991,000	Professional investments

Company	Date of incorporation	Address	Paid-in Capital	Major Business / Production Items
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Dec. 26, 2007	No.377, Jichang Rd., Jianggan Dist., Hangzhou city, Zhejiang Province, China	RMB 40,000,000	Delivery, storage and logistics consultant
Duskin China (BVI) Holdings Limited	Jun. 30, 2006	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 700,000	Professional investments
Books.com (BVI) Holdings Ltd	May. 22, 2009	P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 50,000	Professional investments
Beijing Bokelai Customer Co.	May. 10, 2006	Room 1014, 10/F, Building 3, Courtyard 7, Ronghua Middle Road, Economic and Technology Development Area of Beijing, China	USD 15,000	Business consulting, network technology development and service
Retail Support Taiwan Corp.	Apr. 16, 1997	No.63-1, Jijin 3rd Rd., Anle Dist., Keelung City, Taiwan	56,300	Delivery of room-temperature foods and goods
President Logistics International Corp.	Feb. 11, 1998	1F., No.242-1, Minzu Rd., Zhongli City, Taoyuan County, Taiwan	193,500	Trucking
Chieh-Shuen Logistics International Corp.	Aug. 01, 2003	2F., No.242-1, Minzu Rd., Zhongli City, Taoyuan County, Taiwan	266,700	Trucking

7.1.3 Shareholders in Common of PCSC and its affiliates with deemed control and subordination: None.

7.1.4 Business scope of PCSC and its affiliated companies

The business scope of PCSC and its affiliated companies includes: retailing, investment, services, logistics, delivery and manufacture, etc. The mutual dealings and division of work among each affiliate are as follows:

Affiliated Companies	Division of Work
Capital Inventory Service Corp.	The company provides PCSC with store inventory check services and staff training programs, etc.
Wisdom Distribution Service Corp.	The company supplies and distributes magazine and software merchandise for PCSC.
President Information Corp.	The company provides PCSC and its affiliates with information system services.
Retail Support International Corp.	The company is the merchandise supplier and distributor of PCSC.
Uni-President Cold-Chain Corp.	The company is the merchandise supplier and distributor of PCSC.
Bank Pro E-Service Technology Co., Ltd.	The company provides PCSC and its affiliates with information system services.

7.1.5 Information of the directors, supervisors, and presidents of PCSC subsidiaries

Dec. 31, 2015/Unit: NT\$1,000/ shares/%

Company	Title	Name or Representative	Shareholding	
			Shares	%
President Chain Store (BVI) Holdings Ltd.	Director	Representatives of President Chain Store Corp.: Lo, Chih-Hsien ; Chen, Jui-Tang	Paid-in Capital USD 138,899,000	100.00
PCSC (China) Drugstore Limited	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang; Chung, Mao-Chia	Paid-in Capital USD 9,486,000	92.20
President Drugstore Business Corp.	Chairman	Representative of President Chain Store Corp.: Kao, Shiow-Ling	40,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang ; Chung, Mao-Chia	40,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Tsung, Hsi-Yung	40,000,000	100.00
	President	Chang, Tsung-Pen	—	—
ICASH Corporation	Chairman	Representative of President Chain Store Corp.: Chang, Chia-Hua	32,500,000	100.00
	Director	Representatives of President Chain Store Corp.: Chang, Huang-Chi; Huang, Yi-Sheng; Chiang, Cheng-Hsin; Chen, Fei-Long	32,500,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chai, Chia-Ming	32,500,000	100.00
	President	Liang, Yu-Lin	—	—
President Yilan Art and Culture Corp.	Chairman	Representative of President Chain Store Corp.: Chen, Jui-Tang	20,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Lua, Wen-Ji; Li, Cheng-Nan; Wang, Pao-Ming	20,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chang, Li-Ling	20,000,000	100.00
	President	Lua, Wen-Ji	—	—
Cold Stone Creamery Taiwan Ltd.	Chairman	Representative of President Chain Store Corp.: Lin, Chi-Chang	12,244,390	100.00
	Director	Representatives of President Chain Store Corp.: Wang, Chien-Lian; Huang, Yu-Chen	12,244,390	100.00
	Supervisor	Representative of President Chain Store Corp.: Cheng, Yea-Yun	12,244,390	100.00
	President	Su, Chia-Chi	—	—
Wisdom Distribution Service Corp.	Chairman	Representative of President Chain Store Corp.: Wu, Kuo-Hsuan	10,847,421	100.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang; Chen, Hsing-Jou	10,847,421	100.00
	Supervisor	Representative of President Chain Store Corp.: Lai, Hsin-Ti	10,847,421	100.00
	President	Chen, Cheng-Nan	—	—
21 Century Enterprise Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Wang, Pao-Ming	10,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang; Kuo, Ching-Feng	10,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Cheng, Yea-Yun	10,000,000	100.00
	President	Chung, Chung-Ching	—	—
Uni-President Oven Bakery Corp.	Chairman	Representative of President Chain Store Corp.: Tsai, Kun-Shun	6,511,963	100.00
	Director	Representatives of President Chain Store Corp.: Hsu, Guang-Yu; Wu, Kun-Lin	6,511,963	100.00
	Supervisor	Representative of President Chain Store Corp.: Cheng, Yea-Yun	6,511,963	100.00
	Vice President	Yeh, Hsiao-Ching	—	—
President Chain Store Tokyo Marketing Corporation	Chairman	Representative of President Chain Store Corp.: Wu, Kuo-Hsuan	9,800	100.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Lien-Tang; Wu, Chin-Fu	9,800	100.00
	Supervisor	Representative of President Chain Store Corp.: Cheng, Yea-Yun	9,800	100.00
	President	Wu, Chin-Fu	—	—

