

PRESIDENT CHAIN STORE CORPORATION



2019 ANNUAL REPORT

CONTENT

12 01 Letter to shareholders

14 02 Corporate Overview

16 03 Corporate Governance

- 1.Organization Chart
- 2.Information on Directors and Management of the Company and Various Departments and Branches
- 3.Implementation of Corporate governance
- 4.Information on Independent Auditors
- 5.Net Change in Shareholdings and in Shares Pledged by Directors, Management and Shareholders Holding more than a 10% Share in the Company
- 6.Relationships between the Company's Top 10 Largest Shareholders and Their Shareholding Percentages
- 7.PCSC, Company directors, management, and directly/indirectly owned subsidiaries' ownership of shares in affiliated enterprises

48 04 Fund Raising

- 1.Capital and Shares
- 2.Status of Corporate Bonds, Preferred Stock, GDR, Employee Stock Option Plan, Employee Restricted Stock Plans, Mergers, Acquisitions, and Spin-Offs
- 3.Status of Capital Utilization Plan

52 05 Operating Highlights

- 1.Business Activities
- 2.Market Analysis and Merchandising
- 3.Human Resources
- 4.Environmental Protection Expenditures
- 5.Labor-Management Relations
- 6.Importance Contracts

64 06 Financial Information

- 1.Five Year Condensed Balance Sheet and Comprehensive Income Statement
- 2.Five Year Financial Analysis
- 3.The Audit Committee Report Regarding the most Recent Annual Financial Report
- 4.The Audited Consolidated Financial Report for the most Recent Fiscal Year
- 5.The Audited Parent Company only Financial Report for the most Recent Fiscal Year
- 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

71 07 Financial Status, Financial Performance and Risk Management

- 1.Financial Position Analysis
- 2.Financial Performance Analysis
- 3.Cash Flow Analysis
- 4.Major Capital Expenditures in Recent Years and Impact on Financial and Business
- 5.Analysis of Investments in Affiliates in Recent Years
- 6.Risk Management Policies and Organizational Structure and Risk Assessment
- 7.Other Important Items

78 08 Specific Notes

- 1.Information About Affiliated Companies
- 2.Private Placement of Securities
- 3.PCSC Securities Acquired, Disposed of, or Held by Subsidiaries
- 4.Other Supplementary Information
- 5.Situations Described in Article 36, Paragraph 3, Item 2 of the Securities and Exchange Act



ibon Voice System



Intelligent Coffee Machine

Intelligent Technology

Convenient Life



「X-STORE 3」 Future Convenience Store





「X-STORE 2」 Future Convenience Store



Intelligent Vending Machine



Self-checkout counter



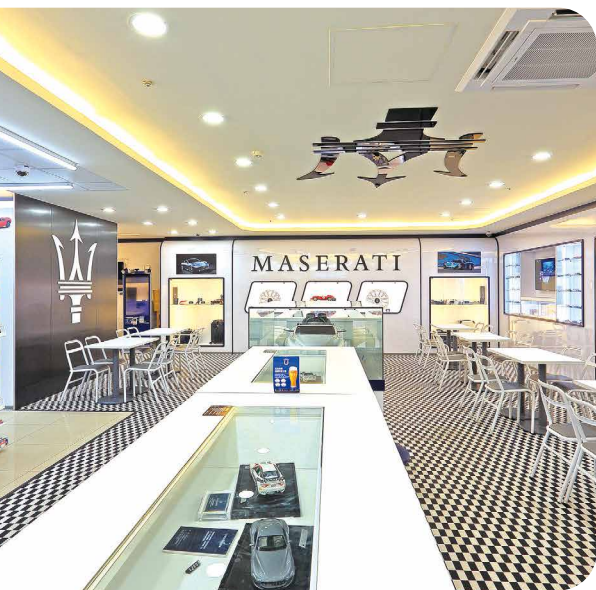
7-ELEVEN Tai Chang Store, Taipei



7-ELEVEN Yang Guang Cheng Store, Tainan



7-ELEVEN Ai He Store, Kaohsiung



7-ELEVEN Geneva Store, Taipei



7-ELEVEN Wei Ke Store, Taipei

Thematic Lifestyle Stores

Enjoyable Atmosphere



7-ELEVEN Da He Yi Store, New Taipei City



Coffee Master

Diversified Services

Unique Experiences



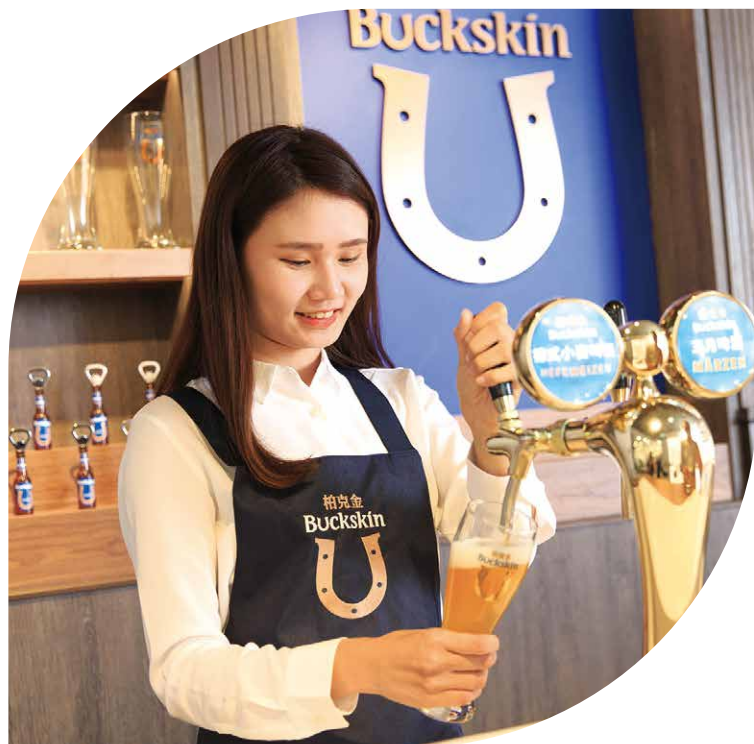
Myship-Delivery Service



Little Store Manager Activity



OPEN Wallet



7-ELEVEN Lifestyle Store Element-BUCKSKIN



Dessert Chiller



Cooperation with well-known
restaurant and chef
7-ELEVEN X COCO Curry House



Caesar Chicken Cheese Burger
Pizza Sandwich with Egg Salad





CITY CAFE & Mister Donut

Safe and Tasty Food Healthy and Quality



International Imported Goods



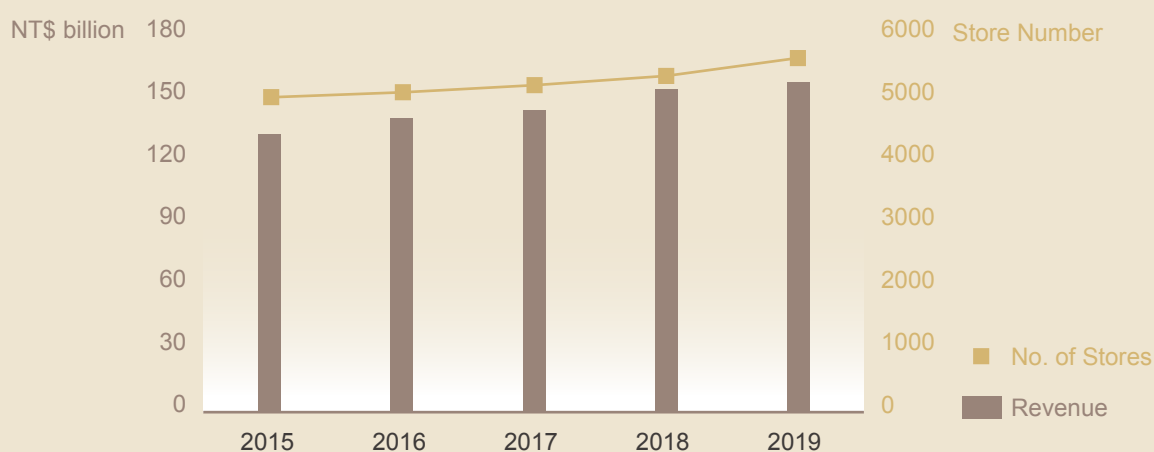
Health Fresh Food

Overall Performance (alone)

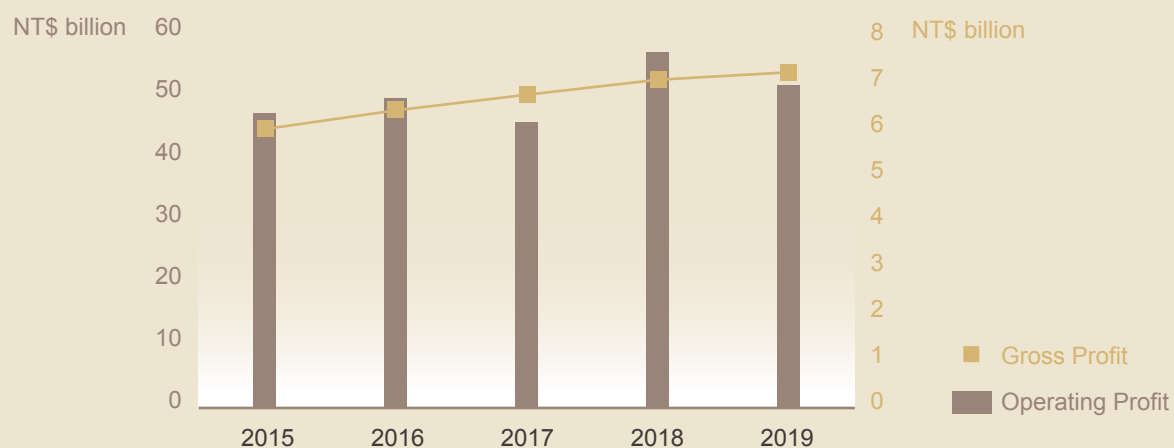
Item / Year (NT\$1,000)	2019	2018	YoY
Revenue	158,031,567	154,074,731	2.57%
Gross Profit	54,177,435	53,012,367	2.20%
Operating Profit	7,046,067	7,654,581	-7.95%
Pre-tax Profit	12,220,466	12,433,790	-1.72%
Net Profit	10,542,860	10,206,388	3.30%
EPS(NT\$)	10.14	9.82	—
Weighted Average Outstanding Shares	1,039,622,255	1,039,622,255	—

Financial Ratios	2019	2018
Gross Margin	34.28%	34.41%
Operating Expense Ratio	29.82%	29.44%
Operating Margin	4.46%	4.97%
Net Margin	6.67%	6.62%
ROA	9.79%	10.78%
ROE	29.50%	23.77%
Inventory Turnover	12.94 times	13.28 times
Fixed Asset Turnover	16.13 times	17.06 times

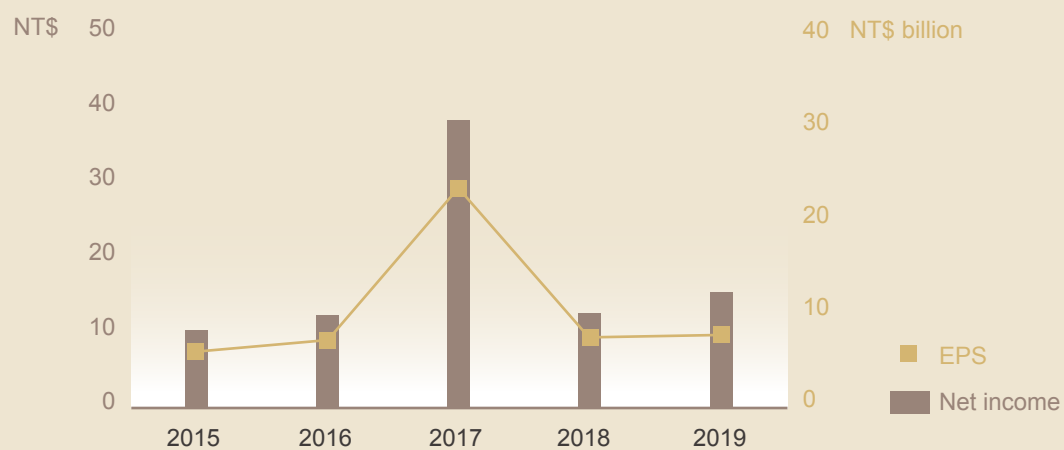
Total No. of Stores & Revenue



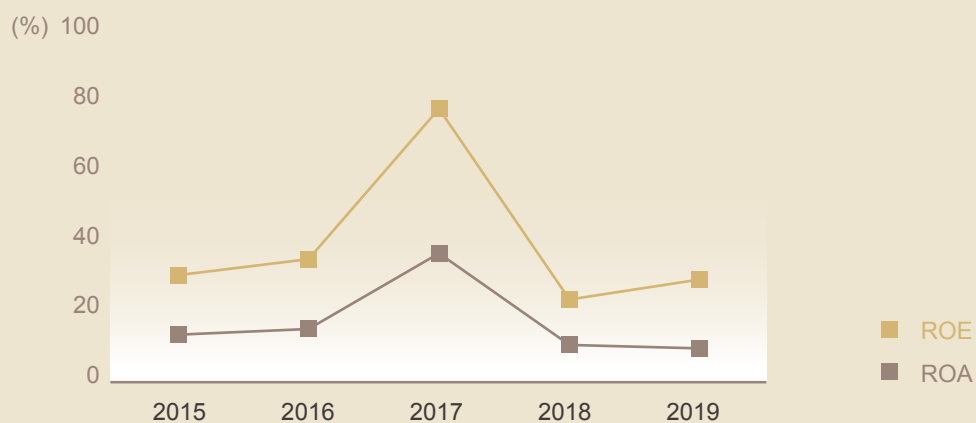
Gross Profit & Operating Profit



Net Income & EPS



Return on Equity & Return on Asset



*Performance of FY 2017 includes Starbucks Transactions.

1 Letter to Shareholders



Chairman:
Lo, Chih-Hsien



President:
Huang, Jui-Tien

Dear Shareholders,

In 2019, the global economy was turbulent, the minimum wage in Taiwan continued to increase, and businesses continued to face significant challenges. Despite an unstable external operating environment, President Chain Store Corporation (PCSC) continued to serve as a creative, convenient, safe, welcoming community center, offering customers innovative and convenient products and services. PCSC worked with all the subsidiaries to achieve consolidated revenue of NT\$256.06 billion and net profits of NT\$12.11 billion in 2019. PCSC was selected as Don Jones Sustainability World Index and Don Jones Sustainability Emerging Markets Index this year, underscoring the fact that PCSC's outstanding economic, environmental, and social performance meet the standards of world-class corporations around the globe.

Operating Performance

7-ELEVEN Taiwan aims to provide customers with an even more comfortable and friendly place to shop. In addition to providing larger, more featured stores, PCSC integrated resources, including beauty, fitness, bakery, fast foods, etc., further launched lifestyle stores to satisfy the needs of the business area and provide customers with a diversified shopping experience. This year for the first time, PCSC worked with such leaders in business as Maserati, and Disney, etc. to set up co-brand stores to create unique enjoyable settings for shoppers. PCSC also introduced a new customers model and unveiled the future of convenience stores with its X-STORE and Big7 lifestyle store, employing state-of-the-art technology to serve customers. To ensure food safety, PCSC set up an internal monitoring mechanism and a product quality testing lab. Together, these initiatives enable PCSC to control the supply chain and create a rigorous food safety net to protect customers. PCSC has worked together in strategic partnerships with well-known restaurants and chefs to launch a diverse selection of delicious food products and specialty restaurant cuisine to meet customer needs. PCSC has continued to improve the quality and flavor of CITY CAFE and has introduced more CITY PRIMA products to satisfy different target customers, continuing to drive future growth. PCSC selects the best products around the world, including Japan and Korea etc., and is a member of strategic partnerships with notable brands. By offering premium, differentiated, and exclusive products, we attract customers seeking products that reflect their personal style. In addition to physical products, PCSC has leveraged the intensive store network and comprehensive logistics system and equipment to enhance digital platform and application services. In 2019, PCSC introduced "My Ship", a digital supporting platform integrating three major services, cash, material (logistics), and information flow, to provide C2C vendors a sound, secure transaction platform. We handled pickup and delivery of more than 200 million packages, providing customers with reliable, convenient delivery services. In response to recent trends and to increase customer loyalty, PCSC offers a variety of payment options by which OPENPOINT can be collected through diversified channels. With more than 6.5 million members, PCSC continues to build a convenient and comprehensive digital platform for customers.

In addition to 7-ELEVEN Taiwan, PCSC has also expanded into other retail businesses. As of the end of 2019, PCSC operated a total of 9,900 stores, including 2,850 7-ELEVEN stores in the Philippines. In addition to enhancing in-store product offerings, it is actively strengthening digital services. Uni-Wonder Corp. (Starbucks Taiwan) continues to enhance

VIP membership program and brand experience, infusing new life into the coffee market with innovative services and diversified stores. To meet the growing e-commerce and distribution needs, President Transnet Corp. has continued to open new locations and to enhance its logistics capabilities. President Drugstore Business Corp. (COSMED) has brought together online platforms with physical resources, providing quality products and services to meet customers' rapidly changing needs. Taking advantage of the business opportunity of mobile reading, Books.com Co., Ltd. offers e-book services, a diversified, quality book-purchasing experience. PCSC and all the subsidiaries strive to continue to improve and provide innovative and outstanding services to meet customers' needs. In 2019, PCSC and Uni-Wonder Corp. (Starbucks Taiwan) won the gold in the convenience store and coffee franchise categories, respectively, by Next Magazine Top Service Awards. 21 Century Co., LTD was awarded the top position in the fast food industry category in a service survey conducted by Global Views Monthly.

Social Responsibility

For many years, PCSC has worked tirelessly to achieve sustainable operations and fulfill our responsibilities in the areas of corporate governance, social engagement, and environmental protection. In 2019, we were selected as Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index for the first time, showing that PCSC is in step with world-class corporations. In the area of corporate governance, for the fifth year running, PCSC ranked among the top 5% of all TWSE-/TPEX-listed companies in the annual Corporate Governance Evaluation. PCSC was also selected as a constituent stock of the MSCI Global Sustainability Indices, FTSE4Good Emerging Index, and Taiwan Sustainability Index. In the area of social participation, PCSC held almost 17,000 Good Neighbor Funfest events this year, using OPENPOINT for sign up and converting the points earned for donating books to support early intervention for sick children from disadvantaged families, providing a diversified public welfare service platform. For disadvantaged senior citizens, PCSC has developed a senior-friendly network, Good Neighbor meal delivery, and a program in which demented elderly serve as store employees. In the area of environmental protection, in 2019, PCSC took the initiative to expand its plastic reduction policies, introducing strawless sip lids into 7-ELEVEN stores around Taiwan, gradually using sip lids and environmentally-friendly straws in the subsidiaries, thereby reducing the use of plastic. PCSC received an award for excellence at the 2019 Taipei Energy Conservation Leadership Awards for its efforts. PCSC also received Taiwan Corporate Sustainability CSR Report Award from TCSA the only recipient in the convenience store industry.

Business Prospects

Global economic uncertainty will continue in 2020. Nevertheless, PCSC will maintain integrity and honesty in our business operations, while continuing to advance the company's seven key building elements: people, stores, products, systems, logistics, policies, and culture. PCSC has evolved from a "convenience store that provides basic necessities" to "a service platform that customers depend on and that surpasses their expectations" and which offers customers an environment characterized by experience, entertainment, and education.

By focusing on operations and consolidating company resources, PCSC's subsidiaries will also continue to achieve outstanding performance. The total number of 7-ELEVEN stores in the Philippines is expected to exceed 3,000. We will continue to expand our product mix and promote lifestyle stores to meet customer needs. Uni-Wonder Corp. (Starbucks Taiwan) will continue to create innovative products characterized by differentiation, enhance the customer experience, and optimize VIP membership program. President Transnet Corp. will continue to expand its warehouses and launch the home delivery services from residences to 7-Eleven stores to offer customers pick-up services characterized by quality and flexibility. President Drugstore Business Corp. (COSMED) will focus on introducing a variety of products as well as quality services offered by beauty specialists, make-up artists, and pharmacists to ensure a rich and novel shopping experience. By enhancing products and services, 7-ELEVEN Shanghai and 7-ELEVEN Zhejiang will continue to provide customers with a convenient shopping experience.

PCSC is "determined to become the most outstanding retailer by offering convenient services and being a good corporate citizen". To achieve this vision, PCSC focuses on three core goals, creating a happy company, positively impacting society, and achieving environmental sustainability. We strive to make life more convenient for our customers, ensure steady profitability for our franchisees, create a fair and friendly working environment for our employees, and increase shareholder value for our shareholders.

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.
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
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 Coffee Corp. (renamed Uni-Wonder Corp.)
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., and President Musashino Corp.(renamed Uni-President Superior Commissary Corp.).
2000	<ul style="list-style-type: none"> Signed perpetual area licensing agreement with 7-ELEVEN Inc. Acquired Philippine Seven Corp., extending operations to overseas. Established President Transnet Corp.
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.
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 Mister Donut Taiwan Corp., and President Cosmed Chain Store (Shen Zhen) Co., Ltd.
2005	<ul style="list-style-type: none"> 4000th store opened. Officially expanded into the hypermarket business in China with acquirement 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.
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., and Cold Stone Creamery Taiwan Ltd.
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.
2008	<ul style="list-style-type: none"> 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.

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.
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.
2011	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. PCSC was also awarded the 2012 Digital Service Benchmark Enterprise Award by Business Next Magazine. In Global Views Magazine's Excellence in Corporate Social Responsibility Awards, the only company to be recognized in all of the following categories: Community Involvement, Promotion of Public Interest, and Overall Performance.
2013	<ul style="list-style-type: none"> 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. 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. 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	<ul style="list-style-type: none"> 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. Mister Donut received a perpetual license to operate in the Taiwan market

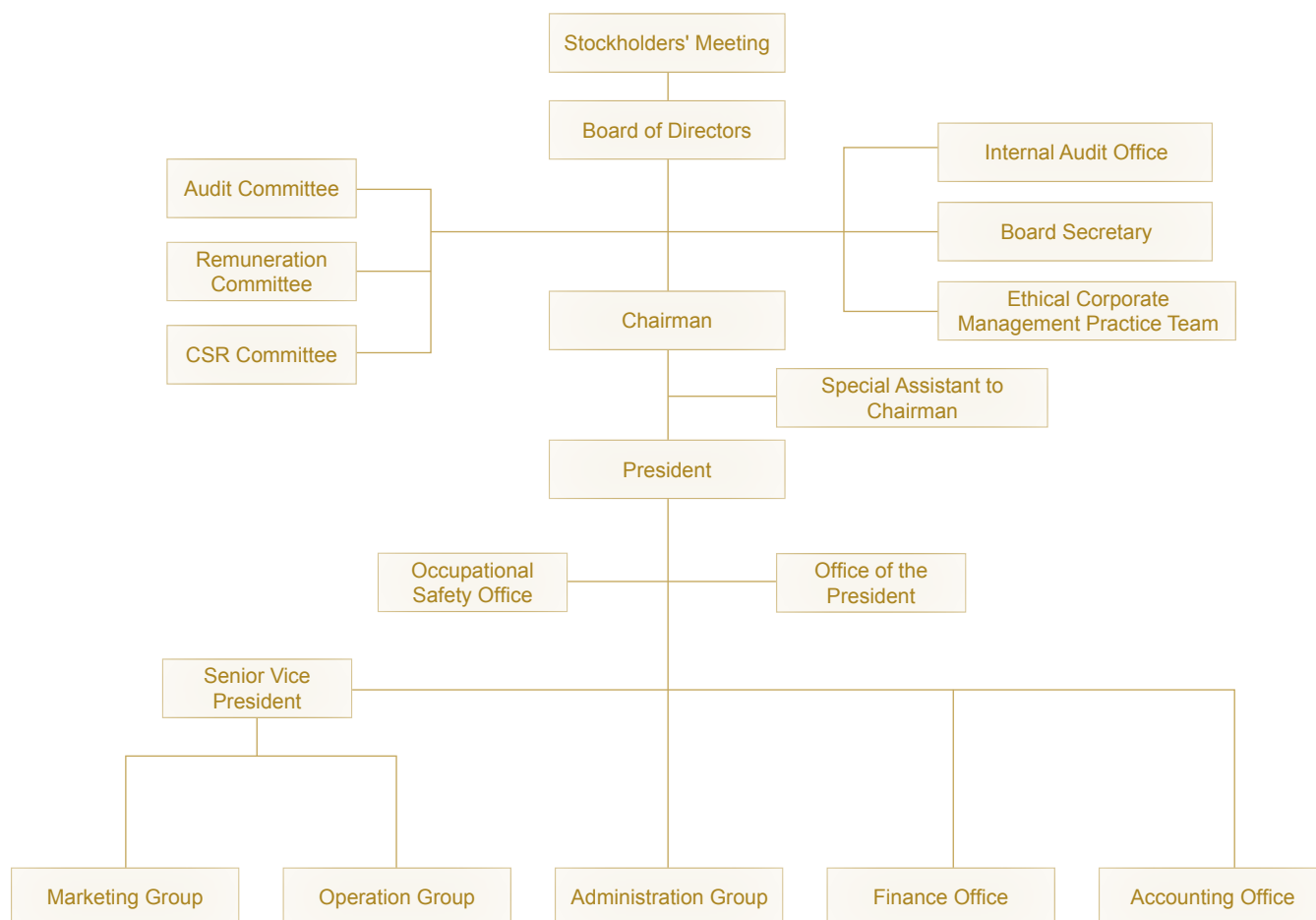
2015	<ul style="list-style-type: none"> • 7-ELEVEN joined hands with Formosa Vegetable Organic Farm to offer "organic produce boxes" for preorder and sale at store branches. • PCSC launched the internally-developed Material and Quality Assurance System and Laboratory Management System to keep track of 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 (Taizhou) Ltd. was officially established to support the Company's medium and long-term logistic needs in eastern China.
2016	<ul style="list-style-type: none"> • The introduction of CITY Fresh expanded the CITY CAFE brand into the tea market, providing customers more variety. • PCSC opened its first OPEN! Children's Reading Space. To encourage reading as it gives back to the local community, it has been working with 24 publishing companies and has brought in over 600 children's titles. • PCSC and President Transnet Corp. began a technical collaboration with the Industrial Technology Research Institute, promoting iPickup Station, an intelligent self-pickup station in 7-ELEVEN store where packages are delivered and held, so recipients pick them up at their own convenience. • icashH2.0 was officially incorporated into the mass transportation payment system. OPENPOINT's range of applications increased, making life more convenient for customers. • 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. • Wisdom Distribution Service Corp's third phase plant came online, allowing it to make full use of its logistics capabilities and further increasing its service efficiency and quality. • Shanghai 7-ELEVEN opened its 100th store.
2017	<ul style="list-style-type: none"> • CITY CAFE Fresh Tea brand offered the first convenience store fresh brewed bubble tea series. • 7-ELEVEN introduced steamed Japanese oden, which preserves nutrition and flavor, to provide customers even more delicious and diverse food choices. • 7-ELEVEN and Cathay United Bank joined hands to launch credit card payment options in all stores. • PCSC opened our first "Store of the Future" at the Changye location. • Received official authorization to operate 7-ELEVEN in China's Zhejiang Province. We will bring a convenient shopping experience for local residents and achieve new milestones for our overseas business operations. • 7-ELEVEN Philippines opened our 2000th outlet, the LV Locsin store.
2018	<ul style="list-style-type: none"> • PCSC launched "X-Store", Taiwan's first convenience store, to integrate cutting-edge technology into a retail space. PCSC unveiled the future of convenience stores by integrating state-of-the-art technology and offered valuable services and a new customer experience. • 7-ELEVEN launched "intelligent vending machine", employing a mini store-in-store model, offering fresh food products at different temperatures to satisfy consumer needs. • PCSC integrated internal resources to create combination 7-ELEVEN retail stores with concepts of beauty, fitness, bakery, or fast foods. In addition, PCSC launched its first "Big 7", a brand new store type of 7-ELEVEN that carries first premium coffee brand "1+ CAFE RESERVE" and products of Beauty, Bakery, Candy, and physical book store of Books.com. As we continue to strive to meet the needs of different business areas and provide customers with a rich shopping experience. • Brown sugar pearl milk tea was introduced in stores nationwide. In addition, CITY CAFE launched premium coffee products to meet customers' needs. • Established Beauty Wonder (Zhejiang) Trading Co., Ltd. • PCSC received ISO 14064-1 GHG Certification and ISO 45001 OH&S Certification, the only CVS operator received ISO 45001 Certification in Taiwan.
2019	<ul style="list-style-type: none"> • 7-ELEVEN has been working together in strategic partnerships with leading cross-industry brands and introducing co-brand stores to meet customer needs and to make shopping more fun. • 7-ELEVEN launched its "X-STORE 3", an all-new combination and intelligent store, to provide a new environment and experience for shoppers. • CITY CAFE sales exceeded NT\$14 billion as it continued to upgrade and focus on coffee, high-end coffee, fresh tea, and bubble tea. • 7-ELEVEN is collaborating with 7-ELEVEN Japan to introduce limited edition products, such as the 7-Premium and SEKKISUI series from Japan, thereby enhancing product differentiation and brand distinctiveness. • 7-ELEVEN launched Myship, a C2C service which provides individual sellers a sound and guaranteed e-commerce trading platform for cash flow, material flow (logistics), and information flow services. • Combining membership, value points, and the payment system to set up OPENPOINT customer ecosphere. The number of OPENPOINT members had reached 6.5 million in 2019. PCSC further launched an e-payment tool "OPEN Wallet" to create digital shopping experience. • icash Corp. launched icash Pay, an e-payment system which provides online payments, money deposit, money transfer, and money withdrawal functions. icash Pay also connects member and point systems to the OPENPOINT to offer a more convenient shopping experience. • Starbucks is cooperating with online food delivery platform to provide customers with a faster and more convenient food delivery experience. • President Transnet Corp. established new Hualien plant, further expanding its support base and enhancing its service quality. • 7-ELEVEN Philippines topped 2,800 retail locations as it continued to optimize its physical products and expands services such as e-commerce pick-up services and bill collection services. • PCSC was listed in Forbes Global 2000 in 2019 and was once again ranked among the Deloitte Global Powers of Retailing Top 250 with ranking improving each year. • PCSC was listed among the Dow Jones Sustainability World Index and Emerging Markets Index for the first time. PCSC was selected by the TWSE Corporate Governance 100 Index and FTSE4Good TIP Taiwan ESG Index. PCSC was ranked in the top 5% in the Taiwan Corporate Governance Evaluation System for the fifth year running and was again selected as a constituent stock of the FTSE4Good Emerging Index, MSCI Global Sustainability Indices, and MSCI Global SRI Indices. PCSC was presented the CSR Corporate Citizen Award by CommonWealth Magazine and received the Corporate Sustainability Award from TCSA for the third year in a row. • PCSC and Starbucks each earned gold medals in Next Magazine's 16th Next Top Service Awards for Convenience Stores and Coffee Chains, respectively, for their outstanding service.
2020	<ul style="list-style-type: none"> • PCSC integrated 7-ELEVEN, Cosmed, and BEING fit, three of the company's business entities, creating Simple-Fit, a brand-new combination channel characterized by tasty food, health, and fitness. • 7-ELEVEN cooperated with Anyo Fresh to launch a new concept of lifestyle store, strengthening its frozen foods structure and the mix of fresh food to meet the needs of customers in the surrounding business district.

3 Corporate Governance

1. Organization

(1) Organization Chart

Date: 15 March 2020



(2) Responsibilities of Key Groups:

- Office of the President: Administration of strategic planning, operating management, human resources, engineering management, innovation, and new business opportunity.
- Senior Vice President: Operation and management of Taiwan 7-ELEVEN and vertical subsidiaries.
- Marketing Group: Taiwan 7-ELEVEN product development and marketing strategy planning.
- Operation Group: Operation and planning of Taiwan 7-ELEVEN stores.
- Administration Group: Management and planning of back office resource integration.
- Finance Office: Management and planning of financial affairs and investor relations.
- Accounting Office: Management and planning of accounting and tax affairs.
- Occupational Safety Office: Management of staff safety and health.
- Internal Audit Office: Management and implementation of internal auditing and the internal control system.
- Board Secretary: Implement corporate governance and regulations, provide information to directors, and organize and held Board meetings and shareholders' meeting.
- Ethical Corporate Management Practice Team: Promotion of ethical policies and preventative measures.
- CSR Committee: Planning and Implementation of Corporate Social Responsibility Policies.

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

(1) Information on directors:

1. Information on directors:

15 March 2020

Title	Nationality or Place of Registration	Name	Gender	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			Remark (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director Institutional Shareholder	R.O.C	Uni-President Enterprises Corp.	-	2018.06.12	3	1987.06.10	471,996,430	45.40%	471,996,430	45.40%	-	-	-	-	-	-	-	-	-	-
Chairman (Representative)	R.O.C	Lo, Chih-Hsien (Note 1)	Male	2018.06.12	3	2000.06.15	1,032,215	0.10%	1,032,215	0.10%	1,044,139	0.10%	-	-	MBA, UCLA, USA	(Note 4)	Director	Kao, Shioh-Ling	Spouse	-
Director Institutional Shareholder	R.O.C	Kao Chyuan Investment Co. Ltd.	-	2018.06.12	3	2009.06.10	5,176,775	0.50%	5,176,775	0.50%	-	-	-	-	-	-	-	-	-	-
Director (Representative)	R.O.C	Kao, Shioh-Ling (Note 2)	Female	2018.06.12	3	2010.03.20	1,044,139	0.10%	1,044,139	0.10%	1,032,215	0.10%	-	-	Marymount College, USA	(Note 4)	Chairman	Lo, Chih-Hsien	Spouse	-
Director (Representative)	R.O.C	Chen, Jui-Tang (Note 1)	Male	2018.06.12	3	2012.06.21	13,652	0.00%	13,652	0.00%	-	-	-	-	BA, Dept of Economics, National Taiwan University	(Note 4)	-	-	-	-
Director (Representative)	R.O.C	Huang, Jui-Tien (Note 1)	Male	2018.06.12	3	2015.06.18	391	0.00%	391	0.00%	-	-	-	-	Master Degree in Marketing, National Kaohsiung First University of Science and Technology	(Note 4)	-	-	-	-
Director (Representative)	R.O.C	Hwang, Jau-Kai (Note 1)	Male	2018.06.12	3	2015.06.18	-	-	-	-	-	-	-	-	Accounting, Shih Chien University	(Note 4)	-	-	-	-
Director (Representative)	R.O.C	Su, Tsung-Ming (Note 1)	Male	2018.06.12	3	2008.02.14	10,000	0.00%	10,000	0.00%	-	-	-	-	MBA, University of Iowa, USA	(Note 4)	-	-	-	-
Director (Representative)	R.O.C	Wu, Liang-Feng (Note 1)	Male	2018.06.12	3	2018.02.24	-	-	-	-	-	-	-	-	BA in Japanese, Tamkang University	(Note 4)	-	-	-	-
Director (Representative)	R.O.C	Wu, Kun-Lin (Note 1)	Male	2018.06.12	3	2017.11.02	-	-	-	-	-	-	-	-	BBA in Business Administration, National Cheng Kung University	(Note 4)	-	-	-	-
Director (Representative)	R.O.C	Wu, Tsung-Ping (Note 1)	Male	2018.06.12	3	2012.06.21	-	-	-	-	-	-	-	-	Accounting, Chung Yuan Christian University	(Note 4)	-	-	-	-
Director (Representative)	R.O.C	Wu, Wen-Chi (Note 1)	Female	2018.06.12	3	2015.06.18	556	0.00%	556	0.00%	737	0.00%	-	-	BA, Accounting, University of Missouri, USA	(Note 4)	-	-	-	-
Independent director	R.O.C	Wang, Wen-Yeu	Male	2018.06.12	3	2012.06.21	-	-	-	-	20,000	0.00%	-	-	PhD, Stanford Law School	(Note 4)	-	-	-	-
Independent director	R.O.C	Shu, Pei-Gi	Male	2018.06.12	3	2012.06.21	-	-	-	-	-	-	-	-	PhD, Management, National Chengchi University	-	-	-	-	-
Independent director	R.O.C	Hung, Yung-Chen	Male	2018.06.12	3	2018.06.12	-	-	-	-	-	-	-	-	PhD, Information Engineering, National Taiwan University	(Note 4)	-	-	-	-

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 80 of this report.

Note 4: For more information 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 80 of this report.

Note 5: The relationship between the Chairman and President of the company is not the same person, spouse, or first-degree relatives.

Note 6: As of 15 March 2020, average tenure of incumbent directors is 7 years and 1 month.

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)												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	11	12	
Lo, Chih-Hsien				V											V		-
Kao, Shiow-Ling				V	V										V		-
Chen, Jui-Tang				V			V							V	V		-
Huang, Jui-Tien				V			V		V	V	V			V	V		-
Hwang, Jau-Kai				V			V	V						V	V		-
Su, Tsung-Ming			V	V			V	V						V	V		-
Wu, Liang-Feng				V			V	V						V	V		-
Wu, Kun-Lin				V			V	V						V	V		-
Wu, Tsung-Ping				V			V							V	V		-
Wu, Wen-Chi				V			V		V	V	V			V	V		-
Wang, Wen-Yeu	V			V	V	V	V	V	V	V	V	V	V	V	V	V	3
Shu, Pei-Gi	V			V	V	V	V	V	V	V	V	V	V	V	V	V	-
Hung, Yung-Chen	V	V		V	V	V	V	V	V	V	V	V	V	V	V	V	-

Note: All board members met with the following conditions for the two years leading up to assuming their posts and while they held their posts. Please place a tick mark "V" in the box under number that represents their situation.

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates.;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3;
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law.
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;
- (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000"
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company;
- (11) Not been a person of any conditions defined in Article 30 of the Company Law; and
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

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

9 August 2019

Name of Institutional Shareholder	Principal Shareholders in PCSC Institutional Shareholders
Uni-President Enterprises Corp.	Kao Chyuan Inv. Co., Ltd.(4.93%); BNP Paribas Wealth Management HK. Branch (3.04%); Hou, Po-Ming (2.60%); Hou, Po-Yu(2.27%); Government of Singapore-GOS-EFMC(2.06%); Kao, Shiow-Ling (1.64%); JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency(1.54%); First State Investments ICVC - Stewart Investors Asia Pacific Leaders Fund(1.52%); JPMorgan Chase Bank N.A.(1.34%); Vanguard Emerging Markets Stock Index Fund(1.30%)
Kao Chyuan Investment Co. Ltd.	Kao, Shiow-Ling (63.17%); Lo, Chih-Hsien (20.71%); Kao, Han-Di (5.70%); Kao, Tsu-Yi (5.26%); Lo, Hsi-Ai (5.16%)

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:

31 December 2019

Name of Institutional Shareholder	Principal Shareholders in Institutional Shareholders
Kao Chyuan Investment Co. Ltd.	Kao, Shiow-Ling (63.17%); Lo, Chih-Hsien (20.71%); Kao, Han-Di (5.70%); Kao, Tsu-Yi (5.26%); Lo, Hsi-Ai (5.16%)

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

15 March 2020

Title	Nationality	Name	Gender	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			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	R.O.C	Huang, Jui-Tien	Male	2018.06.20	391	0.00%	-	-	-	-	Master Degree in Marketing, National Kaohsiung First University of Science and Technology	(Note 2)	-	-	-	-
Special Assistant to Chairman	R.O.C	Chen, Jui-Tang	Male	2018.06.20	13,652	0.00%	-	-	-	-	BA, Economics, National Taiwan University	(Note 2)	-	-	-	-
Senior Vice President	R.O.C	Wu, Kuo-Hsuan	Male	2012.08.01	-	-	-	-	-	-	BA, Marketing & Distribution Management, Fortune Institute of Technology	(Note 2)	-	-	-	-
Vice President	R.O.C	Hsieh, Lien-Tang	Male	2012.08.01	-	-	113	0.00%	-	-	BA, Business Administration, Chinese Culture University	(Note 2)	-	-	-	-
Vice President	R.O.C	Lin, Chi-Chang	Male	2013.01.01	717	0.00%	-	-	-	-	BA, Social Work, Soochow University	(Note 2)	-	-	-	-
Chief Financial Officer (Vice President)	R.O.C	Wu, Wen-Chi	Female	2010.04.01	556	0.00%	737	0.00%	-	-	BA, Accounting, University of Missouri, USA	(Note 2)	-	-	-	-
Chief Accounting Officer (Vice President)	R.O.C	Kuo, Ying-Chih	Female	2017.09.01	-	-	-	-	-	-	MA, Business Management, National Kaohsiung University of Science and Technology	(Note 2)	-	-	-	-
Vice President	R.O.C	Lin, Hung-Chun	Male	2014.10.15	1,129	0.00%	-	-	-	-	BA, Business Administration, Aletheia University	(Note 2)	-	-	-	-
Vice President	R.O.C	Hsieh, Kuan-Hung	Male	2018.02.23	1,838	0.00%	38,285	0.00%	-	-	BA, Food and Nutrition, Fu Jen University	(Note 2)	-	-	-	-
Vice President	R.O.C	Tzeng, Fan-Bin	Male	2013.01.01	-	-	-	-	-	-	BA, International Trade, Soochow University	-	-	-	-	-
Project Vice President	R.O.C	Hsu, Guang-Yu	Male	2018.02.23	17,890	0.00%	-	-	-	-	BA, Journalism, Chinese Culture University	(Note 2)	-	-	-	-
Project Vice President	R.O.C	Hsieh Hung, Hui-Tzu	Female	2014.06.19	282	0.00%	-	-	-	-	MBA, National Cheng Kung University	(Note 2)	-	-	-	-
Project Vice President	R.O.C	Wu, Hui-Chen	Male	2019.03.01	-	-	-	-	-	-	BA, Business Administration, Tunghai University	-	-	-	-	-
Project Vice President	R.O.C	Chang, Kuo-Kuang	Male	2019. 08.02	-	-	-	-	-	-	Master Degree in Marketing, National Kaohsiung First University of Science and Technology	(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 82 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 82 of this report.

Note 3: The relationship between the Chairman and President of the company is not the same person, spouse, or first-degree relatives.

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

1. Directors and Independent Directors remuneration:

31 December 2019 / Unit: NT\$1000

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 parent company and affiliates other than subsidiaries (Note 5)
		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)						
		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
										Cash	Stock							Cash	Stock	PCSC	All consolidated companies	
Director Institutional Shareholder	Uni-President Enterprises Corp.	1,800	3,267	-	-	189,465	194,720	3,600	4,977	1.85%	1.93%	65,717	71,295	711	711	4,594	-	4,594	-	2.52%	2.65%	543,651
Director Institutional Shareholder	Kao Chyuan Investment Co. Ltd																					
Chairman (Representative)	Lo, Chih-Hsien (Note 1)																					
Director (Representative)	Kao, Shiow-Ling (Note 2)																					
Director (Representative)/ Special Assistant to Chairman	Chen, Jui-Tang (Note 1)																					
Director (Representative)/ President	Huang, Jui-Tien (Note 1)																					
Director (Representative)	Hwang, Jau-Kai (Note 1)																					
Director (Representative)	Su, Tsung-Ming (Note 1)																					
Director (Representative)	Wu, Liang-Feng (Note 1)																					
Director (Representative)	Wu, Kun-Lin (Note 1)																					
Director (Representative)	Wu, Tsung-Ping (Note 1)																					
Director (Representative)/ Chief Financial Officer	Wu, Wen-Chi (Note 1)																					
Independent Director	Wang, Wen-Yeu	-	-	-	-	-	-	3,600	3,600	0.03%	0.03%	-	-	-	-	-	-	-	0.03%	0.03%	-	
Independent Director	Shu, Pei-Gi																					
Independent Director	Hung, Yung-Chen																					

※ Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks, and time spent: PCSC provides transportation allowance for independent directors based on attendances for the meetings of the Board of Directors and other functional committees.

※ In addition to above information, remuneration to Directors who provide services to PCSC or consolidated companies: None.

Note 1: Representative of Uni-President Enterprises Corp.

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

Note 3: Includes car leasing expenses for managers.

Note 4: Earnings distribution for 2019 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 parent company and 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	Parent company and all consolidated companies
Less than NT\$1,000,000	Kao, Shiow-Ling; Chen, Jui-Tang; Huang, Jui-Tien; Hwang, Jau-Kai; Su, Tsung-Ming; Wu, Liang-Feng; Wu, Kun-Lin; Wu, Tsung-Ping; Wu, Wen-Chi;	Kao, Shiow-Ling; Chen, Jui-Tang; Huang, Jui-Tien; Hwang, Jau-Kai; Su, Tsung-Ming; Wu, Liang-Feng; Wu, Kun-Lin; Wu, Tsung-Ping; Wu, Wen-Chi;	Kao, Shiow-Ling; Hwang, Jau-Kai; Su, Tsung-Ming; Wu, Liang-Feng; Wu, Kun-Lin; Wu, Tsung-Ping;	—
NT\$1,000,000 (incl.)~NT\$2,000,000	Lo, Chih-Hsien; Wang, Wen-Yeu; Shu, Pei-Gi; Hung, Yung-Chen;	Lo, Chih-Hsien; Wang, Wen-Yeu; Shu, Pei-Gi; Hung, Yung-Chen;	Lo, Chih-Hsien; Wang, Wen-Yeu; Shu, Pei-Gi; Hung, Yung-Chen;	Wang, Wen-Yeu; Shu, Pei-Gi; Hung, Yung-Chen;
NT\$2,000,000 (incl.)~NT\$3,500,000	—	—	—	—
NT\$3,500,000 (incl.)~NT\$5,000,000	—	—	—	—
NT\$5,000,000 (incl.)~ NT\$10,000,000	—	—	—	Wu, Kun-Lin;
NT\$10,000,000 (incl.)~ NT\$15,000,000	—	—	Wu, Wen-Chi	Kao, Shiow-Ling; Wu, Liang-Feng; Wu, Wen-Chi
NT\$15,000,000 (incl.)~ NT\$30,000,000	Kao Chyuan Investment Co. Ltd	Kao Chyuan Investment Co. Ltd	Kao Chyuan Investment Co. Ltd ; Chen, Jui-Tang	Kao Chyuan Investment Co. Ltd ; Chen, Jui-Tang; Hwang, Jau-Kai; Su, Tsung-Ming; Wu, Tsung-Ping;
NT\$30,000,000 (incl.)~ NT\$50,000,000	—	—	Huang, Jui-Tien	Huang, Jui-Tien
NT\$50,000,000 (incl.)~NT\$100,000,000	—	—	—	—
NT\$100,000,000 and above	Uni-President Enterprises Corp.	Uni-President Enterprises Corp.	Uni-President Enterprises Corp.	Uni-President Enterprises Corp.; Lo, Chih-Hsien
Total	15	15	15	15

2. President and senior vice president remuneration:

31 December 2019 / Unit: NT\$1000

Title	Name	Salary (A)		Pensions(B)		Bonus and Special Allowance (C) (Note 1)		Earnings Distribution to Employees (D) (Note 2)				Summation of A, B, C, and D as a % of After-Tax Income		Compensation from parent company and affiliates other than subsidiaries
		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	Huang, Jui-Tien	22,001	23,575	767	767	50,843	51,083	5,110	-	5,110	-	0.75%	0.76%	300
Special Assistant to Chairman	Chen, Jui-Tang													
Senior Vice President	Wu, Kuo-Hsuan													

Note 1: Includes car leasing expenses for managers.

Note 2: Earnings distribution for 2019 has not yet been approved by general shareholders meeting. These figures are based on the proposal approved by the Board.

Compensation Level	Names of the President and Senior Vice Presidents	
	PCSC	Parent company and all consolidated companies
Less than NT\$1,000,000	—	—
NT\$1,000,000 (incl.)~NT\$2,000,000	—	—
NT\$2,000,000 (incl.)~NT\$3,500,000	—	—
NT\$3,500,000 (incl.)~NT\$5,000,000	—	—
NT\$5,000,000 (incl.)~NT\$10,000,000	—	—
NT\$10,000,000 (incl.)~NT\$15,000,000	—	—
NT\$15,000,000 (incl.)~NT\$30,000,000	Chen, Jui-Tang; Wu, Kuo-Hsuan	Chen, Jui-Tang; Wu, Kuo-Hsuan
NT\$30,000,000 (incl.)~NT\$50,000,000	Huang, Jui-Tien	Huang, Jui-Tien
NT\$50,000,000 (incl.)~NT\$100,000,000	—	—
NT\$100,000,000 and above	—	—
Total	3	3

3. Earnings distribution as remuneration to Company management:

31 December 2019/ Unit: NT\$1000

	Title	Name	Stock	Cash	Total	Total as a % of After-Tax Income
Management	President	Huang, Jui-Tien	—	15,994	15,994	0.15%
	Special Assistant to Chairman	Chen, Jui-Tang				
	Senior Vice President	Wu, Kuo-Hsuan				
	Vice President	Hsieh, Lien-Tang				
	Vice President	Lin, Chi-Chang				
	Vice President	Wu, Wen-Chi				
	Vice President	Kuo, Ying-Chih				
	Vice President	Lin, Hung-Chun				
	Vice President	Hsieh, Kuan-Hung				
	Vice President	Tzeng, Fan-Bin				
	Project Vice President	Hsu, Guang-Yu				
	Project Vice President	Hsieh Hung, Hui-Tzu				
	Project Vice President	Wu, Hui-Chen (Note 2)				
	Project Vice President	Chang, Kuo-Kuang (Note 2)				

Note 1: Earnings distribution for 2019 has not yet been approved by general shareholders meeting. These figures are based on the proposal approved by the Board.

Note 2: Wu, Hui-Chen began his term in March 2019; Chang, Kuo-Kuang began his term in August 2019.

(4) The below includes analysis of total remuneration (as a percentage of net income) given to directors, 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
2019(Note)	PCSC	2.55%	0.75%
	All consolidated companies	2.68%	0.76%
2018(Note)	PCSC	2.71%	0.80%
	All consolidated companies	2.79%	0.82%

Note : PCSC's net income after tax in 2019 was NT\$10,542,860,000. PCSC's net income after tax in 2018 was NT\$10,206,388,000

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) According to Article 32 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 more than 2% of said surplus shall be distributed as director remuneration. Reasonable compensation has been assessed and given to directors based on PCSC's operational achievements, continuous educations, engagement of business sustainability, and the director's respective contribution to the Company which includes financial KPIs such as company's profitability. In addition to PCSC's overall performance, remuneration is based on the performance of individual directors and their contributions to PCSC. Relevant performance and reasonableness of remuneration are to be assessed by PCSC's remuneration committee and the Board of Directors. The remuneration system is to be reviewed and adjusted as necessary based on actual operational status and relevant regulations as PCSC seeks to realize sustained operations and risk management. ("Employee, director, and supervisor remuneration" on page 50.)
- (3) Remuneration paid to the PCSC president, senior vice presidents and vice presidents is set according to their individual performance including financial KPIs, such as company's profitability, 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 9 (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	9	0	100%	—
Director	Kao Chyuan Investment Co. Ltd. Kao, Shiow-Ling	9	0	100%	—
Director	Uni-President Enterprises Corp. Chen, Jui-Tang	9	0	100%	—
Director	Uni-President Enterprises Corp. Huang, Jui-Tien	9	0	100%	—
Director	Uni-President Enterprises Corp. Hwang, Jau-Kai	9	0	100%	—
Director	Uni-President Enterprises Corp. Su, Tsung-Ming	9	0	100%	—
Director	Uni-President Enterprises Corp. Wu, Liang-Feng	8	1	89%	—
Director	Uni-President Enterprises Corp. Wu, Kun-Lin	9	0	100%	—
Director	Uni-President Enterprises Corp. Wu, Tsung-Ping	9	0	100%	—
Director	Uni-President Enterprises Corp. Wu, Wen-Chi	9	0	100%	—
Independent Director	Wang, Wen-Yeu	9	0	100%	—
Independent Director	Shu, Pei-Gi	8	1	89%	—
Independent Director	Hung, Yung-Chen	9	0	100%	—

Other issues to be noted:

1. In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all independent directors, and Company responses to their opinions should be noted:
 - (1) Issue specified in Article 14-3 of the Securities and Exchange Act: The Company has set up an Audit Committee, so it is not applicable of Article 14-3 of the Securities and Exchange Act. Please refer to page 25 "Operations of the Audit Committee" for more information regarding to Article 14-5 of the Securities and Exchange Act.
 - (2) 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: None.
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:

- (1) The proposal of PCSC to obtain the right to use real estate assets was raised and discussed during the company board meeting held on April 29, 2019. Chairman Lo, Chih-Hsien as well as Directors Kao, Shioh-Ling; and Chen, Jui-Tang recused themselves from discussion and voting due to conflicts of interest, and the Chairman designated Director Shu, Pei-Gi to be the proxy Chairman; otherwise, the resolution was adopted unanimously by all directors in attendance.
 - (2) The proposal to terminate the service contract with Kao Chyuan Investment Co. Ltd. was raised and discussed during the company board meeting held on August 2, 2019. Chairman Lo, Chih-Hsien and Director Kao, Shioh-Ling recused themselves from discussion and voting due to conflicts of interest, and the Chairman designated Director Shu, Pei-Gi to be the proxy Chairman; otherwise, the resolution was adopted unanimously by all directors in attendance.
 - (3) The proposal of PCSC to obtain the rights to use real estate assets was raised and discussed during the company board meeting held on November 1, 2019. Uni-President Enterprises Corp. Representative Directors and Director Kao, Shioh-Ling recused themselves from discussion and voting due to conflict of interest, and the Chairman designated Director Shu, Pei-Gi to be the proxy Chairman; otherwise, the resolution was adopted unanimously by all directors in attendance.
 - (4) The Company 2020 donation plans were raised and discussed during the company board meeting held on December 11, 2019. With the exception of Director Huang, Jui-Tien, who recused himself from discussion and voting due to conflict of interest, the resolution was adopted unanimously by all directors in attendance.
3. TWSE/GTSM listed companies shall disclose evaluation cycles, periods, scopes, methods, and details used to conduct general self-evaluations (or peer evaluations) for their boards: The proposal for Performance Evaluation Guidelines and Evaluation Methods for the Board of Directors was raised and adopted during the company board meeting held on November 1, 2019. PCSC will hold company board meetings, the Audit Committee and Remuneration Committees, to conduct self-evaluations and peer evaluations and report the results before the end of the first quarter of the following year starting in 2020.
4. During this and recent fiscal years, PCSC has worked to strengthen the function of the Board (e.g., establishing the Audit Committee and enhancing information transparency) and evaluate the implementation of such measures:
- (1) 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. On February 27, 2019, in accordance with the amended TWSE Company's Corporate Governance Code of Practice received by PCSC from the competent authority on December 12, 2018, PCSC passed the revised content of the Company's Corporate Governance Code of Practice during the 6th meeting of the 12th board. On February 27, 2020, in accordance with the amended Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers announced on January 2, 2020, PCSC passed the revised content of the Company's Corporate Governance Code of Practice during the 14th meeting of the 12th board.
 - (2) 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.
 - (3) To enhance corporate governance, on August 3, 2018, the Company's Board passed a resolution to add a Board of Directors Secretariat directly under the Board of Directors and appoint Hsieh Hung, Hui-tzu project vice president in the President's Office to assist the Board of Directors Secretariat carry out its oversight and management duties, providing directors (including independent directors) the information they need to perform their duties, assisting directors (including independent directors) to adhere to the laws and regulations, and performing tasks related to Board of Directors and shareholder meetings in accordance with the law.
 - (4) To enhance the Board of Directors' structure and operations as stipulated by relevant laws and regulations, on December 12, 2018, the Company's Board passed a resolution to establish a functional CSR Committee directly responsible to the Board and drew up organizational procedures for the CSR Committee. The organizational procedures of the CSR Committee stipulate that the committee is to consist of six members. Senior Vice President Wu, Kuo-Hsuan is the chairman. Vice President Wu, Wen-Chi is the vice chairman. Project Vice President Hsu, Guang-Yu is the secretary general. The other three committee members, Wang, Wen-Yeu, Shu, Pei-Gi, and Hung, Yung-Chen, are independent directors.
 - (5) In accordance with the Regulations Governing Procedures for Board of Directors Meetings of Public Companies issued by the Financial Supervisory Commission, R.O.C. on January 15, 2020, PCSC passed the revised content of Rules of Procedures for Board Meetings during the 14th meeting of 12th board on February 27, 2020.
 - (6) During the period from January 1, 2019 to May 15, 2020, proposals which, according to the Company Act and Article 14-3, 14-5 of the Securities and Exchanges Act, are to be approved by the Audit Committee before they are sent to the Board for discussion and voting, were approved by the Audit Committee before being adopted and implemented by the Board.

(2) Operations of the Audit Committee:

1. The purpose of the Audit Committee is to assist the Board in the execution of its duties to supervise and implement the Company Act, the Securities and Exchanges Act, and other related laws. On June 21, 2012, PCSC established the Audit Committee, which is consist of three independent directors. The Audit Committee holds at least one meeting every quarter. During its four meetings in 2019, it primarily discussed the following items:
 - (1) Reviewing financial reports: The Board prepared the Company's 2018 business report, financial statements, and proposal for allocation of 2018 profits. The independent auditors of PRICEWATERHOUSECOOPERS audited PCSC's financial statements and issued an audit report on the financial statements. The business report, financial statements, and profit allocation proposal were reviewed and determined to be correct and accurate by the Audit Committee members of President Chain Store Corp.
 - (2) Evaluating the effectiveness of the Company's internal control system: The Audit Committee evaluates the policies and procedures of the Company's internal control systems and reviews the Company's Audit Department and external auditors, and examines regular managerial reports.
 - (3) Appointing external auditors: The Audit Committee has the responsibility to ensure the independence of accounting firms and the accuracy of financial reports. PCSC passed the proposal to evaluate the independence of the external auditors on February 26, 2019.

2. As of publication of the Annual Report, there had been a total of 5 (A) meetings of the Audit Committee over the past fiscal year. Independent director attendance is detailed below:

Title	Name	Meetings Attended (B)	Meeting attend by Proxy	Attendance Rate (%) [B/A] (Note)	Remarks
Independent Director	Wang, Wen-Yeu	3	2	60%	—
Independent Director	Shu, Pei-Gi	5	0	100%	—
Independent Director	Hung, Yung-Chen	5	0	100%	—

Other issues to be noted:

1. In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all independent directors, and Company responses to their opinions should be noted:

(1) Issues specified in Article 14-5 of the Securities and Exchange Act: Please refer to page 41 "Major resolutions voted on at Shareholder, Board Meetings, Audit Committee, and Remuneration Committee during the most recent year and as of the date of publication of the Annual Report". All the resolutions were approved by the majority of the Audit Committee members and then were approved by the Board meetings.

(2) 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: None.

2. 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: None.

3. Communication between independent directors and internal audit managers and external auditors (regarding issues such as Company financial and operational status, procedures, and results):

(1) The Company's internal audit managers provide Audit Committee members with regular updates on audit report results and follow-up during the Audit Committee Meeting. If a special situation should arise, internal audit managers shall immediately report to the Audit Committee. Items that the Audit Committee and internal audit manager discussed in 2019 are as follows, all independent directors had no opinion:

Date	Items Discussed
2019/02/26	October 2018- January 2019 audit execution report
2019/04/26	February -March 2019 audit execution report
2019/08/01	April -June 2019 audit execution report
2019/10/31	1. July - September 2019 audit execution report 2. 2020 Audit Plan
2020/02/26	October 2019- January 2020 audit execution report

(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 2019, the Audit Committee and the independent auditors retained by the Company discussed the following items, all independent directors had no opinion:

Date	Items Discussed
2019/02/26	The independent auditors discussed the 2018 financial report.
2019/04/26	The independent auditors discussed the Q1 of the 2019 financial report.
2019/08/01	The independent auditors discussed the Q2 of the 2019 financial report.
2019/10/31	The independent auditors discussed the Q3 of the 2019 financial report.
2020/02/26	The independent auditors discussed the 2019 financial report

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

Items Evaluated	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?	V		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. In addition, to meet with requirements as stipulated in regulations at the meeting of the board on 27 February, 2019. For more information regarding the Company's Corporate Governance Best Practice Principles, please go to the Company website or Taiwan Stock Exchange Market Observation Post System.	Compliant
2. Ownership structure and shareholders' rights				
(1) Did PCSC establish internal operational procedures for dealing with shareholder suggestions, questions, disputes, and lawsuits and put these procedures into practice?	V		In addition to authorizing a share transfer agent to handle relevant affairs, PCSC also established a comprehensive spokesperson system and Board of Directors Secretariat to deal with shareholder issues.	Compliant
(2) Does PCSC maintain a list of major Company shareholders and the ultimate owners of these shares?	V		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?	V		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 Company personnel from using market information not yet made public to purchase securities?	V		<p>1. In accordance with article 157-1 of the securities laws, PCSC has specified the object of the specification and the conditions that constitute insider trading in the operation procedures of insider trading prevention in the internal control system. If personnel's intention or action constitutes insider trading, they will be dealt with in accordance with the internal control system and regulations.</p> <p>2. In accordance with article 17 in Ethical Corporate Management Best Practice Principles, article 15 in Ethical Corporate Management Operating Procedures and Code of Conduct, and article 10 in Corporate Governance Best Practice Principles, PCSC regulates its personnel to follow the regulations of the Securities Exchange Act. To prevent insider trading, personnel are not allowed to use non-public information to engage in insider trading, or to leak information to others.</p> <p>3. In order to ensure new employees are aware of the regulations, PCSC provides trading related standards for new employees and require employees sign a statement indicating that they understand the standards.</p> <p>4. The Company aperiodically educates directors on the Board that insider trading is prohibited.</p> <p>5. The Company aperiodically uses the monthly management report to carry out internal training on related topics.</p>	Compliant

Items Evaluated	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	

3. Composition 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?	V	<div>1.PCSC passed Corporate Governance Best Practice Principles at the 16 th meeting of the 10th Board on 19 December 2014. The guidelines of diversity of the board of directors composition is mentioned in chapter III" Enforcing the Function of Board of Directors."</div> <div>2. 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. The number of directors who also serve as managers of the Company is not to consist of more than one-third of Board seats. Also, the Company formulates appropriate policies on diversity based on the Company's business operations, operating dynamics, and development needs which include, but are not limited to, the following two major standards: (1) Basic conditions: gender, age, etc. (2) Professional knowledge and skills: background, skills, and industry experience. The implement and achievement of the diversity policy is as below:</div> <table><thead><tr><th>Management of Diversity Policy</th><th>Accomplishment</th></tr></thead><tbody><tr><td>Three seats of Independent Directors</td><td>accomplished</td></tr><tr><td>The number of directors who also serve as managers of the Company is not consisted more than one-third of Board seats</td><td>accomplished</td></tr></tbody></table> <div>3. The actions regarding to the diversity policy of Board of Directors are: The Company's current 13 directors include three employees, counted for 23%, three independent directors counted for 23%, and two directors are female, counted for 15%. The tenure of 1 independent directors is under three years, and the tenure of 2 independent directors is 7 years. The directors generally have the specialized knowledge, skills and accomplishments necessary to perform their duties. (Note 1) The implement meets the management condition.</div> <div>4. For more diversity policy of composition of Board of Directors, please go to the Company website or Taiwan Stock Exchange Market Observation Post System.</div>	Management of Diversity Policy	Accomplishment	Three seats of Independent Directors	accomplished	The number of directors who also serve as managers of the Company is not consisted more than one-third of Board seats	accomplished	Compliant
Management of Diversity Policy	Accomplishment								
Three seats of Independent Directors	accomplished								
The number of directors who also serve as managers of the Company is not consisted more than one-third of Board seats	accomplished								
(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?	V	<div>In addition to establishing the Remuneration and Audit Committees as required by law, the Company also has a CSR Committee which is under the Board of Directors and cross-sectoral Ethical Corporate Management Practice 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.</div>	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 and report the results to the Board as well as use the results as reference for remuneration and reappointment of Directors?	V	<div>PCSC passed the Guidelines and Methods for Evaluating the Performance of the Board of Directors during the Board meeting on 1 November 2019. Starting in 2020, PCSC will hold board meetings, Audit Committees, and Remuneration Committees, to self-evaluate or peer evaluate the Board and report the results before the end of the first quarter of the following year. According to the Guidelines and Methods for Evaluating the Performance of the Board of Directors, relevant departments are to provide audit materials for the evaluation period to the Directors, so they can evaluate and report the results to the Board. The results will be used as reference for elections or nominations of Director positions.</div>	Compliant						
(4) Does PCSC periodically assess the independence of external auditors?	V	<div>1.PCSC's Audit Committee and Board of Directors annually evaluate accountants based on standards derived from the Certified Public Accountant Act and the 10th Code of Ethics for Professional Accountants and reports the results to PCSC's Audit Committee and Board of Directors to evaluate the independence of its certified accountants. After being reviewed by the Company, it was determined that Liang, I-Chang and Chou, Chien-hung, CPAs with PricewaterhouseCoopers, met with the Company's independent evaluation standards (Note 2) and could assume the position of retained external auditors for the Company.</div> <div>2. PCSC's external auditors provide PCSC with a Statement of Independence. The external auditing firm also complies with rules for rotating external auditors.</div>	Compliant						

Items Evaluated	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 designated eligible personnel and an appropriate number of personnel as well as designated personnel to implement corporate governance related business (including, but not limited to, providing information needed by directors or supervisors to execute their duties, to comply with regulations, matters related to meetings of the Board and shareholder meetings held in accordance to legal requirements, and producing proceedings for the meetings of the Board and shareholders)?	V		<p>1. To enhance corporate governance, on August 3, 2018, the Company's Board resolved to set Board Secretary directly under the Board of Directors and appoint Hsieh Hung, Hui-Tzu as Project Vice President of President's Office to assist Board Secretariat carry out its oversight and management duties, providing directors (including independent directors) the information they need to perform their duties, assisting directors (including independent directors) to adhere to the laws and regulations, and performing tasks related to Board of Directors and shareholder meetings in accordance with the law. In addition, finance, accounting, operational planning departments, and professional stock agency are assisting the corporate governance related matters.</p> <p>2. 2019 business execution explained below:</p> <p>(1) Assisted directors and independent directors carry out their duties, providing them with the materials they needed and made arrangements for directors to receive continuing education.</p> <p>(2) Assisted directors comply with regulations by providing company management and corporate governance regulations, and regularly providing the latest versions of these documents.</p> <p>(3) Assisted with the Board of Directors and shareholder meetings to ensure that the proceedings and resolutions adhered to relevant laws and regulations: reported the status of PCSC's corporate governance to the Board of Directors, independent directors, and the audit committee, ensured that PCSC's shareholder and board meetings were carried out in accordance with relevant laws and the corporate governance rules. Reviewed major announcements pertaining to important resolutions of the Board of Director to ensure that the legality and accuracy of the information and to guarantee investors receive equal transaction information.</p> <p>(4) Drawn up the agenda for Board of Directors meetings, notified directors prior to meetings, convened meetings, and provided meeting materials. Issued reminders in advance when issues required recusal. Provided complete meeting minutes after meetings. Everything was completed within the stipulated time periods.</p> <p>(5) Registered dates for shareholder meetings prior to meetings, produced meeting notifications, handbooks, and minutes within the statutory period, and made and registered changes made to revised articles of incorporation or Company director elections in accordance with the law.</p> <p>3. As of the date of the printing of the annual report, Hsieh Hung, Hui-Tzu, the Project Vice President of Corporate Governance, had taken classes entitled "2019 Economic Outlook and Major Decisions of the Board" and "The Updated Corporate Governance Blueprint and Analysis of the Latest Corporate Law Revisions" organized by the Taiwan Institute of Directors, and "The Practice of Corporate Governance Personnel", "Disclosure of Material Information and Responsibility of Directors and Supervisors", "Towards Sustainable Corporate Governance and Increasing Long-term Company Value Seminar" and "2019 Corporate Governance Practice Seminar" organized by Taiwan Corporate Governance Association, total 21 hours.</p>	Compliant
5. Has PCSC established communication channels with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and set up an area dedicated to stakeholders on the Company website and does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?	V		<p>1. In 2015, PCSC set up a stakeholder area on its website with sections for different types of stakeholders. We also established a system and have a response mechanism in place to ensure the Company properly handles feedback from stakeholders. In addition, it ensures that the personal information of stakeholders remains confidential.</p> <p>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.</p> <p>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.</p> <p>4. The Company has established an internal employee care group that actively works to provide effective, timely consultation and guidance to employees whenever required.</p> <p>5. PCSC has set up a public website, which not only discloses business and financial information, but also states its responsibilities and obligations as a corporate citizen.</p> <p>6. PCSC has established the Integrated Services Call Center, stakeholder's mail box, and franchisee question and complaint hotline to serve as a communication channel between PCSC, its suppliers, employees, customers, and franchisees.</p>	Compliant
6. Has PCSC designated an agent specializing in the handling of stock affairs to handle shareholder meeting affairs?	V		PCSC has designated the President Securities Corporation Stock Affairs Department to handle shareholder meeting affairs.	Compliant

Items Evaluated	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. Information Disclosure

(1) Has PCSC established a public website to disclose operational, financial, and corporate governance information?	V		PCSC has established a corporate website at http://www.7-11.com.tw and designated personnel to be 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)?	V		<ol style="list-style-type: none"> 1. PCSC has set up an English website. 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 are posted on the Company website and also on Taiwan Stock Exchange Market Observation Post System. 	Compliant
(3) Did PCSC announce and declare the Annual Financial Report within two months after the fiscal year ended, and announce and declare the first, second, and third quarter Financial Reports and the monthly Operating Situation reports before the deadline?	V		<ol style="list-style-type: none"> 1. PCSC declared its 2018 and 2019 annual Financial Reports on February 27, 2019 and February 27, 2020, respectively, a month earlier than required. 2. The first, second, and third quarter Financial Reports of 2019 were declared respectively on May 3, August 5, and November 1, all earlier than required. The monthly Operating Situation Reports were declared based on monthly account settlement, but were all completed earlier than required. 	Compliant
8. 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)?	V		<ol style="list-style-type: none"> 1. There is no spousal relationship between PCSC's chairman and president, and they are not relatives within one 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. 2019 continuing education for management team: <ol style="list-style-type: none"> (1) President Huang, Jui-Tien, Special Assistant to the President Chen, Jui-Tang, and Chief Financial Officer Wu, Wen-Chi took classes entitled "2019 Economic Outlook and major decisions of the Board" and "The Updated Corporate Governance Blueprint and Analysis of the Latest Corporate Law Revisions" organized by the Taiwan Institute of Directors, 6 hours; (2) President Huang, Jui-Tien, Special Assistant to the President Chen, Jui-Tang, Chief Financial Officer Wu, Wen-Chi, Vice Presidents Hsieh, Lien-Tang and Lin, Chi-Chang took part in a "Corporate Governance" course organized by Good Governance Advocates & Practitioners of the Philippines (GGAPP), 2 hours; (3) Chief Accounting Officer Kuo, Ying-Chih took classes held by the Accounting Research and Development Foundation titled "Continued Development of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges", 12 hours. (4) Chief Auditor Lee, Kun-Feng attended classes entitled "Functions and Tasks of Corporate Governance Personnel Under the Corporate Governance Blueprint" and "Practice and Management of Fraud Risk Audit" offered by the Institute of Internal Auditors, 12 hours; (5) A required three-hour class on law for all high-level managers was held. 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 and submitted it to the Board of Directors for approval. 5. PCSC was listed among the Dow Jones Sustainability World Index and Emerging Markets Index, the FTSE4Good Emerging Index, MSCI Global Sustainability Indices, and selected by the TWSE Corporate Governance 100 Index and FTSE4Good TIP Taiwan ESG Index. 6. PCSC places a great deal of emphasis on the transparency and immediacy of information disclosure. It has been ranked among the top 5% in the Taiwan Corporate Governance Evaluation five years in a row. 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. 	Compliant

Items Evaluated	Status		Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and reasons for such discrepancies
	Yes	No	
			<p>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.</p> <p>9. PCSC complies with the Labor Act and revises work regulations in a timely manner and uses emails and the Company's internal webpage to inform employees of their relevant rights.</p> <p>10. 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.</p> <p>11. PCSC subsidiaries also follow these guidelines to gradually improve corporate governance.</p> <p>12. According to Article 32 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 more than 2% of said surplus shall be distributed as director remuneration. Reasonable compensation has been assessed and given to directors based on PCSC's operational achievements, continuous educations, engagement of business sustainability, and the director's respective contribution to the Company which includes financial KPIs such as company's profitability. In addition to PCSC's overall performance, remuneration is based on the performance of individual directors and their contributions to PCSC. Relevant performance and reasonableness of remuneration are to be assessed by PCSC's remuneration committee and the Board of Directors. The remuneration system is to be reviewed and adjusted as necessary based on actual operational status and relevant regulations as PCSC seeks to realize sustained operations and risk management.</p>
<p>9. Please explain improvements that have been made as well as priorities to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center:</p> <p>1. Improvements made: According to the results of the latest Corporate Governance Evaluation, the Company has made major improvements which are explained below:</p> <p>(1) The Company has established a functional CSR Committee directly responsible to the Board and incorporated independent directors to serves as committee members.</p> <p>(2) The Company has pointed Company Secretary, providing directors (including independent directors) the information they need to perform their duties, assisting directors (including independent directors) to adhere to the laws and regulations, and performing tasks related to Board of Directors and shareholder meetings in accordance with the law.</p> <p>(3) The Company has increased disclosure of the content of the concrete management proposal for its convenience store human rights policies.</p> <p>(4) The Company has disclosed the contact details for stakeholders and will report the status of communication with each of its stakeholders with the Board of Directors every year.</p> <p>(5) The Company has increased disclosure of its information security policies and its concrete management proposal.</p> <p>(6) The Company has incorporated climate change issues directly into its risk management procedures.</p> <p>2. Priorities and measures for improvement: In response to revisions to Corporate Governance Evaluation objectives, items that PCSC has made for improvement are explained below:</p> <p>(1) The Company has passed the Guidelines and Methods for Evaluating the Performance of the Board of Directors. The performance of the Board will be evaluated once a year and results will be disclosed on company website or annual report.</p> <p>(2) The Company will evaluate potential risks and opportunities of climate change, and will evaluate taking countermeasures for climate change related issues.</p> <p>3. PCSC will continue to evaluate the feasibility of future improvement on other items.</p>			

Note 1: Director Diversity

Item		1	2	3	4	5	6	7	8	9	10
Director Name	Gender	Academic Background	Operational judgement	Administration	Accounting , Finance or Law	Business and Economics	Crisis Management	Industrial experiences	International Markets perspectives	Leadership	Decision making
Lo, Chih-Hsien	Male	Business Administration	V	V	V	V	V	V	V	V	V
Kao, Shiow-Ling	Female	Business	V	V		V	V	V	V	V	V
Chen, Jui-Tang	Male	Economics	V	V	V	V	V	V	V	V	V
Huang, Jui-Tien	Male	Marketing and retail management	V	V	V	V	V	V	V	V	V
Hwang, Jau-Kai	Male	Business	V	V			V	V		V	V
Su, Tsung-Ming	Male	Business Administration	V	V	V	V	V	V	V	V	V
Wu, Liang-Feng	Male	Japanese	V	V	V	V	V	V	V	V	V
Wu, Kun-Lin	Male	Business Administration	V	V	V	V	V	V	V	V	V
Wu, Tsung-Ping	Male	Finance and Accounting	V	V	V	V	V	V	V	V	V
Wu, Wen-Chi	Female	Finance and Accounting	V	V	V	V	V	V	V	V	V
Wang, Wen-Yeu	Male	Law	V	V	V	V	V		V	V	V
Shu, Pei-Gi	Male	Business Administration	V	V	V	V	V		V	V	V
Hung, Yung-Chen	Male	Information management	V	V	V	V	V	V	V	V	V

Note 2: External Auditor Independence Evaluation Standards

Item Evaluated	Evaluation Finding	Complies with Independence
1. Does the external auditor have direct or material indirect financial interest in PCSC?	No	Yes
2. Does the external auditor have loans or guarantees with PCSC or PCSC directors?	No	Yes
3. Does the external auditor have a close business relationship or a potential employment relationship with PCSC?	No	Yes
4. Could the external auditor be affected by the loss of PCSC as a client?	No	Yes
5. Does the external auditor have a contingent fee arrangement relating to an audit engagement with PCSC?	No	Yes
6. Has the external auditor or a member of the audit team been a director, a manager of PCSC or been employed by PCSC within the last two years in a position to exert significant influence over the subject matter of the engagement?	No	Yes
7. Does the external auditor provide any non-audit services which if performed for PCSC would affect directly a material item of the audit engagement?	No	Yes
8. Does the external auditor promote or broker shares for PCSC or other securities issued by PCSC?	No	Yes
9. Does the external auditor serve as an advocate or representative for PCSC with third parties in the event of conflict?	No	Yes
10. Does the external auditor have family ties with anyone who is a director, manager, or officer of with PCSC or any personnel who is in a position to exert significant influence over the subject matter of the engagement?	No	Yes
11. Has anyone in PCSC worked with the external auditor and within the last year of disassociating from the firm joined PCSC as a director, manager, or officer or another key position that can exert significant influence over the subject matter of the engagement?	No	Yes
12. Has the external auditor accepted gifts or preferential treatment from a director or manager of PCSC?	No	Yes
13. Has the external auditor been coerced by PCSC management to accept inappropriate decisions regarding its accounting policies or inappropriate disclosures regarding its financial reports?	No	Yes
14. Has PCSC applied pressure or inappropriately reduced the amount of audit work given to the external auditor?	No	Yes
15. Has the external auditor provided seven consecutive years of auditing service to PCSC?	No	Yes

2019 Director Continuing Education

Name	Date(s)	Organizer	Course Name	Time
Lo, Chih-Hsien, Kao, Shioh-Ling, Chen, Jui-Tang, Huang, Jui-Tien, Hwang, Jau-Kai, Wu, Liang-Feng, Wu, Kun-Lin, Wu, Tsung-Ping, Wu, Wen-Chi, Shu, Pei-Gi,	01/25	Taiwan Institute of Directors	2019 Economic Outlook and Major Decisions of the Board	3 hours
Lo, Chih-Hsien, Kao, Shioh-Ling, Chen, Jui-Tang, Huang, Jui-Tien, Hwang, Jau-Kai, Su, Tsung-Ming, Wu, Liang-Feng, Wu, Kun-Lin, Wu, Tsung-Ping, Wu, Wen-Chi, Shu, Pei-Gi, Hung, Yung-Chen	04/26	Taiwan Institute of Directors	The Updated Corporate Governance Blueprint and Analysis of the Latest Corporate Law Revisions	3 hours
Su, Tsung-Ming,	06/28	Taiwan Corporate Governance Association	Fiduciary Duties of Director and Business Judgment Rule	3 hours
Wang, Wen-Yeu	08/01	Taiwan Corporate Governance Association	US-China Trade Negotiations and export control	3 hours
Wang, Wen-Yeu	08/02	Taiwan Corporate Governance Association	Valuation and Disclosure of non-financial performance (Impact from global trend)	3 hours
Wang, Wen-Yeu	11/05	Taiwan Corporate Governance Association	The role and responsibility of Company Secretary (including Insider trading)	3 hours
Hung, Yung-Chen	03/21	Securities & Futures Institute	Analysis on Corporate Financial Information and decision making	3 hours
Hung, Yung-Chen	04/30	Taiwan Corporate Governance Association	Skills for Detection of Fraud of Financial report	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 1)										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	9	10		
Independent Director	Wang, Wen-Yeu		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	—
Independent Director	Shu, Pei-Gi		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	—
Independent Director	Hung, Yung-Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	—

Note 1: Compensation Committee Members, during the two years before being elected or during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3;
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law.
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;
- (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service" which total compensation within the recent two years exceeds NTD500,000";
- (10) Not been a person of any conditions defined in Article 30 of the Company Law.

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 20, 2018 through June 11, 2021.

As of publication of the Annual Report, there had been a total of 4 (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)	Remarks
Convener	Wang, Wen-Yeu	3	1	75%	—
Member	Shu, Pei-Gi	4	0	100	—
Member	Hung, Yung-Chen	4	0	100	—

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 retaining opinion on any decision by the Board.

2. Should a committee member oppose or retain 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 retaining opinion on a resolution decided upon by the committee.

3. Remuneration Committee functions and powers:

(1) Draw up and regularly review the performance evaluations for directors and managers and remuneration policies, system, standards, and structure.

(2) Regularly evaluate and stipulate remuneration for directors and managers.

(5) Implementation of Corporate Social Responsibility

Items Evaluated	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. Has PCSC conducted risk evaluations on environmental, social, and corporate governance issues related to company operations based on the materiality principle?	V		1. PCSC abides by the Company's five principles, the context of sustainability, the materiality principle, completeness, and stakeholder inclusion, establishing a systematic and standardized materiality assessment process to evaluate how much issues that our main stakeholders are concerned with influence the economy, environment, and society. 2. We integrate major themes into our daily risk management system, and are committed to maintaining the completeness of our risk management system. PCSC has included the entire group organization and subsidiaries in the system and the Board of Directors, managers and employees at all levels participate in and promote the implementation. In addition to complying with relevant laws and regulations, we also actively identify, analyze, measure, monitor, respond to, report, and improve potential risks that appear in various operational activities based on their risk characteristics and degree of impact. While reasonably ensuring that the Company achieves its strategic objectives, PCSC also effectively maintains and controls relevant potential risks. (Note 1)	Compliant

Note 1: Evaluation and management on ESG Risks

ESG Topic	Risk Type	Implementation of risk management
Environmental	Climate risks	PCSC has integrated our climate risk management into the extant risk management framework, in which each department identify climate risks, including transitional risks from pertinent laws and regulations as well as physical risks, such as increases in the seriousness of extreme weather events and dramatic changes in weather patterns and proposes countermeasures based on their functions.
Social	Food safety risk	PCSC invest each year to ensure rigorous quality control is maintained. From production to stores, we are continually setting up rigorous food safety protection networks for our consumers: 1. Establishing the Merchandise Safety Committee and holding regular meetings to review contract manufacturers and supplier and implementation progress. 2. Establishing the Product Safety Information Collection and Inventory Tracking Operational Standards and setting up inventory and tracking procedures to ensure the safety of Company products. 3. Using measures like contractual cooperation, production site management, ingredient tracing mechanisms and systems, supplier grading, management and on-site assessment system, distribution centers and periodic store checks, as well as occasional sampling of raw materials and finished products, to stay on top of the entire supply chain from production to store.
	Risks related to demographic structure changes	Our major area of operations is the region of Taiwan. Convenience stores and logistics services, the important parts of our business, are both labor intensive. Taiwan has been faced with such issues as an acceleration in the aging of the population, and a declining birthrate. Thus, we consider the decrease in the labor force to be a risk for us. Countermeasures: 1. Continuing to keep tabs on changing trends in consumer groups and develop products needed by senior consumers to take advantage of related business opportunities. 2. Hiring re-employed women, middle-aged and senior workers. 3. Taking advantage of technological developments, such as AI, and optimize business structure and processes, and human resource allocation at stores to increase efficiency and lower personnel costs. 4. Incorporating automation of warehousing processes and ordering systems in logistics to increase operational efficiency and reduce the need for manpower.
Corporate Governance	Market risks	PCSC has an inter-division Regulation Identification Committee and periodically holds "Regulation Identification Meetings" to keep abreast of the newest changes to laws and regulations so as to be able to adopt appropriate countermeasures. Additionally, each unit's supervisors also establish a "Crisis Management Team" to effectively control and manage any potential or current market risk or crisis.

Items Evaluated	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 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?	V		In order to implement and manage CSR, PCSC established an interdepartmental CSR Committee, which is a functional committee directly responsible to the Board, and has been promoting CSR concepts in concrete ways for many years. It is composed of six members, three are upper-level PCSC managers and three are independent directors. The committee is responsible for proposing and implementing concrete plans related to CSR policies and reporting the status on a regular basis. It is to convene a minimum of two times each year. It also reports achievements of the current year and future plans to the Board of Directors once a year.	Compliant
3. Environmental Topic				
(1) Has PCSC established an environmental management system that is specifically designed with PCSC operations in mind?	V		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 headquarters 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. Using our green accounting system, we convert these concrete actions to improve the environment into financial data, which helps the Company manage environmental costs and analyze overall effectiveness.	Compliant
(2) Has PCSC endeavored to make more efficient use of resources and use renewable materials that have a lower impact on the environment?	V		PCSC continues to introduce concrete energy conservation plans in our stores. Energy saving measures, such as proper 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 2019, PCSC invested NT\$21.41 million to install energy-saving refrigerator door heater strips in 2,847 stores, saving 1,846 kWh every year. In coordination with government academic institutions, PCSC is working to improve store energy efficiency and reduce operational costs, while also introducing store energy use self-evaluations to ensure efficient operations.	Compliant
(3) Does PCSC evaluate potential risks and opportunities of climate change for the Company now and in the future, and make countermeasures to issues related to climate change?	V		PCSC continues to focus on energy saving and carbon reduction issues and has established an energy policy to optimize its energy management structure. Since 2005, PCSC has performed annual greenhouse gas inventories, energy managements based on the spirit of ISO50001, promoted energy-saving measures for its headquarters and stores, improved energy efficiency of equipment, as well as educated and trained employees to enhance energy-saving awareness. In addition, PCSC takes advantage of its distribution system and the fact that its stores are open 24/7 to help disseminate disaster notifications and early warning information. In response to disasters related to climate change, PCSC has deployed a weather information distribution system, enhanced the training of store personnel, teaching them how to respond to typhoons and floods, and established construction standards for waterproof gates and low walls in low-lying areas to enhance the ability of the stores and the nearby communities to deal with climate change.	Compliant
(4) Did PCSC calculate greenhouse gas emissions, water use and total weight of waste in the past two years and did it establish policies for saving energy, reduction carbon, reduction of water use, as well as waste management?	V		1. PCSC is committed to environmental protection issues. The largest source of the Company's greenhouse gas emissions is the electricity consumption of our stores. Electricity consumption is linked to store size, equipment used, and business types and is eventually reflected in operating income, therefore, we calculate emission intensity per million New Taiwan dollars in turnover as a quantitative indicator for overall medium and long-term reduction targets. In addition, PCSC continues to analyze store water consumption patterns and introduce water-saving equipment to reduce water consumption at the stores. Since 2018, PCSC has surveyed stores served by the waste removal company hired by the Company. The total weight of waste is estimated based on information provided by the waste removal company on the total weight of waste each month and the correlation between types of operation activities and waste at the store side. These serve as a basis for setting reduction targets. In addition to our stores, PCSC has set up saving goals and performance indicators for electricity and paper at headquarters. Using goal management and enhanced publicity, PCSC has actively worked to save on water and electricity. 2. Please refer to chapter 6 and the appendix of the latest PCSC CSR Report for detailed descriptions of the Company's greenhouse gas emissions, water consumption, and the total weight of waste in the past two years and our reduction goals. We will continue to review and follow up on the various stats to serve as a basis for reduction performance and progress towards the goals for the medium and long-term reduction.	Compliant

Items Evaluated	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	
4. Social Topic				
(1) Has PCSC established management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		PCSC consulted such international human rights conventions as the "International Human Rights Law", "Core Labor Standards, Fundamental ILO Conventions", and "Ten Principles of the United Nations Global Compact" when formulating its human rights policies. Our seven major policies are to provide a friendly and safe work environment; eliminate forced labor; abolish child labor; eradicate discrimination to ensure equal opportunity to work, access to training and benefits, rewards, and advancement; freedom from workplace violence, sexual harassment, and coercion, treating employees with dignity; support the physical and psychological well-being of employees; ensure a balance between work and personal life; establish diverse channels of communication, and a grievance mechanism to ensure the rights and interests of stakeholders. Specific management and implementation plans include, regular annual reviews of occupational safety and health as well as labor conditions; employing comprehensive internal and external training channels to give employees inter-company and interdisciplinary work rotation experience as well as important positions and challenges to cultivate outstanding talents; conducting regular online questionnaires to determine the status of workplace violence to ensure a fair workplace environment; hold annual health check-ups and implement health promotion campaigns based on the data analysis findings of health exams over the years to enhance the employee health index; and PCSC has a variety of communication channels available in its auditing office, joint service center, and in the stakeholder area on its official website. In addition, it also has a comprehensive system and mechanism to ensure that feedback and suggestions are actually handled.	Compliant
(2) Does PCSC have and implement employee welfare measures, including bonuses, holidays, and other benefits, and is its operational performance and achievements reflected in their pay?	V		1. Comprehensive employee benefits: (1) In accordance with the 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 in-service education programs. (2) The PCSC benefit scheme includes self-selected benefits, trips for senior employees, health examinations, employee stock ownership plans, club subsidies, discount purchasing, wedding and funeral allowances, paid maternity and paternity leave, group insurance, employee travel allowance, and other benefits provided by Employee Benefits Committee to meet employee needs. 2. Comprehensive rewards system: PCSC gives employees annual bonuses based on the Company's net profit and gross profit growth to encourage them to stay and grow with the Company.	Compliant
(3) Does PCSC provide employees with a safe and healthy work environment and regularly implement safety and health education programs for employees?	V		1. PCSC provides employees with comprehensive education and training programs and works to realize our objectives of showing human care and improving their physical and mental health, focusing on the wide-ranging implementation of our Health Management Program to help employees care for their own health. The Company has engaged specialized nurse practitioners and works with doctors specializing in workplace health services to provide health consultation services. To promote employee health education, in addition to boasting a Healthy Life Circle APP for employees, issuing regular e-newsletters, and holding lectures to promote health, PCSC encourages employees to manage their personal health and create a healthy, harmonious, and safe work environment. 2. In accordance with revisions to the Occupational Safety and Health Act, PCSC launched programs for maternal protection, ergonomics hazard prevention, unlawful mental or physical harassment prevention, and a physical and psychological overload prevention program.	Compliant