Company	Title	Name or Representative	Shareholding	
			Shares	%
Capital Inventory Services Corp.	Chairman	Representative of President Chain Store Corp.: Wu, Kuo-Hsuan	2,500,000	100.00
	Director	Representatives of President Chain Store Corp.: Lin, Chi-Chang; Tzeng, Fan-Bin	2,500,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Liang, Shih-Wei	2,500,000	100.00
	President	Chiu, Hong-Chang	—	—
President Being Corp.	Chairman	Representative of President Chain Store Corp.: Kao, Shiow-Ling	1,500,000	100.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang; Chung, Mao-Chia	1,500,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Lee, John-Yih	1,500,000	100.00
	President	Chen, Pei-Jung	—	—
President Chain Store Corporation Insurance Brokers Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Chung, Mao-Chia	1,500,000	100.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Ching-Hsun; Lin, Chi-Chang	1,500,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Cheng, Yea-Yun	1,500,000	100.00
	President	Lua, Wen-Ji	—	—
Ren-Hui Investment Corp.	Chairman	Representative of President Chain Store Corp.: Chen, Jui-Tang	10,000	100.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo-Hsuan; Lai, Nan-Bey	10,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Wu, Wen-Chi	10,000	100.00
	President	Chen, Jui-Tang	—	—
President Musashino Corp.	Chairman	Representative of President Chain Store Corp.: Chen, Jui-Tang	48,519,890	90.00
	Director	Representatives of President Chain Store Corp.: Lu, Long-Hong; Liu, Sheng-Fu; Hsieh, Lien-Tang	48,519,890	90.00
	Director	Representatives of Asia Frozen Food Corp.: Lin, Chang-Chi	5,391,099	10.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Kuo, Ching-Feng	1	—
	President	Chen, Kai-Jung	—	—
Q-ware Systems & Services Corp.	Chairman	Representative of President Chain Store Corp.: Chang, Chia-Hua	24,382,921	86.76
	Director	Representatives of President Chain Store Corp.: Chen, Hsing-Jou; Chang, Huang-Chi	24,382,921	86.76
	Director	Representative of Taiwan Spinning Co., Ltd.: Hou, Po-Ming	172,347	0.61
	Director	Representative of Fonmau Cereal Industrial Co., Ltd.: Lin, Kuan-Chen	243,898	0.87
	Supervisor	Representative of Nan Fan Housing Development Co., Ltd.: Peng, Yuan-Hung	699,071	2.49
	Supervisor	Representative of Ren-Hui Investment Corp.: Wu, Wen-Chi	1	—
	President	Fang, Jung-Wei	—	—
President Information Corp.	Chairman	Representative of President Chain Store Corp.: Chang, Chia-Hua	25,714,475	86.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Ching-Hsun; Liang, Shih-Wei; Chang, Huang-Chi; Chen, Ching-Hsin	25,714,475	86.00
	Director	Representative of Nomura Research Institute Ltd.: Fukami Yasuo	4,186,074	14.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Wu, Wen-Chi	1	—
	President	Chang, Chia-Hua	—	—
President SATO Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Chang Jen, Yun-Huei	80	80.00
	Director	Representatives of President Chain Store Corp.: Lai, Nan-Bey; Chung, Chung-Ching; Huang, Kuen-Lin	80	80.00
	Director	Representative of SATO Restaurant Systems Co., Ltd.: Shigesato Masahiko	19	19.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Yeh, Hsiao-Ching	1	1.00
	Supervisor	Shigesato Yoshitaka	—	—
	President	Kao, Ming-Hang	—	—