Items Evaluated	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	
(4) Has PCSC established an effective career skills development training program for employees?	V		<p>PCSC attaches a great deal of importance to personnel training. We help our employees be all that they can be through job rotation, overseas experience, giving them important jobs and challenges, and by broadening their horizons.</p> <p>1. Since it set up an employee career development path and management mechanism in 2016, PCSC has continued to promote personnel rotation and to set up various systems. In 2019, it continued to build up the PCSC multi-function TEAM management talent pool and sent managers and specialists abroad to obtain experience and training to enhance their skills through job rotation, overseas experience, giving them important jobs and challenges, and by broadening their horizons.</p> <p>2. In accordance with the Company's core values, PCSC has clearly outlined a training program to equip employees with the skills and standards required for positions throughout the organization. Managers and employees can enhance their abilities to help them achieve their career goals by participating in internal or external training courses. With the exception of 2018 when it organized 20 classes, PCSC once again held four classes in 2019 on 360-degree report analysis that put the focus on employee growth and learning, helping managers learn how to assist employees enhance their skill levels and work planning. For some key employees, PCSC mapped out a program of training and development to help them reach their ideal positions within the Company.</p> <p>3. 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 foreign language courses.</p>	Compliant
(5) Does PCSC's product and service marketing and labeling adhere to relevant laws and regulations and international standards as well as the laws and regulations related to customer health and safety and personal information and has it established policies and grievance procedures to protect consumer protection rights?	V		<p>The Company's food safety policies focus on operations, food traceability, and gaining customer recognition. The packaging designs for PCSC's own-brand products have all passed the packaging inspection process, and the labeling and advertising have been further checked and approved by the Company's Supplier Management, Quality Assurance, and Legal Departments to ensure they conform to laws and guidelines set forth by regulating authorities. PCSC has established the Integrated Services Call Center and stakeholder's mail box to serve as a communication channel that consumers can use to ensure that their suggestions or concerns are handled satisfactorily. Internally, the Company also has operating measures for handling product suggestions made by customers to ensure that they are handled satisfactorily.</p>	Compliant
(6) Has the Company established supplier management that requires that suppliers adhere to regulations dealing with such issues as the environment, workplace safety and health, worker rights and, if so, what is the status of implementation?	V		<p>To determine whether suppliers are legally established, the quality of their products, how well they cooperate with inspections, and whether they adhere to laws and regulations and PCSC's standards, we have established a section in our internal control regulations dedicated to product safety management. Suppliers and OEM factories that produce PCSC's own-brand products have a greater impact on PCSC's operations and brand name, so we have set up different management measures for them based on their different characteristics, clearly requiring that the product production, packaging, inspection, and evaluation processes are all carried out in accordance with specific standards. PCSC holds spot checks of raw materials suppliers and OEM factories and employs hierarchical supplier management, giving them different classifications based on their evaluation scores. Items evaluated include food safety, product safety, environmental safety, workplace safety, and corporate social responsibility issues. In 2019, 237 spot checks were carried out on raw materials suppliers and only one did not pass. We are no longer dealing with that supplier. We also carried out 99 spot checks of suppliers and OEM factories that produce PCSC's own-brand products. They all passed. In addition, our Internal Audit Office holds spot checks at raw material suppliers and OEM factories to create a rigorous food safety net for consumers.</p> <p>In addition to supplier management regulations and evaluation system, PCSC has also set up the "Code of Conduct for PCSC and Subsidiary Subcontractors", requiring all suppliers to sign "Ethical Corporate Management and Corporate Social Responsibility Agreements", to which have been incorporated five major standards, including worker, health, environmental safety, ethics, and fairness. PCSC also regularly carries out supplier education and training dedicated to helping suppliers realize ethical corporate management and corporate social responsibility and set up management systems for them.</p>	Compliant

Items Evaluated	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	
5. Does the Company follow international recognized reporting criteria or guides when disclosing non-financial Corporate Social Responsibility reports? Did it obtain assurance or verification statements from third-party certification bodies for previously disclosed reports?	V		PCSC issues and discloses its CSR Report annually on the Company website. The 2018 CSR Report was in accordance with the core options of the GRI standards of Global Reporting Initiative. SGS Taiwan was entrusted with the task of verifying that the information in the CSR report meets the requirements of the AA1000 Type Two High Level. For the specific Subject Matter Information, we engaged PricewaterhouseCoopers (PwC) Taiwan in limited assurance to draft this report in accordance with the Republic of China Standard on Assurance Engagements Bulletin No. 1 Assurance Engagement Other than Audits or Reviews of Historical Financial Information. The third-party independent verification report was released after being submitted to the Board of Director's CSR Committee for review.	Compliant
<p>6. 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:</p> <p>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 we adhere to. It governs implementation of corporate governance, development of sustainable operations, protection of public welfare, strengthening of CSR information disclosure, and protection of stakeholder rights and interests. PCSC employees follow these regulations to manage Company risks and impacts on the economy, environment, and society.</p>				
<p>7. Other important information for facilitating the understanding of CSR and its implementation:</p> <p>(1) The Company is committed to the safety of our products. In 2019, we invested NT\$148,511,000 to enhance food safety management of the raw materials and we continued to ensure food safety through such activities as giving guidance and checking our OEM and suppliers and product inspection.</p> <p>(2) To respond to the issue of food safety, PCSC formulated the Product Safety Information Gathering and Inventory Tracking Operating Procedures to strengthen crisis management capabilities and perform self-reviews of potential major product safety incidents and related regulations to prevent latent food safety risks.</p> <p>(3) The PCSC quality assurance laboratory has been certified by the TFDA for seven testing areas (microorganism counts, coliform bacteria, E. coli, Salmonella, Listeria monocytogenes, eight colorants, Ochratoxin A, Patulin, and testing for residues of 48 veterinary drugs) and TAF certification for four testing areas. In 2012, PCSC received TAF Certification for the first time, and received TFDA Certification in 2014. The validity period is three years. We have continued to pass extension applications for accreditation, once again recognizing the management quality of our laboratories. In 2019, the quality assurance laboratory performed testing on over 800 raw materials and products to maintain strict control on the safety of food products.</p> <p>(4) To deal with changes in laws and regulations, PCSC took it upon itself to make adjustments to the items in its product inspection standards so that they comply with the requirements of laws and regulations.</p> <p>(5) PCSC has optimized the own-brand product raw material management system to strengthen traceability management of raw materials.</p> <p>(6) PCSC has optimized fresh food product ingredient labeling simplification and allergen labeling standards that meet with government standards and allow consumers to more easily determine food product ingredients and potential allergens.</p> <p>(7) In order to realize our "Franchise Utopia", PCSC has established a comprehensive franchise system, paying particular attention to responding to questions posed by franchisees and solving problems as quickly as possible. In June 2016, PCSC set up a "franchisee question and complaint hotline". Franchisee issues are dealt with as special projects and follow-ups made to determine how the solutions are progressing. This has served to enhance franchisee confidence and satisfaction.</p> <p>(8) ISO14001 is not applicable to PCSC, because it is not in the manufacturing industry.</p> <p>(9) Please refer to the Corporate Social Responsibility section on the PCSC website for more information at https://www.7-11.com.tw/company/csr.asp</p>				

(6) Ethical corporate management at PCSC and related implementation:

Items Evaluated	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 programs				
(1) Does PCSC have ethical operation policies established by the Board, and do PCSC's Articles of Incorporation and external documents explicitly expressing its ethical policies and methods and are the Board and management dedicated to the active implementation of these commitments?	V		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. For more information regarding to ethical management principles, please go to the Company website or Taiwan Stock Exchange Market Observation Post System.	Compliant
(2) Did PCSC establish an evaluation system to evaluate risks of unethical behavior and regularly analyze and evaluate operations that have higher risk of unethical behavior and did the Company implement preventative measures for each Item under Clause 2, Article 7 of the Ethical Corporate Management Best Practice Principles for Listed Companies?	V		PCSC formulated the Procedures for Ethical Management and Guidelines for 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 behavior. Sales personnel who contact outside firms are regularly rotated in order to prevent bribery. PCSC has also set up an Audit Reporting Line at 02-2747-8032 to effectively prevent corruption.	Compliant
(3) Do PCSC's unethical conduct prevention programs clearly specify relevant procedures, conduct guidelines, as well as a discipline and appeals system for rule violations, and are they regularly reviewed and amended?	V		PCSC formulated the Procedures for Ethical Management and Guidelines for 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 behavior. Disciplinary action and complaints against employees that violate the code of conduct are carried out in accordance with the system set up by the Company for that express purpose.	Compliant
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?	V		To ensure that both parties to any transaction act in an ethical manner, to protect their common interests, PCSC has created an ethical corporate management provision (or agreement) 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 reports to the Board regarding the implementation of these principles at least once a year?	V		In August 2015, PCSC established the interdepartmental Ethical Operations Team to strengthen the implementation of ethical corporate management. The Ethical Operations Team is composed of personnel from the Integrated Services Center, Board Secretary, business planning, finance, marketing, human resources, legal, operational planning, and audit divisions and is under the direct jurisdiction of the Board of Directors and the project vice president in the President's Office serves as chairperson. The Team formulates and promotes best practice principles and reports annually to the Board regarding the implementation of these principles.	Compliant

Items Evaluated	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) Has PCSC formulated and implemented policies to prevent conflicts of interest and provide appropriate ways to record any potential conflicts found?	V		<p>1. PCSC's Board of Directors Meeting Procedures state that if a director or the company he/she represents has a conflict of interest with any of the matters under discussion by the Board, he/she is to explain the important points regarding the interests during the Board meeting. If any of the matters could negatively affect PCSC, he/she is to be 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. Should spouses, first or second-degree relatives or affiliated companies of the directors have interests with any of the matters under discussion by the Board, it shall be deemed that the directors have personal interests in the matter.</p> <p>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 Conduct, and Standards Governing Awards and Discipline to inform employee conduct. PCSC has also set up an Audit Reporting Line at 02-2747-8032.</p>	Compliant
(4) Has PCSC implemented effective accounting and internal control systems and has the audit division established relevant audit plans based on the results of the unethical risk evaluations and did the audit division ensure that the plans are being complied with or has PCSC had independent accountants periodically review them?	V		<p>1. 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.</p> <p>2. Since the Company is belongs to chain stores retail business which is highly related to store selling. In order to prevention of unethical cases, the Company particularly emphasizes the implement preventative measures under item 7, Clause 2, Article 7 of the Ethical Corporate Management Best Practice Principles for Listed Companies that "Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services." As a result, The company conducts regular assessments to prevent unethical actions (such as store staff failed to implement on sales operation) and set up related prevention rules and actions for relevant divisions to follow.</p>	Compliant
(5) Does PCSC periodically hold internal and external ethical corporate behavior training?	V		<p>1. 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, and each year, PCSC establishes a training theme.</p> <p>2. In 2017, a course on "Logistics, Good Faith Management, and Personal Information Protection" was incorporated into our new employee training. In 2019: 243 people; 121.5 hours.</p> <p>3. In 2019, a course on adhering to the law focusing on "Labor Disputes", "Business Secrets and Insider Trading", "Intellectual Property Rights", and "Personal Information" including:</p> <p>(1) A joint education class on the rule of law ("Labor Disputes" and "Business Secrets and Insider Trading") for high-level managers: 569 people; 1,707 hours :</p> <p>A. Labor Disputes: totaled 316 people and 948 hours.</p> <p>B. Business Secrets and Insider Trading: totaled 253 people and 759 hours.</p> <p>(2) Support personnel training: a class on brand use, 147 people; 147 hours; a training class on general legal knowledge, 139 people; 139 hours.</p> <p>(3) "Intellectual Property Rights" (electives): two classes (Intellectual Property Rights Advanced Course-Trademarks, Intellectual Property Rights Advanced Course-Copyrights), 88 people; 105.5 hours.</p> <p>(4) Personal Information Advanced Training Course series: four classes (New, advanced, and back training), 89 people; 144 hours.</p> <p>(5) Developing online educational materials for 5 courses: "Business Secrets", "Cases of Stores Violating Contracts", "Zero Violence in Working Places", and "Office Hazard Prevention" for logistics staff; "Cases of Stores Violating Contracts" for store personnel. °</p>	Compliant

Items Evaluated	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?	V		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 a stakeholder sends their opinion by email through our website, their message is passed through the system directly to the responsible party, who is then required to update 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. In 2019, 2,064 messages were received through the stakeholder feedback section of the website. 3. The violation reporting and rewards system has been implemented in accordance with the Standards Governing Awards and Discipline and Regulations Governing Product Safety Protections as 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 appraisals are published on the Company's internal website.	Compliant
(2) Has PCSC established an investigation an SOP for violation reporting, follow-up measures, and relevant mechanisms to ensure confidentiality?	V		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 audit supervisor. If follow-up investigations show any violations of Company regulations or Company's losses, violators are to be disciplined in accordance with PCSC regulations and correction are to be made.	Compliant
(3) Does PCSC have any measures in place to protect individuals from possible mistreatment arising from reporting violations?	V		PCSC has the 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 or their personal information being exposed.	Compliant
4.Strengthening information disclosure Does PCSC disclose the content of its Best Practice Principles and its effectiveness on their website and the TWSE market observation post system?	V		PCSC discloses 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, implemented as written by the Ethical Operations Team. The Ethical Corporate Management Practice Team holds meetings on these issues on a regular basis.				
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 working rules, which clearly specify rights and obligations of both employers and employees, and 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 employees sign a convention of self-discipline in this regard. PCSC has also established a system that implements appropriate disciplinary measure in cases of rules violations. The ethical corporate management provision is 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. External marketing and manufacturing trade contracts, external contracts with relevant units, and "Code of Conduct for Subcontractors" all include an ethical corporate management provision. In addition, to ensure the realization of ethical corporate management, PCSC has establish effective internal control system and internal auditors also carry out checks on a regular basis to determine ensure adherence. Company subsidiaries also follow Company standards of ethical corporate management.				

- (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 procedures 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 83 of this report.
2. If PCSC 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: Please refer to page 58 of this report.
- (10) Major resolutions voted on at Shareholder, Board Meetings, the Audit Committee and Remuneration Committee 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 2019 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 12, 2019. The resolutions below were approved at the meeting:
(1) Approval of the financial report for 2018: Including business reports, financial statements, and distribution of profits.
Result: Resolution passed.
(2) Proposal on the distribution of 2018 profits: In 2018, the Company had distributable income amounting to NT\$11,443,082,412.
Result: Resolution passed and a cash dividend of NT\$8.8 per share was paid out on September 4, 2019.
(3) PCSC amended Articles of Incorporation: Due to amendments to laws and regulations as well as operational needs.
Result: Resolution passed and received permission from the Ministry of Economic Affairs on July 3, 2019 to register and announce the results on the Company's website.
(4) Amendments to "Operational Procedures for Acquisitions or Disposals of Assets": Due to new regulations, the Company is to revise the article of "Operational Procedures for Acquisitions or Disposals of Assets".
Results: Resolution passed.
(5) Proposal to amend the procedures for lending funds to other parties: Due to amendments to laws and regulations as well as operational needs, PCSC plans to amend the Company's "procedures for lending funds to other parties".
Results: Resolution passed.
(6) Proposal to amend the procedures for endorsing: Due to amendments to laws and regulations as well as operational needs, PCSC plans to amend the Company's "procedures for endorsing".
Results: Resolution passed.
(7) Resolution to Remove Non-Competition Restrictions for PCSC Directors.
Result: The above resolution was approved by the Shareholders' Meeting and implemented.
2. Major resolutions approved at Board Meetings:
(Some applications for the renewal of credit limits from financial institutions are currently being implemented, while PCSC's 2019 earnings and dividend distribution proposal must still be approved by the 2020 Shareholders' Meeting. All other resolutions have completed execution.)
During the fiscal year 2019 and as of the date of the publication this report, nine Board Meetings were convened. Major resolutions approved at these meetings are summarized below:
(1) The 6th Meeting of the 12th Board (Date: February 27, 2019)
 - Approved the 2018 employee and director earnings distribution proposal.
 - Approved 2018 financial statements and consolidated financial statement.
 - Approved 2018 business reports.
 - Approved the 2018 earnings distribution proposal.
 - Approved the 2018 dividend distribution proposal.
 - Presentation of the 2018 PCSC Internal Control Statement.
 - Approved the proposed agenda of 2019 Shareholders' Meeting.
 - Approved the procedures regarding the "Notice of the right of shareholders to make proposals" for the 2019 Shareholders' Meeting.
 - Approved revisions to the PCSC Articles of Incorporation.
 - Approved amendments to the Company's Corporate Governance Best-Practice Principles.

- Approved amendments to the Board of Directors Meeting Procedures.
- Approved amendments to "Operational Procedures for Acquisitions or Disposals of Assets".
- Approved amendment to the Remuneration Committee's Organizational Procedures.
- Approved the motion to change the custodian of PCSC's Ministry of Economic Affairs company registration chops.
- Approved proposal to change PCSC's CPA.
- Approved the PCSC CPA Independence Evaluation Resolution.
- Approved the motion on the application for the renewal of credit limits from financial institutions.
- Presentation of the resolutions approved at the 2nd meeting of the 4th Remuneration Committee.
- Approved the 2019 proposal to establish and remove Company branches and stores.
- Approved personnel appointment and removal proposal.
- Approved the date and venue for the 7th meeting of the 12th Board.
- (2) The 7th meeting of the 12th Board (Date: April 29, 2019)
 - Approved the proposed agenda of 2019 Shareholders' Meeting.
 - Approved resolution regarding the removal of non-competition restrictions for PCSC directors.
 - Approved newly added procedures for handling demands by directors.
 - Approved amendments to procedures for lending funds to other parties.
 - Approved amendments to procedures for endorsing.
 - Approved proposal to obtain right of use assets of real estate.
 - Approved PCSC capital increase for icash Corp.
 - Approved the motion on the application for the renewal of credit limits from financial institutions.
 - Approved renewal of sponsorship contract with Company's Xin Jiayuan store.
 - Presentation of the resolutions approved at the 3rd meeting of the 4th Remuneration Committee.
 - Approved the proposal to establish, change, and remove Company branches and stores.
 - Approved the date and venue for the 8th meeting of the 12th Board.
- (3) The 8th meeting of the 12th Board (Date: June 12, 2019)
 - Approved the proposal to sponsor the Economic Daily News "2019 Win at the New Southbound Summit Forum".
 - Approved the resolution to renewing liability insurance for directors and key employees.
 - Approved resolution regarding the removal of non-competition restrictions for management.
 - Approved the record date of 2018 earnings distribution.
 - Approved the proposal to give back to the community by donating for the Jiaotong University dormitory contract.
 - Approved the proposal to establish, change, and remove Company branches and stores.
 - Approved the date and venue for the 9th meeting of the 12th Board.
- (4) The 9th meeting of the 12th Board (Date: August 2, 2019)
 - Approved 2019 Financial Statement and Profit-seeking Enterprise Income Tax Auditing and Certification fee.
 - Approved amendments to endorsing, lending funds, and auditing policies.
 - Approved the motion to change the custodian of PCSC's financial institution company registration chops and the issuers of online banking operation authority
 - Approved the proposal to terminate the contract for services from Kao Chyuan Investment Co. Ltd.
 - Approved personnel appointment and removal proposal.
 - Approved the proposal to establish, change, and remove Company branches and stores in 2019.
 - Approved the date and venue for the 10th meeting of the 12th Board.
- (5) The 10th meeting of the 12th Board (Date: September 27, 2019): none.
- (6) The 11th meeting of the 12th Board (Date: October 8, 2019): none.
- (7) The 12th meeting of the 12th Board (Date: November 1, 2019)
 - Approved the 2020 audit plan.
 - Approved amendments to the Audit Committee Organization Procedures.
 - Approved initial guidelines for "Evaluating the Performance of the Board of Directors in Place".
 - Approved proposal to obtain right of use assets of real estate.
 - Approved the proposal to establish, change, and remove Company branches and stores in 2019.
 - Approved the date and venue for the 13th meeting of the 12th Board.
- (8) The 13th meeting of the 12th Board (Date: December 11, 2019)
 - Approved the 2020 operations plan proposal.
 - Approved the proposal for Company 2020 donation plans.
 - Approved the motion on the application for the renewal of credit limits and new applications from financial institutions.
 - Approved the proposal to establish, change, and remove Company branches and stores in 2019 and 2020.
 - Approved the date and venue for the 14th meeting of the 12th Board.
- (9) The 14th meeting of the 12th Board (Date: February 27, 2020)
 - Approved the 2019 employee and director earnings distribution proposal.
 - Approved 2019 financial statements and consolidated financial statement.
 - Presentation of the 2019 PCSC Internal Control Statement.
 - Approved 2019 business reports.

- Approved the 2019 earnings distribution proposal.
 - Approved the 2019 dividend distribution proposal.
 - Approved the proposed agenda of 2020 Shareholders' Meeting.
 - Approved the procedures regarding the "Notice of the right of shareholders to make proposals" for the 2020 Shareholders' Meeting.
 - Approved amendments to the Company's Corporate Governance Best-Practice Principles.
 - Approved amendments to the Board of Directors Meeting Procedures.
 - Approved amendments to the Shareholders' Meeting Procedures.
 - Approved amendment to the Remuneration Committee's Organizational Procedures.
 - Approved the motion on the application for the renewal of credit limits and new applications from financial institutions.
 - Presentation of the resolutions approved at the 5th meeting of the 4th Remuneration Committee.
 - Approved the proposal to establish, change, and remove Company branches and stores in 2020.
 - Approved the date and venue for the 15th meeting of the 12th Board.
3. Major resolutions approved at Audit Committee:
- During the fiscal year 2019 and as of the date of the publication this report, five audit committee meetings were convened. Major resolutions approved at these meetings are summarized below:
- (1) The 3rd meeting of the 3rd Audit Committee (Date: February 26, 2019)
- Presentation of the 2018 PCSC Internal Control Statement.
 - Approved amendments to Operational Procedures for Acquisitions or Disposals of Assets.
 - Approved the motion to change the custodian of PCSC's Ministry of Economic Affairs company registration chops.
 - Approved 2018 financial statements and consolidated financial statement reports.
 - Approved proposal to change PCSC's CPA.
 - Approved the PCSC CPA Independence Evaluation Resolution.
- (2) The 4th meeting of the 3rd Audit Committee (Date: April 26, 2019)
- Approved the 2018 earnings distribution proposal and business reports.
 - Approved PCSC capital increase for icash Corp.
 - Approved proposal to obtain right of use assets of real estate from Cosmed.
 - Approved amendments to procedures for lending funds to other parties.
 - Approved amendments to procedures for endorsing
- (3) The 5th meeting of the 3rd Audit Committee (Date: August 1, 2019)
- Approved amendments to endorsing, lending funds, and auditing policies.
 - Approved the motion to change the custodian of PCSC's financial institution company registration chops and the issuers of online banking operation authority.
 - Approved 2019 Financial Statement and Profit-seeking Enterprise Income Tax Auditing and Certification fee.
 - Approved the consolidated financial statement for 2019 Q2.
 - Approved the proposal to terminate the contract for services from Kao Chyuan Investment Co. Ltd.
- (4) The 6th meeting of the 3rd Audit Committee (Date: October 31, 2019)
- Approved the 2020 "PCSC Internal Control System" amendment.
 - Presentation of the 2020 audit plan.
 - Approved amendments to the Audit Committee Organization Procedures.
 - Approved proposal to obtain right of use assets of real estate from Tone Sang Construction Corp.
- (5) The 7th meeting of the 3rd Audit Committee (Date: February 26, 2020)
- Approved 2019 financial statements and consolidated financial statement reports.
 - Presentation of the 2019 PCSC Internal Control Statement.
4. Major resolutions approved at Remuneration Committee:
- (1) During the fiscal year 2019 and as of the date of the publication this report, four remuneration committee meetings were convened. Major resolutions approved at these meetings are summarized below:
- 1) The 2nd meeting of the 4th Remuneration Committee (Date: February 26, 2019)
- Resolution to the 2018 employee and director earnings distribution proposal.
- Result: The above resolution was approved.
- 2) The 3rd meeting of the 4th Remuneration Committee (Date: April 26, 2019)
- Remuneration actually paid to Company directors and managers in 2018.
- Results: Resolution passed.
- 3) The 4th meeting of the 4th Remuneration Committee (Date: October 31, 2019)
- Resolution to the proposal of PCSC's "Performance Evaluation Guidelines and Evaluation Methods for the Board of Directors".
- Results: Resolution passed.
- 4) The 5th meeting of the 4th Remuneration Committee (Date: February 26, 2020)
- Resolution to the 2019 employee and director earnings distribution proposal and appropriation.
- Results: Resolution passed.
- (2) There is no written or otherwise recorded resolutions on which a member of the Remuneration Committee had a dissenting opinion or qualified opinion.

(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) Summary of the resignations and dismissals of the chairman, president, accountant division manager, chief financial officer, internal auditing manager, Company Secretary, and R&D manager during the last year and up to the time of printing: None.

(13) Certificates Earned by Employees Involved in Financial Information Transparency:

31 December 2019

Certificates	Number of employees who hold professional certificates
Certified Internal Auditor (CIA)	2
Certified Information Systems Auditor (CISA)	1 (Note)
Project Management Professional (PMP)	1
Certified Public Accountant:	5
Certified Public Bookkeeper	3
Taiwan Internal Auditor	2
Technician for Accounting (Level C)	3
Corporate Governance General examination	1
Enterprise Internal Control Basic Skills Examination	15
TPIPAS Personal Information Management Professional	11
TPIPAS Personal Information Internal Assessment Professional	4

Note: Staff member in the PCSC's Internal Audit Office earned Certified Information Systems Auditors (CISA).

4. Independent auditors

(1) Audit fees

Auditing Firm	Auditor Names		Audit Period	Remarks
PRICEWATERHOUSECOOPERS	Liang, I-Chang	Chou, Chien-Hung	2019 Fiscal Year	-

Unit: NT\$1000

Expense Scale		Fee Category	Audit Fees	Non-Audit Related Fees	Total
1	Less than NT\$2,000,000		—	—	—
2	2,000,000 (incl.) – 4,000,000		—	—	—
3	4,000,000 (incl.) – 6,000,000		—	—	—
4	6,000,000 (incl.) – 8,000,000		—	—	—
5	8,000,000 (incl.) – 10,000,000		—	—	—
6	10,000,000 (incl.) and above		13,550	12,313	25,863
Total			13,550	12,313	25,863

Unit: NT\$1000

Auditing Firm	Auditor Names	Audit Fees	Non-Audit Related Fees					Audit Period	Remarks
			System Design	Business Registration	Human Resources	Other	Subtotal		
PRICEWATERHOUSECOOPERS	Liang, I-Chang	13,550	—	—	—	12,313	12,313	2019 Fiscal Year	Other Non-Audit Related Fees include CSR report and consulting service fees etc.
	Chou, Chien-Hung								

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

1. Former CPAs

Date of Change	Approved by Board of Directors on February 27, 2019			
Reasons and Explanation of Changes	In compliance with internal rotation of PricewaterhouseCoopers Taiwan			
State whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Status	Client	CPA	Consignor
		Appointment terminated automatically		Not applicable
		Appointment rejected (discontinued)		
The Opinions other than Unmodified Opinion issued in last two years and the reasons for the said Opinions	Not applicable			
Any disagreement in opinion with the issuer	Yes	X	Accounting principle or practice	
		X	Disclosure of financial statements	
		X	Auditing scope or procedures	
		X	Others	
	NO	V		
	Explanation: NA			
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	Not applicable			

2. Successor CPAs

Accounting Firm	PricewaterhouseCoopers Taiwan
Name of CPA	Liang, I-Chang and Chou, Chien-Hung
Date of Engagement	Approved by Board of Directors on February 27, 2019
Prior to the Formal Engagement, Any inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that might be Rendered on the Financial Report	None
Written Opinions from the successor CPAs that are Different from the Former CPA's Opinions	None

3. The reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: 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, management, and shareholders holding more than a 10% share in the Company

(1) Recent changes:

Unit: Shares

Title	Name	2019		This year as of March 15	
		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.	0	0	0	0
Chairman	Lo, Chih-Hsien	0	0	0	0
Director	Kao, Shiow-Ling	0	0	0	0
Director/PCSC Special Assistant to Chairman	Chen, Jui-Tang	0	0	0	0
Director/PCSC President	Huang, Jui-Tien	0	0	0	0
Director	Hwang, Jau-Kai	0	0	0	0
Director	Su, Tsung-Ming	0	0	0	0
Director	Wu, Liang-Feng	0	0	0	0
Director	Wu, Kun-Lin	0	0	0	0
Director	Wu, Tsung-Ping	0	0	0	0
Director/ PCSC Chief Financial Officer (Vice President)	Wu, Wen-Chi	0	0	0	0
Independent Director	Wang, Wen-Yeu	0	0	0	0
Independent Director	Shu, Pei-Gi	0	0	0	0

Title	Name	2019		This year as of March 15	
		Net increase (decrease) in shares held	Net increase (decrease) in shares pledged	Net increase (decrease) in shares held	Net increase (decrease) in shares pledged
Independent Director	Hung, Yung-Chen	0	0	0	0
Senior Vice President	Wu, Kuo-Hsuan	0	0	0	0
Vice President	Hsieh, Lien-Tang	0	0	0	0
Vice President	Lin, Chi-Chang	0	0	0	0
Chief Accounting Officer (Vice President)	Kuo, Ying-Chih	0	0	0	0
Vice President	Lin, Hung-Chun	0	0	0	0
Vice President	Hsieh, Kuan-Hung	0	0	0	0
Vice President	Tzeng, Fan-Bin	0	0	0	0
Project Vice President	Hsu, Guang-Yu	0	0	0	0
Project Vice President	Hsieh Hung, Hui-Tzu	0	0	0	0
Project Vice President	Wu, Hui-Chen(Note)	0	0	0	0
Project Vice President	Chang, Kuo-Kuang (Note)	0	0	0	0

Note: Wu, Hui-Chen began his term in March 2019. Chang, Kuo-Kuang began his term in August 2019.

(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:

15 March 2020

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%	—	—	—	—	None	None	—
Uni-President Enterprises Corp. Representative: Lo, Chih-Hsien	1,032,215	0.10%	1,044,139	0.10%	—	—	None	None	—
Uni-President Enterprises Corp. Representative: Chen, Jui-Tang	13,652	0.00%	—	—	—	—	None	None	—
Uni-President Enterprises Corp. Representative: Huang, Jui-Tien	391	0.00%	—	—	—	—	None	None	—
Uni-President Enterprises Corp. Representative: Hwang, Jau-Kai	—	—	—	—	—	—	None	None	—
Uni-President Enterprises Corp. Representative: Su, Tsung-Ming	10,000	0.00%	—	—	—	—	None	None	—
Uni-President Enterprises Corp. Representative: Wu, Liang-Feng	—	—	—	—	—	—	None	None	—
Uni-President Enterprises Corp. Representative: Wu, Kun-Lin	—	—	—	—	—	—	None	None	—
Uni-President Enterprises Corp. Representative: Wu, Tsung-Ping	—	—	—	—	—	—	None	None	—
Uni-President Enterprises Corp. Representative: Wu, Wen-Chi	556	0.00%	737	0.00%	—	—	None	None	—
First State Investments ICVC - Stewart Investors Asia Pacific Leaders Fund	41,722,208	4.01%	—	—	—	—	None	None	—
PCSC Employees Benefits Trust account in the custody of CTBC Bank	21,375,162	2.06%	—	—	—	—	None	None	—
Matthews Pacific Tiger Fund	15,271,608	1.47%	—	—	—	—	None	None	—
Labor Pension Fund (New Scheme)	14,722,500	1.42%	—	—	—	—	None	None	—
Government of Singapore	13,894,914	1.34%	—	—	—	—	None	None	—
Labor Insurance Fund	13,838,000	1.33%	—	—	—	—	None	None	—
JPMorgan Chase Bank N.A. Taipei Branch in custody for T. Rowe Price Emerging Markets Stock Fund	9,120,000	0.88%	—	—	—	—	None	None	—
JPMorgan Chase Bank N.A.	8,934,309	0.86%	—	—	—	—	None	None	—
Vanguard Emerging Markets Stock Index Fund	8,686,489	0.84%	—	—	—	—	None	None	—

Note: Except Uni-President Enterprises Corp., the information for other shareholders and their shareholding percentages is as of 6 August 2019.

7. PCSC, Company directors, managements, and directly or indirectly owned subsidiaries' ownership of shares in affiliated enterprises:

31 December 2019 / Units: Shares, %

Affiliated Enterprise	Ownership by PCSC		Ownership by directors, managements, and directly/indirectly owned subsidiaries		Total Ownership	
	Shares	%	Shares	%	Shares	%
PCSC (BVI) Holdings Ltd.	171,589,586	100.00%	0	0.00%	171,589,586	100.00%
PCSC (China) Drugstore Ltd.	8,746,008	92.20%	740,000	7.80%	9,486,008	100.00%
President Drugstore Business	78,520,000	100.00%	0	0.00%	78,520,000	100.00%
iCASH Corp.	70,000,000	100.00%	0	0.00%	70,000,000	100.00%
President Yilan Art and Culture Corp.	2,000,000	100.00%	0	0.00%	2,000,000	100.00%
Cold Stone Creamery Taiwan Ltd.	12,244,390	100.00%	0	0.00%	12,244,390	100.00%
Wisdom Distribution Service Corp.	10,847,421	100.00%	0	0.00%	10,847,421	100.00%
21 Century Enterprise Co., Ltd.	10,000,000	100.00%	0	0.00%	10,000,000	100.00%
Uni-President Oven Bakery Corp.	6,511,963	100.00%	0	0.00%	6,511,963	100.00%
President Chain Store Tokyo Marketing Corp.	9,800	100.00%	0	0.00%	9,800	100.00%
Capital Inventory Services Corp.	2,500,000	100.00%	0	0.00%	2,500,000	100.00%
President Being Corp.	1,500,000	100.00%	0	0.00%	1,500,000	100.00%
President Chain Store Corporation Insurance Brokers Co., Ltd.	1,500,000	100.00%	0	0.00%	1,500,000	100.00%
Ren-Hui Investment Corp.	6,500,000	100.00%	0	0.00%	6,500,000	100.00%
Uni-President Superior Commissary 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 Information Corp.	25,714,475	86.00%	1	0.00%	25,714,476	86.00%
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.	23,605,042	60.00%	7,868,348	20.00%	31,473,390	80.00%
Uni-Wonder Corp.	21,382,674	60.00%	14,255,116	40.00%	35,637,790	100.00%
Duskin Serve Taiwan Co.	10,199,999	51.00%	1	0.00%	10,200,000	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	93.34%
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%
PresiCarre Corp.	145,172,360	19.50%	152,620,560	20.50%	297,792,920	40.00%
President Fair Development Corp.	190,000,000	19.00%	405,000,000	40.50%	595,000,000	59.50%
President Technology Corp.	750,000	15.00%	0	0.00%	750,000	15.00%
Tonho Development Corp.	19,930,000	12.46%	127,827,000	79.89%	147,757,000	92.35%
President International Development Corp.	44,100,000	3.33%	942,430,230	71.23%	986,530,230	74.56%

4 Fund Raising

1. Capital and shares

(1) Source of Capital:

a. Shares issued:

15 March 2020 / 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 on file
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 March 15, 2020 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 6 August 2019 / Unit: Shares

Shareholder	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions and Individuals	Total
Quantity						
Number of Shareholders	0	0	207	26,358	1,023	27,588
Shares Held	0	0	573,194,770	45,065,612	421,361,873	1,039,622,255
Holding Percentage	0.00%	0.00%	55.14%	4.33%	40.53%	100.00%

(3) Distribution of shareholders:

As of 6 August 2019 / Par value NT\$10

Tiers of Shareholding	Number of Shareholders	Total Shares Held	Holding Percentage
1 to 999	12,991	2,239,439	0.21%
1,000 to 5,000	12,250	21,168,496	2.04%
5,001 to 10,000	925	6,817,226	0.65%
10,001 to 15,000	316	3,931,168	0.38%
15,001 to 20,000	134	2,383,703	0.23%
20,001 to 30,000	188	4,681,109	0.45%
30,001 to 50,000	171	6,744,434	0.65%
50,001 to 100,000	174	12,468,257	1.20%
100,001 to 200,000	126	18,208,462	1.75%
200,001 to 400,000	112	32,105,262	3.09%
400,001 to 600,000	43	21,268,941	2.05%
600,001 to 800,000	28	19,018,967	1.83%
800,001 to 1,000,000	26	23,581,803	2.27%
1,000,001 and above	104	865,004,988	83.20%
Total	27,588	1,039,622,255	100.00%

(4) Major shareholders:

As of 6 August 2019

Shareholders	Shares	Number of Shares Held	Holding Percentage
Uni-President Enterprises Corp.		471,996,430	45.4%
First State Investments ICVC - Stewart Investors Asia Pacific Leaders Fund		41,722,208	4.01%
PCSC Employees Benefits Trust account in the custody of CTBC Bank		21,375,162	2.06%
Matthews Pacific Tiger Fund		15,271,608	1.47%
Labor Pension Fund (New Scheme)		14,722,500	1.42%
Government of Singapore		13,894,914	1.34%
Labor Insurance Fund		13,838,000	1.33%
JPMorgan Chase Bank N.A. Taipei Branch in custody for T. Rowe Price Emerging Markets Stock Fund		9,120,000	0.88%
JPMorgan Chase Bank N.A.		8,934,309	0.86%
Vanguard Emerging Markets Stock Index Fund		8,686,489	0.84%

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

Unit: NT\$

Item		Year	2018	2019	As of 15 March 2020
Market Price per Share (Note 1)	Highest		378.00	324.50	311.50
	Lowest		272.00	280.00	260.00
	Average		320.35	301.22	296.82
Net Value per Share	Before Distribution		33.91	34.84	—
	After Distribution		25.11	25.84 (Note 5)	—
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)		9.82	10.14	—
Dividend per Share	Cash Dividends		8.80	9.00	—
	Stock Dividends	Dividends from Retained Earnings	—	—	—
		Dividends from Capital Surplus	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment	Price/Earning Ratio (Note 2)		32.14	29.72	—
	Price/Dividend Ratio (Note 3)		35.86	33.49 (Note 5)	—
	Cash Dividend Yield Rate (Note 4)		2.79%	2.99% (Note 5)	—

Note 1: Market price is referred to TWSE website.

Note 2: Price/Earning Ratio= Average Market Price/ Diluted Earnings per Share

Note 3: Price/Dividend Ratio= Average Market Price/ Cash Dividends per Share

Note 4: Cash Dividend Yield Rate=Cash Dividends Per Share/ Average Market Price

Note 5: The earnings distributions for 2019 have not yet been approved by the Shareholders' Meeting.

(6) Dividend policy and implementation:

1. Dividend policy

(1) Dividend policy as outlined in 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. 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 2019 profit approved by the Board of Directors will be submitted to the 2020 Annual Shareholders' Meeting for approval. The proposal approved by the Board of Directors on February 27, 2020 is as follows: allocating NT\$9,356,600,295 from the 2019 distributable earnings to be issued as cash dividends, distributing NT\$ 9 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 is not applicable.

(8) Employee compensation and director remuneration:

1. According to 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.

2. The Board adopted the below employee compensation and director remuneration proposal for 2019 :

(1) The Board proposed allocating the amount of NT\$567,096,064 as employee compensation and the amount of NT\$189,464,589 as remuneration for directors.

(2) 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	\$	567,096
Director Remuneration	\$	189,465

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

PCSC's distributable earnings in 2018 were distributed as employee compensation and director remuneration as follows:

	Distribution Approved by the Board and at the Shareholder's Meeting	
Distribution: (Unit: NT\$1000)		
Employee Compensation	\$	576,995
Director Remuneration	\$	192,772

4. 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.

5. In the 2018 financial statement, employee compensation totaled NT\$576,995,489, while remuneration for directors totaled NT\$192,771,948. These amounts are consistent with the amounts approved by the Shareholders' Meeting.

(9) Share buyback: None

2. Status of corporate bonds, preferred shares, GDR, employee stock option plans, employee restricted stock plans, and 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, 2019: None
- (2) Status of implementation:
Analysis of the purpose of each capital investment project as of December 31, 2019 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 | (31)F401171 Importing of alcohol |
| (2) F206020 Daily necessities retailing | (32)ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. |
| (3) F203010 Food, groceries, and beverage retailing | (33)F301010 Department stores |
| (4) F208040 Cosmetics retailing | (34)F301020 Supermarkets |
| (5) F399990 Retailing other products | (35)F399010 Convenience stores |
| (6) IZ01010 Photocopy services | (36)F501030 Coffee/tea shops and bars |
| (7) F201070 Floral retailing | (37)F501060 Restaurants |
| (8) F209060 Educational, musical, and entertainment products retailing | (38)G902011 Type II telecommunications enterprise |
| (9) JE01010 Leasing | (39)I301010 Software design services |
| (10)IE01010 Distribution of telecommunications contracts | (40)I301030 Digital information supply services |
| (11)I401010 Advertising services | (41)F206010 Retail sale of ironware |
| (12)F207050 Fertilizer retailing | (42)F212011 Gasoline stations |
| (13)F210010 Watch and clock retailing | (43)F212050 Retail sale of petrochemical fuel products |
| (14)F210020 Eyeglass retailing | (44)JA01990 Other automobile services |
| (15)F216010 Photographic and film equipment retailing | (45)I101090 Food consultancy |
| (16)JZ99030 Photography | (46)IZ09010 Management system verification |
| (17)F204110 Cloth, clothes, shoes, hats, umbrellas, and accessories retailing | (47)J701020 Amusement parks |
| (18)A102060 Sales of staple foods | (48)F102040 Wholesale of nonalcoholic beverages |
| (19)F213010 Electronic appliance retailing | (49)F102170 Wholesale of food and grocery |
| (20)F208031 Medical equipment retailing | (50)F106020 Wholesale of articles for daily use |
| (21)F205040 Furniture, bedding, kitchenware, and decorative item retailing | (51)I103060 Management consulting services |
| (22)F207030 Cleaning product retailing | (52)J304010 Book publishers |
| (23)F401010 International trade | (53)J303010 Magazine and periodical publication |
| (24)JA01010 Automotive repair services | (54)IZ12010 Manpower services |
| (25)F214030 Automotive and motorcycle accessory retailing | (55)JA03010 Laundry services |
| (26)G202010 Operation of parking lots | (56)F201010 Retail sale of agricultural products |
| (27)IZ14011 Public welfare lottery | (57)F501990 Other food or beverage establishment not elsewhere classified |
| (28)JZ99050 Agency services | (58)F208050 Retail sale of the second type patent medicine |
| (29)IZ99990 Other industry and commerce services not elsewhere classified | (59)F201061 Retail sale of Seedling |
| (30)F401161 Importing of tobacco | (60)I301040 the third party payment |
| | (61)C104020 Bakery Food Manufacturing |

2. Revenues and their proportion of overall business over the past two years

Unit: NT\$1,000

Major Divisions	Revenue and proportion of overall business by division			
	2018		2019	
	Revenue	%	Revenue	%
Convenience stores	153,412,751	62.65%	157,416,544	61.48%
Retail Business	69,459,313	28.36%	76,009,484	29.68%
Logistics Business	2,022,071	0.83%	2,100,351	0.82%
Other Business Divisions	19,993,718	8.16%	20,532,509	8.02%
Total Consolidated Revenues	244,887,853	100.00%	256,058,888	100.00%

3. Present and future products and services

- Stores: To stay abreast of changing societal trends, PCSC has created a 3E shopping experience (Experience, Education, Entertainment), a service platform that customers can rely on and that surpasses their expectations. Through cross-industry cooperation, our lifestyle stores (Big 7), unmanned X-Stores, and co-brand stores offer new shopping environments to meet the needs of customers in business districts.

- Products:

(1) Fresh foods: In response to changes in demographics and lifestyles, our supply chain continues to provide stable quality products, optimize three major foods, sauces and seasonings, as well as improve production processes and equipment. PCSC also collaborates with famous restaurants and chefs to develop restaurant-quality meals. We are striving to become “the neighborhood kitchen,” providing safe, delicious, high-quality products to meet customer needs. In response to healthy lifestyle trends, PCSC has been developing vegetarian frozen food products, opened a vegetarian food section, and a section for selling “Simple Fit” products.

(2) Coffee: CITY CAFE continues to bolster its brand image and fresh quality management through the “eight major factors that ensure coffee quality”, including water, equipment, roasting, beans, dissemination, visual aesthetics, perception, and people. PCSC continues refining our differentiated products, promoting “CITY CAFE”, “CITY PRIMA”, “!+? CAFE RESERVE” three brands as well as “CITY Fresh Tea” and pearl refreshments to enhance customer loyalty.

- Services: PCSC has continued to increase store numbers throughout Taiwan, so that with our comprehensive logistic/POS systems, we can provide customers more convenient services. To establish a digital service platform that customers can always rely on, PCSC integrated OPENPOINT membership with multiple payment tools (OPEN Wallet, icash Pay, etc), allowing customers to use it to purchase as well as accumulate and redeem points.

(2) General economic and industry overview

1. General economic analysis

Affected by the trade war between the U.S. and China, global manufacturing output and international trade volume continued to decline in 2019, further slowing down world economic growth. However, factors like transferred orders, investments returning from abroad, and increasing investment in semi-conductor equipment have driven domestic demand in Taiwan. In 2019, Taiwan’s economic growth was 2.71%, increasing 0.08% over 2018’s 2.63%. Taiwan exports declined 1.4%, with a favorable balance of trade of US\$43.5 billion. As for commodity prices, in 2019, the Consumer Price Index (CPI) annual growth rate increased by 0.56%, down 0.79% over 2018’s 1.35%, while the average unemployment rate for 2019 was 3.73%, representing a small increase over 2018.

2. Industry overview

In 2019, total sales in the retail sector reached NT\$3.8523 trillion, a 3.1% increase over 2018. The growth was a result of the gradually improving economy, which saw 66,000 jobs added and Taiwan stock market stay above 10,000 points, driving domestic consumption. In the general merchandise category, total sales was NT\$1.2727 trillion, representing a 4.1% increase over the previous year, including the convenience store industry which grew 3.1% over 2018 with NT\$331.6 billion in total sales. Influenced by lower prices in oil and in the communication sector, the Consumer Price Index (CPI) rose by 0.56% in 2019, 0.79% lower than 2018’s 1.35%. The core CPI (which excludes vegetable, and fruit, and energy, which are easily affected by seasonal and unforeseen events) rose by 0.49%. Food prices increased by 1.91%; eating out increased by 1.55%. In 2019, the average monthly salary for all employed workers increased by 2.40%. Consumers wanted better quality products and more value for their money. This is a good principle for keeping tabs on the needs of consumers in their daily lives. PCSC will gradually focus on differentiating products and services to enhance the shopping experience of customers at our stores.

Through the end of 2019, key players in the convenience store industry had the below numbers of stores:

	7-ELEVEN	FamilyMart	Hi-Life	OK	Total
No. of Stores	5,655	3,553	1,405	794	11,407

3. Vertical supply chain

Based on “focused operations, traceability, and winning consumer trust”, PCSC’s food safety policies have as their top priority safety and quality. We have established a Product Safety Committee that has set up a systematic management system for PCSC’s own products. It meets regularly each year to discuss such topics as government regulations, OEM and supplier evaluations and deficiencies, product safety information as well as product safety monitoring programs and their implementation status to ensure that the products on our shelves are safe. To enhance the quality control of our own products, we worked with Taiwan Delica Foods to set up a management database to trace and manage materials and suppliers. In addition, as the first retailer to have an internationally certified quality assurance lab in Taiwan that meets ISO17025 standards as well as accreditation from both the TFDA (Taiwan Food and Drug Administration) and TAF (Taiwan Accreditation Foundation), PCSC continues to expand our testing capabilities to provide customers with safer, more convenient, and more delicious food products. In our franchise operations, we will expand individual store autonomy and individual product management to ensure sales growth in our stores. Operating efficiency of stores has increased through system optimization and the introduction of labor-saving equipment. PCSC continues to improve our franchise system, resulting in year over year increases in franchisee compensation and the proportion of franchise outlets. PCSC continues to build a happy Company, to positively impact society, and to work towards environmental sustainability. By valuing our partners, expanding store locations, and developing innovative products and services, we are creating a virtuous circle that benefits both business and our community.

4. Product development trends and competitiveness

(1) Product development trends

Factors such as an aging population, people choosing to have fewer children, and marry later or remain single, are driving changes in Taiwan's demographics and lifestyles. The dining-out market has continued to grow and the number of competitors to increase. Food safety is our top concern as we offer consumers high-quality, appealing products. Meeting the needs of our customers and winning their trust are important issues for us. In addition, in the face of rapidly changing technology, online shopping has become increasingly popular and online marketing more effective. With changes in consumption trends, PCSC not only strives to meet customer needs, but has also created a new shopping environment, offering customers experience, entertainment, and education. Industries continue to create business opportunities as they deal with these changes in consumer trends. Examples include differentiated products in our channel, C2C online shopping, business opportunities in senior citizen consumers, healthy foods, the lives of singles and small families, consumption patterns of those eating out. All of these represent potential for high growth.

(2) Product competitiveness

- Dining-out business opportunities: Faced with the lives of singles and small families as well as the preference for dining out, PCSC continues to develop a large variety of safe, tasty ingredients and foods for people looking for fast, safe, convenient meals. In addition, the food delivery business is thriving in response to the rise of the stay-at-home economy, which has changed customer behavior. PCSC has been working with food delivery platforms to serve more customers. The collaboration solved the shortage delivery manpower problem of our stores and meets customer needs when restaurants do not serve meals.
- 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, cash flow systems, and years of operational know-how to best take advantage of these new developments.
- Channel differentiated products: Faced with global economic and consumer trends, PCSC continues to adjust its product structure and brand positioning. We are purchasing and importing products from other countries and entering strategic alliances with noted companies around the world and utilizing technological collaborations to create exclusive tailored products that are aimed at what the customer wants and that are appealing in terms of "value, style, and design", thereby creating a structure characterized by more differentiated products and distinctiveness.
- Membership economy: To make it more convenient for our loyal members to accumulate points, we launched a differentiated membership management strategy that enhances PCSC memberships, points, and payments system, creating a digital consumer experience. PCSC has improved our services, integrating the group memberships, APP functions, and member priority to encourage member loyalty.

(3) Technology and R&D

PCSC continues to integrate a variety of innovative products and services to meet the needs of consumers and to compete with differing modes of competition:

1. Myship: PCSC launched a new transaction supporting platform which provides pickup and payment functions, resolving four main difficulties for individual C2C vendors, organizing shipping information, remittance risks, extra costs, and consolidating accounting orders. PCSC combined cash flow, logistics, and information flow on the platform, providing a fast and easy trading channel and a new selling model with low threshold for small individual vendors on social platforms to penetrate the social e-commerce market.
2. Home delivery service from residences to 7-ELEVEN stores: To take advantage of intensive store network, PCSC works with President Transnet Corp. to promote a more flexible pick up and delivery services. When customers are unable to receive at home, the parcels could be sent to 7-ELEVEN store and be pick up later. PCSC provides a smoother delivery process of last mile for online shopping experience.
3. Enhancing the performance of our EC supply chain: The development of the EC volume measuring device and different types of packaging materials has allowed us to effectively use spaces above and below in our retail stores to expand our EC shelves. We have also introduced a self-service mechanism that the public can employ to pick up packages, simplifying the delivery and pick-up service process.
4. ibon App: We work closely with a specialized matching service that allows ibon app members to search among 400 kinds of services, including design, photography, digital marketing, translation, and cleaning services, so that they can satisfy home, business, and personal needs of any size with the touch of a finger.
5. OPENPOINT membership: PCSC is optimistic about the electronic payment market and has launched the OPEN wallet, a multifunction e-wallet, that accumulates various points and can be used in many channels. In addition, to encourage customer loyalty, PCSC integrated 20 of the Group's membership systems to launch an upgraded "OPENPOINT Group Membership ecosystem" to offer a wider range of services and reach more diverse customers.
6. Intelligent vending machines: 7-ELEVEN launched the "Intelligent vending machine", which incorporates AI technology into the convenience store. Developed for "mini stores", it differs from traditional vending machines that only sell drinks. Intelligent vending machines sell 30 to 40 different products, including frozen desserts as

well as fresh and cooked foods. Stores managers can use IoT (Internet of Things) systems to perform remote product control quality analysis and monitor machine status in real time to reduce manpower and operating costs and increase operating efficiency.

7. The future of convenience stores: PCSC was the first to introduce all-new combination + smart stores which blend “self-service experience areas,” “mini stores,” and “Big7 lifestyle stores” which is an operation model that brings together under one roof the convenience store, coffee, book store, bakery, and draft beer as well as CTBC Bank smart ATMs to offer digital financial services 24/7 as we once again lead the industry in upgrading and redefining what it means to be a convenient stores as we transform ourselves into “a service platform that customers can rely on and that surpasses their expectations.”
 8. In 2019, a total of NT\$250,655,000 was spent on R&D and system upgrades.
- (4) Short and long-term operating strategies
1. Short-term operating strategies
 - (1)Continue to integrate stores into existing shopping districts and establish a competitive niche with large format stores.
 - (2)Expand store autonomy to create advantages through differentiation.
 - (3)Further integrate virtual and brick and mortar operations to create more virtual service opportunities.
 - (4)Optimize our operational foundation to provide the strength for mid to long-term development.
 2. Long-term business development plan
 - (1)Optimize the franchise model to create a win-win situation for both PCSC and franchisees.
 - (2)Implement value marketing and enhance the consumer experience.
 - (3)Implement “lean operations” to use resources to their fullest.
 - (4)Integrate the Group’s resources and seek stable profits growth.
 - (5)Actively nurture talent to ensure sustainable development.

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 “an innovative, convenient, safe, happy business district, and living center”. 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 2019, PCSC held a 49.57% share of 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 an innovative, convenient, safe, 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 capability to rapidly develop new products (services) to meet customers’ changing needs and use integrated marketing techniques to promote them.
- (3) The scale of channel 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 dining-out continues to grow with increasing 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 business opportunities from seniors, singles, and small families.
- With the rapid development of a variety of smart mobile devices, online shopping, and social network platforms, information has become highly transparent. Shoppers are seeking out entertaining, timely, and mobile shopping experiences.
- As cross-border internet transactions increase, greater opportunities will arise for business and logistics.

Operating Highlights

(2) Negative factors:

- The convenience store market is becoming 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.
- The decline in the labor population and rising personnel costs will increase overall operating costs.
- Wages have not seen gains, so consumers remain conservative in their purchases.

(3) Strategic responses:

To keep up with the ever-changing consumer marketplace and new purchasing trends, PCSC is committed to opening Lifestyle stores, providing unique 3E(Experience, Education, Entertainment) experiences, to meet the consumers' needs and enhance the enjoyment of wandering about the stores to further build our competitive advantages. Through strict controls, we can offer a variety of safe and delicious fresh food products to meet personalized ready meal and beverage needs. In response to local consumer fondness for caffeinated beverages, PCSC continues to upgrade the quality of our store-brewed tea and coffee drink offerings and now offers premium coffee to fulfill different target customer demand. In services aspect, through mastering and applying new technologies, we committed to bring more convenience in daily life, make our store the preferred choice for customers.

(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/procurement 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 procurement over the past two years: None.

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

(6) Sales over the past two years:

Unit: NT\$1,000

Major Divisions	2018	2019
	Domestic Sales	Domestic Sales
Convenience Stores	153,412,751	157,416,544
Retail Business	69,459,313	76,009,484
Logistics Business	2,022,071	2,100,351
Other Business Divisions	19,993,718	20,532,509
Total Consolidated Revenues	244,887,853	256,058,888

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

3. Human Resources:

Year		2018	2019	As of March 15, 2020
No. of Employees	Store Employees	17,543	17,589	17,401
	Management	6,746	6,898	6,873
	Part-Time	15,109	14,854	14,915
	Total	39,398	39,341	39,189
Average Age		32-years old	32-years old	32-years old
Average Years of Service		5.6 years	6 years	5.7 years
Education Level (as a % of the total)	PhD	0.02%	0.01%	0.01%
	Masters Degree	3.86%	3.98%	4.00%
	Bachelors Degree	58.48%	57.05%	57.21%
	High School	34.94%	36.46%	36.36%
	Junior High School or Below	2.71%	2.46%	2.41%

Note: The information above includes PCSC and its subsidiaries.

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. We are also working to reduce energy consumption and carbon emissions, and uphold our original philosophy of being there by and staying open all-day, every day to serve customers, while contributing to the 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 2019, PCSC investments and costs related to environmental protection totaled NT\$1 billion, which comprises (1) Environmentally-friendly packaging and testing costs of NT\$140 million (2) energy and carbon emissions reduction activities and installation of inverter air conditioning units in stores costing NT\$170 million (3) environmental cleaning, greening, and waste handling expenses of NT\$320 million (4) installation of environmentally-friendly equipment in stores and green procurement costs of NT\$280 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) Environment-related expenditures:

1. Table of environment-related expenditures

Unit: NT\$1,000

Category	Item	Details	Effect and Reduction 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 materials-PLA and coffee cup holders; refraining from using preservatives in fresh foods; testing for pesticide residues	Protecting consumer health, while also taking into consideration safety and environmental impact	—	144,798	144,798
Stores	Energy-saving measures	Purchasing 494 energy-saving pieces of equipment for stores; installing 516 A/C circulation fans, 1,861 inverter A/C units, 3,899 energy saving LED lights, 1,036 sets of T5 light fixtures, and turning off 177 Slurpee machines during the offseason	Saving energy and reducing carbon emissions	157,503	17,153	174,656
Stores	Cleaning and waste disposal	Store cleanliness, greening, and disposal of waste	Maintaining a clean environment	—	316,890	316,890
	Extending the life span of equipment and building materials	Installing steel counters in 1042 stores, reclaiming and reusing existing equipment	Reducing lumber use and wasted resources	127,524	33,987	161,511
	Green procurement	Purchasing energy-saving equipment, environmentally-friendly paper and building materials, and expanding e-invoice use	Meeting European Union standards, FCS certification, saving energy and reduction	—	124,141	124,141

Operating Highlights

Category	Item	Details	Effect and Reduction in Resource Use or Greenhouse Gas Emissions	Investment	Expense	Total
Delivery	Working with President Logistics International Corp., Retail Support International, and Wisdom Distribution logistics center using reverse logistics to increase delivery efficiency and implement recycling	Investing in manpower and equipment in reverse logistics recycling operations at stores	Recycling in stores: 327 tons of dry batteries, 66 tons of CDs, 9,000 discarded notebook computers, 124,000 cell phones, 69,000 cell phone chargers	—	3,110	3,110
Internal Environmental Education	Environmental education and office resource recycling	Promoted reduced-paper operations, environmental cleaning and greening, and recycling of waste	Back office recycling: 1,503 kg of plastic bottles, 13,321 kg of paper, and 448.2 kg of metal cans	—	28,354	28,354
Social Contributions	Community environmental awareness advocacy and holding or participation in environmental protection and social charity events	Teaching energy-saving and conservation, while promoting CSR and sponsoring environmental groups	Having focused on the issue of caring for disadvantaged elderly for a long time, 7-ELEVEN's Bring Back the Love Charity Donation Program continues to employ innovative, interesting, and interactive methods to give individuals unique donation experiences and to spur fundraising. In 2019, we introduced a film called "What Time Is It? Cafe", showing our love through actions.	—	43,897	43,897
Total				285,027	712,331	997,358

2. In 2019 and up to the printing of this annual report, there is no fine or loss due to environmental pollution.
3. In 2019 and up to the printing of this annual report, competent authorities fined some stores NT\$360,000 for violating the Occupational Safety and Health Act, the Tobacco Hazards Prevention Act, and the Pharmaceutical Affairs Act. In addition, in 2017, the Fair Trade Commission felt that PCSC's franchise agreements were not complete in the information they disclosed, but in October 2019, the Supreme Administrative Court, ruled in favor of PCSC
4. 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 2019: Ventilation fans were added to a total of 516 air conditioning systems at a cost of NT\$1,448,000, helping save 69,000 kWh of electricity/month and 830,000 kWh/year
- (2) Installation of energy-saving equipment in 2019: These appliances were introduced in 494 stores at a cost of NT\$41,103,000 and helped save 619,000 kWh of electricity/month and 7,430,000 kWh/year.
- (3) Installation of inverter air conditioning units in 2019: Installed 1,861 inverter air conditioning units at a cost of NT\$112,930,000, helping save 672,000 kWh of electricity/month and 8,060,000 kWh/year.
- (4) Installation of LED light fixtures in 2019: A total of 4,935 sets of light fixtures were installed at a cost of NT\$2,023,000, helping save 254,000 kWh/month and 2,160,000 kWh/year.
- (5) Slurpee machine offseason shutdowns in 2019: 177 Slurpee machines were turned off all day or for 6 hours each day during the four-month slow season, helping save 133,000 kWh over the entire year.
- (6) Installation of steel counters in 2019: Installed 1,042 steel counters at a cost of NT\$127,524,000, helping prevent the felling of 5,210 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.

2. Consumer food safety protections:

PCSC is committed to the safety of our products. Using measures like strengthening raw material source management, manufacturers and suppliers' guidance and audit processes, products checks, etc. to ensure food safety. To ensure that customers could enjoy 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 2019, we invested NT\$148,511,000 in product safety management.

- (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) In accordance with the 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 in-service education program.
- (2) The PCSC benefit scheme includes trips for senior employees, health examinations, employee stock ownership plans, club subsidies, library centers, discount purchasing, wedding and funeral allowances, paid maternity and paternity leave, group insurance, employee travel allowance, and other benefits provided by Employee Benefits Committee to meet employee needs.
- (3) To assist employees to effectively and efficiently manage sources of stress from work, home life, and health as well as bolster their physical and emotional health, and encourage positive interpersonal relationships, the Company commissioned the Teacher Chang Foundation, starting in 2009, to provide three hours of free counselling services each year for employees.
- (4) In 2010, the Company decided to become more proactive in our care for employees, establishing the "Happy Cooperative" in May of that year. In 2019, the program assisted employees in a total of 3,373 cases and 2,644 caring hours. To enhance the skills and sensitivity of frontline managers when showing concern for others, we collaborated in the organization of four Caring Store Manager Experience Camps. The total of 201 individuals that participated expressed a satisfaction level of 4.8. The camp will be held again next year. In order to enhance the caring skills of existing volunteers, we hold two Volunteer Learning Camps with a satisfaction level of 4.99.
- (5) In order to experiencing the happiness from giving than receiving to surrounding, Human resource department cooperate with 1919 Food Bank and hold a charity camp in December 2019 to pack food and spread love for vulnerable families. There are 19 employees and 3 family members joined and expressed a satisfaction level of 4.6.
- (6) The Company established "Operational Procedures of Employees assistance in Severe Accidents", encouraging supervisors to offer employees timely concern on behalf of the Company and to take the initiative to offer them paid leave for convalescence and financial help to take care of them in the event of serious accidents.
- (7) PCSC provides its employees with competitive salaries and wages and ensures that base pay is greater than the national standard for each year through salary and benefit surveys. In addition, beginning pay for men and women in the same position are given the same base pay to promote equality. Salary and benefits do not differ according to gender or age.

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

Received 2018 Taipei City Occupational Safety Award in 2019.

Received international certification for the TAF ISO45001 Occupational Health and Safety Management Systems. To realize health and safety, the Company has taken the following steps:

- (1) Establishment of a health and safety organization: The Worker Safety Office holds Health and Safety Committee meetings each quarter and Management Review Meetings each year and encourages contractors to hold safety agreement organization meetings.
- (2) Sanitation 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.
 - Head office evacuation drills: 6 training session/555 individuals engaged.
 - License training (Level C/First Aid): 96 sessions/2,338 individuals engaged.
- (3) Implement risk assessments and safety audits
 - Contractor management: launched Roof Operational Safety Procedures and Damage Notification for repairing existing stores. Accomplished three operational safety assessments for new construction projects and damages identification for digging cable.
 - Risk and danger identification: In 2019, we held audits in various locations with 202 corrective actions taken in 79 locations in which 15 actions found zero missing. Improvements were suggested and implemented for 100% improvement.
 - Establish Inspection SOP for fresh food commissary: we held two education training to guide supply chain manufacturers for self-inspection of occupational safety.
 - Testing indoor air quality to ensure that CO2 emissions were below 1000 ppm, tested water quality and light levels, and performed regular cleaning and disinfection.

- (4) Healthcare: When employees first report for work, they are signed up for group accident insurance, life insurance, medical insurance, and we provide subsidies for physical examination. PCSC also hired specialized nurse practitioners and doctors from NTU Hospital who provide health counseling services. PCSC further employs health education campaigns, such as the Healthy Life Circle app, e-newsletters, and lectures, to encourage employees to manage their personal health.
- (5) Health and safety activities
 - PCSC launched Family Wednesdays to remind employees to maintain a proper work-life balance.
- (6) Event safety controls: PCSC employs safety control processes to ensure the safety of activities organized by the Company both internally and externally with the goal of no incidents occurring in any of its events. In 2019, PCSC held three events in which 140,000 people participated with no major incidents and no fines paid.
- (7) Promoting employee health exams: Strengthen personal health management and prevent illnesses through regular health checks.
 - Senior employee in-depth health exams: Provide full-time employees 36-years old or older with at least 5 years of service with NT\$16,000 subsidy every two years for in-depth health exams. In 2019, a total of 2,038 employees could apply for such assistance.
 - Annual health exams: We provide employees and food industry workers with annual health exams. In 2019, 6,739 people had health exams with a satisfaction score of 4.3 points and 84.5% participation rate.
- (8) Implement employee health management: Employ doctors and nurses to proactively provide employees with individual health care and consultations.
 - Doctors: In 2013, PCSC began inviting doctors to provide health services to employees (once every two months). By 2019, this was increased to 16 times per month (3 hours each time), with doctor services totaling 576 hours over the entire year, providing one on one health services 422 times with an employee satisfaction score of 4.8.
 - Nurses: A team of four nurses was hired to provide employee healthcare. In 2019, the team provided treatment 353 times. In addition, PCSC introduced a comprehensive health management system, to provide employees who received abnormal exam results with tiered health management, extremely high risk employees with 100% intervention management, follow up treatment tracking, and individual case follow up management.
- (9) Promoting occupational disease prevention and health protections for specific group: Establishing maternal health protection for female workers and prevention mechanisms for ergonomic hazards, workplace violence, and fatigue. In 2019, a total of 106 cases had been solved.
- (10) Workplace emergency preparedness: Automated external defibrillators (AED) are installed according to office size and number of employees and regular training is held. In 2019, we had AED and CPR training in head office with 535 participants and a satisfaction score of 4.8. PCSC received the Ministry of Health and Welfare's AED Workplace Certification for continuous three years.
- (11) Implementing health promotion activities: Encouraging employee self-health management to improve health outcomes through group activities.
 - Our health promotion campaign has incorporated an innovative and revolutionary app that features a Healthy Living Community for employees, encouraging all employees to maintain healthy habit of exercising. In 2019, total of four special activities had been implemented (each activity last for one month) with 3,652 participants. In total, there are 1,755 people reached 3,000 kilocalories consuming goal, totaling consumed 973 kg.
 - Public funded Cancer screening activities: PCSC held public funded cervical smear screening in 2019 with 24 participants.
- (12) Health certifications and healthy workplace competitions
 - Received the three year Lequn Health Award from Ministry of Health and Welfare' Health Promotion Administration Outstanding Healthy Workplace Awards in 2019.
 - PCSC was awarded the Department of Health, Taipei City Government's Outstanding Nursing Room Certification.

(2) Training and development

1. PCSC's training statistics for 2019 are as follows:

Internal Training				External Training			Online Training			Total		
Training Sessions	Number of Trainees	Hours of Training	Training Costs	Number of Trainees	Hours of Training	Training Costs	Number of Trainees	Hours of Training	Training Costs	Number of Trainees	Hours of Training	Training Costs
4,686	31,835	139,009	NT\$58.270 million	620	4,516	NT\$2.335 million	197,550	181,662	NT\$4.203 million	230,005	325,186	NT\$64.808 million

2. In accordance with the Group's core values, PCSC issued "General Skills Needed by Logistics Personnel and Standards for Training Courses" covering training programs developed by PCSC for various positions within the organization to build employee skills and standards.
3. We also issued "Training Management Guidance" to serve as guidelines for training activities. Based on their individual needs, employees can take internal or external training classes or different department can organize their

own training. 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 training sequence most suitable for them. Giving employees a goal and a plan encourages disciplined learning and growth to ultimately enrich professional knowledge and skills.

4. For some key identified talents, PCSC has mapped out a program of training and development that includes courses, mobile learning, and personal development plans as well as attending regular meetings to let high-level managers know how well they are doing in their studies and what they have accomplished to help them reach their ideal position within the Company.
5. 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 employs unique educational activities. In addition, utilizing the latest technologies, PCSC has built a digital learning platform for online courses to provide a more effective way to attain a competitive edge.
6. 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, internal and external training programs, lectures and seminars, online learning, and on-the-job training. PCSC also encourages employees to pursue self-enrichment in their spare time to shore up their foundation and professional knowledge through scholarships for outside training and language courses.
7. An internal system for training lecturers that uses Company resources to cultivate enthusiasm and a willingness to share with our partners and train to be specialized internal lecturers to transform our organization into one that places emphasis on learning and sharing. Just before Teachers’ Day, the Company recognizes and expresses appreciation to individuals who have lectured internally to help create within them a sense of value and mission.
8. Career development
 - (1) Multi-channel career development opportunities: PCSC has spared no effort in employee training and personal development and we fully support employees’ quest for knowledge and enhanced work skills. Through training programs, providing equipment, 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 to learn by working in various departments, different companies, or even various areas to broaden their horizons 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.

(3) Retirement plan

1. Old 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 monthly salary at the time of retirement. Calculation of average salaries shall be made in compliance with the Labor Standard Act.

2. Service year calculations under the old 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. New system under the Labor Pension Act:

Beginning on July 1, 2005, in accordance with the Labor Pension Act, PCSC implemented a new system that is applicable to all employees. Existing employees could opt for the old system under the Labor Standard Act as stated in (1) or the new 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 retirement account with Bureau of Labor Insurance.

(4) Labor-management relations

1. Open communication channels

PCSC established an internal communication platform which sends out important messages directly to employees. To encourage direct communication between employees and managers, in addition to providing an Integrated Services Center, e-mailbox, and a dedicated stakeholder section of our website that allows employees to get timely answers to their questions, the Company set up an internal suggestion system, which allows employees to offer opinions and suggestions about Company operations directly to management in real time.

2. Employee code of conduct

PCSC has written 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 embezzle Company funds for personal purposes, 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 considered our employees as the 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:

- (1) 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.
- (2) Violations of the Labor Standards Act in the last year up until the printing of this annual report:

Year	Date of Disciplinary Action	Serial No. of Disciplinary Action	Article Violated	Details of Violation	Penalty
2019	2019/9/17	Kaohsiung City Labor Standards No. 10837312300	Labor Standards Act, Article 36	Employee did not take two days off in seven work days, one being an official holiday, the other a day off	Fined NT\$20,000
Up until 15 March 2020	2020/02/17	Taipei City Labor Standards No. 10960082431	Labor Standards Act, Article 30, Item 6	Did not record employee work time by minutes.	Fined NT\$20,000
	2020/03/06	Kaohsiung City Labor Standards No. 10931638800	Labor Standards Act, Article 24, Article 32, Item 2	1. Did not pay enough for working overtime. 2. Had employee work more than 46 hours in one month or had employee work more than 12 hours in one day, including regular working hours and overtime.	Fined NT\$70,000

- (3) Current and future amount of money that might have to be paid: None

(4) Countermeasures:

- 1) Enhance work attendance system abnormal management and follow-up mechanism to assist the individual employee and their manager to determine as soon as possible that the situation is abnormal and take appropriate measures and improvements.
- 2) Incorporate store work attendance abnormal confirmation mechanism, including such abnormalities as forgetting to sign in or out, clocking out intentionally late. In addition, checks of internal work attendance management are to be performed each quarter to determine how well stores are doing in implementation. Any that do not pass are to be counseled by OFC and the situation improved.

6. Important Contracts

March 15, 2020

Contract Type	Contracting Party	Term of Agreement	Summary	Clauses
Regional licensing agreement	7-ELEVEN, INC.	2000.07.20 ~ Perpetuity	1. 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. 2. 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	2020.02.20~2022.02.20	NT\$300 million credit loan	None
Long-term loan agreement	Chang Hwa Bank	2020.02.28~2022.02.28	NT\$300 million performance guarantee	None
Long-term loan agreement	BNP Paribas	2019.03.26~2021.03.25	US\$50 million credit loan	None
Long-term loan agreement	Mizuho Bank	2020.01.06~2022.01.06	NT\$2 billion credit loan	None
Long-term loan agreement	HSBC Bank	2019.07.01~2021.06.30	NT\$2.6 billion credit loan	None
Long-term loan agreement	MUFG Bank, Ltd.	2020.03.10~2023.03.10	NT\$2.5 billion credit loan	None
Long-term loan agreement	Sumitomo Mitsui Banking Corporation	2019.09.01~2021.09.01	NT\$4 billion credit loan	None
Long-term loan agreement	Banco Bilbao Vizcaya Argentaria	2019.11.19~2022.12.31	US\$140 million credit loan	None
Long-term loan agreement	Bank SinoPac	2019.06.26~2021.06.30	NT\$1.2 billion credit loan	None
Long-term loan agreement	DBS Bank	2019.07.04~2024.07.04	NT\$2 billion credit loan	None
Long-term loan agreement	CTBC Bank	2019.09.01~2020.08.31	NT\$3 billion credit loan	None

6 Financial Information

1. Five year condensed balance sheet and comprehensive income statement

(1) Condensed balance sheet (Parent company only)

Unit: NT\$1,000

Item	Year	Financial information for the most recent five years				
		2015	2016	2017	2018	2019
Current Assets		28,671,817	32,408,988	39,689,001	26,967,356	23,120,743
Property, Plants and Equipment		8,953,551	8,608,695	8,946,459	9,114,219	10,477,703
Intangible Assets		356,179	278,320	211,865	119,019	84,728
Other Assets		23,425,548	25,893,774	51,905,688	53,045,922	98,780,874
Total Assets		61,407,095	67,189,777	100,753,013	89,246,516	132,464,048
Current Liabilities	Before Distribution	29,156,110	33,126,538	40,960,714	44,136,423	48,168,710
	After Distribution	36,641,390	41,443,516	66,951,270	53,285,102	Not yet distributed
Non-Current Liabilities		5,137,299	5,446,961	9,178,037	9,858,043	48,072,457
Total Liabilities	Before Distribution	34,293,409	38,573,499	50,138,751	53,994,466	96,241,167
	After Distribution	41,778,689	46,890,477	76,129,307	63,143,142	Not yet distributed
Capital-Common Stock		10,396,223	10,396,223	10,396,223	10,396,223	10,396,223
Capital Surplus		7,733	1,158	43,875	45,059	46,884
Retained Earnings	Before Distribution	16,117,194	18,047,308	40,573,023	24,757,163	26,159,961
	After Distribution	8,631,914	9,730,330	14,582,467	15,608,487	Not yet distributed
Other Equity		592,536	171,589	(398,859)	53,605	(380,187)
Treasury Stock		—	—	—	—	—
Total Equity	Before Distribution	27,113,686	28,616,278	50,614,262	35,252,050	36,222,881
	After Distribution	19,628,406	20,299,300	24,623,706	26,103,374	Not yet distributed

(2) Condensed balance sheet (Consolidated)

Unit: NT\$1,000

Item \ Year		Financial information for the most recent five years				
		2015	2016	2017	2018	2019
Current Assets		49,022,957	54,322,992	88,404,260	75,642,868	74,233,805
Property, Plants and Equipment		22,339,376	22,329,291	24,982,342	25,292,763	26,018,322
Intangible Assets		1,150,914	1,076,176	10,656,713	10,393,880	10,171,442
Other Assets		16,869,465	17,390,058	15,837,945	16,365,569	84,705,065
Total Assets		89,382,712	95,118,517	139,881,260	127,695,080	195,128,634
Current Liabilities	Before Distribution	49,685,820	52,594,724	65,619,920	68,112,215	77,349,713
	After Distribution	57,171,100	60,911,702	91,610,476	77,260,891	Not yet distributed
Non-Current Liabilities		8,605,390	9,262,863	14,754,930	15,557,838	72,551,603
Total Liabilities	Before Distribution	58,291,210	61,857,587	80,374,850	83,670,053	149,901,316
	After Distribution	65,776,490	70,174,565	106,365,406	92,818,729	Not yet distributed
Equity Attributable to Owners of the Parent		27,113,686	28,616,278	50,614,262	35,252,050	36,222,881
Capital-Common Stock		10,396,223	10,396,223	10,396,223	10,396,223	10,396,223
Capital Surplus		7,733	1,158	43,875	45,059	46,884
Retained Earnings	Before Distribution	16,117,194	18,047,308	40,573,023	24,757,163	26,159,961
	After Distribution	8,631,914	9,730,330	14,582,467	15,608,487	Not yet distributed
Other Equity		592,536	171,589	(398,859)	53,605	(380,187)
Treasury Stock		—	—	—	—	—
Non-controlling Interest		3,977,816	4,644,652	8,892,148	8,772,977	9,004,437
Total Equity	Before Distribution	31,091,502	33,260,930	59,506,410	44,025,027	45,227,318
	After Distribution	23,606,222	24,943,952	33,515,854	34,876,351	Not yet distributed

(3) Condensed comprehensive income statement (Parent company only)

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

Item \ Year	Financial information for the most recent five years				
	2015	2016	2017	2018	2019
Operating Revenue	133,407,688	140,147,135	144,479,880	154,074,731	158,031,567
Gross Profit	45,109,265	48,083,751	50,639,297	53,012,367	54,177,435
Operating Income	6,412,115	6,673,576	6,246,725	7,654,581	7,046,067
Non-Operating Income (Expenses)	3,154,631	4,439,125	30,254,326	4,779,209	5,174,399
Net Income Before Tax	9,566,746	11,112,701	36,501,051	12,433,790	12,220,466
Net Income from Continuing Operations	8,238,993	9,836,690	31,017,094	10,206,388	10,542,860
Income (or Loss) from Discontinued Operations	—	—	—	—	—
Net Income (Loss)	8,238,993	9,836,690	31,017,094	10,206,388	10,542,860
Other Comprehensive Income (Loss)	(361,127)	(601,669)	(744,849)	424,762	(426,096)
Total Comprehensive Income (Loss)	7,877,866	9,235,021	30,272,245	10,631,150	10,116,764
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\$)	7.92	9.46	29.83	9.82	10.14

(4) Condensed comprehensive income statement (Consolidated)

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

Item	Year	Financial information for the most recent five years				
		2015	2016	2017	2018	2019
Operating Revenue		205,481,317	215,359,089	221,132,082	244,887,853	256,058,888
Gross Profit		66,280,867	70,606,642	73,434,010	84,076,692	87,848,420
Operating Income		9,609,813	10,404,620	10,422,160	12,834,824	13,049,894
Non-Operating Income (Expenses)		2,071,990	2,957,238	30,959,528	2,567,523	2,114,293
Net Income Before Tax		11,681,803	13,361,858	41,381,688	15,402,347	15,164,187
Net Income from Continuing Operations		9,442,454	11,138,569	32,318,072	11,744,278	12,112,109
Income (or Loss) from Discontinued Operations		—	—	—	—	—
Net Income (Loss)		9,442,454	11,138,569	32,318,072	11,744,278	12,112,109
Other Comprehensive Income (Loss)		(437,305)	(734,950)	(877,792)	302,511	(359,692)
Total Comprehensive Income (Loss)		9,005,149	10,403,619	31,440,280	12,046,789	11,752,417
Net Income Attributable to Owners of the Parent		8,238,993	9,836,690	31,017,094	10,206,388	10,542,860
Net Income Attributable to Non-Controlling Interests		1,203,461	1,301,879	1,300,978	1,537,890	1,569,249
Total Comprehensive Income Attributable to Owners of the Parent		7,877,866	9,235,021	30,272,245	10,631,150	10,116,764
Total Comprehensive Income Attributable to Non-Controlling Interests		1,127,283	1,168,598	1,168,035	1,415,639	1,635,653
Earnings per Share (NT\$)		7.92	9.46	29.83	9.82	10.14

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

Year	Auditing Firm	Auditor Names		Audit Opinions
2015	PRICEWATERHOUSECOOPERS	Hsiao, Chun-Yuan	Chou, Chien-Hung	Modified Unqualified
2016	PRICEWATERHOUSECOOPERS	Hsiao, Chun-Yuan	Chou, Chien-Hung	Unqualified
2017	PRICEWATERHOUSECOOPERS	Hsiao, Chun-Yuan	Chou, Chien-Hung	Unqualified
2018	PRICEWATERHOUSECOOPERS	Hsiao, Chun-Yuan	Chou, Chien-Hung	Unqualified
2019	PRICEWATERHOUSECOOPERS	Liang, I-Chang	Chou, Chien-Hung	Unqualified

2. Five year financial analysis

(1) Financial analysis (Parent company only)

Item	Year	Financial information for the most recent five years				
		2015	2016	2017	2018	2019
Financial Structure	Debt to Assets Ratio (%) (Note 3)	55.85	57.41	49.76	60.50	72.65
	Long-Term Capital to Property, Plant and Equipment Ratio (%) (Note 3)	360.20	395.68	668.33	494.94	804.52
Liquidity	Current Ratio (%) (Note 3)	98.34	97.83	96.90	61.10	48.00
	Quick Ratio (%) (Note 3)	76.67	79.12	78.68	42.48	31.05
	Interest Coverage (Note 3)	282.36	362.33	1198.11	290.35	34.98
Operating Performance	Accounts Receivable Turnover (times) (Note 1)	—	—	—	—	—
	Average Collection Days (Note 1)	—	—	—	—	—
	Inventory Turnover (times)	15.19	15.18	14.22	13.28	12.94
	Accounts Payable Turnover (times)	7.03	6.60	6.40	6.74	6.76
	Average Inventory Turnover Days	24.03	24.05	25.67	27.48	28.22
	Property, Plant and Equipment Turnover (times)	14.28	16.28	16.46	17.06	16.13
	Total Assets Turnover (times)	2.21	2.09	1.72	1.62	1.43
Profitability	ROA (%)	13.71	15.34	36.97	10.78	9.79
	ROE (%) (Note 3)	30.73	35.30	78.30	23.77	29.50
	Ratio of Pre-tax Profit to Paid-in Capital (%)	92.02	106.89	351.10	119.60	117.55
	Net Margin (%)	6.18	7.02	21.47	6.62	6.67
	Earnings per Share (NT\$)	7.92	9.46	29.83	9.82	10.14
Cash Flow	Cash Flow Ratio (%)	39.63	52.83	28.46	38.20	34.41
	Cash Flow Adequacy (%)	126.93	130.55	119.15	96.54	102.16
	Cash Flow Reinvestment Ratio (%) (Note 3)	9.86	21.74	4.63	(15.67)	14.03
Leverage	Operating Leverage (Note 3)	1.96	1.98	2.15	1.84	2.91
	Financial Leverage	1.01	1.00	1.00	1.01	1.05

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 70, which are based on IFRS.

Note 3: The reasons for changes in financial ratios over the past two years:

- Debt to Assets Ratio: The change was primarily caused by increased in assets and liabilities due to initial adoption of IFRS 16 in 2019.
- Long-Term Capital to Property, Plant and Equipment Ratio: The change was primarily caused by increased in non-current liabilities due to initial adoption of IFRS 16 in 2019.
- Current Ratio and Quick Ratio: The change was primarily caused by increased in current liabilities due to initial adoption of IFRS 16 in 2019.
- Interest Coverage: The change was primarily caused by increased in interest expenses due to initial adoption of IFRS 16 in 2019.
- ROE: The change was primarily caused by increased in net income in 2019.
- Cash Flow Reinvestment Ratio: The change was primarily caused by increased in cash dividends in 2018 due to Starbucks Transaction in 2017.
- Operating Leverage: The change was primarily caused by increased in net sales in 2019.

(2) Financial analysis (Consolidated)

Item \ Year		Financial information for the most recent five years				
		2015	2016	2017	2018	2019
Financial Structure	Debt to Assets Ratio (%)	65.22	65.03	57.46	65.52	76.82
	Long-Term Capital to Property, Plant and Equipment Ratio (%) (Note 3)	177.70	190.44	297.26	235.57	452.68
Liquidity	Current Ratio (%)	98.67	103.29	134.72	111.06	95.97
	Quick Ratio (%)	72.96	77.75	112.16	86.89	74.18
	Interest Coverage (Note 3)	110.05	141.86	438.85	107.47	13.47
Operating Performance	Accounts Receivable Turnover (times) (Note 1)	—	—	—	—	—
	Average Collection Days (Note 1)	—	—	—	—	—
	Inventory Turnover (times)	12.47	12.27	11.62	11.28	10.93
	Accounts Payable Turnover (times)	6.81	6.81	6.51	6.67	6.75
	Average Inventory Turnover Days	29.27	29.74	31.41	32.35	33.39
	Property, Plant and Equipment Turnover (times)	9.25	9.64	9.35	9.74	9.98
	Total Assets Turnover (times)	2.35	2.33	1.88	1.83	1.59
Profitability	ROA (%)	10.88	12.16	27.57	8.86	8.11
	ROE (%)	30.76	34.62	69.68	22.69	27.14
	Ratio of Pre-tax Profit to Paid-in Capital (%)	112.37	128.53	398.05	148.15	145.86
	Net Margin (%)	4.60	5.17	14.61	4.80	4.73
	Earnings per Share (NT\$)	7.92	9.46	29.83	9.82	10.14
Cash Flow	Cash Flow Ratio (%) (Note 3)	32.92	44.95	31.44	26.31	37.28
	Cash Flow Adequacy (%)	121.06	128.10	125.71	98.19	107.00
	Cash Flow Reinvestment Ratio (%) (Note 3)	12.98	22.94	12.01	(11.48)	23.94
Leverage	Operating Leverage	2.24	2.16	2.23	2.01	2.33
	Financial Leverage	1.01	1.01	1.01	1.01	1.10

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 70, which are based on IFRS.

Note 3: The reasons for changes in financial ratios over the past two years:

- Long-Term Capital to Property, Plant and Equipment Ratio: The change was primarily caused by increased in non-current liabilities due to initial adoption of IFRS 16 in 2019.
- Interest Coverage: The change was primarily caused by increased in interest expenses due to initial adoption of IFRS 16 in 2019.
- Cash Flow Ratio: The change was primarily caused by increased in net cash flows from operating activities in 2019.
- Cash Flow Reinvestment Ratio: The change was primarily caused by increased in cash dividends in 2018 due to Starbucks Transaction in 2017.

Financial Information

※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. The Audit Committee report regarding the most recent annual financial report: Please refer to page 84.

4. The audited consolidated financial report for the most recent fiscal year: Please refer to pages 85–150.

5. The audited parent company only financial report for the most recent fiscal year: Please refer to pages 151–210.

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

7 Financial Status, Financial Performance and Risk Management

1. Financial position analysis (consolidated)

Unit: NT\$1,000

Item	Year	2018	2019	Variance	
				Difference	%
Current Assets		75,642,868	74,233,805	(1,409,063)	-1.86%
Property, Plant and Equipment		25,292,763	26,018,322	725,559	2.87%
Intangible Assets		10,393,880	10,171,442	(222,438)	-2.14%
Other Assets		16,365,569	84,705,065	68,339,496	417.58%
Total Assets		127,695,080	195,128,634	67,433,554	52.81%
Current Liabilities		68,112,215	77,349,713	9,237,498	13.56%
Non-current Liabilities		15,557,838	72,551,603	56,993,765	366.33%
Total Liabilities		83,670,053	149,901,316	66,231,263	79.16%
Capital		10,396,223	10,396,223	0	0.00%
Capital Surplus		45,059	46,884	1,825	4.05%
Retained Earnings		24,757,163	26,159,961	1,402,798	5.67%
Equity Attributable to the Parent Company		35,252,050	36,222,881	970,831	2.75%
Total Equities		44,025,027	45,227,318	1,202,291	2.73%

1. Reasons for variance over the past two years:

- Increases in Other Assets and Total Assets: The change was primarily caused by increased in Right of use assets due to initial adoption of IFRS 16 in 2019.
- Increases in Non-current Liabilities and Total Liabilities: The change was primarily caused by increased in Lease Liabilities-non-current due to initial adoption of IFRS 16 in 2019.

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	2018	2019	Variance	
				Difference	%
Operating Revenue		244,887,853	256,058,888	11,171,035	4.56%
Gross Profit		84,076,692	87,848,420	3,771,728	4.49%
Operating Profit		12,834,824	13,049,894	215,070	1.68%
Total Non-operating Income (Expenses)		2,567,523	2,114,293	(453,230)	-17.65%
Net Pre-tax Income		15,402,347	15,164,187	(238,160)	-1.55%
Net Income		11,744,278	12,112,109	367,831	3.13%
Other consolidated profit and loss		302,511	(359,692)	(662,203)	-218.90%
Total comprehensive income		12,046,789	11,752,417	(294,372)	-2.44%
Net Income Attributable to the Parent Company		10,206,388	10,542,860	336,472	3.30%
Total Comprehensive Income Attributable to the Parent Company		10,631,150	10,116,764	(514,386)	-4.84%

1. Explanation of variance:

- Decreases in Other consolidated profit and loss: primarily due to depreciation of US dollars.

2. Factors that may impact the Company's sales and financial status 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 past fiscal year:

Unit: NT\$1,000

Cash Balance at the Beginning of 2019	Net Cash Inflow from Operating Activities in 2019	Net Cash Outflows in 2019	Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plan	Financial Plan
48,530,648	28,836,231	(31,921,484)	45,445,395	-	-

1. Operating activities: The net cash inflow from operating activities was NT\$28.8 billion. The cash inflow remained steady primarily due to stable profits.
2. Investing activities: The net cash outflow from investing activities totaled about NT\$7.7 billion, which was primarily due to acquisition of operations-related fixed assets and increase in lease payments receivable.
3. Financing activities: The net cash outflow from financing activities totaled about NT\$23.6 billion, mainly resulting from payment of lease liabilities and payment 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 2020	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
45,445,395	31,102,570	(31,648,116)	44,899,849	-	-

1. Operating activities: Stable revenue is expected in 2020, 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 their impact

(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				
				2017	2018	2019	2020	2021
Investments in new stores and POS Equipment	Working capital and loans	Annual	7,400,017	1,043,669	1,331,700	1,801,640	1,611,504	1,611,504
Remodeling of Existing Stores	Working capital and loans	Annual	3,477,670	518,621	202,031	328,620	1,214,199	1,214,199
Store Equipment Purchases / Replacement	Working capital and loans	Annual	5,700,135	1,218,549	497,388	1,704,100	1,140,049	1,140,049

2. Major subsidiaries

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		
				2019	2020	2021
Investments in new stores	Working capital and loans	Annual	6,892,949	1,665,961	2,652,711	2,574,277
Remodeling of existing stores	Working capital and loans	Annual	1,655,362	508,329	611,867	535,166
Store equipment purchases / replacement	Working capital and loans	Annual	1,608,790	468,495	554,769	585,525
Investments in IT equipment (including purchases of hardware, software and POS equipment)	Working capital and loans	Annual	2,279,474	620,186	854,992	804,297
Purchase and replacement of logistics system or related equipment	Working capital and loans	Annual	2,350,824	719,636	854,241	776,947
Other (e.g., establishment of fresh food processing plants and logistics centers and distribution centers)	Working capital and loans	Annual	841,134	349,822	218,567	272,745

(2) Estimated benefits:

1. Anticipated increase in sales and gross profits:

Unit: NT\$1,000

Year	Item	Sales Value	Gross Profit
2020	Investments in new and existing stores	3,858,500	1,227,201
2021	Investments in new and existing stores	3,974,255	1,267,809
2022	Investments in new and existing stores	4,093,483	1,309,761
2023	Investments in new and existing stores	4,216,287	1,353,101
2024	Investments in new and existing stores	4,342,775	1,397,875

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 subsidiaries 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 2019, PCSC and its subsidiaries boasted a total of 9,996 retail locations, 2,850 of which are 7-ELEVEN branches in the Philippines. PCSC continues to increase its presence in the nation. Starbucks Taiwan have now exceeded 475 locations. They are working hard to make their stores unique as they continue to maintain their leading position in the market. 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 2019 include the following:

Unit: NT\$1,000

Company	Description	Amount of Investment in 2019	Main reasons for profit / loss
ICASH Corp.		200,000	Enrich working capital.