Company	Title	Name or Representative	Shareholding	
			Shares	%
Mech-President Corp.	Chairman	Representative of President Chain Store Corp.: Wu, Kuo-Hsuan	55,858,815	80.87
	Director	Representatives of President Chain Store Corp.: Lai, Nan-Bey; Liao, Chin-Yi	55,858,815	80.87
	Director	Representatives of Uni-President Enterprises Corp.: Hwang, Jau-Kai; Yen, Ming-Hsiu	13,046,358	18.89
	Supervisor	Representative of Ren-Hui Investment Corp.: Wang, Yung-Yu	1	—
	President	Liao, Chin-Yi	—	—
President Pharmaceutical Corp.	Chairman	Representative of President Chain Store Corp.: Kao, Shiow-Ling	22,121,962	73.74
	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang; Chung, Mao-Chia; Sheu, Ruey-Lin; Yu, Shih-Hsien; Chang, Tsung-Pen	22,121,962	73.74
	Director	Representative of Taipo Investment Corp.: Wu, Ping-Chih	3,000,000	10.00
	Director	Representatives of Tung-Ren Investment Corp.: Lin, Tian-Mao; Wu, Chung-Ho	579,091	1.93
	Supervisor	Representative of Ren-Hui Investment Corp.: Wu, Wen- Chi	1	—
	President	Yu, Shih-Hsien	—	—
President Transnet Corp.	Chairman	Representative of President Chain Store Corp.: Chen, Jui-Tang	103,496,399	70.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo-Hsuan; Lai, Nan-Bey; Hsieh, Lien-Tang	103,496,399	70.00
	Director	Representative of Uni-President Enterprises Corp.: Lu, Li-An	29,570,400	20.00
	Director	Representative of Yamato Holdings Co., Ltd.: Kigawa Makoto	14,785,200	10.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Wu, Wen- Chi	1	—
	President	Chen, Chieh-Shan	—	—
President Collect Services Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Chen, Jui-Tang	1,049,999	70.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo-Hsuan; Lai, Nan-Bey; Hsieh, Lien-Tang; Lu, Li-An	1,049,999	70.00
	Director	Representatives of Yamato Holdings Co., Ltd.: Kigawa Makoto; Kuriso Toshizo	450,000	30.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Wu, Wen-Chi	1	—
	Supervisor	Sadatomo Hiroki	—	—
	President	Chen, Chieh-Shan	—	—
Uni-President Department Store Corp.	Chairman	Representative of Uni-President Corp.: Kao, Shiow-Ling	12,000,000	30.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang; Chang, Kuo-Kuang; Wang, Pao-Ming;	27,999,999	70.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Wu, Wen-Chi	1	—
	President	Wang, Pao-Ming	—	—
Uni-President Cold-Chain Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lo, Chih-Hsien	6,521,090	20.00
	Director	Representatives of Uni-President Enterprises Corp.: Hwang, Jau-Kai; Huang, Jui-Tien	6,521,090	20.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang; Wu, Kuo-Hsuan; Hsieh, Lien-Tang; Wu, Hui-Chen	19,563,271	60.00
	Director	Representative of Nanlien International Corp.: Wu, Mao-Yuan	6,521,090	20.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Lin, Chi-Chang	1	—
	President	Wu, Hui-Chen	—	—
Bank Pro E-Service Technology Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Lai, Nan-Bey	7,874,999	58.33
	Director	Representatives of President Chain Store Corp.: Chang, Huang-Chi; Chen, Chang-Zheng; Wu, Hung-Kai; Chen, Hsing-Jou	7,874,999	58.33
	Director	Representative of Financial Information Service: Chen, Chien-Wen; Chen, Chang-Hsiu	1,800,000	13.33
	Supervisor	Representative of Ren-Hui Investment Corp.: Fang, Jung-Wei	1	—
	President	Chen, Chang-Zheng	215,000	1.59

Company	Title	Name or Representative	Shareholding	
			Shares	%
Duskin Serve Taiwan Co.	Chairman	Representative of President Chain Store Corp.: Lai, Nan-Bey	10,199,999	51.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Lien-Tang; Chen, Hsing-Jou; Liang, Shih-Wei	10,199,999	51.00
	Director	Representatives of Duskin Co., Ltd.: Asano Takahitoa; Enomoto Masakazu; Hayashi Yoshitaka; Okubo Hiroshi	9,800,000	49.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Tzeng, Fan-Bin	1	—
	Supervisor	Shigeyoshi Yasuto	—	—
	President	Lai, Ta-Cheng	—	—
Afternoon Tea Taiwan Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Kao, Shioh-Ling	8,669,999	51.00
	Director	Representatives of President Chain Store Corp.: Wang, Pao-Ming; Chen, Pei-Jung	8,669,999	51.00
	Director	Representatives of SAZABY LEAGUE, LTD.: Ryota Tsunoda; Kiyotaka Katsuura	8,330,000	49.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Cheng, Yea-Yun	1	—
	Supervisor	Masao Muto	—	—
	President	Wang, Pao-Ming	—	—
Books.com. Co., Ltd.	Chairman	Lin, Pi- Jung	100,000	0.50
	Director	Representatives of President Chain Store Corp.: Lai, Nan-Bey; Chen ,Cheng-Nan; Wang, Pao-Ming; Chen, Hsing-Jou	9,999,999	50.03
	Director	Representatives of Clever Investment Co., Ltd.: Chen, Yu-Chun; Chang, Ya-Ju	200,000	1.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Wu, Wen-Chi	1	—
	Supervisor	Chang, Ya-Ling	143,000	0.72
	President	Kao, Ming-Yih	—	—
Retail Support International Corp.	Chairman	Representative of President Chain Store Corp.: Chen, Jui-Tang	6,429,999	25.00
	Director	Representative of President Chain Store Corp.: Wu, Kuo-Hsuan	6,429,999	25.00
	Director	Representatives of Uni-President Enterprises Corp.: Lo, Chih-Hsien; Huang, Jui-Tien	5,144,000	20.00
	Director	Representatives of Mitsubishi Corp.: Miura Osamu; Kato Wataru	3,858,000	15.00
	Director	Representative of RYOSHOKU Ltd.: Shigemitsu Hideaki	2,572,000	10.00
	Director	Representative of Nanlien International Corp.: Wu, Mao-Yuan	5,144,000	20.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Yang, Chung-Chin	1	—
	Supervisor	Representative of Mitsubishi Corp. (Taiwan) Ltd: Lin, Ting-Li	2,572,000	10.00
	President	Huang,Chao-Sai	—	—
President Chain Store (Labuan) Holdings Ltd.	Director	Representatives of President Chain Store (BVI) Holdings Ltd.: Lo, Chih-Hsien; Chen, Jui-Tang	Paid- in Capital USD 20,684,000	100.00
Philippine Seven Corp.	Chairman	Jose T. Pardo	1	—
	Vice Chairman	Representative of President Chain Store (Labuan) Holdings Ltd.: Lai, Nan-Bey	236,376,070	51.56
	Director	Representatives of President Chain Store (Labuan) Holdings Ltd.: Chen, Jui-Tang; Lin, Chi-Chang; Hsieh, Lien-Tang; Wu, Wen-Chi; Jose Victor P. Paterno	236,376,070	51.56
	Director	Ma. Cristina P. Paterno	8,000,045	1.75
	Director	Representative of Progressive Dev. Corp.: Jorge L. Araneta	11,510,552	2.51
	Independent Director	Antonio Jose U. Periquet, Jr.	927,007	0.20
	Independent Director	Michael B. Zalamea	1	—
	President	Jose Victor P. Paterno	11,893,510	2.59
	Chairman	Representative of Philippine Seven Corp.: Jose Victor P. Paterno	4,500,000	100.00
Convenience Distribution Inc.	Director	Representatives of Philippine Seven Corp.: Tseng, Chao-Shun; Lee, Ying-Jung; Liwayway T. Fernandez; Eduardo P. Bataclan	4,500,000	100.00
	President	Jose Victor P. Paterno	—	—