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

To improve performance at affiliated enterprises currently showing a loss, the Company will adjust the business model, improve the product mix offered to enhance the efficiency and performance.

6. Risk management policies and organizational structure and risk assessment

(1) Risk management policies and 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 Taiwan 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) Changes in interest rates: In 2020, due to the COVID-19 pandemic, Taiwan's GDP for the year could show a decline and economic growth for the year might not reach Directorate-General of Budget, Accounting and Statistics' projected 2.37%. The pandemic as well as economic and financial trends both in Taiwan and abroad have pushed the global economy into a downturn. The Central Bank reduced rates in March by 0.25% to stabilize the domestic economy.

Response: PCSC will continue to watch interest rate trends, negotiate prices with various financial institutions, and use other capital market financing channels to control the Company's financing costs.

(2) Changes in exchange rates: The Company buys and sells mainly in NT dollars and foreign currency-denominated products account for a very small proportion of total sales, so fluctuations in exchange rates have no significant effect on our profits and losses.

(3) Inflation: In 2019, the Directorate-General of Budget, Accounting and Statistics announced that the Consumer Price Index (CPI) annual growth rate increased by 0.56%. Growth in Taiwan exports and consumer spending is expected to be limited in 2020 by the COVID-19 pandemic. The global economy still faces a high risk of a continued downward slide which would hold back increase in Taiwan exports. Taiwan's economy is projected to grow 1.92% in 2020, down from that in 2019. In addition, minimum wage has been raised every year for the last few years, driving increases in the costs of eating out and related service, however, due to the COVID-19 pandemic, the inflation outlook will be a downside risk. The forecast CPI annual growth rate has been revised from 0.77% to 0.59%.

Response: PCSC has been enhancing product value, improving gross profit structures, enhancing membership economy, and providing service platforms that customers rely on, to reduce the pressure of increasing costs and impact of inflation on 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 "Procedures for Loading of Funds", "Procedures for Acquisitions or Disposals of Assets" and "Procedures for Making of Endorsements". 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: As of December 31, 2019, The Company and its subsidiaries have no 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) Member/Point System: We integrated Group memberships and provided members a single account number that can access all Group channels, facilitating accumulation and redemption of reward points. We are taking advantage of the characteristics of block chains to enhance safety and reduce risks. PCSC has linked the Group's point platforms with external ones to increase point value.

(2) EC Systems Optimization: PCSC has optimized Myship and refrigerated delivery services to provide customers better EC services.

(3) Intelligent Vending Machine: PCSC upgraded our intelligent vending machines' analyzing, marketing, and payment functions to provide customers a more convenient shopping experience.

(4) R&D Plans for 2020 are expected to cost NT\$93.26 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
Increasing membership reward point system functions	System in development	NT\$78.24 million	2020/07	In response to development trends in membership reward points, enhancing the service platforms of current relevant transactions.
Optimizing lottery winning receipt redemption process	Process and system in development	NT\$6.59 million	2020/12	In response to the government promotion, optimizing the lottery winning receipt redemption process.
New intelligent vending machine functions	System in development	NT\$6.42 million	2020/12	Optimizing current intelligent vending machine functions to facilitate store operations.
Optimizing EC system	Process and system in development	NT\$2.01 million	2020/12	In response to e-commerce trends, optimizing the current service platform.

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 and to optimize the Company's corporate governance. 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. In July 2015, Article 235 of the Company Act was revised, while Article 235-1 was added. In response, the General Shareholders' Meeting passed an amendment to the Articles of Incorporation in June 2016 to change the sources and order of employee and director remuneration to comply with the law. PCSC established the interdepartmental Regulations Identification Team, which issues a quarterly report and keeps up to date on the latest regulatory changes.

5. Financial impacts of and responses to technological and industry changes:

- (1) The impacts of traditional media continue to decline and more and more physical channels provide multiscreen services in an attempt to upgrade stores and equipment into new media platforms. PCSC will continue to evaluate and pay close attention to how this trend develops.
- (2) The physical financial services industry will become digitalized and physical bank branches continue to decrease in number, but consumers still need a certain degree of financial services. PCSC will continue to analyze whether or not this trend offers potential opportunities for the retail industry and develop relevant services.
- (3) With the five-day work week law now in effect, labor costs and recruiting new personnel for stores will be more of a challenge. PCSC will continue to research labor-saving operations and providing the employee work time management system needed by stores.
- (4) As technology advances rapidly, most risks to information safety are caused by network environment and employee behavior, including hacker attacks, traffic flow attacks, software (ransom) virus, phishing, spam, software updates, and access control. Possible effects on the Company include internal data being stolen or altered, account losses, impact on daily operations, and damage to company reputation. The Company has drawn up internal information safety management regulations and regularly conducts inspections to ensure that they are being implemented, regularly performs system information safety testing, utilizes information safety equipment, such as firewalls, to review user behavior, enhance anti-virus mechanisms and encryption mechanisms. Our personal data protection measures have received TPIPAS certification and are tested and evaluated regularly by a third party, and employees receive regular training to enhance information safety awareness.

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 2019, PCSC was selected as Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index for the first time, and was ranked among the top 5% in the fifth Taiwan Corporate Governance Evaluation System. PCSC was also selected as a constituent stock of FTSE4Good Emerging Index and 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. PCSC also holds regular internal regulation identification meetings

and has fully implemented Taiwan Personal Information Protection and Administration System (TPIPAS) 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 locations 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:

2019 Consolidated Business Report of Affiliated Companies: Please refer to pages 211 – 223.

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.

Appendix

80	1、Positions Concurrently Held by Director in Other Companies
82	2、Positions Concurrently Held by Management in Other Companies
83	3、Statement of Internal Control System
84	4、Audit Committee's Review Report
85	5、Consolidated Financial Statements and Report of Independent Accountants
151	6、Parent Company Only Financial Statements and Report of Independent Accountants
211	7、Consolidated Business Reports of Affiliated Companies

Appendix Positions Concurrently Held by Director in Other Companies

As of December 31, 2019

Name	Current Position in Other Companies
Lo, Chih-Hsien	<p>Chairman : Uni-President Enterprises Corp., President Natural Industrial Corporation, Ton Yi Industrial Corp., TTET Union Corporation, Prince Housing & Development Corp., President Packaging Industrial Corp., Woongjin Foods Co., Ltd., Daeyoung Foods Co., Ltd., President International Development Corp., Uni-President China Holdings Ltd., Changjiagang President Nisshin Food Co., Ltd., ScinoPharm Taiwan, Ltd., Uni-President (Philippines) Corp., Uni-President (Thailand) Ltd., Uni-President (Vietnam) Co., Ltd., Uni-President Enterprises (China) Investment Co., Ltd., Uni-President Cold-Chain Corp., Presco Netmarketing Inc., Uni-President Dream Parks Co., President Century Corp., President Property Corporation, Cheng-Shi Investment Holding Co., Uni-OAO Travel Service Corp., Prince Real Estate Co., Times Square International Holding Co., Times Square International Stays Corporation, Time Square International Hotel Corporation</p> <p>Vice Chairman : President Nisshin Corp.</p> <p>Director : Presicarre Corporation, Cayman President Holdings Ltd., Kai Yu (BVI) Investment Co., Ltd., President Fair Development Corp., Uni-President Southeast Asia Holdings Ltd., Uni-President Asia Holdings Ltd., Uni-President Hong Kong Holdings Limited, Champ Green Capital Limited, Champ Green (Shanghai) Consulting Co., Ltd., Guangzhou President Enterprises Co., Ltd., Fuzhou President Enterprises Co., Ltd., Xinjiang President Enterprises Food Co., Ltd., Wuhan President Enterprises Food Co., Ltd., Kunshan President Enterprises Food Co., Ltd., Chengdu President Enterprises Food Co., Ltd., Shenyang President Enterprises Co., Ltd., Harbin President Enterprises Co., Ltd., Hefei President Enterprises Co., Ltd., Zhenzhou President Enterprises Co., Ltd., Beijing President Enterprises Drinks Co., Ltd., Uni-President Enterprise (Kunshan) Food Technology Co., Ltd., Nanchang President Enterprises Co., Ltd., Uni-President Organics Corp., Uni-President Trading (Hubei) Co., Ltd., President (Shanghai) Trading Co., Ltd., Kunming President Enterprises Food Co., Ltd., Yantai Tongli Beverage Industries Co., Ltd., Changsha President Enterprises Co., Ltd., Bama President Mineral Water Co., Ltd., Nanning President Enterprises Co., Ltd., Zhanjiang President Enterprises Co., Ltd., Chongqing President Enterprises Co., Ltd., Taizhou President Enterprises Co., Ltd., Akesu President Enterprises Co., Ltd., Changchun President Enterprises Co., Ltd., Uni-President (Shanghai) Pearly Century Co., Ltd., Baiyin President Enterprises Co., Ltd., Hainan President Enterprises Co., Ltd., Guiyang President Enterprises Co., Ltd., Jinan President Enterprises Co., Ltd., Hangzhou President Enterprises Co., Ltd., Wuxue President Mineral Water Co., Ltd., Shijiazhuang President Enterprises Co., Ltd., Xuzhou President Enterprises Co., Ltd., Henan President Enterprises Co., Ltd., President (Kunshan) Trading Co., Ltd., Shaanxi President Enterprises Co., Ltd., Jiangsu President Enterprises Co., Ltd., Changbaishan Mountain President Enterprises (Jilin) Mineral Water Co., Ltd., Ningxia President Enterprises Co., Ltd., President Enterprises (Shanghai) Co., Ltd., President Enterprises (Inner Mongolia) Co., Ltd., Shanxi President Enterprises Co., Ltd., Uni-President Enterprise (Hutubi) Tomato Products Technology Co., Ltd., Uni-President Enterprises (Shanghai) Drink & Food Co., Ltd., Uni-President Enterprises (Tianjin) Co., Ltd., Hunan President Enterprises Co., Ltd., Uni-President Glass Industrial Co., Ltd., President Packaging Holdings Ltd., Kuang Chuan Dairy Co., Ltd., Kuang Chuan Foods Ltd., President Energy Development (Cayman Islands) Ltd., Uni-President Development Corp., Uni-Wonder Corporation, President Professional Baseball Team Corp., Tait Marketing & Distribution Co., Ltd., Wei Lih Food Industrial Co., Ltd., Howard Beach Resort Kenting Co., Ltd., Nanlien International Corporation, President Chain Store (BVI) Holdings Ltd., President Chain Store (Labuan) Holdings Ltd., Tone Sang Construction Corp., Retail Support International Corp., Uni-President Assets Holdings Ltd., Prince Property Management Consulting Co., Kao Chyuan Inv. Co., Ltd.</p> <p>President : Presco Netmarketing Inc.</p>
Kao, Shiow-Ling	<p>Chairman : President Fair Development Corp., Uni-President Department Store Corp., President Being Corp., President Pharmaceutical Corp., President Drugstore Business Corp., Kao Chyuan Inv. Co., Ltd.</p> <p>Director : Uni-President Enterprises Corp., Ton Yi Industrial Corp., Prince Housing & Development Corp., President International Development Corp., ScinoPharm Taiwan Ltd., President Century Corp., Uni-President Development Corp., Uni-Wonder Corporation, President (Shanghai) Health Product Trading Co., Ltd., Beauty Wonder (Zhejiang) Trading Co., Ltd. Times Square International Holding Co., Time Square International Hotel Corporation</p> <p>President : President Fair Development Corp., Kao Chyuan Inv. Co., Ltd.</p>
Chen, Jui-Tang	<p>Chairman : Uni-Wonder Corporation, President Lanyang Art Corporation, Ren-Hui Investment Corp., Uni-President Superior Commissary Corp., President Transnet Corp., President Collect Service Corp., Retail Support International Corp., Beauty Wonder (Zhejiang) Trading Co., Ltd., President Chain Store (Zhejiang) Ltd., President Chain Store (Shanghai) Ltd., President (Shanghai) Health Product Trading Company Ltd., Kai Ya Food Co., Ltd.</p> <p>Vice Chairman : Philippine Seven Corp.</p> <p>Director : President Chain Store (BVI) Holdings Ltd., PCSC (China) Drugstore Limited, President Drugstore Business Corp., 21 Century Co., Ltd., President Being Corp., Uni-President Department Store Corp., Uni-President Cold-Chain Corp., President Chain Store (Labuan) Holdings Ltd., President Chain Store (Hong Kong) Holdings Limited, Uni-President Logistics (BVI) Holdings Limited., Uni-President Enterprises Corp., Uni-President Development Corp., President Fair Development Corp., President International Development Corp., Nanlien International Corporation</p> <p>President : Ren-Hui Investment Corp.</p>

Positions Concurrently Held by Director in Other Companies

Name	Current Position in Other Companies	
Huang, Jui-Tien	Chairman	: iCASH Corp., President Chain Store Tokyo Marketing Corporation, Capital Marketing Consultant Corp., Tait Marketing & Distribution Co., Ltd.
	Director	: PCSC (China) Drugstore Limited, Uni-Wonder Corporation, President Information Corp., President Pharmaceutical Corp., Uni-President Cold-Chain Corp., Books.com. Co., Ltd., Retail Support International Corp., Philippine Seven Corp., President Chain Store (Hong Kong) Holdings Limited, President Chain Store (Zhejiang) Ltd., President Chain Store (Shanghai) Ltd., Ren Hui Holding Co., Ltd., Shan Dong President Yinzuo Commercial Limited, President Pharmaceutical (Hong Kong) Holdings Limited, President International Development Corp., President Nisshin Corp., President Fair Development Corp., Ren-Hui Investment Corp., Uni-President Foodstuff (BVI) Holdings Ltd., Changjiagang President Nisshin Food Co., Ltd., Shanghai Songjiang President Enterprises Co., Ltd., Zhongshan President Enterprises Co., Ltd., Taiwan Millennium Health Foundation, Dr. C. Y. Kao's Non-Profit Foundation of Culture & Education (In Memory of His Mother)
	President	: President Pharmaceutical (Hong Kong) Holdings Limited, Tung-Ren Pharmaceutical Corp.
Hwang, Jau-Kai	Chairman	: Tung Ang Enterprises Corp., Uni-President Vender Corp.
	Director	: Ton Yi Industrial Corp., Mech-President Corp., Woongjin Foods Co., Ltd., Daeyoung Foods Co., Ltd., Uni-president Marketing Co., Ltd., Uni-President (Vietnam) Co., Ltd., Uni-President Cold-Chain Corp.
	Supervisor President	: Uni-President (Korea) Co., Ltd. : Uni-President Enterprises Corp.
Su, Tsung-Ming	Chairman	: President Life Sciences Co., Ltd., Tong Yu Investment Corp., Uni-President Development Corp., AndroScience Corp.
	Director	: Grand Bills Finance Corporation, President International Development Corp., Uni-President China Holdings Ltd., ScinoPharm Taiwan, Ltd., President Tokyo Corporation, Uni-President Hong Kong Holdings Limited, President Tokyo Auto Leasing Corporation, Tong-Sheng Finance Leasing Co., Ltd., Tong-Sheng (Suzhou) Car Rental Co., Ltd., CDIB & Partners Investment Holding Corporation, Xiang Lu Industrial Ltd., President (BVI) International Investment Holdings Ltd., President Energy Development (Cayman Islands) Ltd., President Life Sciences Cayman Co., Ltd., SPT International, Ltd., Tanvex Biologics, Inc.
	Supervisor	: Presicarre Corporation, Uni-President Enterprises (China) Investment Co., Ltd., Presco Netmarketing, Inc.
	President	: President International Development Corp., ScinoPharm Taiwan, Ltd., President Property Corporation
Wu, Liang-Feng	Chairman	: Zhongshan President Enterprises Co., Ltd., Tianjiang President Enterprises Food Co., Ltd., Qingdao President Feed & Livestock Co., Ltd., Tung Lo Development Co., Ltd., Master Channels Corporation
	Director	: TTET Union Corporation, Changjiagang President Nisshin Food Co., Ltd., President Nisshin Corp.
	President	: Tung Lo Development Co., Ltd., Changjiagang President Nisshin Food Co., Ltd.
Wu, Kun-Lin	Chairman	: Chang-Tong Enterprise Corp., PT.Uni President Indonesia
	Director	: Changjiagang President Nisshin Food Co., Ltd., Uni-President Oven Bakery Corp., President Nisshin Corp.
Wu, Tsung-Pin	Chairman	: Tung-Ren Pharmaceutical Corp., Kai Nan Investment Co., Ltd.
	Director	: Prince Housing & Development Corp., President International Trade & Investment Corp., ScinoPharm Taiwan, Ltd., Uni-President (Vietnam) Co., Ltd., Uni-President Hong Kong Holdings Limited, Kuang Chuan Dairy Co., Ltd., Kuang Chuan Foods Ltd., Cheng-Shi Investment Holding Co., Tung Lo Development Co., Ltd., Tone Sang Construction Corp., Prince Real Estate Co., Ltd., Times Square International Holding Co., Time Square International Hotel Corporation
	Supervisor	: President Kikkoman Inc., Kunshan President Kikkoman Biotechnology Co., Ltd., President International Development Corp., President Kikkoman Zhenji Foods Co., Ltd., President Century Corp., President Professional Baseball Team Corp., Ming Da Enterprises Co., Ltd., Nanlien International Corporation, Times Square International Stays Corporation, Woongjin Foods Co., Ltd., Daeyoung Foods Co., Ltd.
Wu, Wen-Chi	Director	: Philippine Seven Corp., Uni-President (Singapore) Pte. Ltd.
	Supervisor	: Uni-Wonder Corporation, President Transnet Corp., President Collect Service Corp., Books.com. Co., Ltd.
Wang, Wen-Yeu	Independent Director	: Global Unichip Corp., KGI Securities Co. Ltd., Xintec Inc.
Hung, Yung-Chen	Director	: Hua Vi Venture Capital Corporation

Appendix Positions Concurrently Held by Management in Other Companies

As of December 31, 2019

Name	Current Position in Other Companies	
Huang, Jui-Tien	Chairman	: iCASH Corp., President Chain Store Tokyo Marketing Corporation, Capital Marketing Consultant Corp., Tait Marketing & Distribution Co., Ltd.
	Director	: PCSC (China) Drugstore Limited, Uni-Wonder Corporation, President Information Corp., President Pharmaceutical Corp., Uni-President Cold-Chain Corp., Books.com. Co., Ltd., Retail Support International Corp., Philippine Seven Corp., President Chain Store (Hong Kong) Holdings Limited, President Chain Store (Zhejiang) Ltd., President Chain Store (Shanghai) Ltd., Ren Hui Holding Co., Ltd., Shan Dong President Yinzuo Commercial Limited, President Pharmaceutical (Hong Kong) Holdings Limited, President International Development Corp., President Nisshin Corp., President Fair Development Corp., Ren-Hui Investment Corp., Uni-President Foodstuff (BVI) Holdings Ltd., Changjiagang President Nisshin Food Co., Ltd., Shanghai Songjiang President Enterprises Co., Ltd., Zhongshan President Enterprises Co., Ltd., Taiwan Millennium Health Foundation, Dr. C. Y. Kao's Non-Profit Foundation of Culture & Education (In Memory of His Mother)
	President	: President Pharmaceutical (Hong Kong) Holdings Limited, Tung-Ren Pharmaceutical Corp.
Chen, Jui-Tang	Chairman	: Uni-Wonder Corporation, President Lanyang Art Corporation, Ren-Hui Investment Corp., Uni-President Superior Commissary Corp., President Transnet Corp., President Collect Service Corp., Retail Support International Corp., Beauty Wonder (Zhejiang) Trading Co., Ltd., President Chain Store (Zhejiang) Ltd., President Chain Store (Shanghai) Ltd., President (Shanghai) Health Product Trading Company Ltd., Kai Ya Food Co., Ltd.
	Vice Chairman	: Philippine Seven Corp.
	Director	: President Chain Store (BVI) Holdings Ltd., PCSC (China) Drugstore Limited, President Drugstore Business Corp., 21 Century Co., Ltd., President Being Corp., Uni-President Department Store Corp., Uni-President Cold-Chain Corp., President Chain Store (Labuan) Holdings Ltd., President Chain Store (Hong Kong) Holdings Limited, Uni-President Logistics (BVI) Holdings Limited., Uni-President Enterprises Corp., Uni-President Development Corp., President Fair Development Corp., President International Development Corp., Nanlien International Corporation
	President	: Ren-Hui Investment Corp.
Wu, Kuo-Hsuan	Chairman	: Wisdom Distribution Service Corp., Mech-President Corp., Tong Ching Corporation, Retail Support Taiwan Corp., President Logistics International Corp., Chieh Shun Logistics International Corp.
	Director	: President Transnet Corp., President Collect Service Corp., Uni-President Cold-Chain Corp., Retail Support International Corp.
Hsieh, Lien-Tang	Chairman	: Duskin Serve Taiwan Co., Ltd., Mister Donut Taiwan Corp.
	Director	: President Chain Store Tokyo Marketing Corporation, Uni-President Superior Commissary Corp., President Transnet Corp., President Collect Service Corp., Uni-President Cold-Chain Corp., Books.com. Co., Ltd., Philippine Seven Corp., Ren Hui Holding Co., Ltd., President Chain Store Good Neighbor Foundation
Lin, Chi-Chang	Chairman	: Cold Stone Creamery Taiwan Ltd., President Chain Store Corporation Insurance Brokers Co., Ltd., President Chain Store Good Neighbor Foundation
	Director	: iCASH Corp., Capital Marketing Consultant Corp., Philippine Seven Corp.
	Supervisor	: Uni-President Cold-Chain Corp.
Wu, Wen-Chi	Director	: Philippine Seven Corp., Uni-President (Singapore) Pte. Ltd.
	Supervisor	: Uni-Wonder Corporation, President Transnet Corp., President Collect Service Corp., Books.com. Co., Ltd.
Kuo, Ying-Chih	Director	: Tung Ho Development Co., Ltd., Uni-President Assets Management Corp.
	Supervisor	: President Drugstore Business Corp., Qware Systems & Services Corp., President Information Corp., Uni-President Department Store Corp., Duskin Serve Taiwan Co., Ltd., President Chain Store (Zhejiang) Ltd., President Chain Store (Shanghai) Ltd., President (Shanghai) Health Product Trading Company Ltd., Mister Donut Taiwan Corp.
Lin, Hung-Chun	Chairman	: President Logistic ShanDong Co., Ltd.
	Director	: Shan Dong President Yinzuo Commercial Limited
	President	: Shan Dong President Yinzuo Commercial Limited
Hsieh, Kuan-Hung	Chairman	: President Chain Store (Taizhou) Ltd., Shanghai President Logistics Co., Ltd., President Cosmed Chain Store (Shen Zhen) Co., Ltd., Zhejiang Uni-Champion Logistics Development Co., Ltd.
	Director	: President Chain Store (Zhejiang) Ltd., President Chain Store (Shanghai) Ltd.
	President	: President Chain Store (Zhejiang) Ltd., President Chain Store (Shanghai) Ltd.
Hsu, Guang-Yu	Director	: Uni-Wonder Corporation, Uni-President Oven Bakery Corp.
Hsieh Hung, Hui-Tzu	Director	: President Securities Corp.
Chang, Kuo-Kuang	Director	: President Pharmaceutical (Hong Kong) Holdings Limited, President Pharmaceutical Corp., Uni-President Department Store Corp., Uni-President Development Corp., President Fair Development Corp., President Century Corp.
	President	: Uni-President Development Corp.

Appendix | Statement of Internal Control System

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

Date: February 27, 2020

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 2019:

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 February 27, 2020, and those 13 directors in presence all affirm at the contents of this statement.

President Chain Store Corporation

Chairman : Lo, Chih-Hsien

President : Huang, Jui-Tien

Appendix | Audit Committee's Review Report

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

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and Proposal for Allocation of 2019 profits. The independent auditors, Yi-Chang, Liang and Chien-Hung, Chou of PRICEWATERHOUSECOOPERS, TAIWAN 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 hereby submit this report.

General Shareholders' Meeting of PRESIDENT CHAIN STORE CORP. 2020

President Chain Store Corp.

Chairman of the Audit Committee Shu, Pei-Gi

Date: May 5, 2020

Appendix Consolidated Financial Statements and Report of Independent Accountants

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2019, 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.

February 27, 2020

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of President Chain Store Corp. and its subsidiaries (the “Group”) as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (which are described in the Other matters section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of President Chain Store Corp. and its subsidiaries as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Completeness and accuracy of retail sales revenue

Description

Please refer to Notes 4(25) and 6(24) to the consolidated financial statements for the accounting policy and the details of accounting relating to this key audit matter.

Retail sales revenue is generated by point-of-sale (POS) terminals, which record the merchandise name, quantity, sales price and total sales amount of each transaction using pre-established merchandise master file data (including merchandise name, cost of inventory, retail price, sales promotions, etc.). After the daily closing process, each store manager uploads their sales information to the ERP (enterprise resource planning) system, which summarizes all sales and automatically generates sales revenue journal entries. Each store manager also prepares a daily cash report to record the sales information and payment methods (including cash, gift certificates, credit cards and electronic payment devices, etc.) and the cash deposited to the bank.

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

How our audit addressed the matter

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

1. Inspected whether additions and changes to the merchandise master file data had been properly approved and supported by relevant documents;
2. Inspected whether approved additions and changes to the merchandise master file data had been correctly entered in the merchandise master file;
3. Inspected whether merchandise master file data had been periodically transferred to POS terminals in stores;
4. Inspected whether sales information in POS terminals was periodically and completely transferred to the ERP system and automatically generated sales revenue journal entries;
5. Inspected manual sales revenue journal entries and relevant documents;
6. Inspected daily cash reports and relevant documents; and
7. Inspected whether cash deposit amounts recorded in daily cash reports were in agreement with bank remittance amounts.

Cost-to-retail ratio of retail inventory method

Description

Please refer to Notes 4(12) and 6(4) to the consolidated financial statements for the accounting policy and the details of accounting relating to this key audit matter.

As there are various kinds of merchandise, the retail inventory method is used to estimate the cost of inventory and the cost of goods sold. The retail inventory method uses the ratio of the cost of goods purchased to the retail value of goods purchased (known as cost-to-retail ratio) to calculate the cost of inventory and the cost of goods sold. The calculation of the cost-to-retail ratio highly relies on the goods purchased both at cost and retail price, and thus has been identified as a key audit matter.

How our audit addressed the matter

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

1. Interviewed management to understand the calculation of the cost-to-retail ratio under the retail inventory method, and inspected whether it had been consistently applied in the comparative periods of the financial statements;

2. Inspected whether additions and changes to the merchandise master file data (including merchandise name, cost of inventory, retail price, sales promotions, etc.) had been properly approved and the data correctly entered in the merchandise master file;
3. Inspected whether the cost and retail price of inventory purchased as per delivery receipts were in agreement with POS purchase records after acceptance of the inventory;
4. Inspected whether the POS records for the cost and retail price of inventory purchased were periodically and completely transferred to the ERP system and ascertain whether the records could not be changed manually; and
5. Calculated the cost-to-retail ratio to verify its accuracy.

Other matter – Using the work of other auditors

We did not audit the financial statements of certain consolidated subsidiaries, which reflect total assets of NT\$17,667,481 thousand and NT\$10,081,554 thousand, representing 9.1% and 7.9% of total consolidated assets as of December 31, 2019 and 2018, respectively, and total operating revenue of NT\$32,407,436 thousand and NT\$25,801,037 thousand, representing 12.7% and 10.5% of total consolidated operating revenue for the years then ended, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on investees disclosed in Note 13 were based solely on the reports of other independent accountants.

Other matters – Parent company - only financial reports

We have audited and expressed an unmodified opinion with an explanatory paragraph on the parent company only financial statements of President Chain Store Corp. as of and for the years ended December 31, 2019 and 2018.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are, therefore, considered to be the key audit matters. We describe these matters in our auditor's report unless the law or regulations preclude public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yi-Chang, Liang

Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan

27 February, 2020

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

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

PRESIDENT CHAIN STORE CORP.

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31,2019		December 31,2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 45,445,395	23	\$ 48,530,648	38
1110	Financial assets at fair value through profit or loss - current	6(2)	1,696,300	1	844,225	1
1170	Accounts receivable, net	6(3) and 7	5,808,480	3	5,264,573	4
1200	Other receivables		1,460,354	1	1,535,507	1
1220	Current income tax assets	6(30)	95	-	1,139	-
130X	Inventories, net	6(4)	15,659,112	8	15,121,657	12
1410	Prepayments		1,195,719	1	1,340,225	1
1470	Other current assets		2,968,350	1	3,004,894	2
11XX	Total current assets		74,233,805	38	75,642,868	59
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	85,565	-	85,683	-
1517	Financial assets at fair value through other comprehensive income-non-current	6(5)	807,115	-	845,345	1
1550	Investments accounted for using equity method	6(6)	9,255,939	5	9,000,580	7
1600	Property, plant and equipment, net	6(7)(28) and 8	26,018,322	13	25,292,763	20
1755	Right of use assets	6(8) and 7	67,489,612	35	-	-
1760	Investment property, net	6(10)(32)	1,506,798	1	1,502,159	1
1780	Intangible assets	6(11)	10,171,442	5	10,393,880	8
1840	Deferred income tax assets	6(30)	1,860,217	1	1,727,043	1
1900	Other non-current assets	6(12) and 8	3,699,819	2	3,204,759	3
15XX	Total non-current assets		120,894,829	62	52,052,212	41
1XXX	Total assets		\$ 195,128,634	100	\$ 127,695,080	100

Liabilities and Equity		Notes	December 31,2019		December 31,2018	
			AMOUNT	%	AMOUNT	%
Current Liabilities						
2100	Short-term borrowings	6(14) and 8	\$ 6,014,658	3	\$ 7,237,785	6
2130	Contract liabilities - current	6(24)	3,443,383	2	2,843,189	2
2150	Notes payable	7	1,214,702	1	1,866,610	2
2170	Accounts payable		20,897,055	11	20,673,579	16
2180	Accounts payable - related parties	7	2,690,640	1	2,475,104	2
2200	Other payables	6(15)	26,596,505	14	27,954,181	22
2230	Current income tax liabilities	6(30)	1,410,428	1	1,801,229	1
2280	Lease Liabilities - current	7	11,932,751	6	-	-
2300	Other current liabilities	6(16)	3,149,591	1	3,260,538	3
21XX	Total current liabilities		77,349,713	40	68,112,215	54
Non-current liabilities						
2527	Contract liabilities - non-current	6(24)	448,248	-	234,421	-
2540	Long-term borrowings	6(17) and 8	508,112	-	847,040	1
2570	Deferred income tax liabilities	6(30)	5,580,529	3	5,386,839	4
2580	Lease Liabilities – non-current	7	56,894,287	29	-	-
2640	Net defined benefit liability - non-current	6(18)	4,751,607	3	4,732,549	4
2670	Other non-current liabilities	6(19)	4,368,820	2	4,356,989	3
25XX	Total non-current liabilities		72,551,603	37	15,557,838	12
2XXX	Total liabilities		149,901,316	77	83,670,053	66
Equity attributable to owners of the parent						
Share capital						
3110	Share capital - common stock	6(20)	10,396,223	5	10,396,223	8
Capital surplus						
3200	Capital surplus	6(21)	46,884	-	45,059	-
Retained earnings						
3310	Legal reserve	6(22)	13,314,081	7	12,293,442	10
3320	Special reserve		-	-	398,859	-
3350	Unappropriated retained earnings		12,845,880	7	12,064,862	9
Other equity						
3400	Other equity interest	6(23)	(380,187)	-	53,605	-
31XX	Equity attributable to owners of the parent		36,222,881	19	35,252,050	27
36XX	Non-controlling interest		9,004,437	4	8,772,977	7
3XXX	Total equity		45,227,318	23	44,025,027	34
3X2X	Total liabilities and equity		\$ 195,128,634	100	\$ 127,695,080	100

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

PRESIDENT CHAIN STORE CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

Items	Notes	For the years ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(24) and 7	\$ 256,058,888	100	\$ 244,887,853	100
5000 Operating costs	6(4)(25) and 7	(168,210,468)	(66)	(160,811,161)	(66)
5900 Gross profit		87,848,420	34	84,076,692	34
Operating expenses	6(25)(26)				
6100 Selling expenses		(65,434,377)	(25)	(62,536,030)	(25)
6200 General and administrative expenses		(9,355,509)	(4)	(8,688,758)	(4)
6450 Expected credit losses		(8,640)	-	(17,080)	-
6000 Total operating expenses		(74,798,526)	(29)	(71,241,868)	(29)
6900 Operating profit		13,049,894	5	12,834,824	5
Non-operating income and expenses					
7010 Other income	6(27)	2,878,332	1	2,425,273	1
7020 Other gains and losses	6(28)	(29,037)	-	(137,186)	-
7050 Finance costs	6(29)	(1,216,000)	-	(144,662)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(6)	480,998	-	424,098	-
7000 Total non-operating income and expenses		2,114,293	1	2,567,523	1
7900 Profit before income tax		15,164,187	6	15,402,347	6
7950 Income tax expense	6(30)	(3,052,078)	(1)	(3,658,069)	(1)
8000 Profit for the year from continuing operations		12,112,109	5	11,744,278	5
8200 Profit for the year		\$ 12,112,109	5	\$ 11,744,278	5
Other comprehensive income (loss)					
8311 Loss on remeasurement of defined benefit plan	6(18)	(\$ 10,060)	-	(\$ 156,420)	-
8316 Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	6(5)	162,501	-	(143,849)	-
8320 Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(1,965)	-	(5,526)	-
8349 Income tax related to the components of other comprehensive income that will not be reclassified to profit or loss	6(30)	867	-	79,842	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		151,343	-	(225,953)	-
8361 Financial statements translation differences of foreign operations		(505,816)	-	526,768	-
8367 Unrealized loss on valuation of bond instruments at fair value through other comprehensive income	6(5)	(783)	-	(1,537)	-
8370 Share of other comprehensive (loss) Income of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will be reclassified to profit or loss	6(23)	(4,436)	-	3,233	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss		(511,035)	-	528,464	-
8300 Total other comprehensive income (loss) for the year		(\$ 359,692)	-	\$ 302,511	-
8500 Total comprehensive income for the year		\$ 11,752,417	5	\$ 12,046,789	5
Profit attributable to:					
8610 Owners of the parent		\$ 10,542,860	4	\$ 10,206,388	4
8620 Non-controlling interests		1,569,249	1	1,537,890	1
Comprehensive income attributable to:		\$ 12,112,109	5	\$ 11,744,278	5
8710 Owners of the parent		\$ 10,116,764	4	\$ 10,631,150	4
8720 Non-controlling interests		1,635,653	1	1,415,639	1
		\$ 11,752,417	5	\$ 12,046,789	5
	6(31)				
9750 Basic earnings per share (in dollars)		\$ 10.14		\$ 9.82	
	6(31)				
9850 Diluted earnings per share (in dollars)		\$ 10.12		\$ 9.79	

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

PRESIDENT CHAIN STORE CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent								Total	Non-controlling Interest	Total equity
		Share capital- common stock	Capital surplus	Retained earnings			Other equity interest					
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income	Equity directly related to non-current assets held for sale			
For the year ended December 31, 2018												
Balance at January 1, 2018		\$ 10,396,223	\$ 43,875	\$ 9,191,733	\$ -	\$ 31,381,290	(\$ 906,308)	\$ -	\$ 507,449	\$ 50,614,262	\$ 8,892,148	\$ 59,506,410
Adjustments under new standards	6(23)	-	-	-	-	25,463	-	477,996	(507,449)	(3,990)	(5,203)	(9,193)
Adjustment beginning balance		10,396,223	43,875	9,191,733	-	31,406,753	(906,308)	477,996	-	50,610,272	8,886,945	59,497,217
Profit for the year		-	-	-	-	10,206,388	-	-	-	10,206,388	1,537,890	11,744,278
Other comprehensive income (loss) for the year	6(23)	-	-	-	-	(57,155)	626,479	(144,562)	-	424,762	(122,251)	302,511
Total comprehensive income (loss) for the year		-	-	-	-	10,149,233	626,479	(144,562)	-	10,631,150	1,415,639	12,046,789
Distribution of 2017 earnings	6(22)											
Legal reserve		-	-	3,101,709	-	(3,101,709)	-	-	-	-	-	-
Special reserve		-	-	-	398,859	(398,859)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(25,990,556)	-	-	-	(25,990,556)	-	(25,990,556)
Non-controlling interest		-	-	-	-	-	-	-	-	-	(1,529,607)	(1,529,607)
Overdue unclaimed cash dividend transferred to capital surplus		-	536	-	-	-	-	-	-	536	-	536
Adjustment of capital surplus due to change in interests in associates		-	648	-	-	-	-	-	-	648	-	648
Balance at December 31, 2018		\$ 10,396,223	\$ 45,059	\$ 12,293,442	\$ 398,859	\$ 12,064,862	(\$ 279,829)	\$ 333,434	\$ -	\$ 35,252,050	\$ 8,772,977	\$ 44,025,027
For the year ended December 31, 2019												
Balance at January 1, 2019		\$ 10,396,223	\$ 45,059	\$ 12,293,442	\$ 398,859	\$ 12,064,862	(\$ 279,829)	\$ 333,434	\$ -	\$ 35,252,050	\$ 8,772,977	\$ 44,025,027
Profit for the year		-	-	-	-	10,542,860	-	-	-	10,542,860	1,569,249	12,112,109
Other comprehensive income (loss) for the year	6(23)	-	-	-	-	7,696	(590,079)	156,287	-	(426,096)	66,404	(359,692)
Total comprehensive income (loss) for the year		-	-	-	-	10,550,556	(590,079)	156,287	-	10,116,764	1,635,653	11,752,417
Distribution of 2018 earnings:	6(22)											
Legal reserve		-	-	1,020,639	-	(1,020,639)	-	-	-	-	-	-
Special reserve		-	-	-	(398,859)	398,859	-	-	-	-	-	-
Cash dividends		-	-	-	-	(9,148,676)	-	-	-	(9,148,676)	-	(9,148,676)
Non-controlling interest		-	-	-	-	-	-	-	-	-	(1,404,193)	(1,404,193)
Overdue unclaimed cash dividend transferred to capital surplus		-	1,235	-	-	-	-	-	-	1,235	-	1,235
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	590	-	-	-	-	-	-	590	-	590
Disposal of financial instruments designated at fair value through other comprehensive income of associates		-	-	-	-	918	-	-	-	918	-	918
Balance at December 31, 2019		\$ 10,396,223	\$ 46,884	\$ 13,314,081	\$ -	\$ 12,845,880	(\$ 869,908)	\$ 489,721	\$ -	\$ 36,222,881	\$ 9,004,437	\$ 45,227,318

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

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	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before income tax for the year		\$ 15,164,187	\$ 15,402,347
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)	(10,108)	(12,411)
Expected credit losses	12(2)	8,640	17,080
Depreciation on property, plant and equipment	6(7)(8)	18,177,202	5,993,847
Amortization		574,709	584,009
Depreciation on investment property	6(10)	17,031	16,956
Finance costs	6(29)	1,216,000	144,662
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(480,998)	(424,098)
Gain on disposal of investments accounted for using the equity method	7	-	(59)
Loss on disposal of property, plant and equipment, net	6(28)	11,428	33,275
Gain from lease modification	6(28)	(58,910)	-
Interest income	6(27)	(793,898)	(699,385)
Dividend income	6(27)	(49,542)	(65,124)
Impairment loss on intangible assets	6(11)	-	819
Impairment loss on property, plant and equipment	6(7)	(13,618)	9,969
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		(841,967)	728,211
Accounts receivable		(552,547)	(326,504)
Other receivables		63,609	122,931
Inventories		(537,455)	(1,734,535)
Prepayments		(125,934)	76,950
Other current assets		36,544	24,955
Net changes in liabilities relating to operating activities			
Contract liabilities - current		600,194	(1,092,169)
Accounts payable		439,012	1,977,720
Notes payable		(651,908)	(199,901)
Other payables		(60,331)	18,646
Advance receipts		3,025	1,678,593
Contract liabilities - non-current		213,827	(111,590)
Net defined benefit liabilities - non-current		8,998	157,749
Cash generated from operations		32,357,190	22,322,943
Interest received		805,390	697,286
Income tax paid		(3,380,452)	(6,194,372)
Interest paid		(1,216,183)	(144,711)
Dividends received		270,286	1,236,783
Net cash provided by operating activities		28,836,231	17,917,929

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	
		2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments accounted for using the equity method	6(6) and 7	\$ -	\$ 25,644,556
Acquisition of subsidiary	6(6)	-	(3,226,806)
Acquisition of property, plant and equipment	6(33)	(7,249,215)	(6,671,500)
Proceeds from disposal of property, plant and equipment		245,532	81,397
Return of capital from financial assets at fair value through profit or loss		118	-
Return of capital from financial assets at fair value through other comprehensive income		200,000	-
Guarantee deposits paid		(144,974)	(110,493)
Acquisition of intangible assets	6(11)	(209,602)	(196,984)
Other non-current assets		(533,389)	83,203
Net cash (used in) provided by investing activities		(7,691,530)	15,603,373
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings	6(34)	(1,223,127)	6,272,605
Decrease in short-term notes and bills payable	6(34)	-	(250,000)
Proceeds from long-term borrowings	6(34)	165,030	289,511
Repayment of long-term borrowings	6(34)	(624,174)	(473,646)
Payments of lease liabilities	6(8)(34)	(11,329,825)	-
Guarantee deposits received	6(34)	147,220	58,093
(Decrease) increase in other non-current liabilities	6(34)	(222,130)	223,176
Change in non-controlling interests		(94,763)	(23,138)
Payment of cash dividends - the Company	6(22)	(9,148,676)	(25,990,556)
Payment of cash dividends - subsidiaries		(1,309,430)	(1,506,469)
Net cash used in financing activities		(23,639,875)	(21,400,424)
Effect of foreign exchange rate changes on cash and cash equivalents		(590,079)	626,479
(Decrease) increase in cash and cash equivalents		(3,085,253)	12,747,357
Cash and cash equivalents at beginning of year		48,530,648	35,783,291
Cash and cash equivalents at end of year		\$ 45,445,395	\$ 48,530,648

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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

1. HISTORY AND ORGANISATION

(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, 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 45.4% equity interest in the Company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 27, 2020.

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") New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases'

(a) IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognize a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

(b) The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by \$52,750,102, increased 'lease liability' by \$52,938,613, decreased 'prepayments' by \$270,440, decreased 'property, plant and equipment' by \$396,233, decreased 'long-term prepaid rent' by \$84,482 (recognized as 'other non-current assets'), and decreased 'other payables' by \$939,666 with respect to the lease contracts of lessees on January 1, 2019.

(c) The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$299,079 was recognized for the year ended December 31, 2019.
- The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(d) The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 0.88% to 8.54%.