Company	Title	Name or Representative	Shareholding	
			Shares	%
PresiClerc Limited	Director	Representatives of President Chain Store (BVI) Holdings Ltd.: Wu, Kuo-Hsuan; Hsieh, Lien-Tang	Paid-in Capital USD 46,538,000	100.00
PresiClerc (Beijing) Supermarket Ltd.	Chairman	Representative of PresiClerc Limited: Lin, Hung-Chun	Paid-in Capital RMB 159,795,000	92.33
	Director	Representatives of PresiClerc Limited: Chang, Sung-Hong; Chen, Kuo-Liang	—	92.33
	Director	Representative of Beijing Grain Group Co., Ltd.: Du, Yue-Ping	—	7.67
	Supervisor	Representative of PresiClerc Limited: Tsai, Yu-Hsiu	—	92.33
	President	Lin, Hung-Chun	—	—
President Chain Store (Hong Kong) Holdings Limited	Director	Representatives of President Chain Store (BVI) Holdings Ltd.: Chen, Jui-Tang	Paid-in Capital USD 124,552,000	100.00
	Director	Wu, Kuo-Hsuan	—	—
President Chain Store (Taizhou) Ltd.	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Lin, Hung-Chun	Paid-in Capital RMB 60,000,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Hsieh, Kuan-Hung; Wu, Yi-Lung	—	—
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Cheng, Yea-Yun	—	—
	President	Chang, Sung-Hong	—	—
PCSC (Chengdu) Hypermarket Limited	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Lin, Hung-Chun	Paid-in Capital RMB 100,000,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Wu, Yi-Lung; Chang, Sung-Hong	—	100.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Mo, Ming-Wei	—	100.00
	President	Lin, Hung-Chun	—	—
PCSC (Sichuan) Hypermarket Limited	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Lin, Hung-Chun	Paid-in Capital RMB 140,000,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Wu, Yi-Lung; Chang, Sung-Hong	—	100.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Mo, Ming-Wei	—	100.00
	President	Lin, Hung-Chun	—	—
Shanghai Cold Stone Ice Cream Corporation	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Lin, Hung-Chun	Paid-in Capital USD 23,885,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Hsieh, Kuan-Hung; Chang, Sung-Hong	—	100.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Sung, Tai-Yi	—	100.00
	President	Lin, Hung-Chun	—	—
President Chain Store (Shanghai) Ltd.	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Chen, Jui-Tang	Paid-in Capital RMB 440,000,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Hsieh, Lien-Tang; Lin, Hung-Chun	—	100.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Wu, Wen-Chi	—	100.00
	President	Lin, Hung-Chun	—	—
Shanghai President Logistics Co., Ltd.	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Lin, Hung-Chun	Paid-in Capital USD 2,000,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Hsieh, Kuan-Hung; Wu, Yi-Lung	—	100.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Cheng, Yea-Yun	—	100.00
	President	Chang, Sung-Hong	—	—

Company	Title	Name or Representative	Shareholding	
			Shares	%
PCSC Restaurant (Cayman) Holdings Limited	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Hsieh, Lien-Tang; Wu, Wen-Chi	Paid-in Capital USD 8,954,000	100.00
Shanghai President Chain Store Corporation Trade Co., Ltd.	Chairman	Representative of PCSC Restaurant (Cayman) Holdings Limited: Lin, Hung-Chun	Paid-in Capital USD 8,880,000	100.00
	Director	Representatives of PCSC Restaurant (Cayman) Holdings Limited: Chang, Sung-Hong; Hsieh, Kuan-Hung	—	100.00
	Supervisor	Representatives of PCSC Restaurant (Cayman) Holdings Limited: Sung, Tai-Yi	—	100.00
	President	Lin, Hung-Chun	—	—
Shan Dong President Yinzuo Commercial Limited	Chairman	Representative of Shandong Silver Plaza Co., Ltd.: Wang, Ren-Quan	Paid-in Capital RMB 60,000,000	45.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Chen, Jui-Tang; Lin, Hung-Chun; Wu, Yi-Lung	—	55.00
	Director	Representative of Shandong Silver Plaza Co., Ltd.: Wang, Zhi-Sheng	—	45.00
	Supervisor	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Mo, Ming-Wei	—	55.00
	Supervisor	Representative of Shandong Silver Plaza Co., Ltd.: Zhang, Jian-Jun	—	45.00
	President	Chen, Tsung-Min	—	—
President Royal Host (Shanghai) Ltd.	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Lin, Hung-Chun	Paid-in Capital USD 4,200,000	51.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Chang, Sung-Hong	—	51.00
	Director	Representatives of ROYAL HOLDINGS CO., LTD.: Shindo Akiyasu	—	49.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Li, Chia-Hao	—	51.00
	President	Cheng, Jen-Shao	—	—
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Chairman	Representative of PCSC (China) Drugstore Limited: Lin, Hung-Chun	Paid-in Capital RMB 100,000,000	100.00
	Director	Representatives of PCSC (China) Drugstore Limited: Hsieh, Kuan-Hung; Hsu, Ming-Hui	—	100.00
	Supervisor	Representative of PCSC (China) Drugstore Limited: Mo, Ming-Wei	—	100.00
Vision Distribution Service Corp.	Chairman	Representative of Formosan Magazine Press, Inc.: Chen, Chia-Nan	4,000,000	40.00
	Director	Representative of Formosan Magazine Press, Inc.: Chen, Te-Jen	4,000,000	40.00
	Director	Representatives of Wisdom Distribution Service Corp.: Yang, Yen-Sen; Chen, Cheng-Nan; Chen, Hsing-Jou	6,000,000	60.00
	Supervisor	Chen, Yu-Jen	—	—
	President	Yang, Yen-Sen	—	—
Safety Elevator Corp.	Chairman	Representative of Mech-President Corp.: Wong, Chang-Ming	200,000	100.00
	Director	Representatives of Mech-President Corp.: Liao, Chin-Yi ; Chang, Ping-Chang	200,000	100.00
	Supervisor	Representative of Mech-President Corp.: Feng, Cheng-Wu	200,000	100.00
President Jing Corp.	Chairman	Representative of Mech-President Corp.: Wu, Kuo-Hsuan	960,000	60.00
	Director	Representatives of Mech-President Corp.: Liao, Chin-Yi; Chang, Ping-Chang; Feng, Cheng-Wu	960,000	60.00
	Director	Tsai, Ya-Tung	80,000	5.00
	Supervisor	Lin, Shui-Qian	240,000	15.00
	President	Tsai, Ting-Song	—	—
President Pharmaceutical (Hong Kong) Holdings Limited	Director	Representatives of President Pharmaceutical Corp.: Chung, Mao-Chia	USD 3,000,000	100.00
	Director	Yu, Shih-Hsien	—	—
	President	Yu, Shih-Hsien	—	—

Company	Title	Name or Representative	Shareholding	
			Shares	%
President(Shanghai) Health Product Trading Company Ltd.	Chairman	Representative of President Pharmaceutical (Hong Kong) Holdings Limited: Chung, Mao-Chia	USD 3,000,000	100.00
	Director	Representatives of President Pharmaceutical (Hong Kong) Holdings Limited: Kao, Shiow-Ling; Chen, Jui-Tang	—	100.00
	Supervisor	Representative of President Pharmaceutical (Hong Kong) Holdings Limited: Wu, Wen-Chi	—	100.00
	President	Hsu, Ming-Hui	—	—
Uni-President Logistics (BVI) Holdings Limited	Director	Representative Uni-President Cold-Chain Corp.: Chen, Jui-Tang	USD 2,991,000	100.00
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Chairman	Representative of Uni-President Logistics (BVI) Holdings Limited: Lin, Hung-Chun	Paid-in Capital RMB 40,000,000	50.00
	Director	Representatives of Shanghai President Logistics Co., Ltd.: Zhu, Qing-Ping; Le, Fei-Fei; Chang, Sung-Hong	—	50.00
	Director	Representatives of Uni-President Logistics (BVI) Holdings Limited: Hsieh, Kuan-Hung; Wu, Hui-Chen	—	50.00
	Supervisor	Representative of Uni-President Logistics (BVI) Holdings Limited: Yao, Chieh-Hsiang	—	50.00
	Supervisor	Representative of Shanghai President Logistics Co., Ltd.: Lu, Xiao-Wen	—	50.00
	President	Tsai, Kuang-Wen	—	—
Duskin China (BVI) Holding Limited	Director	Representative of Duskin Serve Taiwan Co.: Lin, Hung-Chun	Paid-in Capital USD 700,000	100.00
Books.com (BVI) Ltd.	Director	Representatives of Books.com Co., Ltd.: Lin, Pi-Jung; Wu, Ching-Chun	Paid-in Capital USD 50,000	100.00
Beijing Bokelai Customer Co.	Chairman	Representative of Books.com (BVI) Ltd.: Wu, Ching-Chun	Paid-in Capital USD 15,000	100.00
	Supervisor	Representative of Books.com (BVI) Ltd.: Yu, Pei-Wen	—	100.00
Retail Support Taiwan Corp.	Chairman	Representative of Retail Support International Corp.: Wu, Kuo-Hsuan	2,871,300	51.00
	Director	Representatives of Retail Support International Corp.: Huang, Chao-Sai; Ho, Hsin-Chia	2,871,300	51.00
	Director	Representatives of FSG Co.: Lin, Ming-Fang; Huang, Wei-Yu	1,655,220	29.40
	Supervisor	Representatives of Grand Fountain Co., Ltd.: Cheng, Yueh-Kuei; Lai, Hsin-Ti	1,103,480	19.60
	President	Yuan, Shou-Chung	—	—
President Logistics International Corp.	Chairman	Representative of Retail Support International Corp.: Wu, Kuo-Hsuan	9,481,500	49.00
	Director	Representative of Retail Support International Corp.: Huang, Chao-Sai	9,481,500	49.00
	Director	Representative of Uni-President Cold-Chain Corp.: Wu, Hui-Chen	4,837,500	25.00
	Supervisor	Representative of Wisdom Distribution Service Corp.: Chen, Cheng-Nan	3,870,000	20.00
	President	Chang, Tsai-Yuan	—	—
Chieh-Shuen Logistics International Corp.	Chairman	Representative of President Logistics International Corp.: Wu, Kuo-Hsuan	26,670,000	100.00
	Director	Representatives of President Logistics International Corp.: Huang, Chao-Sai; Wu, Hui-Chen	26,670,000	100.00
	Supervisor	Representative of President Logistics International Corp.: Chen, Cheng-Nan	26,670,000	100.00
	President	Chang, Tsai-Yuan	—	—