- (e) The Group recognized lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognized as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$	69,815,079
Add: Lease payable recognized under finance lease by applying IAS 17 as at December 31, 2018		6,962
Adjustments relating to changes in the index or rate affecting variable lease payments		496,223
Less: Short-term leases	(	109,383)
Contracts reassessed as service agreements	(	132,797)
Leases not yet commenced to which the lessee is committed	(	14,328,676)
Total lease contracts amount recognized as lease liabilities by applying IFRS 16 on January 1, 2019	\$	55,747,408
Incremental borrowing interest rate at the date of initial application		0.88%-8.54%
Lease liabilities recognized as at January 1, 2019 by applying IFRS 16	\$	52,938,613

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative- Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

- (3) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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:

- Financial assets and financial liabilities at fair value through profit or loss.
- Financial assets and liabilities at fair value through other comprehensive income.
- 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 conformity with IFRSs, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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, 2019	December 31, 2018	
The Company	President Chain Store (BVI) Holdings Ltd.	Professional investment	100.00	100.00	
The Company	PCSC (China) Drugstore Limited	Professional investment	92.20	92.20	
The Company	Wisdom Distribution Service Corp.	Logistics and warehousing of publication	100.00	100.00	
The Company	President Drugstore Business Corp.	Sales of cosmetics, medicine and daily items	100.00	100.00	
The Company	Ren-Hui Investment Corp.	Professional investment	100.00	100.00	
The Company	Capital Marketing Consultant Corp.	Enterprise management consultancy	100.00	100.00	
The Company	President Lanyang Art Corporation	Art and cultural exhibition	100.00	100.00	
The Company	Cold Stone Creamery Taiwan Ltd.	Sales of ice cream	100.00	100.00	
The Company	President Chain Store Corporation Insurance Brokers Co., Ltd.	Life and property insurance	100.00	100.00	
The Company	21 Century Co., Ltd.	Operation of chain restaurants	100.00	100.00	
The Company	President Being Corp.	Sports and beauty business	100.00	100.00	
The Company	Uni-President Oven Bakery Corp.	Bread and pastry retailer	100.00	100.00	
The Company	President Chain Store Tokyo Marketing Corp.	Enterprise management consultancy	100.00	100.00	
The Company	ICASH Corp.	Electronic ticketing	100.00	100.00	
The Company	Uni-President Superior Commissary Corp.	Food manufacturing	90.00	90.00	
The Company	Q-ware Systems & Services Corp.	Information software service	86.76	86.76	
The Company	President Information Corp.	Enterprise information management and consultancy	86.00	86.00	
The Company	Mech-President Corp.	Gas station and elevator installation	80.87	80.87	
The Company	President Pharmaceutical Corp.	Sales of various health care products, cosmetics, and pharmaceuticals	73.74	73.74	
The Company	President Collect Service Corp.	Collection agent	70.00	70.00	
The Company	Uni-President Department Store Corp.	Department stores	70.00	70.00	
The Company	President Transnet Corp.	Delivery service	70.00	70.00	
The Company	Uni-President Cold-Chain Corp.	Low-temperature logistics and warehousing	60.00	60.00	
The Company	Uni-Wonder Corp. (Formerly known as President Starbucks Coffee Corp.	Coffee chain store	60.00	60.00	
The Company	Duskin Serve Taiwan Co., Ltd.	Cleaning instruments leasing and selling	51.00	51.00	
The Company	Afternoon Tea Taiwan Co., Ltd.	Operation of restaurants	-	51.00	(a)
The Company	Books.com. Co., Ltd.	Retail business without shop	50.03	50.03	
The Company	Retail Support International Corp.	Room-temperature logistics and warehousing	25.00	25.00	(b)
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Professional investment	100.00	100.00	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Professional investment	100.00	100.00	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	100.00	100.00	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00	20.00	
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Publishing	-	60.00	(c)
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Trucking	25.00	25.00	
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	Professional investment	100.00	100.00	
Retail Support International Corp.	Retail Support Taiwan Corp.	Room-temperature logistics and warehousing	51.00	51.00	
Retail Support International Corp.	President Logistics International Corp.	Trucking	49.00	49.00	

Consolidated Financial Statements and Report of Independent Accountants

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00	6.00	
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Trucking	100.00	100.00	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	Professional investment	100.00	100.00	
Books.com. (BVI) Ltd.	Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	100.00	100.00	
Mech-President Corp.	Tong Ching Corporation	Gas station	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	
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	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corporation	Operation of chain store	52.22	52.22	
Philippine Seven Corporation	Convenience Distribution Inc.	Logistics and warehousing	100.00	100.00	
Philippine Seven Corporation	Store Sites Holding, Inc.	Professional investment	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	Professional investment	7.80	7.80	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	Operation of chain store	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai President Logistics Co., Ltd.	Logistics and warehousing	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Professional investment	-	100.00	(d)
President Chain Store (Hong Kong) Holdings Limited	Shan Dong President Yinzuo Commercial Limited	Supermarkets	40.00	40.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	-	100.00	(e)
President Chain Store (Hong Kong) Holdings Limited	Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Taizhou) Ltd.	Logistics and warehousing	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Zhejiang) Ltd.	Operation of chain store	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Beauty Wonder (Zhejiang) Trading Co., Ltd.	Sales of cosmetics and medicine	100.00	100.00	
Shanghai President Logistics Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	
Shanghai President Logistics Co., Ltd.	President Logistics Shan Dong Co., Ltd.	Logistics and warehousing	100.00	100.00	
PCSC Restaurant (Cayman) Holdings Limited	Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	-	100.00	(f)
Uni-President Logistics (BVI) Holdings Limited	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	Professional investment	100.00	100.00	
Ren-Hui Holdings Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Supermarkets	15.00	15.00	

- (a) The Company liquidated the subsidiary, Afternoon Tea Taiwan Corp., Limited, and the process of cancellation of registration has been completed in February 2019.
- (b) 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.
- (c) The Company liquidated the subsidiary, Vision Distribution Service Corp., and the process of cancellation of registration has been completed in February 2019.
- (d) The Company liquidated the subsidiary, PCSC Restaurant (Cayman) Holdings Limited, and the process of cancellation of registration has been completed in September 2019.
- (e) The Company liquidated the subsidiary, PCSC (Chengdu) Hypermarket Limited, and the process of cancellation of registration has been completed in March 2019.
- (f) The Company liquidated the subsidiary, Shanghai President Chain Store Corporation Trade Co., Ltd., and the process of cancellation of registration has been completed in May 2019.

- 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 are measured using the currency of the primary economic environment in which the Group 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 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 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, if the Group 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 when the Group 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 12 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 12 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 12 months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 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 (including time deposits with contract period less than 12 months) 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 that are not measured at amortized cost or fair value through other comprehensive income.
- B. 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.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(11) Leasing arrangements (Lessor)-operating leases

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 - associates

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 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.

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 do not arise from 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 using 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 amount 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. 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	3~50 years
Transportation equipment	2~15 years
Operating equipment	2~16 years
Leasehold assets	1~20 years

(16)Leasing arrangements (lessee) - right-of-use assets/ lease liabilities (Effective from 2019)

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable;
 - (b) Variable lease payments that depend on an index or a rate; and
 - (c) Amounts expected to be payable by the lessee under residual value guarantees.
 The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.
 The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(17)Leases (lessee) (Prior to 2019)

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

(18)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 10 to 50 years.

(19)Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 15 years.

B. Goodwill

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

C. License agreement and customer list and other intangible assets

License agreement and customer list acquired in business combination are recognized at fair value at the acquisition date. Other intangible assets are separately acquired trademarks and licenses which are stated at historical cost. The latter has a finite useful life and is amortized on a straight-line basis over its estimated useful life.

(20) 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.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) 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.

(23) 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 expense in that period when the employees render service.

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

For defined contribution plans, the contributions are recognized as pension expense 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 net defined benefit 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. Remeasurements 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 when it can no longer withdraw an offer of termination benefits or it recognizes related 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 expense and liability, 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.

(24) 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 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 nor 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.
- E. A deferred tax asset shall be recognised 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.

(25) Revenue recognition

A. Sales of goods

- (a) The Group operates a chain of retail stores. Revenue from the sale of goods is recognized when the Group sells a product to the customer.
- (b) Payment of the transaction price is due immediately when the customer purchases the product. It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a refund liability and a right to the returned goods (included in other current assets) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

(c) The Group operates a loyalty program where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.

B. Sales of services

The Group provides delivery services. Revenue from delivering services is recognized when the services have been provided.

C. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(26) Business Combination

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the 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 which may 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, 2019	December 31, 2018
Cash on hand and petty cash	\$ 1,680,411	\$ 1,958,556
Checking accounts and demand deposits	9,606,131	12,560,158
Cash equivalents		
Time deposits	26,620,058	25,867,905
Short-term financial instruments	7,538,795	8,144,029
	<u>\$ 45,445,395</u>	<u>\$ 48,530,648</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 on time deposits provided as security for 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

	December 31, 2019	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss		
Current items:		
Beneficiary certificates	\$ 1,696,276	\$ 844,170
Valuation adjustment	24	55
	<u>\$ 1,696,300</u>	<u>\$ 844,225</u>
Non-current items:		
Unlisted stocks	\$ 275,285	\$ 275,403
Valuation adjustment	(189,720)	(189,720)
	<u>\$ 85,565</u>	<u>\$ 85,683</u>

A.The Group recognized net profit of \$10,108 and \$12,411 in relation to financial assets at fair value through profit or loss for the years ended December 31, 2019 and 2018, respectively.

B.No financial assets at fair value through profit or loss of the Group were pledged to others.

C.Information relating to credit risk is provided in Note 12(2).

(3) Accounts receivable

	December 31, 2019	December 31, 2018
Accounts receivable	\$ 5,864,309	\$ 5,320,037
Less : Allowance for doubtful accounts	(55,829)	(55,464)
	<u>\$ 5,808,480</u>	<u>\$ 5,264,573</u>

A.The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2019	December 31, 2018
Not past due	\$ 5,508,376	\$ 5,144,165
Up to 90 days	335,189	149,698
91 to 180 days	18,625	18,175
181 to 365 days	63	2,917
Over 365 days	2,056	5,082
	<u>\$ 5,864,309</u>	<u>\$ 5,320,037</u>

The above aging analysis was based on past due date.

B.As of December 31, 2019 and 2018, accounts receivable was all from contracts with customers. And as of January 1, 2018, the balance of receivables from contracts with customers amounted to \$4,938,071.

C.Accounts receivable of the Group pledged to others is provided in Note 8

D.As at December 31, 2019, and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$5,808,480, and \$5,264,573, respectively.

E.Information relating to credit risk is provided in Note 12(2).

(4)Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 71,106	\$ -	\$ 71,106
Merchandise and finished goods	15,712,547	(124,541)	15,588,006
	<u>\$ 15,783,653</u>	<u>(\$ 124,541)</u>	<u>\$ 15,659,112</u>

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 65,446	\$ -	\$ 65,446
Merchandise and finished goods	15,151,897	(95,686)	15,056,211
	<u>\$ 15,217,343</u>	<u>(\$ 95,686)</u>	<u>\$ 15,121,657</u>

The cost of inventories recognized as expense for the year:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cost of goods sold and service costs	\$ 166,061,981	\$ 158,799,134
Loss on valuation (Gain on reversal) of inventories	28,855	(40,105)
Spoilage	1,848,520	1,775,150
Others	271,112	276,982
	<u>\$ 168,210,468</u>	<u>\$ 160,811,161</u>

The Group reversed a previous inventory write-down because the Group sold and scrapped certain inventories which were previously provided with allowance during the year ended December 31, 2018.

(5)Financial assets at fair value through other comprehensive income - non-current

	December 31, 2019	December 31, 2018
<u>Debt instruments</u>		
Government bonds	\$ -	\$ 199,948
Valuation adjustment	-	783
	<u>-</u>	<u>200,731</u>
<u>Equity instruments</u>		
Listed stocks	265,606	265,606
Unlisted stocks	4,348	4,348
	<u>269,954</u>	<u>269,954</u>
Valuation adjustment	537,161	374,660
	<u>807,115</u>	<u>644,614</u>
	<u>\$ 807,115</u>	<u>\$ 845,345</u>

A.The Group has elected to classify the listed and unlisted stocks that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$807,115, and \$644,614 as at December 31, 2019 and 2018, respectively.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31, 2019	For the year ended December 31, 2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 162,501	(\$ 143,849)
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 783)	(\$ 1,537)
Interest income recognized in profit or loss	\$ 1,180	\$ 2,359

C. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$807,115 and \$845,345, respectively.

D. No financial assets at fair value through other comprehensive income of the Group were pledged to others.

E. Information relating to credit risk is provided in Note 12(2).

(6) Investments accounted for using the equity method

	December 31, 2019	December 31, 2018
<u>Associates</u>		
PresiCarre Corp.	\$ 5,723,198	\$ 5,518,380
President Fair Development Corp.	2,039,406	1,984,125
Uni-President Development Corp.	764,191	753,904
President International Development Corp.	459,696	461,328
Tung Ho Development Corp.	106,384	114,755
Uni-President Organics Corp.	41,430	38,862
President Technology Corp.	20,866	21,347
	9,155,171	8,892,701
<u>Joint ventures</u>		
Mister Donut Taiwan Co., Ltd.	\$ 100,768	\$ 107,879
	\$ 9,255,939	\$ 9,000,580

A. 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, 2019	For the year ended December 31, 2018
Profit for the year from continuing operations	\$ 466,385	\$ 401,980
Other comprehensive loss-net of tax	(5,632)	(3,646)
Total comprehensive income	\$ 460,753	\$ 398,334

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Profit for the year from continuing operations	\$ 14,613	\$ 22,118
Other comprehensive (loss) income-net of tax	(769)	1,353
Total comprehensive income	\$ 13,844	\$ 23,471

B. In December 2017, the Group disposed 30% shares of its joint venture – President Coffee (Cayman) Holdings Ltd. for a cash consideration of \$25,642,728 to Starbucks EMEA Holdings Ltd., which was collected in February, 2018.

C. The Group originally held 30% shares of its joint venture using the equity method - Uni-Wonder Corp. (formerly known as "President Starbucks Coffee Corp."). In December 2017, the Group acquired an additional 30% shares of Uni-Wonder Corp. for a cash consideration of \$3,226,806 and obtained control over Uni-Wonder Corp. Relevant cash consideration was fully paid in February, 2018.

D. In August 2018, the Group disposed 0.02% shares of its investments accounted for using equity method - Grand Bills Finance Corp. to Kai Yu Investment Co., Ltd. Information about disposal proceeds and disposal gain or loss are provided in Note 7(3) f.

(7) Property, plant and equipment

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

	2019						
	Land	Buildings	Transportation equipment	Operating equipment	Leasehold improvements	Others	Total
At January 1							
Cost	\$ 2,273,117	\$ 4,723,111	\$ 6,612,878	\$ 21,159,733	\$ 18,345,784	\$ 9,627,520	\$ 62,742,143
Accumulated depreciation and impairment	(16,367)	(1,980,005)	(4,345,461)	(14,386,751)	(11,375,011)	(5,345,785)	(37,449,380)
	<u>\$ 2,256,750</u>	<u>\$ 2,743,106</u>	<u>\$ 2,267,417</u>	<u>\$ 6,772,982</u>	<u>\$ 6,970,773</u>	<u>\$ 4,281,735</u>	<u>\$ 25,292,763</u>
Opening net book amount as of January 1	\$ 2,256,750	\$ 2,743,106	\$ 2,267,417	\$ 6,772,982	\$ 6,970,773	\$ 4,281,735	\$ 25,292,763
Effect of adoption of IFRS 16	-	-	-	-	(387,770)	(8,463)	(396,233)
Adjusted beginning balance	<u>\$ 2,256,750</u>	<u>\$ 2,743,106</u>	<u>\$ 2,267,417</u>	<u>\$ 6,772,982</u>	<u>\$ 6,583,003</u>	<u>\$ 4,273,272</u>	<u>\$ 24,896,530</u>
Additions	-	33,282	276,044	3,251,911	2,184,888	1,952,903	7,699,028
Disposals	-	-	(30,554)	(110,153)	(110,612)	(5,641)	(256,960)
Transfer	(18,757)	38,387	104,600	147,177	109,995	(423,497)	(42,095)
Depreciation charge	-	(204,422)	(521,706)	(2,242,940)	(1,977,765)	(1,352,854)	(6,299,687)
Reversal of impairment loss	-	-	-	2,653	10,965	-	13,618
Net exchange differences	296	(4,623)	(1,930)	(20,470)	14,045	20,570	7,888
Closing net book amount as of December 31	<u>\$ 2,238,289</u>	<u>\$ 2,605,730</u>	<u>\$ 2,093,871</u>	<u>\$ 7,801,160</u>	<u>\$ 6,814,519</u>	<u>\$ 4,464,753</u>	<u>\$ 26,018,322</u>
At December 31							
Cost	\$ 2,254,656	\$ 4,788,540	\$ 6,648,230	\$ 22,280,204	\$ 19,092,068	\$ 10,972,281	\$ 66,035,979
Accumulated depreciation and	(16,367)	(2,182,810)	(4,554,359)	(14,479,044)	(12,277,549)	(6,507,528)	(40,017,657)
	<u>\$ 2,238,289</u>	<u>\$ 2,605,730</u>	<u>\$ 2,093,871</u>	<u>\$ 7,801,160</u>	<u>\$ 6,814,519</u>	<u>\$ 4,464,753</u>	<u>\$ 26,018,322</u>

Consolidated Financial Statements and Report of Independent Accountants

	2018						
	Land	Buildings	Transportation equipment	Operating equipment	Leasehold improvements	Others	Total
At January 1							
Cost	\$ 2,273,584	\$ 4,296,089	\$ 6,343,845	\$ 20,180,016	\$ 17,259,683	\$ 9,456,005	\$ 59,809,222
Accumulated depreciation and impairment	(16,366)	(1,800,537)	(4,046,383)	(13,384,193)	(10,568,380)	(5,011,021)	(34,826,880)
	<u>\$ 2,257,218</u>	<u>\$ 2,495,552</u>	<u>\$ 2,297,462</u>	<u>\$ 6,795,823</u>	<u>\$ 6,691,303</u>	<u>\$ 4,444,984</u>	<u>\$ 24,982,342</u>
Opening net book amount as of January 1	\$ 2,257,218	\$ 2,495,552	\$ 2,297,462	\$ 6,795,823	\$ 6,691,303	\$ 4,444,984	\$ 24,982,342
Additions	-	213,509	419,098	2,054,370	2,081,912	1,745,644	6,514,533
Transfer	-	(38)	(21,894)	(36,914)	(42,875)	(12,951)	(114,672)
Reclassifications	-	228,361	134,272	242,063	25,430	(621,446)	8,680
Depreciation charge	-	(190,100)	(558,428)	(2,266,631)	(1,746,149)	(1,232,539)	(5,993,847)
(Impairment loss) reversal of impairment loss	-	-	-	(1,359)	(10,406)	1,796	(9,969)
Net exchange differences	(468)	(4,178)	(3,093)	(14,370)	(28,442)	(43,753)	(94,304)
Closing net book amount as of December 31	<u>\$ 2,256,750</u>	<u>\$ 2,743,106</u>	<u>\$ 2,267,417</u>	<u>\$ 6,772,982</u>	<u>\$ 6,970,773</u>	<u>\$ 4,281,735</u>	<u>\$ 25,292,763</u>
At December 31							
Cost	\$ 2,273,117	\$ 4,723,111	\$ 6,612,878	\$ 21,159,733	\$ 18,345,784	\$ 9,627,520	\$ 62,742,143
Accumulated depreciation and impairment	(16,367)	(1,980,005)	(4,345,461)	(14,386,751)	(11,375,011)	(5,345,785)	(37,449,380)
	<u>\$ 2,256,750</u>	<u>\$ 2,743,106</u>	<u>\$ 2,267,417</u>	<u>\$ 6,772,982</u>	<u>\$ 6,970,773</u>	<u>\$ 4,281,735</u>	<u>\$ 25,292,763</u>

B. Information on (impairment loss) reversal of impairment loss on property, plant and equipment is provided in Note 6(13).

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

(8) Leasing arrangements - lessee

Effective from 2019

A. The Group leases various assets including land, buildings, transportation equipment, etc. Rental contracts are typically made for periods of 1 to 41 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2019	For the year ended December 31 2019
	Carrying amount	Depreciation charge
Land	\$ 677,359	\$ 137,324
Buildings	66,682,465	11,679,988
Machinery and equipment	72,211	39,389
Other equipment	57,577	20,814
	<u>\$ 67,489,612</u>	<u>\$ 11,877,515</u>

C. For the year ended December 31, 2019, the additions to right-of-use assets was \$28,665,757.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	\$ 1,090,750
Expense on short-term lease contracts	344,600
Expense on leases of low-value assets	64,297
Expense on variable lease payments	620,688
Gain on sublease of right-of-use assets	544,513

E. For the year ended December 31, 2019, the Group's total cash outflow for leases was \$13,450,160.

F. Variable lease payments

(a) Some of the Group's lease contracts contain variable lease payment terms that are linked to sales generated from a store or department store counter. For the above-mentioned stores, up to 4.43% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in the aggregate sales amount of all stores with such variable lease contracts would increase total lease payments by approximately \$6,207.

G. The Group's leases not yet commenced to which the lessee is committed are business premises for the lessees, and the lease liabilities undiscounted amount at December 31, 2019 is \$2,597,780.

(9) Leasing arrangements – lessor**Effective from 2019**

A. The Group leases various assets including land, buildings, machinery and equipment, etc. Rental contracts are typically made for periods of 1 and 35 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Information on profit or loss in relation to lease contracts is as follows:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Rental revenue	\$ 1,568,808	\$ 1,552,490
Rental revenue from variable lease payments	\$ 1,201,823	\$ 1,212,481

C. The maturity analysis of the undiscounted lease payments in the operating leases is as follows:

	December 31, 2019
2020	\$ 256,072
2021	206,455
2022	148,086
2023	90,464
2024	60,519
After 2025	158,193
Total	\$ 919,789

(10) Investment property

	2019		
	Land	Buildings	Total
At January 1	\$ 1,059,538	\$ 442,621	\$ 1,502,159
Depreciation charge	-	(17,031)	(17,031)
Transfer	18,757	2,913	21,670
At December 31	\$ 1,078,295	\$ 428,503	\$ 1,506,798

	2018		
	Land	Buildings	Total
At January 1	\$ 1,059,538	\$ 459,577	\$ 1,519,115
Depreciation charge	-	(16,956)	(16,956)
At December 31	\$ 1,059,538	\$ 442,621	\$ 1,502,159

The fair value of the investment property held by the Group as at December 31, 2019 and 2018 ranged from \$4,026,775 to \$4,027,091, which was assessed based on recent settlement prices of similar and comparable properties, as well as the reports of independent appraisers.

(11) Intangible assets

	2019				
	Software	Goodwill	License agreement and customer list	Others	Total
<u>At January 1</u>					
Cost	\$ 1,648,652	\$ 2,204,284	\$ 7,524,890	\$ 469,957	\$ 11,847,783
Accumulated amortization and impairment	(1,164,405)	-	(194,160)	(95,338)	(1,453,903)
	<u>\$ 484,247</u>	<u>\$ 2,204,284</u>	<u>\$ 7,330,730</u>	<u>\$ 374,619</u>	<u>\$ 10,393,880</u>
Opening net book amount as of January 1	\$ 484,247	\$ 2,204,284	\$ 7,330,730	\$ 374,619	\$ 10,393,880
Additions	184,912	-	-	24,690	209,602
Transfer	46,246	-	-	584	46,830
Amortization charge	(236,331)	-	(194,159)	(45,398)	(475,888)
Net exchange differences	(1,788)	(1,359)	-	165	(2,982)
Closing net book amount as of December 31	<u>\$ 477,286</u>	<u>\$ 2,202,925</u>	<u>\$ 7,136,571</u>	<u>\$ 354,660</u>	<u>\$ 10,171,442</u>
<u>At December 31</u>					
Cost	\$ 1,853,119	\$ 2,202,925	\$ 7,524,890	\$ 493,171	\$ 12,074,105
Accumulated amortization and impairment	(1,375,833)	-	(388,319)	(138,511)	(1,902,663)
	<u>\$ 477,286</u>	<u>\$ 2,202,925</u>	<u>\$ 7,136,571</u>	<u>\$ 354,660</u>	<u>\$ 10,171,442</u>
	2018				
	Software	Goodwill	License agreement and customer list	Others	Total
<u>At January 1</u>					
Cost	\$ 1,568,017	\$ 2,202,519	\$ 7,524,890	\$ 405,998	\$ 11,701,424
Accumulated amortization and impairment	(975,791)	-	-	(68,920)	(1,044,711)
	<u>\$ 592,226</u>	<u>\$ 2,202,519</u>	<u>\$ 7,524,890</u>	<u>\$ 337,078</u>	<u>\$ 10,656,713</u>
Opening net book amount as of January 1	\$ 592,226	\$ 2,202,519	\$ 7,524,890	\$ 337,078	\$ 10,656,713
Additions	126,471	-	-	70,513	196,984
Transfer	(303)	-	-	(1,117)	(1,420)
Amortization charge	(248,620)	-	(194,160)	(31,901)	(474,681)
Impairment loss	(819)	-	-	-	(819)
Net exchange differences	15,292	1,765	-	46	17,103
Closing net book amount as of December 31	<u>\$ 484,247</u>	<u>\$ 2,204,284</u>	<u>\$ 7,330,730</u>	<u>\$ 374,619</u>	<u>\$ 10,393,880</u>
<u>At December 31</u>					
Cost	\$ 1,648,652	\$ 2,204,284	\$ 7,524,890	\$ 469,957	\$ 11,847,783
Accumulated amortization and impairment	(1,164,405)	-	(194,160)	(95,338)	(1,453,903)
	<u>\$ 484,247</u>	<u>\$ 2,204,284</u>	<u>\$ 7,330,730</u>	<u>\$ 374,619</u>	<u>\$ 10,393,880</u>

Amortization charge on intangible assets are recognized as operating expenses.

(12) Other non-current assets

	December 31, 2019	December 31, 2018
Guarantee deposits paid	\$ 2,911,887	\$ 2,766,913
Others	787,932	437,846
	<u>\$ 3,699,819</u>	<u>\$ 3,204,759</u>

(13) Impairment of non-financial assets

A. The Group recognized gain on reversal (impairment loss) for the years ended December 31, 2019 and 2018 was \$13,618 and \$10,788, respectively. Details of such gain (loss) are as follows:

	For the year ended December 31, 2019		For the year ended December 31, 2018	
	Recognized in profit or loss	Recognized in comprehensive income	Recognized in profit or loss	Recognized in comprehensive income
Gain on reversal (Impairment loss)				
Property, plant and equipment	\$ 13,618	\$ -	(\$ 9,969)	\$ -
Intangible assets - Software	-	-	(819)	-
	<u>\$ 13,618</u>	<u>\$ -</u>	<u>(\$ 10,788)</u>	<u>\$ -</u>

B. The Group performs impairment testing annually. The recoverable amount has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. The recoverable amount calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

- (a) Discount rate: Estimated based on weighted average cost of funds. The discount rate for the years ended December 31, 2019 and 2018 were 7.43% to 12.68%.
- (b) Future value growth rate: Refer to the past long-term average economic growth rate of mature economies and long-term price index growth rate and market competition. The future value growth rate for the years ended December 31, 2019 and 2018 were 0.5% to 1.0%.

Management determined budgeted gross margin and operating profit margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflected specific risks relating to the relevant operating segments.

(14) Short-term borrowings

Type of borrowings	December 31, 2019	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit loan	<u>\$ 6,014,658</u>	0.65% ~ 5.75%	None
Type of borrowings	December 31, 2018	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit loan	<u>\$ 7,237,785</u>	0.65% ~ 7.00%	None

There was no capitalisation of borrowing costs for the years ended December 31, 2019 and 2018.

Relevant interest expense on borrowings is recognized as "finance costs".

(15) Other payables

	December 31, 2019	December 31, 2018
Store collections	\$ 11,453,224	\$ 12,750,758
Wages, salaries and bonus payable	5,206,353	5,033,232
Sales receipt on behalf of others	1,345,877	1,176,154
Incentive bonus payable to franchisees	1,158,473	1,047,674
Payables for acquisition of property, plant and equipment	1,364,370	914,557
Employees' compensation and remuneration for directors and supervisors	872,361	879,671
Payables for labor and health insurance	248,584	238,255
Rent payable	66,133	848,049
Others	4,881,130	5,065,831
	<u>\$ 26,596,505</u>	<u>\$ 27,954,181</u>

(16) Other current liabilities

	December 31, 2019	December 31, 2018
Advance receipts for gift certificates	\$ 1,351,370	\$ 1,338,984
Advance receipts of deposits in cash cards	1,298,919	1,199,455
Current portion of long-term liabilities	221,888	335,860
Others	277,414	386,239
	<u>\$ 3,149,591</u>	<u>\$ 3,260,538</u>

(17) Long-term borrowings

Type of borrowings	Interest rate range	Collateral	December 31, 2019
Long-term bank borrowings			
Credit loan	4.88% ~ 5.32%	None	\$ 292,288
Secured borrowings	1.67% ~ 1.96%	Property, plant and equipment	437,712
			730,000
Less: Current portion			(221,888)
			<u>\$ 508,112</u>
Type of borrowings	Interest rate range	Collateral	December 31, 2018
Long-term bank borrowings			
Credit loan	0.80% ~ 6.298%	None	\$ 741,157
Secured borrowings	1.75% ~ 1.96%	Property, plant and equipment	441,743
			1,182,900
Less: Current portion			(335,860)
			<u>\$ 847,040</u>

There was no capitalization of borrowing costs for the years ended December 31, 2019 and 2018. Relevant interest expense on borrowings is recognized as "finance costs".

(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 and its domestic subsidiaries contributes monthly an amount equal to 2%-8% 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 and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March. Also, the subsidiary, Philippine Seven Corporation has defined benefit pension plan.

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	(\$ 7,647,265)	(\$ 7,616,936)
Fair value of plan assets	2,895,658	2,884,387
Net defined benefit liability	<u>(\$ 4,751,607)</u>	<u>(\$ 4,732,549)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined enefit liability
2019			
Balance at January 1	(\$ 7,616,936)	\$ 2,884,387	(\$ 4,732,549)
Current service cost	(78,190)	-	(78,190)
Interest (expense) income	(88,599)	33,872	(54,727)
Past service cost	(24,700)	-	(24,700)
	(7,808,425)	2,918,259	(4,890,166)
Remeasurements:			
Return on plan assets (not including the amount included in interest income or expense)	-	94,853	94,853
Change in demographic assumptions	(6,760)	-	(6,760)
Change in financial assumptions	(280,928)	-	(280,928)
Experience adjustments	182,775	-	182,775
	(104,913)	94,853	(10,060)
Pension fund contribution	-	130,510	130,510
Paid pension	266,073	(247,964)	18,109
	266,073	(117,454)	148,619
Balance at December 31	(\$ 7,647,265)	\$ 2,895,658	(\$ 4,751,607)
	Present value of defined benefit obligations	Fair value of plan assets	Net defined enefit liability
2018			
Balance at January 1	(\$ 7,319,158)	\$ 2,744,358	(\$ 4,574,800)
Current service cost	(91,136)	-	(91,136)
Interest (expense) income	(97,628)	36,958	(60,670)
Past service cost	(70)	-	(70)
	(7,507,992)	2,781,316	(4,726,676)
Remeasurements:			
Return on plan assets (not including the amount included in interest income or expense)	-	69,722	69,722
Change in demographic assumptions	(6,614)	-	(6,614)
Change in financial assumptions	(181,662)	-	(181,662)
Experience adjustments	(37,866)	-	(37,866)
	(226,142)	69,722	(156,420)
Pension fund contribution	-	148,001	148,001
Paid pension	117,198	(114,652)	2,546
	117,198	33,349	150,547
Balance at December 31	(\$ 7,616,936)	\$ 2,884,387	(\$ 4,732,549)

- (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 utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization 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, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Discount rate	0.75%~5.16%	1.00%~7.53%
Future salary increases	2.00%~5.50%	2.00%~5.50%

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, 2019				
Effect on present value of defined benefit obligation	(\$ 231,284)	\$ 241,943	\$ 236,311	(\$ 226,289)
December 31, 2018				
Effect on present value of defined benefit obligation	(\$ 234,734)	\$ 245,789	\$ 240,476	(\$ 230,362)

The sensitivity analysis above is 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 methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (e) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amounts to \$136,250.

- (f) As of December 31, 2019, the weighted average duration of the retirement plan is 9 to 24 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 174,007
1-2 year(s)	191,810
2-5 years	742,720
Over 5 years	14,161,200
	<u>\$ 15,269,737</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 China 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, 2019 and 2018 was 14%~20% and 14%~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, 2019 and 2018 were \$954,914 and \$929,308, respectively.

(19) Other non-current liabilities

	December 31, 2019	December 31, 2018
Guarantee deposit received	\$ 3,560,485	\$ 3,413,265
Provision for decommissioning liability	508,707	421,966
Deferred income	17,285	71,060
Others	282,343	450,698
	<u>\$ 4,368,820</u>	<u>\$ 4,356,989</u>

(20) Share capital

As of December 31, 2019, 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 both 1,039,622,255 shares as of December 31, 2019 and 2018.

(21) 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.

(22) 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 2018 and 2017 as resolved by the shareholders on June 12, 2019 and June 12, 2018, respectively, are as follows:

	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,020,639		\$ 3,101,709	
Special reserve	(398,859)		398,859	
Cash dividends	9,148,676	\$ 8.80	25,990,556	\$ 25.00

E. The appropriations for 2019 as resolved by the Board of Directors on February 27, 2020 are as follows:

	2019	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,055,147	
Special reserve	380,187	
Cash dividends	9,356,600	\$ 9.00

F. See Note 6(26) for information on employees' compensation and directors' and supervisors' remuneration.

(23) Other equity items

	2019		
	Financial statements translation differences of foreign operations	Unrealized gains/(losses) on valuation of financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 279,829)	\$ 333,434	\$ 53,605
Revaluation:			
–Group	-	161,718	161,718
–Associates	-	4,518	4,518
Revaluation-tax	-	(9,949)	(9,949)
Currency translation differences:			
–Group	(584,090)	-	(584,090)
–Associates	(5,989)	-	(5,989)
At December 31	(\$ 869,908)	\$ 489,721	(\$ 380,187)

	2018			
	Financial statements translation differences of foreign operations	Unrealized gains/(losses) on valuation of financial assets at fair value through other comprehensive income	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1	(\$ 906,308)	\$ -	\$ 507,449	(\$ 398,859)
Adjustments under new standards	-	477,996	(507,449)	(29,453)
Adjustments beginning balance	(906,308)	477,996	-	(428,312)
Revaluation:				
–Group	-	(145,386)	-	(145,386)
–Associates	-	(2,842)	-	(2,842)
Revaluation-tax	-	3,666	-	3,666
Currency translation differences:				
–Group	620,123	-	-	620,123
–Associates	6,356	-	-	6,356
At December 31	(\$ 279,829)	\$ 333,434	\$ -	\$ 53,605

(24) Operating revenue

	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue from contracts with customers	\$ 256,058,888	\$ 244,887,853

A. Disaggregation of revenue from contracts with customers

The Group operates a chain of retail stores and derives revenue from the transfer of goods and services overtime and at a point in time. The operating revenue is categorized based on operating departments provided in Note 14(3) and goods or services recognition timing as follows:

For the year ended December 31, 2019	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 156,893,846	\$ 62,610,361	\$ 1,164,306	\$ 19,622,849	\$ 240,291,362
–Over time	522,698	13,399,123	936,045	909,660	15,767,526
	<u>\$ 157,416,544</u>	<u>\$ 76,009,484</u>	<u>\$ 2,100,351</u>	<u>\$ 20,532,509</u>	<u>\$ 256,058,888</u>
For the year ended December 31, 2018	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 152,882,351	\$ 58,123,410	\$ 1,791,172	\$ 19,146,737	\$ 231,943,670
–Over time	530,400	11,335,903	230,899	846,981	12,944,183
	<u>\$ 153,412,751</u>	<u>\$ 69,459,313</u>	<u>\$ 2,022,071</u>	<u>\$ 19,993,718</u>	<u>\$ 244,887,853</u>

B. Contract liabilities

(a) The Group has recognized the following revenue-related contract liabilities:

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities – advance receipts of gift certificates and gift cards	\$ 1,786,894	\$ 1,392,390	\$ 2,104,769
Contract liabilities – members' deposits	793,115	764,782	1,246,600
Contract liabilities – franchise fee	444,470	230,812	231,312
Contract liabilities – customer loyalty programs	503,861	344,970	346,011
Contract liabilities –others	363,291	344,656	352,677
	<u>\$ 3,891,631</u>	<u>\$ 3,077,610</u>	<u>\$ 4,281,369</u>
	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities –current	\$ 3,443,383	\$ 2,843,189	\$ 3,935,358
Contract liabilities –non-current	448,248	234,421	346,011
	<u>\$ 3,891,631</u>	<u>\$ 3,077,610</u>	<u>\$ 4,281,369</u>

(b) Revenues recognized that were included in the contract liabilities balance at the beginning were \$2,598,521 and \$1,969,390 for the years ended December 31, 2019 and 2018, respectively.

(25) Expenses by nature

	For the year ended December 31, 2019	For the year ended December 31, 2018
Net cost of goods sold	\$ 150,081,406	\$ 143,437,684
Employee benefit expense	26,225,115	25,533,260
Incentive bonuses for franchisees	21,822,920	20,904,939
Depreciation and amortization	18,751,911	6,577,856
Utilities expense	4,559,080	4,230,128
Operating lease payments	1,029,585	12,433,194
Other costs and expenses	20,538,977	18,935,968
Total operating costs and operating expenses	<u>\$ 243,008,994</u>	<u>\$ 232,053,029</u>

(26)Employee benefit expense

	For the year ended December 31, 2019	For the year ended December 31, 2018
Wages and salaries	\$ 21,598,372	\$ 21,058,795
Labor and health insurance fees	2,010,371	1,952,864
Pension costs	1,112,531	1,081,184
Other personnel expenses	1,503,841	1,440,417
	<u>\$ 26,225,115</u>	<u>\$ 25,533,260</u>

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$567,096 and \$576,995, respectively; while directors' and supervisors' remuneration was accrued at \$189,465 and \$192,772, 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, 2019. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$567,096 and \$189,465 and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2018 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2018 financial statements.

Information about employees' compensation 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.

(27)Other income

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest income	\$ 793,898	\$ 699,385
Grants income	649,919	606,034
Rental revenue	306,257	136,430
Dividend income	49,542	65,124
Others	1,078,716	918,300
	<u>\$ 2,878,332</u>	<u>\$ 2,425,273</u>

(28)Other gains and losses

	For the year ended December 31, 2019	For the year ended December 31, 2018
Gains from lease modification	\$ 58,910	\$ -
Loss on disposal of property, plant and equipment	(11,428)	(33,275)
(Loss) gain on disposal of investments	(3,402)	59
Gain on reversal (impairment loss)	13,618	(10,788)
Other	(86,735)	(93,182)
	<u>(\$ 29,037)</u>	<u>(\$ 137,186)</u>

(29)Finance cost

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest expense	\$ 1,216,000	\$ 144,662

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Current tax:		
Current tax on profits for the year	\$ 3,132,151	\$ 3,013,928
Tax on undistributed surplus earnings	20,212	135,159
(Over) under provision of prior year's income tax	(161,668)	13,108
Total current tax	2,990,695	3,162,195
Deferred tax:		
Origination and reversal of temporary differences	61,383	(144,430)
Impact of change in tax rate	-	640,304
Total deferred tax	61,383	495,874
Income tax expense	\$ 3,052,078	\$ 3,658,069

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Remeasurement of defined benefit obligations	(\$ 10,816)	(\$ 25,881)
Changes in fair value of financial assets at fair value through other comprehensive income	9,949	(6,984)
Impact of change in tax rate	-	(46,977)
	(\$ 867)	(\$ 79,842)

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2019	For the year ended December 31, 2018
Tax calculated based on profit before tax and statutory tax rate	\$ 3,843,762	\$ 3,727,941
Expenses disallowed by tax regulation	(647,195)	(800,533)
Capital reduction plan to offset accumulated deficit by domestic subsidiaries	-	(8,302)
Tax on undistributed surplus earnings	20,212	135,159
(Over) under provision of prior year's income tax	(161,668)	13,108
Effect from investment tax credits	311	-
Effect from tax losses	(3,344)	(49,608)
Effect from changes in tax regulation	-	640,304
Income tax expense	\$ 3,052,078	\$ 3,658,069

The difference between the Group's accounting income and taxable income in 2019 and 2018 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 and tax losses are as follows:

	2019			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	\$ 14,739	(\$ 637)	\$ -	\$ 14,102
Unrealized sales allowance	10,229	(1,760)	-	8,469
Loss on inventory market value decline	25,448	6,088	-	31,536
Unrealized expenses	511,276	204,766	-	716,042
Book-tax difference of pension	154,720	(6,111)	-	148,609
Remeasurements of the defined benefit plan	794,401	-	10,816	805,217
Tax losses	93,681	(57,404)	-	36,277
Others	122,549	(22,584)	-	99,965
	1,727,043	122,358	10,816	1,860,217
<u>Deferred tax liabilities</u>				
Unrealized gain	(1,496,065)	38,688	(9,949)	(1,467,326)
Foreign investment income	(3,890,774)	(222,429)	-	(4,113,203)
	(5,386,839)	(183,741)	(9,949)	(5,580,529)
	(\$ 3,659,796)	(\$ 61,383)	\$ 867	(\$ 3,720,312)

	2018				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect from changes in tax regulation	December 31
<u>Deferred tax assets</u>					
Allowance for doubtful accounts	\$ 13,261	(\$ 975)	\$ -	\$ 2,453	\$ 14,739
Unrealized sales allowance	14,828	(7,382)	-	2,783	10,229
Loss on inventory market value decline	27,106	(4,454)	-	2,796	25,448
Unrealized expenses	403,819	62,319	-	45,138	511,276
Book-tax difference of pension	82,532	(238)	-	72,426	154,720
Remeasurements of the defined benefit plan	718,129	-	25,881	50,391	794,401
Tax losses	86,867	(8,515)	-	15,329	93,681
Others	62,642	23,461	-	36,446	122,549
	1,409,184	64,216	25,881	227,762	1,727,043
<u>Deferred tax liabilities</u>					
Unrealized gain	(1,308,068)	35,835	6,984	(230,816)	(1,496,065)
Foreign investment income	(3,344,880)	44,379	-	(590,273)	(3,890,774)
	(4,652,948)	80,214	6,984	(821,089)	(5,386,839)
	(\$ 3,243,764)	\$ 144,430	\$ 32,865	(\$ 593,327)	(\$ 3,659,796)

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

December 31, 2019				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2010~2019	\$ 1,912,586	\$ 1,912,586	\$ 1,731,204	2020~2029

December 31, 2018				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2009~2018	\$ 2,620,037	\$ 2,620,037	\$ 2,151,633	2019~2028

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Deductible temporary differences	\$ 109,999	\$ 116,691

F. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

G. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(31) Earnings per share

	For the year ended December 31, 2019		
	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 of the parent	\$ 10,542,860	1,039,622	\$ 10.14
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 10,542,860	1,039,622	
Assumed conversion of all dilutive potential ordinary shares Employees' bonus	-	2,169	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 10,542,860	1,041,791	\$ 10.12
	For the year ended December 31, 2018		
	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 of the parent	\$ 10,206,388	1,039,622	\$ 9.82
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 10,206,388	1,039,622	
Assumed conversion of all dilutive potential ordinary shares Employees' bonus	-	2,437	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 10,206,388	1,042,059	\$ 9.79

(32) Operating leases**Lessor****Prior to 2019**

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

	December 31, 2018
Less than one year	\$ 90,898
Over one year but less than five years	224,263
Over five years	6,195
	<u>\$ 321,356</u>

Lessee

A. The Group leases business premises for its stores. The lease terms are between one and twenty years, and certain lease agreements are renewable at the end of the lease period. Rents are paid in accordance with the agreements. Some leases incur additional rent expenses based on the operating revenue of stores or changes in local price indices. Rental expense recognized in profit and loss for the years ended December 31, 2018 are as follows:

	For the year ended December 31, 2018
Rental expense	\$ 11,594,263
Contingent rents	<u>\$ 838,931</u>

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

	December 31, 2018
Less than one year	\$ 10,955,633
Over one year but less than five years	36,200,668
Over five years	22,658,778
	<u>\$ 69,815,079</u>

B. The Group has sub-leased certain business premises to others. Sublease revenues recognized in profit and loss for the year ended December 31, 2018 are as follows:

	For the year ended December 31, 2018
Sublease revenues	\$ 272,051
Contingent rents	<u>\$ 1,212,481</u>

In accordance with non-cancellable sub-lease agreements as of December 31, 2018, sub-lease payments totalling \$387,765 are expected to be collected between 2019 and 2028.

(33) Supplemental cash flow information**Investing activities with partial cash payments**

	December 31, 2019	December 31, 2018
Purchase of property, plant and equipment	\$ 7,699,028	\$ 6,514,533
Add: Opening balance of payable on equipment	914,557	1,071,524
Less: Ending balance of payable on equipment	(1,364,370)	(914,557)
Cash paid during the year	<u>\$ 7,249,215</u>	<u>\$ 6,671,500</u>

(34) Changes in liabilities from financing activities

	2019					
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Other non-current liabilities	Liabilities from financing activities-gross
At January 1	\$ 7,237,785	\$ 847,040	\$ 52,938,613	\$ 3,413,265	\$ 943,724	\$ 65,380,427
Changes in cash flow from financing activities	(1,223,127)	(459,144)	(11,329,825)	147,220	(222,130)	(13,087,006)
Interest paid (Note)	-	-	(1,090,750)	-	-	(1,090,750)
Impact of changes in foreign exchange rate	-	6,244	(15,592)	-	-	(9,348)
Changes in other non-cash items	-	113,972	28,324,592	-	86,741	28,525,305
At December 31	\$ 6,014,658	\$ 508,112	\$ 68,827,038	\$ 3,560,485	\$ 808,335	\$ 79,718,628

Note: Presented in cash flows from operating activities.

	2018					
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Guarantee deposits received	Other non-current liabilities	Liabilities from financing activities-gross
At January 1	\$ 965,180	\$ 250,000	\$ 1,105,451	\$ 3,355,172	\$ 1,066,559	\$ 6,742,362
Changes in cash flow from financing activities	6,272,605	(250,000)	(184,135)	58,093	223,176	6,119,739
Impact of changes in foreign exchange rate	-	-	(12,170)	-	-	(12,170)
Changes in other non-cash items	-	-	(62,106)	-	(346,011)	(408,117)
At December 31	\$ 7,237,785	\$ -	\$ 847,040	\$ 3,413,265	\$ 943,724	\$ 12,441,814

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, 2019.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Uni-President Enterprises Corp.	Ultimate parent company
Mister Donut Taiwan Co., Ltd.	Investees of the Company accounted for using the equity method
Presicarre Corp.	"
Uni-President Organics Corp.	"
President Technology Corp.	"
President Fair Development Corp.	"
Uni-President Development Corp.	"
Presco Netmarketing Inc.	Subsidiaries of ultimate parent company
Uni-President (Kunshan) Trading Co., Ltd.	"
Tait Marketing & Distribution Co., Ltd.	"
Tung Ang Enterprises Corp.	"
Lien-Bo Enterprises Corp.	"
President Packaging Corp.	"
President Tokyo Corp.	"
Shanghai Songjiang President Enterprises Co., Ltd.	"
Kai Ya Food Co., Ltd.	Sub-subsidiary of ultimate parent company
Zhenzhou President Enterprises Co., Ltd.	Subsidiary of ultimate parent company's sub-subsidiary
Kuang Chuan Dairy Corp.	Investees of ultimate parent company accounted for using the equity method
Wei Lih Food Industrial Co., Ltd.	"
Prince Housing & Development Corp.	Investees of ultimate parent company accounted for using the equity method
Wei Kuon Co., Ltd.	Subsidiaries of investee of ultimate parent company accounted for using the equity method
Tung Chan Enterprises Corp.	Investees of subsidiaries of ultimate parent company accounted for using the equity method
Kang Na Hsiung Enterprises Co., Ltd.	"
Koasa Yamako Corp.	The Company is a director of Koasa Yamako Corp.