7.2 The Financial Position and Operation Results of Affiliated Companies

Unit: NT '000

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income (Loss)	Net Income (After Tax)	EPS (After Tax)
President Chain Store (BVI) Holdings Ltd.	4,559,360	4,014,706	69,629	3,945,077	0	(120,210)	(87,258)	-
PCSC (China) Drugstore Limited	311,378	69,959	0	69,959	0	(45)	1,328	-
President Drugstore Business Corp.	400,000	3,615,914	2,832,787	783,127	10,258,171	358,597	378,181	9.45
ICASH Corporation	325,000	1,167,708	932,333	235,375	226,477	(14,843)	(8,408)	(0.26)
President Yilan Art and Culture Corp.	200,000	327,223	74,048	253,175	211,672	16,953	27,227	1.36
Cold Stone Creamery Taiwan Ltd.	122,444	112,927	99,808	13,119	325,394	(36,180)	(37,029)	(3.02)
Wisdom Distribution Service Corp.	108,474	1,494,705	1,207,125	287,580	1,512,479	94,645	114,972	10.60
21 Century Enterprise Co., Ltd.	100,000	213,447	186,458	26,989	774,706	(18,268)	(25,830)	(2.58)
Uni-President Oven Bakery Corp.	65,120	79,351	88,662	(9,311)	216,208	(32,123)	(30,027)	(4.61)
President Chain Store Tokyo Marketing Corporation	26,725	146,779	95,702	51,077	326,934	(4,081)	5,001	510.28
Capital Inventory Services Corp.	25,000	117,331	65,397	51,934	196,791	26,118	22,120	8.85
President Being Corp.	15,000	330,816	346,331	(15,515)	428,986	(8,748)	(8,110)	(5.41)
President Chain Store Corporation Insurance Brokers Co., Ltd.	15,000	19,389	7,449	11,940	44,655	9,842	7,373	4.92
Ren-Hui Investment Corp.	100	6,771	56	6,715	0	(283)	2,141	214.11
President Musashino Corp.	539,110	1,739,307	1,303,761	435,546	2,889,862	2,979	16,959	0.31
Q-ware Systems & Services Corp.	281,042	1,004,103	630,586	373,517	863,126	76,424	78,966	2.81
President Information Corp.	299,006	850,515	472,253	378,262	1,155,690	110,709	93,727	3.13
President SATO Co., Ltd.	1	15,353	96,492	(81,139)	76,609	(32,563)	(47,210)	(472,101.77)
Mech-President Corp.	690,713	1,442,430	718,177	724,253	10,192,924	1,442	53,902	0.78
President Pharmaceutical Corp.	300,000	1,506,884	739,827	767,057	3,055,131	291,137	262,829	8.76
President Transnet Corp.	1,478,520	4,885,865	3,141,951	1,743,914	10,336,450	452,729	405,166	2.74
President Collect Services Co., Ltd.	15,000	1,683,456	1,592,885	90,571	512,166	75,896	67,126	44.75
Uni-President Department Store Corp.	400,000	1,283,775	884,970	398,805	1,323,105	44,405	199,681	4.99
Uni-President Cold-Chain Corp.	326,055	4,990,619	4,317,517	673,102	2,949,406	326,444	307,387	9.43
Bank Pro E-Service Technology Co., Ltd.	135,000	304,304	116,562	187,742	444,148	40,093	33,524	2.48
Duskin Serve Taiwan Co.	200,000	561,779	259,419	302,360	947,492	132,152	112,358	5.63
Afternoon Tea Taiwan Co., Ltd.	170,000	117,836	96,460	21,376	374,310	(21,351)	(20,339)	(1.20)
Books.com. Co., Ltd.	199,900	1,704,882	1,023,310	681,572	5,916,061	427,417	360,026	18.01
Retail Support International Corp.	257,200	9,070,244	8,653,467	416,777	2,889,614	201,056	228,878	8.90
President Chain Store (Labuan) Holdings Ltd.	678,952	1,565,389	0	1,565,389	0	(106)	359,201	-
Philippine Seven Corp.	329,282	6,809,377	3,869,735	2,939,642	17,924,596	530,042	720,004	1.57
Convenience Distribution Inc.	32,274	291,403	137,140	154,263	638,568	71,184	49,542	11.01
PresiClerc Limited	1,527,610	(492,259)	0	(492,259)	0	(71)	(240,720)	-
PresiClerc (Beijing) Supermarket Ltd.	798,177	341,328	876,020	(534,692)	761,042	(223,659)	(260,640)	-
President Chain Store (Hong Kong) Holdings Limited	4,088,419	2,965,523	285	2,965,238	0	(409)	209,421	-
President Chain Store (Taizhou) Ltd.	299,700	299,548	0	299,548	0	(154)	(154)	-
PCSC (Chengdu) Hypermarket Limited	499,500	365,939	237,311	128,628	647,098	(48,875)	(44,078)	-
PCSC (Sichuan) Hypermarket Limited	699,300	77,199	73,024	4,175	374,872	(140,713)	(169,026)	-
Shanghai Cold Stone Ice Cream Corporation	784,025	232,313	154,448	77,865	355,803	(134,804)	(146,506)	-

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income (Loss)	Net Income (After Tax)	EPS (After Tax)
President Chain Store (Shanghai) Ltd.	2,197,800	598,006	313,174	284,832	1,321,756	(235,832)	(238,784)	-
Shanghai President Logistics Co., Ltd.	65,650	295,054	91,890	203,164	471,478	135,514	102,114	-
PCSC Restaurant (Cayman) Holdings Limited	293,915	39,018	29	38,989	0	(163)	276	-
Shanghai President Chain Store Corporation Trade Co., Ltd.	291,486	48,232	9,964	38,268	80,481	87	439	-
Shan Dong President Yinzuo Commercial Limited	299,700	1,388,166	1,028,285	359,881	4,277,097	22,308	24,383	-
President Royal Host (Shanghai) Ltd.	137,865	8,898	0	8,898	0	(848)	(621)	-
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	499,500	74,111	5,326	68,785	78,629	95	1,374	-
Vision Distribution Service Corp.	100,000	676,803	554,734	122,069	1,527,306	19,748	18,197	1.82
Safety Elevator Corp.	2,000	2,082	0	2,082	63	(23)	(14)	(0.07)
President Jing Corp.	16,000	56,357	13,769	42,588	283,516	15,603	13,166	8.23
President Pharmaceutical (Hong Kong) Holdings Limited	98,475	375,069	109,672	265,397	370,459	2,997	(4,702)	-
President (Shanghai) Health Product Trading Company Ltd.	98,475	326,692	207,866	118,826	738,713	6,254	5,878	-
Uni-President Logistics (BVI) Holdings Limited	98,180	101,995	0	101,995	0	(34)	8,079	-
Zhejiang Uni-Champion Logistics Development Co., Ltd.	199,800	335,424	132,492	202,932	592,776	16,431	16,226	-
Duskin China (BVI) Holdings Limited	22,978	2,330	0	2,330	0	(149)	(149)	-
Books.com (BVI) Ltd	1,641	686	0	686	0	0	(10)	-
Beijing Bokelai Customer Co.	492	50	3	47	0	(8)	(10)	-
Retail Support Taiwan Corp.	56,300	190,101	61,705	128,396	356,360	49,643	45,709	8.12
President Logistics International Corp.	193,500	1,080,787	826,300	254,487	2,361,822	22,817	56,714	2.93
Chieh-Shuen Logistics International Corp.	266,700	1,179,140	871,141	307,999	1,577,068	30,727	24,922	0.93

The exchange rates are used as follows:

(A) Spot exchange rate on 31 December, 2015 used for Balance Sheet:

RMB : NTD=1 : 4.99500 ; USD : NTD=1 : 32.82500 ; USD : RMB =1 : 6.57157 ;

HKD : NTD=1 : 4.23500 ; NTD : PSO=1 : 1.39431

(B) Average exchange rate of 2015 used for Statement of Comprehensive Income:

RMB : NTD=1 : 5.03321 ; USD : NTD=1 : 31.75567 ; USD : RMB =1 : 6.30923 ;

HKD : NTD=1 : 4.09581 ; NTD : PSO=1 : 1.39999



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