(3) Significant related party transactions and balances**A. Operating revenue**

	For the year ended December 31, 2019	For the year ended December 31, 2018
Sales of goods		
Ultimate parent company	\$ 580,342	\$ 578,394
Associates	140,979	146,634
Sister companies	278,874	302,624
Other related parties	74,030	71,926
Sales of services		
Ultimate parent company	12,417	11,421
Associates	55,905	39,491
Sister companies	14,376	12,048
Other related parties	5,265	4,909
	<u>\$ 1,162,188</u>	<u>\$ 1,167,447</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, 2019	For the year ended December 31, 2018
Ultimate parent company	\$ 16,338,812	\$ 15,352,392
Associates	252,638	286,086
Sister companies	4,433,169	3,927,299
Other related parties	2,427,687	2,139,641
	<u>\$ 23,452,306</u>	<u>\$ 21,705,418</u>

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

C. Receivables from related parties

	December 31, 2019	December 31, 2018
Ultimate parent company	\$ 245,123	\$ 201,321
Associates	64,598	73,101
Sister companies	81,774	85,384
Other related parties	4,289	4,722
	<u>\$ 395,784</u>	<u>\$ 364,528</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, 2019	December 31, 2018
Ultimate parent company	\$ 1,765,350	\$ 1,631,289
Associates	65,907	63,739
Sister companies	583,883	442,907
Other related parties	348,524	370,822
	<u>\$ 2,763,664</u>	<u>\$ 2,508,757</u>

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

E. Leasing arrangements - lessee

(a) The Group holds various lease agreements with related parties based on the market price. The leases were paid on a monthly basis.

(b) Acquisition of right of use assets

	For the year ended December 31, 2019
Ultimate parent company	\$ 112,002
Associates	12,157
Sister companies	12,398
Other related parties	513,952
	<u>\$ 650,509</u>

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by \$1,401,225.

(c) Rent expense

	For the year ended December 31, 2019
Ultimate parent company	\$ 13,434
Associates	70,200
Sister companies	15,203
Other related parties	1,488
	<u>\$ 100,325</u>

(d) Lease liabilities

	December 31, 2019
Ultimate parent company	\$ 128,016
Associates	546,049
Sister companies	294,591
Other related parties	524,690
	<u>\$ 1,493,346</u>

F. Property transactions

(a) Acquisition of property, plant and equipment:

	Accounts	For the year ended December 31, 2019
Associates	Property, plant and equipment	\$ 67,113

	Accounts	For the year ended December 31, 2018
Associates	Property, plant and equipment	\$ 38,384

(b) Disposal of financial assets:

	Accounts	No. of shares	Objects	For the year ended December 31, 2018	
				Proceeds	Gain
Sister company	Investments accounted for using equity method	108,160	Grand Bills Finance Corp.	\$ 1,828	\$ 59

(4) Key management compensation

	For the year ended December 31, 2019	For the year ended December 31, 2018
Other short-term employee benefits	\$ 705,741	\$ 675,400

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2019	December 31, 2018	
Accounts receivable	\$ -	\$ 20,000	Performance guarantee
Land	128,643	128,643	Long-term and short-term borrowings and guarantee facilities
Buildings	42,130	50,230	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	591,493	586,353	Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets - guarantee deposits paid")	61,925	56,495	Performance guarantee
	<u>\$ 824,191</u>	<u>\$ 841,721</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. Financial instruments by category**

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,781,865	\$ 929,908
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 807,115	\$ 644,614
Qualifying equity instrument	-	200,731
	807,115	845,345
Financial assets at amortized cost		
Cash and cash equivalents	\$ 45,445,395	\$ 48,530,648
Accounts receivable, net	5,808,480	5,264,573
Other receivables	1,460,354	1,535,507
Other current assets (Note)	2,172,863	1,954,776
Guarantee deposits paid	2,911,887	2,766,913
Other non-current assets (Note)	40,351	36,086
	57,839,330	60,088,503
	\$ 60,428,310	\$ 61,863,756
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 6,014,658	\$ 7,237,785
Notes payable	1,214,702	1,866,610
Accounts payable	23,587,695	23,148,683
Other payables	26,596,505	27,954,181
Long-term borrowings (including current portion)	730,000	1,182,900
Guarantee deposits received	3,560,485	3,413,265
	61,704,045	64,803,424
Lease liabilities	\$ 68,827,038	\$ -
	\$ 130,531,083	\$ 64,803,424

Note: The Group's trust account for advance receipts of gift certificates and deposits.

B. 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) There is no related transaction about derivative financial instruments that are used to hedge certain exchange rate risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- I. The Group operates internationally and is exposed to foreign exchange risk arising from of the Company and its subsidiaries used in various functional currency, the transactions primarily with respect to the USD and RMB. Exchange risk arises from future commercial transactions and recognized assets and liabilities.
- II. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currencies.
- III. The Company's and certain subsidiaries' functional currency is New Taiwan dollar (NTD), and for other certain subsidiaries, the functional currency is 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, 2019			December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 792	29.9800	\$ 23,744	\$ 739	30.7150	\$ 22,698
RMB : NTD	900	4.3055	3,875	1,742	4.4654	7,779
JPY : NTD	43,340	0.2760	11,962	8,522	0.2782	2,371
HKD : NTD	766	3.8478	2,947	-	-	-
EUR : NTD	273	33.5900	9,170	-	-	-
<u>Non-monetary items</u>						
JPY : NTD	\$ 907,500	0.2760	\$ 250,470	\$ 721,500	0.2782	\$ 200,721
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 3,610	29.9800	\$ 108,228	\$ 3,745	30.7150	\$ 115,028
JPY : NTD	52,532	0.2760	14,499	80,786	0.2782	22,475
RMB : NTD	996	4.3055	4,288	1,152	4.4654	5,144

IV. Total exchange gain, including realized and unrealized arising from significant foreign exchange variations on monetary items held by the Group amounted to \$5,005 and \$57,437 for the years ended December 31, 2019 and 2018, respectively.

V. Analysis of foreign currency market risk arising from significant foreign exchange variation. Foreign exchange risk with respect to USD primarily arises from the exchange gain or loss resulting from foreign currency translation of cash and cash equivalents, accounts receivable and accounts payable denominated in USD. As of December 31, 2019 and 2018, if the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Group's profit for the years ended December 31, 2019 and 2018 would increase/decrease by \$4,224 and \$4,616, respectively. Foreign exchange risk with respect to JPY primarily arises from the exchange gain or loss resulting from foreign currency translation of cash and cash equivalents, accounts receivable, financial assets at fair value through other comprehensive income-non-current and accounts payable denominated in JPY. If the NTD:JPY exchange rate appreciates/depreciates by 5%, with all other factors remaining constant, the Group's comprehensive income for the years ended December 31, 2019 and 2018 would increase/decrease by \$12,397 and \$9,031, respectively.

Price risk

- I. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- II. The Group's investments in equity securities comprise shares and open-ended funds issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. If the prices of these equity securities increase / decrease by 5%, and open-ended funds increase / decrease by 0.25%, with all other variables held constant, the post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$8,519 and \$6,395, respectively, as a result of gains/losses on equity securities and open-ended funds classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$40,356 and \$32,231, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- I. The Group's interest rate risk arises from short-term borrowings and 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. For the years ended December 31, 2019 and 2018, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and Philippine Peso.
- II. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2019 and 2018 would have increased/decreased by \$1,825 and \$2,332, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(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 on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.
- II. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.
- III. The Group adopts management of credit risk, whereby the default occurs when the contract payments are past due over a certain number of days.
- IV. The Group assess whether there has been a significant increase in credit risk on that instrument since initial recognition if the contract payments were past due over certain number of days based on the terms.
- V. The Group operates a chain of retail stores, thus the ratio of accounts receivable to total asset is low and the probability that accounts receivable cannot be received is low. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach to estimate expected credit loss to assess the default possibility of accounts receivable. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2019	
	Accounts receivable	
At January 1	\$	55,464
Provision for impairment		8,640
Reversal of impairment	(	3,978)
Write-offs	(	1,974)
Effect of foreign exchange	(	2,323)
At December 31	\$	55,829

	2018
	Accounts receivable
At January 1_IAS 39	\$ 48,471
Adjustments under new standards	10,889
At January 1_IFRS 9	59,360
Provision for impairment	17,080
Reversal of impairment	3,873
Write-offs	(21,509)
Effect of foreign exchange	(3,340)
At December 31	\$ 55,464

VI. The Group's investment in debt instrument is the government bond, which was issued by R.O.C, the risk of expected credit loss is low. The Group has no unrecognized allowance for investment in debt instrument at fair value through other comprehensive income for the years ended December 31, 2019 and 2018.

VII. The Group has no written-off financial assets that are still under recourse procedures on December 31, 2019 and 2018.

(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, 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 \$1,696,300 and \$844,225 as at December 31, 2019 and 2018, respectively, which are expected to readily generate cash inflows for the purpose of managing liquidity risk.
- III. The Group has undrawn borrowing facilities of \$12,597,913 and \$14,006,462 as of December 31, 2019 and 2018, respectively.
- IV. 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. Except for notes payable, accounts payable and other payables, whose contractual undiscounted cash flows are about book value, maturing within one-year, the amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:				
December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	\$ 6,020,015	\$ -	\$ -	\$ -
Lease liabilities	12,331,925	12,256,464	10,678,168	37,312,481
Long-term borrowings (including current portion)	244,733	122,071	99,136	316,524
Non-derivative financial liabilities:				
December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	\$ 7,286,725	\$ -	\$ -	\$ -
Long-term borrowings (including current portion)	372,094	264,270	189,983	407,867

- V. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. 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.

B. Fair value information of the Group's investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings are approximate to their fair values.

	December 31, 2019			
	Book value	Fair value		
		Level 1	Level 2	Level 3

Financial assets:

Guarantee deposit paid	\$ 2,911,887	\$ -	\$ -	\$ 2,887,439
------------------------	--------------	------	------	--------------

Financial liabilities:

Guarantee deposit received	\$ 3,560,485	\$ -	\$ -	\$ 3,530,355
----------------------------	--------------	------	------	--------------

	December 31, 2018			
	Book value	Fair value		
		Level 1	Level 2	Level 3

Financial assets:

Guarantee deposit paid	\$ 2,766,913	\$ -	\$ -	\$ 2,748,262
------------------------	--------------	------	------	--------------

Financial liabilities:

Guarantee deposit received	\$ 3,413,265	\$ -	\$ -	\$ 3,384,951
----------------------------	--------------	------	------	--------------

(b) Guarantee deposits paid/received are measured at fair value, which is calculated based on the discounted future cash flow.

D. 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:

(a) Classification according to the nature of assets and liabilities, relevant information is as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 1,696,300	\$ -	\$ -	\$ 1,696,300
Equity securities	-	-	85,565	85,565
	1,696,300	-	85,565	1,781,865
Financial assets at fair value through other comprehensive income				
Equity securities	802,767	-	4,348	807,115
	802,767	-	4,348	807,115
	\$ 2,499,067	\$ -	\$ 89,913	\$ 2,588,980

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 844,225	\$ -	\$ -	\$ 844,225
Equity securities	-	-	85,683	85,683
	844,225	-	85,683	929,908
Financial assets at fair value through other comprehensive income				
Equity securities	640,266	-	4,348	644,614
Debt securities	200,731	-	-	200,731
	840,997	-	4,348	845,345
	\$ 1,685,222	\$ -	\$ 90,031	\$ 1,775,253

(b) The methods and assumptions the Group used to measure fair value are as follows:

- I. 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

- II. 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, 2019 and 2018, there was no transfer between Level 1 and Level 2.
- F. For the years ended December 31, 2019 and 2018, there was no significant transfer in or out of Level 3.
- G. The Group is in charge of valuation procedures for fair value measurements being categorized within Level 3, which 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, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 89,913	Market comparable companies	Price to book ratio multiplier	2.94	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 90,031	Market comparable companies	Price to book ratio multiplier	2.61	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, the use of different valuation models or assumptions may result in different measurements. If net assets from financial assets and liabilities categorized within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of December 31, 2019 and 2018.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
 B. Provision of endorsements and guarantees to others: None.
 C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
 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 2.
 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 3.
 H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 4.
 I. Trading in derivative instruments undertaken during the reporting periods: None.
 J. Significant inter-company transactions during the reporting periods: Please refer to Table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Table 7.
 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 reviewed 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 the year.

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 Group, 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, supporting business group and China business. The supporting business group 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, 2019					
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	\$ 157,416,544	\$ 76,009,484	\$ 2,100,351	\$ 20,532,509	\$ -	\$ 256,058,888
Internal department revenue	615,023	2,235,363	13,367,407	7,194,186	(23,411,979)	-
Total segment revenue	\$ 158,031,567	\$ 78,244,847	\$ 15,467,758	\$ 27,726,695	(\$ 23,411,979)	\$ 256,058,888
Segment income	\$ 12,220,466	\$ 3,866,585	\$ 1,237,098	\$ 2,853,051	(\$ 5,013,013)	\$ 15,164,187
Depreciation and amortization	(\$ 9,042,048)	(\$ 5,384,084)	(\$ 1,281,129)	(\$ 2,937,381)	(\$ 107,269)	(\$ 18,751,911)
Gain (loss) on investments accounted for using equity method	\$ 4,185,310	(\$ 13,562)	\$ 149,382	\$ 1,024,423	(\$ 4,864,555)	\$ 480,998
Income tax expense	(\$ 1,677,606)	(\$ 904,776)	(\$ 221,432)	(\$ 287,096)	\$ 38,832	(\$ 3,052,078)
Interest income	\$ 38,037	\$ 43,583	\$ 9,128	\$ 703,151	(\$ 1)	\$ 793,898
Interest expense	(\$ 359,593)	(\$ 634,522)	(\$ 50,629)	(\$ 175,457)	\$ 4,201	(\$ 1,216,000)

	For the year ended December 31, 2018					
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	\$ 153,412,751	\$ 69,459,313	\$ 2,022,071	\$ 19,993,718	\$ -	\$ 244,887,853
Internal department revenue	661,980	2,229,011	13,091,717	6,680,078	(22,662,786)	-
Total segment revenue	\$ 154,074,731	\$ 71,688,324	\$ 15,113,788	\$ 26,673,796	(\$ 22,662,786)	\$ 244,887,853
Segment income	\$ 12,433,791	\$ 3,718,428	\$ 1,164,775	\$ 2,159,858	(\$ 4,074,505)	\$ 15,402,347
Depreciation and amortization	(\$ 1,994,987)	(\$ 2,241,246)	(\$ 781,950)	(\$ 1,365,513)	(\$ 194,160)	(\$ 6,577,856)
Gain (loss) on investments accounted for using equity method	\$ 3,473,458	(\$ 47,676)	\$ 113,275	\$ 706,423	(\$ 3,821,382)	\$ 424,098
Income tax expense	(\$ 2,227,402)	(\$ 771,310)	(\$ 199,521)	(\$ 272,922)	(\$ 186,914)	(\$ 3,658,069)
Interest income	\$ 83,534	\$ 29,573	\$ 8,896	\$ 577,382	\$ -	\$ 699,385
Interest expense	(\$ 42,971)	(\$ 44,110)	(\$ 10,158)	(\$ 47,423)	\$ -	(\$ 144,662)

(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

Revenue from external customers is mainly from retail services and services provided. Details of revenue is as follows:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Convenience stores(including foreign subsidiary)	\$ 192,059,882	\$ 181,384,121
Sales of daily items	24,183,746	24,200,568
Gas station	10,272,603	10,801,643
Delivery service	10,781,896	10,640,153
Logistics service	2,100,351	2,022,071
Restaurants	12,659,972	12,040,722
Others	4,000,438	3,798,575
	\$ 256,058,888	\$ 244,887,853

(6) Geographical information

As of and for the years ended December 31, 2019 and 2018, the information on geographic area is as follows:

	2019		2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 216,098,825	\$ 95,664,520	\$ 211,270,304	\$ 34,681,923
Others	39,960,063	13,221,473	33,617,549	5,711,638
	<u>\$ 256,058,888</u>	<u>\$ 108,885,993</u>	<u>\$ 244,887,853</u>	<u>\$ 40,393,561</u>

(7) Major customer information

No customers constituted more than 10% of the Group's total revenue for the years ended December 31, 2019 and 2018.

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

Table 1

December 31, 2019
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, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Stock:								
President Chain Store Corp.	President Investment Trust Corp.	Director of President Investment Trust Corp.	Financial assets at fair value through profit or loss – non-current	2,667,600	\$ 45,298	7.60	\$ 45,298	
President Chain Store Corp.	Career Consulting Co. Ltd.	None	”	837,753	14,546	5.37	14,546	
President Chain Store Corp.	Kaohsiung Rapid Transit Corp.	”	”	2,572,127	25,721	0.92	25,721	
President Chain Store Corp.	PK Venture Capital Corp.	Director of PK Venture Capital Corp.	”	321,300	-	6.67	-	
Mech-President Corp.	Yamay International Development Corp.	None	”	9	-	-	-	
President Chain Store Corp.	President Securities Corp.	Investees of Uni-President Enterprises Corp. under the equity method	Financial assets at fair value through other comprehensive income – non-current	38,221,259	552,297	2.79	552,297	
President Chain Store Corp.	Duskin Co., Ltd.	None	”	300,000	250,470	0.56	250,470	
President Chain Store Corp.	Koasa Yamako Corp.	Director of Koasa Yamako Corp.	”	650,000	4,348	10.00	4,348	
Beneficiary certificates:								
Books.com. Co., Ltd.	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss – current	1,344,764	\$ 20,005	-	\$ 20,005	
Chieh Shun Logistics International Corp.	Taishin 1699 Money Market Fund	”	”	6,846,847	93,009	-	93,009	
Chieh Shun Logistics International Corp.	UPAMC James Bond Money Market Fund	”	”	1,698,941	28,505	-	28,505	
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	”	”	19,527,436	300,000	-	300,000	
Uni-Wonder Corp.	Prudential Financial Money Market Fund	”	”	18,260,010	290,000	-	290,000	
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	”	”	15,898,378	200,000	-	200,000	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	”	”	12,514,539	170,000	-	170,000	
President Drugstore Business Corp.	Jih Sun Money Market Fund	”	”	1,680,379	25,000	-	25,000	
President Information Corp.	Prudential Financial Money Market Fund	”	”	4,187,088	66,498	-	66,498	
President Information Corp.	Jih Sun Money Market Fund	”	”	10,559,658	157,102	-	157,102	
President Information Corp.	UPAMC James Bond Money Market Fund	”	”	2,802,490	47,021	-	47,021	
President Logistics International Corp.	Taishin 1699 Money Market Fund	”	”	736,692	10,007	-	10,007	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	”	”	864,391	14,503	-	14,503	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	”	”	109,545	1,630	-	1,630	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	”	”	1,464	20	-	20	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	”	”	19,990,627	273,000	-	273,000	

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 2

For the year ended December 31, 2019
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 at January 1, 2019		Addition		Disposal				Other increase (decrease)		Balance as at December 31, 2019	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Number of shares	Amount
Beneficiary certificates:																
Books.com. Co., Ltd.	Yuantia De-Li Money Market Fund	Note	Not applicable	Not applicable	1,843,148	\$ 30,008	43,579,059	\$ 710,000	45,422,207	\$ 740,300	\$ 740,000	\$ 300	- (\$ 8)	-	\$ -	
Books.com. Co., Ltd.	Jih Sun Money Market Fund	"	"	"	-	-	83,519,497	1,240,000	82,174,733	1,220,675	1,220,000	675	-	5	1,344,764	20,005
Chieh Shun Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	54,060,840	732,500	47,203,993	639,697	639,500	197	-	9	6,846,847	93,009
Chieh Shun Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	"	2,037,832	34,002	28,216,997	472,001	28,555,888	477,640	477,500	140	-	2	1,698,941	28,505
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	114,193,080	1,750,000	94,665,644	1,451,189	1,450,000	1,189	-	-	19,527,436	300,000
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	"	-	-	64,323,276	1,020,000	46,063,266	730,730	730,000	730	-	-	18,260,010	290,000
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	"	3,996,323	50,000	119,513,956	1,500,000	107,611,901	1,350,857	1,350,000	857	-	-	15,898,378	200,000
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	"	2,220,988	30,000	126,211,087	1,710,000	115,917,536	1,570,766	1,570,000	766	-	-	12,514,539	170,000
Uni-Wonder Corp.	Union Money Market Fund	"	"	"	15,170,478	200,000	43,882,697	580,000	59,053,175	780,458	780,000	458	-	-	-	-
Uni-Wonder Corp.	Nomura Taiwan Money Market Fund	"	"	"	-	-	26,959,349	440,000	26,959,349	440,130	440,000	130	-	-	-	-
President Drugstore Business Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	146,883,213	1,991,000	146,883,213	1,991,361	1,991,000	361	-	-	-	-
President Drugstore Business Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	67,110,185	1,028,000	67,110,185	1,028,158	1,028,000	158	-	-	-	-
President Information Corp.	Prudential Financial Money Market Fund	"	"	"	7,643,267	120,716	25,505,438	404,098	28,961,617	458,595	458,316	279	-	-	4,187,088	66,498
President Information Corp.	Jih Sun Money Market Fund	"	"	"	-	-	37,554,324	557,602	26,994,666	400,902	400,500	402	-	-	10,559,658	157,102
President Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	31,949,778	432,999	31,213,086	423,079	422,994	85	-	2	736,692	10,007
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	"	3,266,653	54,506	21,967,980	367,500	24,370,242	407,578	407,500	78	- (3)	864,391	14,503	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	"	3,036,177	41,011	54,369,056	736,301	57,403,769	777,510	777,283	227	- (9)	1,464	20	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	16,121,671	219,000	224,644,440	3,060,000	220,775,484	3,007,145	3,006,000	1,145	-	-	19,990,627	273,000

Note: The security was recognized as "Financial assets at fair value through profit or loss-current".

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 3

For the year ended December 31, 2019
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)	
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 15,787,494	15	Net 30-40 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 1,291,634)	(8)	
	Uni-President Superior Commissary Corp.	Subsidiary	"	3,863,554	4	Net 45 days from the end of the month when invoice is issued	"	"	(669,136)	(4)	
	Tung Ang Enterprises Corp.	Sister company	"	1,954,570	2	Net 30 days from the end of the month when invoice is issued	"	"	(152,061)	(1)	
	Lien-Bo Enterprises Corp.	"	"	668,520	1	Net 10-54 days from the end of the month when invoice is issued	"	"	(91,889)	(1)	
	Tait Marketing & Distribution Co., Ltd.	"	"	401,064	-	Net 20-70 days from the end of the month when invoice is issued	"	"	(75,268)	-	
	President Packaging Corp.	"	"	412,791	-	Net 15-60 days from the end of the month when invoice is issued	"	"	(71,064)	-	
	President Transnet Corp.	Subsidiary	"	304,485	-	Net 60 days from the end of the month when invoice is issued	"	"	(28,007)	-	
	Kuang Chuan Dairy Corp.	Other related party	"	583,267	1	Net 30-65 days from the end of the month when invoice is issued	"	"	(138,159)	(1)	
	Weilih Food Industrial Co., Ltd.	"	"	284,484	-	Net 30-60 days from the end of the month when invoice is issued	"	"	(35,120)	-	
	21 Century Co., Ltd.	Subsidiary	"	387,986	-	Net 30-60 days from the end of the month when invoice is issued	"	"	(77,274)	(1)	
	Mister Donut Taiwan Corp., Ltd.	Associate	"	141,949	-	Net 55-60 days from the end of the month when invoice is issued	"	"	(22,695)	-	
	President Pharmaceutical Corp.	Subsidiary	"	204,886	-	Net 60-70 days from the end of the month when invoice is issued	"	"	(66,115)	-	
	Kai Ya Food Co., Ltd.	Sister company	"	231,672	-	Net 40 days from the end of the month when invoice is issued	"	"	(84,501)	(1)	
	Q-ware Systems & Services Corp.	Subsidiary	"	626,267	1	Net 40 days from the end of the month when invoice is issued	"	"	(109,546)	(1)	
Capital Marketing Consultant Corp.	President Chain Store Corp.	Parent company	Service revenue	(197,577)	(66)	Net 45-60 days from the end of the month when invoice is issued	"	"	36,933	59	
Chieh Shun Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(680,779)	(38)	Net 40 days from the end of the month when invoice is issued	"	"	85,068	46	
	President Logistics International Corp.	Parent company	"	(1,047,554)	(59)	Net 20 days from the end of the month when invoice is issued	"	"	96,462	52	
President Transnet Corp.	Chieh Shun Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	680,779	7	Net 40 days from the end of the month when invoice is issued	"	"	(85,068)	(5)	
	President Chain Store Corp.	Parent company	Sales revenue	(304,485)	(56)	Net 60 days from the end of the month when invoice is issued	"	"	28,007	2	
Uni-Wonder Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	337,389	8	Net 30 days from the end of the month when invoice is issued	"	"	(35,298)	(6)	
	Tung Chan Enterprise Corp.	Other related party	"	1,103,134	25	Net 25 days from the end of the month when invoice is issued	"	"	(107,088)	(19)	
	Retail Support International Corp.	Subsidiary of President Chain Store Corp.	"	210,957	5	Net 30 days from the end of the month when invoice is issued	"	"	(19,079)	(3)	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(859,075)	(68)	Net 45 days from the end of the month when invoice is issued	"	"	124,774	58	
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Subsidiary	Service cost	1,047,554	34	Net 20 days from the end of the month when invoice is issued	"	"	(96,462)	(35)	
	Retail Support International Corp.	Parent company	Delivery revenue	(788,848)	(25)	Net 20 days from the end of the month when invoice is issued	"	"	74,892	24	

Consolidated Financial Statements and Report of Independent Accountants

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)	
President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	\$ 1,084,094	(34)	Net 20 days from the end of the month when invoice is issued	No significant differences	No significant differences	\$ 97,129	31	
	Wisdom Distribution Service Corp.	"	"	(1,076,090)	(34)	Net 20 days from the end of the month when invoice is issued	"	"	112,939	36	
Retail Support International Corp.	Retail Support Taiwan Corp.	Subsidiary	Service cost	313,865	20	Net 15-20 days from the end of the month when invoice is issued	"	"	(25,648)	(17)	
	President Logistics International Corp.	"	"	788,848	49	Net 20 days from the end of the month when invoice is issued	"	"	(74,892)	(50)	
	Uni-Wonder Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(210,957)	(7)	Net 30 days from the end of the month when invoice is issued	"	"	19,079	9	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	"	Service cost	1,084,094	37	Net 20 days from the end of the month when invoice is issued	"	"	(97,129)	(2)	
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	"	1,076,090	45	Net 20 days from the end of the month when invoice is issued	"	"	(112,939)	(39)	
	Books.com. Co., Ltd.	"	Service revenue	(285,125)	(10)	Net 30 days from the end of the month when invoice is issued	"	"	24,585	38	
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	"	(626,267)	(67)	Net 40 days from the end of the month when invoice is issued	"	"	109,546	74	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	622,641	6	Net 70 days from the end of the month when invoice is issued	"	"	(25,490)	(1)	
President Pharmaceutical Corp.	President Drugstore Business Corp.	"	Sales revenue	(622,641)	(38)	Net 70 days from the end of the month when invoice is issued	"	"	25,490	7	
	President Chain Store Corp.	Parent company	"	(204,886)	(13)	Net 60-70 days from the end of the month when invoice is issued	"	"	66,115	18	
21 Century Co., Ltd.	President Chain Store Corp.	"	"	(387,986)	(38)	Net 30-60 days from the end of the month when invoice is issued	"	"	77,274	53	
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	"	(3,863,554)	(99)	Net 45 days from the end of the month when invoice is issued	"	"	669,136	100	
Retail Support Taiwan Corp.	Retail Support International Corp.	"	Delivery revenue	(313,865)	(83)	Net 15-20 days from the end of the month when invoice is issued	"	"	25,648	68	
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	"	"	(172,251)	(32)	Net 60 days from the end of the month when invoice is issued	"	"	38,473	50	
Shanghai President Logistic Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Subsidiary	Service cost	172,251	25	Net 60 days from the end of the month when invoice is issued	"	"	(38,473)	(37)	
Duskin Serve Taiwan Co., Ltd.	President Chain Store Corp.	Parent company	Service revenue	(276,434)	(21)	Net 15-60 days from the end of the month when invoice is issued	"	"	38,213	21	
ICASH Corp.	President Chain Store Corp.	"	"	(138,831)	(35)	Net 60 days from the end of the month when invoice is issued	"	"	32,379	58	
President Logistic ShanDong Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Subsidiary of President Chain Store Corp.	Delivery revenue	(116,221)	(99)	Net 30 days from the end of the month when invoice is issued	"	"	10,031	97	
Shan Dong President Yinzuo Commercial Limited	President Logistic ShanDong Co., Ltd.	"	Service cost	116,221	5	Net 30 days from the end of the month when invoice is issued	"	"	(10,031)	(2)	
Shanghai President Logistic Co., Ltd.	President Chain Store (Shanghai) Ltd.	"	Delivery revenue	(108,467)	(13)	Net 58 days from the end of the month when invoice is issued	"	"	9,218	7	
President Chain Store (Shanghai) Ltd.	Shanghai President Logistic Co., Ltd.	"	Service cost	108,467	10	Net 58 days from the end of the month when invoice is issued	"	"	(9,218)	(7)	

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

Table 4

December 31, 2019
Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	\$ 669,136	5.98	\$ -	none	\$ 668,833	\$ -
President Information Corp.	President Chain Store Corp.	"	124,774	4.67	-	"	68,676	-
President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary of President Chain Store Corp.	112,939	9.96	-	"	102,410	-
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	109,546	5.78	-	"	109,542	-

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES **Significant inter-company transactions during the reporting periods**

Table 5

For the year ended December 31, 2019
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.	Books.com. Co., Ltd.	Parent company to subsidiary	Other operating revenue	(\$ 162,669)	Net 60 days from the end of the month when invoice is issued	0.06
0	President Chain Store Corp.	President Transnet Corp.	Parent company to subsidiary	Other operating revenue	(161,501)	Net 60 days from the end of the month when invoice is issued	0.06
1	Uni-President Cold-Chain Corp.	President Chain Store Corp.	Subsidiary to parent company	Other operating revenue	(371,757)	Net 20 days from the end of the month when invoice is issued	0.15
2	Capital Marketing Consultant Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(197,577)	Net 45-60 days from the end of the month when invoice is issued	0.08
3	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(859,075)	Net 45 days from the end of the month when invoice is issued	0.34
3	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	124,774	Net 45 days from the end of the month when invoice is issued	0.06
4	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(626,267)	Net 40 days from the end of the month when invoice is issued	0.24
4	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	109,546	Net 40 days from the end of the month when invoice is issued	0.06
5	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(3,863,554)	Net 45 days from the end of the month when invoice is issued	1.51
5	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	669,136	Net 45 days from the end of the month when invoice is issued	0.34
6	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(622,641)	Net 70 days from the end of the month when invoice is issued	0.24
6	President Pharmaceutical Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(204,886)	Net 60-70 days from the end of the month when invoice is issued	0.08
7	President Transnet Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(304,485)	Net 60 days from the end of the month when invoice is issued	0.12
8	Chieh Shun Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	(1,047,554)	Net 20 days from the end of the month when invoice is issued	0.41
8	Chieh Shun Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	(680,779)	Net 40 days from the end of the month when invoice is issued	0.27
9	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(788,848)	Net 20 days from the end of the month when invoice is issued	0.31
9	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	(1,084,094)	Net 20 days from the end of the month when invoice is issued	0.42
9	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	(1,076,090)	Net 20 days from the end of the month when invoice is issued	0.42
9	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Accounts receivable	112,939	Net 20 days from the end of the month when invoice is issued	0.06
10	Duskin Serve Taiwan Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(276,434)	Net 15-60 days from the end of the month when invoice is issued	0.11
11	21 Century Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(387,986)	Net 30-60 days from the end of the month when invoice is issued	0.15
12	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Service revenue	(285,125)	Net 30 days from the end of the month when invoice is issued	0.11
13	Retail Support Taiwan Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(313,865)	Net 15-20 days from the end of the month when invoice is issued	0.12
14	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	Subsidiary to subsidiary	Delivery revenue	(172,251)	Net 60 days from the end of the month when invoice is issued	0.07
15	ICASH Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(138,831)	Net 60 days from the end of the month when invoice is issued	0.05

Consolidated Financial Statements and Report of Independent Accountants

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
16	Retail Support International Corp.	Uni-Wonder Corp.	Subsidiary to subsidiary	Delivery revenue	(\$ 210,957)	Net 30 days from the end of the month when invoice is issued	0.08
17	President Logistic ShanDong Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Subsidiary to subsidiary	Delivery revenue	(116,221)	Net 30 days from the end of the month when invoice is issued	0.05
18	Shanghai President Logistic Co., Ltd.	President Chain Store (Shanghai) Ltd.	Subsidiary to subsidiary	Delivery revenue	(108,467)	Net 58 days from the end of the month when invoice is issued	0.04

Note: Transaction among the company and subsidiaries with amount over NTD\$100,000, only one side of the transactions are disclosed.

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

Table 6

For the year ended December 31, 2019
Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	\$ 6,712,138	\$ 6,712,138	171,589,586	100.00	\$26,348,522	\$ 1,105,919	\$ 1,105,919	Subsidiary
President Chain Store Corp.	President Drugstore Business Corp.	Taiwan	Sales of cosmetics, medicines and daily items	288,559	288,559	78,520,000	100.00	1,432,449	320,671	320,671	Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,634,536	599,834	419,884	Subsidiary
President Chain Store Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	904,475	904,475	55,858,815	80.87	702,347	106,216	85,898	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	743,725	189,810	139,966	Subsidiary
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	543,179	265,132	185,592	Subsidiary
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	484,058	18,574	16,716	Subsidiary
President Chain Store Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	237,437	237,437	23,605,042	60.00	679,859	353,843	212,306	Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	493,788	75,175	64,651	Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	390,054	80,156	69,542	Subsidiary
President Chain Store Corp.	Wisdom Distribution Service Corp.	Taiwan	Logistics and storage of publication and e-commerce	50,000	50,000	10,847,421	100.00	454,125	272,543	272,543	Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	398,293	379,594	189,890	Subsidiary
President Chain Store Corp.	President Lanyang Art Corporation	Taiwan	Art and cultural exhibition	20,000	20,000	2,000,000	100.00	25,120	120	120	Subsidiary
President Chain Store Corp.	Duskin Serve Taiwan Co., Ltd.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	201,317	145,830	74,373	Subsidiary
President Chain Store Corp.	ICASH Corp.	Taiwan	Electronic ticketing services	700,000	500,000	70,000,000	100.00	567,243	12,876	12,876	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	764,191	156,197	31,239	Note 1
President Chain Store Corp.	Uni-Wonder Corp.	Taiwan	Coffee chain store	3,286,206	3,286,206	21,382,674	60.00	5,164,559	640,378	291,031	Subsidiary
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	178,147	205,652	51,413	Subsidiary
President Chain Store Corp.	Presicare Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	145,172,360	19.50	5,723,198	1,812,443	353,425	Note 1
President Chain Store Corp.	President Fair Development Corp.	Taiwan	Operation of shopping mall, department store, international trade, etc.	3,191,700	3,191,700	190,000,000	19.00	2,039,406	290,953	55,281	Note 1
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	459,696	672,885	22,029	Note 1
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	106,384	(66,331)	(8,265)	Note 1
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	637,231	637,231	6,500,000	100.00	80,362	6,464	6,464	Subsidiary
President Chain Store Corp.	Capital Marketing Consultant Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	67,401	40,210	40,210	Subsidiary
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	64,706	2,289	2,110	Subsidiary
President Chain Store Corp.	President Chain Store Corporation Insurance Brokers Co., Ltd.	Taiwan	Life and property insurance	213,000	213,000	1,500,000	100.00	27,568	10,746	10,746	Subsidiary
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	6,133	15,423	15,423	Subsidiary
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	170,000	170,000	1,500,000	100.00	(33,462)	8,767	8,767	Subsidiary
President Chain Store Corp.	21 Century Co., Ltd.	Taiwan	Operation of chain restaurants	160,680	160,680	10,000,000	100.00	86,391	50,117	50,117	Subsidiary
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	35,648	35,648	9,800	100.00	81,783	6,227	6,227	Subsidiary
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	(44,826)	(13,275)	(13,275)	Subsidiary
President Chain Store Corp.	President Collect Service Corp.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	84,225	91,615	64,132	Subsidiary

Consolidated Financial Statements and Report of Independent Accountants

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
President Chain Store Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	\$ -	\$ 147,900	-	-	\$ -	\$ -	\$ -	Subsidiary
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	200,000	200,000	7,500,049	50.00	100,768	31,471	14,613	Note 1
President Chain Store Corp.	Uni-President Organics Corp.	Taiwan	Health care products and organic food	47,190	47,190	1,833,333	36.67	41,430	24,020	8,807	Note 1
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	20,866	26,075	3,869	Note 1
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	593	1	1	Subsidiary of a subsidiary
Mech-President Corp.	Tong Ching Corporation	Taiwan	Gas station	9,600	9,600	960,000	60.00	24,729	12,583	7,550	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Cayman Islands	Professional investment	-	156,138	-	-	-	(3,255)	(3,255)	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	22,185	22,185	740,000	7.80	5,474	2,289	179	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia	Professional investment	874,317	874,317	29,163,337	100.00	2,529,852	424,830	424,830	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,669,592	4,669,592	134,603,354	100.00	4,156,038	78,069	109,818	Subsidiary of a subsidiary
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	873,477	873,477	394,970,516	52.22	2,528,945	862,749	445,176	Subsidiary of a subsidiary
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Taiwan	Trucking	180,000	180,000	26,670,000	100.00	326,575	33,663	33,663	Subsidiary of a subsidiary
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Hong Kong	Sales of various health care products, cosmetics, and pharmaceuticals	178,024	178,024	5,935,900	100.00	60,236	(12,758)	(12,758)	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	-	-	379,594	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	265,132	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	-	106,216	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	75,175	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	599,834	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	80,156	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co., Ltd.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	145,830	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	-	-	1	-	-	189,810	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	-	-	1	-	-	31,471	-	Note 1
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	18,574	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	-	-	353,843	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	-	-	205,652	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Collect Service Corp.	Taiwan	Collection agent	-	-	1	-	-	91,615	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	-	-	-	-	-	-	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	British Virgin Islands	Professional investment	60,374	60,374	2,000,000	100.00	63,018	2,893	2,893	Subsidiary of a subsidiary
Retail Support International Corp.	Retail Support Taiwan Corp.	Taiwan	Room-temperature logistics and warehousing	15,300	15,300	2,871,300	51.00	76,789	45,447	23,178	Subsidiary of a subsidiary
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	168,876	81,573	39,971	Subsidiary of a subsidiary
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	5,425	5,425	1,161,000	6.00	20,679	81,573	4,894	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	86,161	81,573	20,393	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	British Virgin Islands	Professional investment	87,994	87,994	2,990	100.00	97,736	10,968	10,968	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	18,850	18,850	3,870,000	20.00	68,929	81,573	16,315	Subsidiary of a subsidiary

Consolidated Financial Statements and Report of Independent Accountants

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Taiwan	Publishing Industry	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	- Subsidiary of a subsidiary
Philippine Seven Corp.	Convenience Distribution Inc.	Philippines	Logistics and warehousing	26,633	26,633	4,500,000	100.00	26,633	29,260	-	- Subsidiary of a subsidiary
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	28,848	28,848	40,000	100.00	28,848	918	-	- Subsidiary of a subsidiary

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Information on investments in Mainland China

Table 7

For the year ended December 31, 2019
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, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	\$ -	Note 1	\$ 155,014	\$ -	\$ -	\$ 155,014	(\$ 11)	-	(\$ 11)	\$ -	\$ -	Note 2
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	430,549	Note 1	282,330	-	-	282,330	2,400	100.00	2,383	69,520	-	Note 2
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,152,745	Note 1	2,316,779	-	-	2,316,779	39,455	100.00	39,455	103,731	-	Note 2
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	59,960	Note 1	59,960	-	-	59,960	81,169	100.00	81,169	477,450	-	Note 2
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	958,159	Note 1	981,516	-	-	981,516	(307)	100.00	(307)	45,630	-	Note 2
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	-	Note 1	532,935	-	-	532,935	(565)	-	(582)	-	-	Note 2
Shan Dong President Yinzuo Commercial Limited	Supermarkets	258,329	Note 1	122,269	-	-	122,269	(2,988)	55.00	11,501	187,281	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	168,591	Note 1	168,591	-	-	168,591	(8,353)	73.74	(6,160)	21,879	55,794	Note 2
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	172,220	Note 1	169,483	-	-	169,483	22,943	80.00	24,113	156,194	25,553	Note 2
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	450	Note 1	-	-	-	-	(2)	50.03	(1)	16	-	Note 2
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	258,329	Note 1	258,329	-	-	258,329	32,980	100.00	32,980	350,970	-	Note 2
President Logistic ShanDong Co., Ltd.	Logistics and warehousing	215,275	Note 1	215,275	-	-	215,275	1,979	100.00	2,427	195,509	-	Note 2
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	602,769	Note 1	602,769	-	-	602,769	(111,787)	100.00	(111,787)	290,607	-	Note 2
Beauty Wonder (Zhejiang) Trading Co., Ltd.	Sales of cosmetics and daily items	129,165	Note 1	129,165	-	-	129,165	(34,903)	100.00	(34,903)	75,992	-	Note 2

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

Note 2: The financial statements were reviewed by the CPA of parent company in Taiwan.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	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.	\$ 4,621,058	\$ 8,258,690	\$ 27,136,391
President Pharmaceutical Corp.	168,591	168,591	475,937
Uni-President Cold-Chain Corp.	88,963	88,963	667,534
Ren-Hui Investment Corp.	51,664	51,664	80,000

Appendix Parent Company Only 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.

Opinion

We have audited the accompanying parent company only balance sheets of President Chain Store Corp. as of December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (which are described in the Other matters section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of President Chain Store Corp. as of December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company’s parent company only financial statements for the year ended December 31, 2019 are stated as follows:

Completeness and accuracy of retail sales revenue

Description

Please refer to Notes 4(23) and 6(21) to the parent company only financial statements for the accounting policy and the details of accounting relating to this key audit matter.

Retail sales revenue is generated by point-of-sale (POS) terminals, which record the merchandise name, quantity, sales price and total sales amount of each transaction using pre-established merchandise master file data (including merchandise name, cost of inventory, retail price, sales promotions, etc.). After the daily closing process, each store manager uploads the sales information to the ERP (enterprise resource planning) system, which summarizes all sales and automatically generates sales revenue journal entries. Each store manager also prepares a daily cash report to record the sales information and payment methods (including cash, gift certificates, credit cards and electronic payment devices, etc.) and the cash deposited to the bank.

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

How our audit addressed the matter

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

1. Inspected whether additions and changes to the merchandise master file data had been properly approved and supported by relevant documents;
2. Inspected whether approved additions and changes to the merchandise master file data had been correctly entered in the merchandise master file;
3. Inspected whether merchandise master file data had been periodically transferred to POS terminals in stores;
4. Inspected whether sales information in POS terminals was periodically and completely transferred to the ERP system and automatically generated sales revenue journal entries;

5. Inspected manual sales revenue journal entries and relevant documents;
6. Inspected daily cash reports and relevant documents; and
7. Inspected whether cash deposit amounts recorded in daily cash reports were in agreement with bank remittance amounts.

Cost-to-retail ratio of retail inventory method

Description

Please refer to Notes 4(11) and 6(3) to the parent company only financial statements for the accounting policy and the details of accounting relating to this key audit matter.

As there are various kinds of merchandise, the retail inventory method is used to estimate the cost of inventory and the cost of goods sold. The retail inventory method uses the ratio of the cost of goods purchased to their retail value (known as cost-to-retail ratio) to calculate the cost of inventory and the cost of goods sold. The calculation of the cost-to-retail ratio highly relies on the goods purchased both at cost and retail price, and thus has been identified as a key audit matter.

How our audit addressed the matter

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

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

Other matter –Using the work of other auditors

We did not audit the financial statements of certain investee companies. The balance of these investments accounted for using equity method amounted to NT\$2,528,945 thousand and NT\$2,210,541 thousand, representing 1.9% and 2.5% of total assets as of December 31, 2019 and 2018, 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\$ 412,872 thousand and NT\$415,363 thousand, representing 4.1% and 3.9% of total comprehensive net income for the years then ended, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on investees disclosed in Note 13 were based solely on the reports of other independent accountants.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but it

is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2019 and are, therefore, considered to be the key audit matters. We describe these matters in our auditor's report unless the law or regulations preclude public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yi-Chang, Liang

Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan
27 February, 2020

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

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

PRESIDENT CHAIN STORE CORP.

PARENT COMPANY ONLY BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31,2019		December 31,2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 10,697,878	8	\$ 14,070,715	16
1170	Accounts receivable, net	6(2)	591,655	-	603,890	-
1200	Other receivables	7(3)	2,274,167	2	2,515,131	3
130X	Inventories, net	6(3)	8,036,366	6	8,020,368	9
1410	Prepayments		126,974	-	196,990	-
1470	Other current assets		1,393,703	1	1,560,262	2
11XX	Total current assets		23,120,743	17	26,967,356	30
Non-current assets						
1510	Financial assets at fair value through profit or loss – non-current	6(4)	85,565	-	85,683	-
1517	Financial assets at fair value through other comprehensive income – non-current	6(5)	807,115	1	644,614	1
1550	Investments accounted for using equity method	6(6) and 7(3)	50,117,541	38	49,094,402	55
1600	Property, plant and equipment, net	6(7)	10,477,703	8	9,114,219	10
1755	Right of use assets	6(8) and 7(3)	44,373,492	33	-	-
1760	Investment property, net	6(10)	1,203,684	1	1,189,454	1
1780	Intangible assets	6(11)	84,728	-	119,019	-
1840	Deferred income tax assets	6(27)	800,250	1	800,458	1
1900	Other non-current assets	6(12)	1,393,227	1	1,231,311	2
15XX	Total non-current assets		109,343,305	83	62,279,160	70
1XXX	Total assets		\$ 132,464,048	100	\$ 89,246,516	100

PRESIDENT CHAIN STORE CORP. PARENT COMPANY ONLY BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			Notes	December 31, 2019		December 31, 2018		
				AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(13)	\$	5,000,000	4	\$	6,000,000	7
2130	Contract liabilities – current	6(21)		1,607,970	1		1,293,149	1
2150	Notes payable			1,017,922	1		1,331,853	1
2160	Notes payable – related parties	7(3)		4,431,931	4		4,705,638	5
2170	Accounts payable			1,378,550	1		1,437,022	2
2180	Accounts payable – related parties	7(3)		8,373,924	6		8,028,624	9
2200	Other payables	6(14)		17,134,279	13		18,827,308	21
2230	Current income tax liabilities	6(27)		781,142	1		1,049,737	1
2280	Lease liabilities – current	7(3)		6,950,425	5		-	-
2300	Other current liabilities	6(15)		1,492,567	1		1,463,092	2
21XX	Total current liabilities			48,168,710	37		44,136,423	49
Non-current liabilities								
2527	Contract liabilities – non-current	6(21)		216,284	-		151,550	-
2570	Deferred income tax liabilities	6(27)		4,149,357	3		3,916,979	4
2580	Lease liabilities – non-current	7(3)		37,780,192	29		-	-
2640	Net defined benefit liability – Non-current	6(16)		2,769,674	2		2,860,605	3
2645	Guarantee deposit received			2,730,126	2		2,533,958	3
2670	Other non-current liabilities			426,824	-		394,951	1
25XX	Total non-current liabilities			48,072,457	36		9,858,043	11
2XXX	Total liabilities			96,241,167	73		53,994,466	60
Equity								
Share capital			6(17)					
3110	Share capital – common stock			10,396,223	8		10,396,223	12
Capital surplus			6(18)					
3200	Capital surplus			46,884	-		45,059	-
Retained earnings			6(19)					
3310	Legal reserve			13,314,081	10		12,293,442	14
3320	Special reserve			-	-		398,859	-
3350	Unappropriated retained earnings			12,845,880	10		12,064,862	14
Other equity			6(20)					
3400	Other equity interest		(	380,187)	(	1)	53,605	-
3XXX	Total equity			36,222,881	27		35,252,050	40
3X2X	Total liabilities and equity		\$	132,464,048	100	\$	89,246,516	100

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

PRESIDENT CHAIN STORE CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

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

Items	Notes	For the years ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7(3)	\$ 158,031,567	100	\$ 154,074,731	100
5000 Operating costs	6(3)(25) and 7(3)	(103,854,132)	(66)	(101,062,364)	(66)
5900 Gross profit		54,177,435	34	53,012,367	34
Operating expenses	6(25)(26)				
6100 Selling expenses		(42,662,266)	(27)	(41,041,167)	(26)
6200 General and administrative expenses		(4,469,102)	(3)	(4,314,519)	(3)
6450 Expected credit losses	12(2)	-	-	(2,100)	-
6000 Total operating expenses		(47,131,368)	(30)	(45,357,786)	(29)
6900 Operating profit		7,046,067	4	7,654,581	5
Non-operating income and expenses	7(3)				
7010 Other income	6(22)	1,325,894	1	1,417,538	1
7020 Other gains and losses	6(23)	22,788	-	(68,816)	-
7050 Finance costs	6(24)	(359,593)	-	(42,971)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	4,185,310	2	3,473,458	2
7000 Total non-operating income and expenses		5,174,399	3	4,779,209	3
7900 Profit before income tax		12,220,466	7	12,433,790	8
7950 Income tax expense	6(27)	(1,677,606)	(1)	(2,227,402)	(1)
8200 Profit for the year		\$ 10,542,860	6	\$ 10,206,388	7
Other comprehensive (loss) income					
8311 Gain (loss) on remeasurement of defined benefit plan	6(16)	\$ 71,511	-	(\$ 29,219)	-
8316 Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(5)(20)	162,501	-	(143,849)	-
8330 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(46,547)	-	(73,714)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(24,252)	-	49,725	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		163,213	-	(197,057)	-
8361 Financial statements translation differences of foreign operations	6(20)	(578,743)	-	619,530	-
8380 Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(10,566)	-	2,289	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		(589,309)	-	621,819	-
8300 Total other comprehensive (loss) income for the year		(\$ 426,096)	-	\$ 424,762	-
8500 Total comprehensive income for the year		\$ 10,116,764	6	\$ 10,631,150	7
9750 Basic earnings per share (in dollars)	6(28)	\$	10.14	\$	9.82
9850 Diluted earnings per share (in dollars)	6(28)	\$	10.12	\$	9.79

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

PRESIDENT CHAIN STORE CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital – common stock	Capital surplus	Retained Earnings			Other Equity Interest			Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Unrealized gain or loss on available- for-sale financial assets	
For the year ended December 31, 2018										
Balance at January 1, 2018		\$ 10,396,223	\$ 43,875	\$ 9,191,733	\$ -	\$ 31,381,290	(\$ 906,308)	\$ -	\$ 507,449	\$ 50,614,262
Adjustments under new standards		-	-	-	-	25,463	-	477,996	(507,449)	(3,990)
Adjusted beginning balance		10,396,223	43,875	9,191,733	-	31,406,753	(906,308)	477,996	-	50,610,272
Profit for the year		-	-	-	-	10,206,388	-	-	-	10,206,388
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	(57,155)	626,479	(144,562)	-	424,762
Total comprehensive income (loss) for the year		-	-	-	-	10,149,233	626,479	(144,562)	-	10,631,150
Distribution of 2017 earnings:	6(19)									
Legal reserve		-	-	3,101,709	-	(3,101,709)	-	-	-	-
Special reserve		-	-	-	398,859	(398,859)	-	-	-	-
Cash dividends		-	-	-	-	(25,990,556)	-	-	-	(25,990,556)
Overdue unclaimed cash dividend transferred to capital surplus		-	536	-	-	-	-	-	-	536
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	648	-	-	-	-	-	-	648
Balance at December 31, 2018		\$ 10,396,223	45,059	\$ 12,293,442	\$ 398,859	\$ 12,064,862	(\$ 279,829)	\$ 333,434	\$ -	\$ 35,252,050
For the year ended December 31, 2019										
Balance at January 1, 2019		\$ 10,396,223	45,059	\$ 12,293,442	\$ 398,859	\$ 12,064,862	(\$ 279,829)	\$ 333,434	\$ -	\$ 35,252,050
Profit for the year		-	-	-	-	10,542,860	-	-	-	10,542,860
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	7,696	(590,079)	156,287	-	(426,096)
Total comprehensive income (loss) for the year		-	-	-	-	10,550,556	(590,079)	156,287	-	10,116,764
Distribution of 2018 earnings:	6(19)									
Legal reserve		-	-	1,020,639	-	(1,020,639)	-	-	-	-
Special reserve		-	-	-	(398,859)	398,859	-	-	-	-
Cash dividends		-	-	-	-	(9,148,676)	-	-	-	(9,148,676)
Overdue unclaimed cash dividend transferred to capital surplus		-	1,235	-	-	-	-	-	-	1,235
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	590	-	-	-	-	-	-	590
Disposal of equity instruments designated at fair value through other comprehensive income of associates		-	-	-	-	918	-	-	-	918
Balance at December 31, 2019		\$ 10,396,223	\$ 46,884	\$ 13,314,081	\$ -	\$ 12,845,880	(\$ 869,908)	\$ 489,721	\$ -	\$ 36,222,881

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

PRESIDENT CHAIN STORE CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax for the year		\$ 12,220,466	\$ 12,433,790
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Expected credit losses	12(2)	-	2,100
Depreciation expense	6(7)(8)(25)	8,986,348	2,096,300
Amortization expense	6(11)(25)	55,700	92,846
Finance costs	6(24)	359,593	42,971
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(4,185,310)	(3,473,458)
Depreciation on investment property	6(10)	7,440	7,365
Gain on disposal of investments accounted for using equity	6(6)(23)	-	(59)
Interest income	6(22)	(38,037)	(83,534)
Dividend income	6(22)	(49,542)	(65,124)
Reversal of impairment loss on property, plant and equipment	6(7)(23)	-	(2,401)
(Gain) loss on disposal of property, plant and equipment	6(23)	(11,253)	9,632
Gain from lease modification	6(23)	(33,255)	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		12,235	(4,992)
Other receivables		239,949	76,934
Inventories		(15,998)	(825,661)
Prepayments		(36,821)	70,748
Other current assets		166,559	86,361
Other non-current assets		(161,916)	(54,589)
Net changes in liabilities relating to operating activities			
Contract liabilities – current		314,821	140,135
Notes payable		(587,638)	298,181
Accounts payable		286,828	703,724
Other payables		(1,714,521)	(234,672)
Other current liabilities		29,475	156,252
Contract liabilities – non-current		64,734	939
Net defined benefit liability		(19,420)	(10,994)
Other non-current liabilities		(4,657)	16,900
Cash generated from operations		15,885,780	11,479,694
Interest received		39,052	107,590
Income tax paid	6(27)	(1,737,867)	(2,423,741)
Interest paid		(348,890)	(32,687)
Dividends received		2,735,708	7,731,235
Net cash provided by operating activities		16,573,783	16,862,091

PRESIDENT CHAIN STORE CORP. PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Return of capital from financial assets at fair value through profit or loss		\$ 118	\$ 151
Acquisition of investments accounted for using equity method	6(6) and 7(3)	(200,000)	(3,226,806)
Proceeds from disposal of investments accounted for using equity method	6(6) and 7(3)	41,657	1,828
Return of capital from investments accounted for using equity method	6(6)	-	180,000
Acquisition of property, plant and equipment	6(30)	(3,359,789)	(2,303,297)
Proceeds from disposal of property, plant and equipment		149,016	26,027
Acquisition of intangible assets	6(11)	(21,409)	-
Net cash used in investing activities		(3,390,407)	(5,322,097)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	6(31)	(6,603,705)	-
Payment of cash dividends	6(19)	(9,148,676)	(25,990,556)
(Decrease) increase in short term borrowings	6(31)	(1,000,000)	6,000,000
Increase in guarantee deposit received	6(31)	196,168	98,296
Net cash used in financing activities		(16,556,213)	(19,892,260)
Decrease in cash and cash equivalents		(3,372,837)	(8,352,266)
Cash and cash equivalents at beginning of year		14,070,715	22,422,981
Cash and cash equivalents at end of year		\$ 10,697,878	\$ 14,070,715

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

PRESIDENT CHAIN STORE CORP.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- (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 included 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 45.4% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorized for issuance by the Board of Directors on February 27, 2020.

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"). New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Lease'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and operating results based on the Company's assessment.

IFRS 16, 'Leases'

- (a) IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognize a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- (b) The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Company increased 'right-of-use asset' by \$27,293,202, increased 'lease liability' by \$27,486,853, decreased 'prepayments' by \$106,837, decreased 'property, plant and equipment' by \$167,270, and decreased 'other payables' by \$467,758 with respect to the lease contracts of lessees on January 1, 2019.
- (c) The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - The exclusion of initial direct costs for the measurement of 'right-of-use-asset'.
- (d) The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 1.03%.

- (e) The Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. These reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$	41,372,055
Add: Adjustments relating to changes in the index or rate affecting variable lease payments		496,223
Less: Contracts reassessed as service agreements	(	94,395)
Leases not yet commenced to which the lessee is committed	(	13,313,513)
Total lease contracts amount recognized as lease liabilities by applying IFRS 16 on January 1, 2019	\$	28,460,370
Incremental borrowing interest rate at the date of initial application		1.03%
Lease liabilities recognized as at January 1, 2019 by applying IFRS 16	\$	27,486,853

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

- (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 IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- (1) Compliance statement

The parent company only 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 parent company only financial statements have been prepared under the historical cost convention:

- Financial assets and financial liabilities at fair value through profit or loss.
- Financial assets at fair value through other comprehensive income.
- 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 conformity with IFRSs, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only 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 parent company only 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, if the Company 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 when the Company 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.

(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 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 12 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 settle liabilities more than 12 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 settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within 12 months from the balance sheet date;

- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 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 (including time deposits with contract period of less than 12 months) 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 that are not measured at amortized cost or fair value through other comprehensive income.
- B. 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.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Leasing arrangement (lessor) – operating leases

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, and 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 do not arise from 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 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 parent company only 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 parent company only 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
Operating equipment	4~7 years
Leasehold improvements	7 years

(14) Leasing arrangements (lessee)-right-of-use assets/ lease liabilities (Effective from 2019)

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable;

- (b) Variable lease payments that depend on an index or a rate; and
- (c) Amounts expected to be payable by the lessee under residual value guarantees.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(15) Leases (Lessee) (Prior to 2019)

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.

(16) 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.

(17) 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.

(18) Impairment of non-financial assets

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. 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.

(19) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) 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.

(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 expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plans, the contributions are recognized as pension expense 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 plan

- 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. Remeasurements 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 when it can no longer withdraw an offer of termination benefits or it recognizes related 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 expense and liability, 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.

(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 Company operates and generates 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 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 parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition 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 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 utilized. 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 utilized.

(23)Revenue recognition**A. Sale of goods**

- (a) The Company operates a chain of retail stores. Revenue from the sale of goods is recognized when the Company sells a product to the customer.
- (b) Payment of the transaction price is due immediately when the customer purchases the product. It is the Company's policy to sell its products to the end customer with a right of return. Therefore, a refund liability and a right to the returned goods (included in 'other current assets') are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.
- (c) The Company operates a loyalty program where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.

B. Sales of services

The Company provides delivery services. Revenue from delivering services is recognized when the services have been provided.

C. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

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

The preparation of these parent company only 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 which may 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, 2019	December 31, 2018
Petty cash in store	\$ 898,234	\$ 1,072,918
Checking accounts and demand deposits	4,601,172	8,198,849
Cash equivalents		
Time deposits	500,000	500,000
Short-term financial instruments	4,698,472	4,298,948
	<u>\$ 10,697,878</u>	<u>\$ 14,070,715</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)Accounts receivable

	December 31, 2019	December 31, 2018
Accounts receivable	\$ 593,087	\$ 605,322
Less: Allowance for doubtful accounts	(1,432)	(1,432)
	<u>\$ 591,655</u>	<u>\$ 603,890</u>

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2019	December 31, 2018
Not past due	\$ 589,136	\$ 427,682
Up to 90 days	3,057	175,793
91 to 120 days	-	684
Over 121 days	894	1,163
	<u>\$ 593,087</u>	<u>\$ 605,322</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 2018, accounts receivable was all from contracts with customers. And as January 1, 2018, the balance of receivables from contracts with customers amounted to \$600,998.

C. No accounts receivable of the Company were pledged to others.

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were \$591,655 and \$603,890 respectively.

E. Information relating to credit risk is provided in Note 12(2).

(3) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 8,079,200	(\$ 42,834)	\$ 8,036,366

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 8,035,682	(\$ 15,314)	\$ 8,020,368

The cost of inventories recognized as expense:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cost of goods sold	\$ 101,836,268	\$ 99,191,826
Loss on valuation (gain on reversal) of inventories	27,520	(10,677)
Spoilage	1,746,665	1,640,604
Others	243,679	240,611
	<u>\$ 103,854,132</u>	<u>\$ 101,062,364</u>

The Company reversed a previous inventory write-down because the Company sold and scrapped certain inventories which were previously provided with allowance during the year ended December 31, 2018.

(4) Financial assets at fair value through profit or loss – non-current

	December 31, 2019	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss		
Non-current items:		
Unlisted stocks	\$ 274,745	\$ 274,863
Valuation adjustment	(189,180)	(189,180)
	<u>\$ 85,565</u>	<u>\$ 85,683</u>

A. The Company recognized net gains of financial assets at fair value through profit was \$0 and \$215 for the years ended December 31, 2019 and 2018, respectively.

B. No financial assets at fair value through profit or loss of the Company were pledged to others.

C. Information relating to credit risk is provided in Note 12(2).

(5) Financial assets at fair value through other comprehensive income - non-current

	December 31, 2019	December 31, 2018
Equity instruments		
Listed stocks	\$ 265,606	\$ 265,606
Unlisted stocks	4,348	4,348
	269,954	269,954
Valuation adjustment	537,161	374,660
	<u>\$ 807,115</u>	<u>\$ 644,614</u>

A. The Company has elected to classify the listed and unlisted stocks that are considered to be strategic investments and have steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$807,115 and \$644,614 as at December 31, 2019 and 2018, respectively.

B. Amounts recognized in profit or loss and other comprehensive income (loss) in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income (loss)	\$ 162,501	(\$ 143,849)

C. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$807,115 and \$644,614, respectively.

D. No financial assets at fair value through other comprehensive income of the Company were pledged to others.

E. Information relating to credit risk is provided in Note 12(2).

(6) Investments accounted for using the equity method

	2019	2018
At January 1	\$ 49,094,402	\$ 47,983,892
Addition of investments accounted for using equity method	200,000	-
Disposal of investments accounted for using equity method	(41,657)	(1,769)
Share of profit or loss of investment accounted for using equity method	4,185,310	3,473,458
Earnings distribution of investment accounted for using equity method	(2,686,166)	(2,725,951)
Changes in other equity items	(634,938)	548,109
Changes in other items	590	(183,337)
At December 31	<u>\$ 50,117,541</u>	<u>\$ 49,094,402</u>

Parent Company Only Financial Statements and Report of Independent Accountants

	December 31, 2019	December 31, 2018
Subsidiaries		
President Chain Store (BVI) Holdings Ltd.	\$ 26,348,522	\$ 25,850,474
Uni-Wonder Corp.	5,164,559	5,289,524
President Transnet Corp.	1,634,536	1,518,487
President Drugstore Business Corp.	1,432,449	1,367,838
President Pharmaceutical Corp.	743,725	756,001
Mech-President Corp.	702,347	694,277
Uni-President Cold-Chain Corp.	679,859	645,440
ICASH Corp.	567,243	356,073
Uni-President Department Store Corp.	543,179	566,145
President Information Corp.	493,788	489,299
Uni-President Superior Commissary Corp.	484,058	467,659
Wisdom Distribution Service Corp.	454,125	506,392
Books.com. Co., Ltd.	398,293	417,935
Q-ware Systems & Services Corp.	390,054	372,945
Duskin Serve Taiwan Co., Ltd.	201,317	194,788
Retail Support International Corp.	178,147	174,830
President Collect Service Corp., etc.	445,401	425,715
	<u>40,861,602</u>	<u>40,093,822</u>
	December 31, 2019	December 31, 2018
Associates		
PresiCarre Corp.	\$ 5,723,198	\$ 5,518,380
President Fair Development Corp.	2,039,406	1,984,125
Uni-President Development Corp.	764,191	753,904
President International Development Corp.	459,696	461,328
Tung Ho Development Corp.	106,384	114,755
President Organics Corp.	41,430	38,862
President Technology Corp.	20,866	21,347
	<u>9,155,171</u>	<u>8,892,701</u>
Joint ventures		
Mister Donut Taiwan Co., Ltd.	100,768	107,879
	<u>\$ 50,117,541</u>	<u>\$ 49,094,402</u>

- A. Information about the subsidiaries of the Company is provided in Note 4(3), "Basis of preparation" of the consolidated financial statements as of and for the year ended December 31, 2019.
- B. The Company originally held 30% shares of its joint venture using the equity method – Uni-Wonder Corp. (formerly known as "President Starbucks Coffee Corp."). In December 2017, the Company acquired an additional 30% shares of President Starbucks Coffee Corp. for a cash consideration of \$3,226,806 and obtained control over Uni-Wonder Corp. Relevant cash consideration was fully paid in February, 2018.
- C. Information about the Company's disposal of investments accounted for using equity method in August, 2018 is provided in Note 7(3)g.

D. The acquisition of additional shares in 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, 2019	For the year ended December 31, 2018
Total comprehensive income	\$ 460,753	\$ 398,334

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Total comprehensive income	\$ 13,844	\$ 23,471

E. No impairment loss was recognized on investments accounted for using equity method for the years ended December 31, 2019 and 2018, respectively.

(7) Property, plant and equipment

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

	2019					
	Land	Buildings	Operating equipment	Leasehold improvements	Others	Total
At January 1						
Cost	\$ 1,564,223	\$ 973,001	\$ 13,563,007	\$ 8,250,964	\$ 12,121	\$ 24,363,316
Accumulated depreciation and impairment	(16,367)	(345,665)	(9,550,524)	(5,327,966)	(8,575)	(15,249,097)
	\$ 1,547,856	\$ 627,336	\$ 4,012,483	\$ 2,922,998	\$ 3,546	\$ 9,114,219
Opening net book amount as of January 1	\$ 1,547,856	\$ 627,336	\$ 4,012,483	\$ 2,922,998	\$ 3,546	\$ 9,114,219
Effect of adoption of IFRS 16	-	-	-	(167,270)	-	(167,270)
Adjusted beginning balance	\$ 1,547,856	\$ 627,336	\$ 4,012,483	\$ 2,755,728	\$ 3,546	\$ 8,946,949
Additions	-	-	2,530,739	1,305,220	14,473	3,850,432
Disposals	-	-	(75,584)	(62,179)	-	(137,763)
Transfer	(18,757)	(2,913)	-	-	-	(21,670)
Depreciation charge	-	(19,153)	(1,322,746)	(817,470)	(876)	(2,160,245)
Closing net book amount as of December 31	\$ 1,529,099	\$ 605,270	\$ 5,144,892	\$ 3,181,299	\$ 17,143	\$ 10,477,703
At December 31						
Cost	\$ 1,545,466	\$ 968,199	\$ 14,367,788	\$ 8,649,472	\$ 26,594	\$ 25,557,519
Accumulated depreciation and impairment	(16,367)	(362,929)	(9,222,896)	(5,468,173)	(9,451)	(15,079,816)
	\$ 1,529,099	\$ 605,270	\$ 5,144,892	\$ 3,181,299	\$ 17,143	\$ 10,477,703

	2018					
	Land	Buildings	Operating equipment	Leasehold improvements	Others	Total
At January 1						
Cost	\$ 1,564,223	\$ 973,001	\$ 13,119,148	\$ 7,789,418	\$ 9,529	\$ 23,455,319
Accumulated depreciation and impairment	(16,367)	(326,414)	(9,022,956)	(5,134,871)	(8,252)	(14,508,860)
	<u>\$ 1,547,856</u>	<u>\$ 646,587</u>	<u>\$ 4,096,192</u>	<u>\$ 2,654,547</u>	<u>\$ 1,277</u>	<u>\$ 8,946,459</u>
Opening net book amount as of January 1	\$ 1,547,856	\$ 646,587	\$ 4,096,192	\$ 2,654,547	\$ 1,277	\$ 8,946,459
Additions	-	-	1,299,599	992,771	3,193	2,295,563
Disposals	-	-	(13,263)	(22,396)	-	(35,659)
Transfer	-	-	(12)	1,767	-	1,755
Depreciation charge	-	(19,251)	(1,371,875)	(704,250)	(924)	(2,096,300)
Reversal of impairment loss	-	-	1,842	559	-	2,401
Closing net book amount as of December 31	<u>\$ 1,547,856</u>	<u>\$ 627,336</u>	<u>\$ 4,012,483</u>	<u>\$ 2,922,998</u>	<u>\$ 3,546</u>	<u>\$ 9,114,219</u>
At December 31						
Cost	\$ 1,564,223	\$ 973,001	\$ 13,563,007	\$ 8,250,964	\$ 12,121	\$ 24,363,316
Accumulated depreciation and impairment	(16,367)	(345,665)	(9,550,524)	(5,327,966)	(8,575)	(15,249,097)
	<u>\$ 1,547,856</u>	<u>\$ 627,336</u>	<u>\$ 4,012,483</u>	<u>\$ 2,922,998</u>	<u>\$ 3,546</u>	<u>\$ 9,114,219</u>

B.No property, plant and equipment of the Company was pledged to others.

(8)Leasing arrangements - lessee

Effective from 2019

A.The Company leases various assets including buildings and equipment, etc. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2019	For the year ended December 31, 2019
	Carrying amount	Depreciation charge
Buildings	\$ 44,373,492	\$ 6,826,103

C.For the year ended December 31, 2019, the additions to right-of-use assets was \$24,947,745.

D.The information on income and expense accounts relating to lease contracts is as follows:

	For the year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	\$ 305,342
Expense on variable lease payments	153,467
Gain on sublease of right-of-use assets	557,649

E.For the year ended December 31, 2019, the Company's total cash outflow for leases was \$7,062,514.

F. Variable lease payments

(a) Some of the Company's lease contracts contain variable lease payment terms that are linked to sales generated from a store. For the above-mentioned stores, up to 2.11% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in the aggregate sales amount of all stores with such variable lease contracts would increase total lease payments by approximately \$1,535.

G. The Company's leases not yet commenced to which the leases is committed are business premises for the lessees, and the lease liabilities undiscounted amount at December 31, 2019 is \$1,751,094.

(9) Leasing arrangements – lessor

Effective from 2019

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 2 and 12 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Information on profit or loss in relation to lease contracts is as follows:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Rental revenue	\$ 632,894	\$ 541,591
Rental revenue from variable lease payments	\$ 387,859	\$ 389,452

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2019
2020	\$ 206,435
2021	180,221
2022	157,115
2023	113,729
2024	58,143
2025	44,544
After 2026	114,034
Total	\$ 874,221

(10) Investment property

	2019		
	Land	Buildings	Total
At January 1	\$ 962,783	\$ 226,671	\$ 1,189,454
Transfer	18,757	2,913	21,670
Depreciation charge	-	(7,440)	(7,440)
At December 31	\$ 981,540	\$ 222,144	\$ 1,203,684

	2018		
	Land	Buildings	Total
At January 1	\$ 962,783	\$ 234,036	\$ 1,196,819
Depreciation charge	-	(7,365)	(7,365)
At December 31	\$ 962,783	\$ 226,671	\$ 1,189,454

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Rental income from investment property	\$ 59,882	\$ 58,548
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 23,065	\$ 8,036

B. The fair value of the investment property held by the Company as at December 31, 2019 and 2018 ranged from \$2,874,270 to \$2,881,471, respectively, which was assessed based on recent settlement prices of similar and comparable properties, as well as the reports of independent appraisers.

C. No investment property of the Company was pledged to others.

(11) Intangible assets

Software and copyright	2019	2018
At January 1	\$ 119,019	\$ 211,865
Additions	21,409	-
Amortization charge	(55,700)	(92,846)
At December 31	\$ 84,728	\$ 119,019

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

B. No intangible assets of the Company were pledged to others.

(12) Other non-current assets

	December 31, 2019	December 31, 2018
Guarantee deposits paid	\$ 1,372,992	\$ 1,231,311
Others	20,235	-
	\$ 1,393,227	\$ 1,231,311

(13) Short-term borrowings

Type of borrowings	December 31, 2019	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit loan	\$ 5,000,000	0.65%-0.67%	None

Type of borrowings	December 31, 2018	Interest rate range	Collateral
<u>Bank borrowings</u>			
Credit loan	\$ 6,000,000	0.65%-0.68%	None

There were no capitalization of borrowing costs for the years ended December 31, 2019 and 2018, respectively. Relevant interest expenses on borrowings is recognized as 'finance costs'.

(14) Other payables

	December 31, 2019	December 31, 2018
Store collections	\$ 11,453,224	\$ 12,750,758
Wages, salaries and bonus payable	1,608,497	1,896,744
Incentive bonus payable to franchisees	1,158,473	1,047,674
Payables for acquisition of property, plant and equipment	889,974	399,331
Employees' compensation and remuneration for directors and supervisors	756,561	769,767
Payables for system development and maintenance expenses	95,753	77,981
Payables for labor and health insurance	74,919	70,483
Rent payable	27,931	495,621
Others	1,068,947	1,318,949
	\$ 17,134,279	\$ 18,827,308

(15) Other current liabilities

	December 31, 2019	December 31, 2018
Advance receipts for gift certificates	\$ 1,381,360	\$ 1,351,283
Others	111,207	111,809
	\$ 1,492,567	\$ 1,463,092

(16)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 3.17% 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 insufficient 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 contributions for the deficit by next March.

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	(\$ 4,193,734)	(\$ 4,337,814)
Fair value of plan assets	1,424,060	1,477,209
Net defined benefit liability	(\$ 2,769,674)	(\$ 2,860,605)

(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
2019			
Balance at January 1	(\$ 4,337,814)	\$ 1,477,209	(\$ 2,860,605)
Current service cost	(34,169)	-	(34,169)
Interest (expense) income	(42,928)	14,761	(28,167)
Past service cost	1,003	-	1,003
	(4,413,908)	1,491,970	(2,921,938)
Remeasurements:			
Return on plan assets	-	51,649	51,649
Change in demographic assumptions	(1,509)	-	(1,509)
Change in financial assumptions	(123,767)	-	(123,767)
Experience adjustments	145,138	-	145,138
	19,862	51,649	71,511
Pension fund contribution	-	64,826	64,826
Paid pension	200,312	(184,385)	15,927
Balance at December 31	(\$ 4,193,734)	\$ 1,424,060	(\$ 2,769,674)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
2018			
Balance at January 1	(\$ 4,248,125)	\$ 1,405,745	(\$ 2,842,380)
Current service cost	(42,483)	-	(42,483)
Interest (expense) income	(52,568)	17,523	(35,045)
	(4,343,176)	1,423,268	(2,919,908)
Remeasurements:			
Return on plan assets	-	38,921	38,921
Change in demographic assumptions	(479)	-	(479)
Change in financial assumptions	(131,821)	-	(131,821)
Experience adjustments	64,160	-	64,160
	(68,140)	38,921	(29,219)
Pension fund contribution	-	86,829	86,829
Paid pension	73,502	(71,809)	1,693
Balance at December 31	(\$ 4,337,814)	\$ 1,477,209	(\$ 2,860,605)

(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 utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization 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, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Discount rate	0.75%	1.00%
Future salary increases	3.00%	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 is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ 123,724)	\$ 128,937	\$ 125,512	(\$ 121,123)
December 31, 2018				
Effect on present value of defined benefit obligation	(\$ 131,704)	\$ 137,399	\$ 134,014	(\$ 129,187)

The sensitivity analysis above was arrived at based on 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, 2020 amounts to \$47,014.
- (f) As of December 31, 2019, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment is as follows:

Within 1 year	\$	107,086
1-2 year(s)		115,693
2-5 years		438,531
Over 5 years		3,911,956
	\$	4,573,266

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 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. The pension costs under the Company's defined contribution pension plan for the years ended December 31, 2019 and 2018 were \$206,684 and \$196,584, respectively.

(17) Share capital

As of December 31, 2019, 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 both 1,039,622,255 shares as of December 31, 2019 and 2018.

(18) 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.

(19) 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 be 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 2018 and 2017 were resolved by the shareholders on June 12, 2019 and June 12, 2018, respectively, as follows:

	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,020,639		\$ 3,101,709	
Special reserve	(398,859)		398,859	
Cash dividends – retained earnings	9,148,676	\$ 8.80	25,990,556	\$ 25.00

E. The appropriations for 2019 as resolved by the Board of Directors on February 27, 2020 is as follows:

	2019	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,055,147	
Special reserve	380,187	
Cash dividends – retained earnings	9,356,600	\$ 9.00

F. Information about employees' compensation and directors' and supervisors' remuneration is provided in Note 6(26).

(20) Other equity items

	2019		
	Financial statements translation differences of foreign operations	Unrealized gains/(losses) on Financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 279,829)	\$ 333,434	\$ 53,605
Revaluation:			
–The Company	-	162,501	162,501
–Subsidiaries	- (783)	(783)	(783)
–Associates	-	4,518	4,518
Revaluation – tax	- (9,949)	(9,949)	(9,949)
Currency translation differences:			
–The Company	(578,743)	-	(578,743)
–Subsidiaries	(5,347)	-	(5,347)
–Associates	(5,989)	-	(5,989)
At December 31	(\$ 869,908)	\$ 489,721	(\$ 380,187)

	2018			
	Financial statements translation differences of foreign operations	Unrealized gains/(losses) on Financial assets at fair value through other comprehensive income	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1	(\$ 906,308)	\$ -	\$ 507,449	(\$ 398,859)
Adjustments under new standards	-	477,996	(507,449)	(29,453)
Adjusted beginning balance	(906,308)	477,996	-	(428,312)
Revaluation:				
–The Company	- (143,849)	-	(143,849)	(143,849)
–Subsidiaries	- (1,537)	-	(1,537)	(1,537)
–Associates	- (2,842)	-	(2,842)	(2,842)
Revaluation – tax	- 3,666	-	3,666	3,666
Currency translation differences:				
–The Company	619,530	-	-	619,530
–Subsidiaries	593	-	-	593
–Associates	6,356	-	-	6,356
At December 31	(\$ 279,829)	\$ 333,434	\$ -	\$ 53,605

(21) Operating revenue

	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue from contracts with customers	\$ 158,031,567	\$ 154,074,731

A. Disaggregation of revenue from contracts with customers

The Company operates a chain of retail stores and derives revenue from the transfer of goods and services over time and at a point in time. The operating revenue is categorized based on goods or services recognition timing as follows:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Timing of revenue recognition		
–At a point in time	\$ 157,508,868	\$ 153,544,331
–Over time	522,699	530,400
	\$ 158,031,567	\$ 154,074,731

B. Contract liabilities

(a) The Company has recognized the following revenue-related contract liabilities:

	December 31, 2019	December 31, 2018
Contract liabilities – advance receipts of gift cards	\$ 1,291,060	\$ 980,048
Contract liabilities – franchise fee	240,077	230,812
Contract liabilities – customer loyalty programs	216,284	151,550
Contract liabilities – others	76,833	82,289
	\$ 1,824,254	\$ 1,444,699

	December 31, 2019	December 31, 2018
Contract liabilities – current	\$ 1,607,970	\$ 1,293,149
Contract liabilities – non-current	216,284	151,550
	\$ 1,824,254	\$ 1,444,699

(b) Revenues recognized that were included in the contract liabilities balance at the beginning were \$1,101,204 and \$626,164 for the years ended December 31, 2019 and 2018, respectively.

(22) Other income

	For the year ended December 31, 2019	For the year ended December 31, 2018
Grants income	\$ 546,607	\$ 492,535
Rental income	178,775	77,399
Dividend income	49,542	65,124
Interest income	38,037	83,534
Other income	512,933	698,946
	\$ 1,325,894	\$ 1,417,538

(23) Other gains and losses

	For the year ended December 31, 2019	For the year ended December 31, 2018
Gain from lease modification	\$ 33,255	\$ -
Gain (loss) on disposal of property, plant and equipment	11,253	(9,632)
Gain on reversal of impairment loss	-	2,401
Gain on disposal of investments	-	59
Others	(21,720)	(61,644)
	\$ 22,788	(\$ 68,816)

(24) Financial costs

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest expense	\$ 359,593	\$ 42,971

(25) Expenses by nature

	For the year ended December 31, 2019	For the year ended December 31, 2018
Net cost of goods sold	\$ 101,863,788	\$ 99,181,149
Incentive bonuses for franchisees	21,822,920	20,904,939
Employee benefit expense	7,162,446	7,131,255
Operating lease payments	153,467	6,660,551
Utilities expense	2,288,191	2,225,153
Depreciation and amortization	9,042,048	2,189,146
Other costs and expenses	8,652,640	8,127,957
Total operating costs and operating expenses	\$ 150,985,500	\$ 146,420,150

(26) Employee benefit expense

	For the year ended December 31, 2019	For the year ended December 31, 2018
Wages and salaries	\$ 5,870,712	\$ 5,831,681
Labor and health insurance fees	477,863	461,590
Pension costs	268,017	274,112
Directors' remuneration	199,553	204,485
Other personnel expenses	346,301	359,387
	\$ 7,162,446	\$ 7,131,255

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$567,096 and \$576,995, respectively; while directors' and supervisors' remuneration was accrued at \$189,465 and \$192,772, 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, 2019. The employees' compensation and directors' and supervisors' remuneration as resolved by the Board of Directors were \$567,096 and \$189,465, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2018 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2018 financial statements.

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

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Current tax:		
Current tax on profits for the year	\$ 1,611,778	\$ 1,751,318
Tax on undistributed surplus earnings	20,212	135,157
Over provision of prior year's income tax	(162,718)	(126,188)
Total current tax	1,469,272	1,760,287
Deferred tax:		
Origination and reversal of temporary differences	208,334	(46,101)
Impact of change in tax rate	-	513,216
Income tax expense	\$ 1,677,606	\$ 2,227,402

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 9,949	(\$ 6,984)
Remeasurement of defined benefit obligations	14,303	(5,843)
Impact of change in tax rate	-	(36,898)
	\$ 24,252	(\$ 49,725)

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2019	For the year ended December 31, 2018
Tax calculated based on profit before tax and statutory tax rate	\$ 2,444,093	\$ 2,486,758
Expenses disallowed by tax regulation	(9,536)	(201,937)
Capital reduction plan to offset accumulated deficit by subsidiaries	-	(8,302)
Tax on profit for using equity method by domestic subsidiaries	(614,211)	(570,644)
Tax on undistributed surplus earnings	20,212	135,157
Over provision of prior year's income tax	(162,718)	(126,188)
Tax exempt on gain from domestic securities transitions	(234)	(658)
Impact of change in tax rate	-	513,216
Income tax expense	\$ 1,677,606	\$ 2,227,402

C.Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31	
<u>Deferred tax assets:</u>					
Allowance for doubtful accounts	\$ 199	\$ -	\$ -	\$ 199	
Unrealized expenses	173,233	48,231	-	221,464	
Contract liabilities – non-current	30,499	12,947	-	43,446	
Remeasurements of defined benefit obligation	521,908	-	(14,303)	507,605	
Others	74,619	(47,083)	-	27,536	
	800,458	14,095	(14,303)	800,250	
<u>Deferred tax liabilities</u>					
Unrealized gain	(26,205)	-	(9,949)	(36,154)	
Foreign investment income	(3,890,774)	(222,429)	-	(4,113,203)	
	(3,916,979)	(222,429)	(9,949)	(4,149,357)	
	(\$ 3,116,521)	(\$ 208,334)	(\$ 24,252)	(\$ 3,349,107)	

	2018				
	January 1	Impact of change in tax rate	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred tax assets:</u>					
Allowance for doubtful accounts	\$ 1,002	\$ 177	(\$ 980)	\$ -	\$ 199
Unrealized sales allowance	56	10	(66)	-	-
Unrealized expenses	139,303	24,583	9,347	-	173,233
Contract liabilities – non-current	25,764	4,547	188	-	30,499
Remeasurements of defined benefit obligation	438,656	77,409	-	5,843	521,908
Others	69,178	12,208	(6,767)	-	74,619
	673,959	118,934	1,722	5,843	800,458
<u>Deferred tax liabilities</u>					
Unrealized gain	(28,210)	(4,979)	-	6,984	(26,205)
Foreign investment income	(3,344,880)	(590,273)	44,379	-	(3,890,774)
	(3,373,090)	(595,252)	44,379	6,984	(3,916,979)
	(\$ 2,699,131)	(\$ 476,318)	\$ 46,101	\$ 12,827	(\$ 3,116,521)

D.The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

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

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(28) Earnings per share

	For the year ended December 31, 2019		
	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 of the parent	\$ 10,542,860	1,039,622	\$ 10.14
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 10,542,860	1,039,622	
Assumed conversion of all dilutive potential ordinary shares Employees' bonus	-	2,169	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 10,542,860	1,041,791	\$ 10.12
	For the year ended December 31, 2018		
	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 of the parent	\$ 10,206,388	1,039,622	\$ 9.82
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 10,206,388	1,039,622	
Assumed conversion of all dilutive potential ordinary shares Employees' bonus	-	2,437	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 10,206,388	1,042,059	\$ 9.79

(29) Operating leases

Prior to 2019

Lessor

The Company leases its investment property and shopping centres to others under operating lease agreements on terms between 2 and 10 years. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	December 31, 2018
Less than one year	\$ 60,250
Over one year but less than five years	207,825
Over five years	6,195
	\$ 274,270

Lessee

A. The Company leases business premises for its stores. The lease terms are between 1 and 20 years, and certain lease agreements are renewable at the end of the lease period. Rents are paid in accordance with the agreements. Certain leases incur extra rent based on the operating revenue of stores or changes in local price indices. Rental expense recognized in profit and loss for the year ended December 31, 2018 are as follows:

	For the year ended December 31, 2018
Rental expense	\$ 6,397,092
Contingent rents	\$ 263,459

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

	December 31, 2018
Less than one year	\$ 6,468,378
Over one year but less than five years	22,180,633
Over five years	12,723,044
	<u>\$ 41,372,055</u>

B. The Company has sub-leased certain business premises to others. Sublease revenues recognized in profit and loss for the year ended December 31, 2018 are as follows:

	For the year ended December 31, 2018
Sublease revenues	\$ 153,047
Contingent rents	<u>\$ 389,452</u>

In accordance with non-cancellable sub-lease agreements as of December 31, 2018, sub-lease payments totalling \$294,113 are expected to be collected between 2019 and 2028.

(30) Supplemental cash flow information

Investing activities with partial cash payments

	For the year ended December 31, 2019	For the year ended December 31, 2018
Purchase of property, plant and equipment	\$ 3,850,432	\$ 2,295,563
Add: Opening balance of payable on equipment	399,331	407,065
Less: Ending balance of payable on equipment	(889,974)	(399,331)
Cash paid during the year	<u>\$ 3,359,789</u>	<u>\$ 2,303,297</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Guarantee deposits received	Lease liabilities	Liabilities from financing Activities – gross
January 1, 2019	\$ 6,000,000	\$ 2,533,958	\$ 27,486,853	\$ 36,020,811
Changes in cash flow from financing activities	(1,000,000)	196,168	(6,603,705)	(7,407,537)
Interest paid (Note)	-	-	(305,342)	(305,342)
Changes in other non-cash items	-	-	24,152,811	24,152,811
December 31, 2019	<u>\$ 5,000,000</u>	<u>\$ 2,730,126</u>	<u>\$ 44,730,617</u>	<u>\$ 52,460,743</u>

Note: Presented in cash flows from operating activities.

	Short-term borrowings	Guarantee deposits received	Liabilities from financing Activities – gross
January 1, 2018	\$ -	\$ 2,435,662	\$ 2,435,662
Changes in cash flow from financing activities	6,000,000	98,296	6,098,296
December 31, 2018	<u>\$ 6,000,000</u>	<u>\$ 2,533,958</u>	<u>\$ 8,533,958</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, 2019.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Uni-President Enterprises Corp.	Ultimate parent company
21 Century Co., Ltd.	Subsidiary
Books.com. Co., Ltd.	"
Capital Marketing Consultant Corp.	"
Duskin Serve Taiwan Co., Ltd.	"
ICASH Corp.	"
President Chain Store (BVI) Holdings Ltd.	"
Uni-President Department Store Corp.	"
President Information Corp.	"
President Logistics International Corp.	"
Uni-President Superior Commissary Corp.	"
President Pharmaceutical Corp.	"
President Transnet Corp.	"
Retail Support International Corp.	"
Uni-President Cold-Chain Corp.	"
Q-ware Systems & Services Corp.	"
Wisdom Distribution Service Corp.	"
Uni-Wonder Corp.	"
Tung Ang Enterprises Corp.	Sister company
President Baseball Team Corp.	"
Presco Netmarketing Inc.	"
Tait Marketing & Distribution Co., Ltd.	"
President Packaging Ind. Corp.	"
Lien-Bo Enterprises Corp.	"
Kai Ya Food Co., Ltd.	"
President Organics Corp.	Investee of the Company accounted for under the equity method
Mister Donut Taiwan Co., Ltd.	"
Kuang Chuan Dairy Co., Ltd.	Investee of ultimate parent company accounted for under the equity method
Wei Lih Food Industrial Co., Ltd.	"

(3) Significant related party transactions and balances

A. Operating revenue

	For the year ended December 31, 2019	For the year ended December 31, 2018
Commission revenue from collection services		
Subsidiaries	\$ 329,669	\$ 352,711
Sister companies	3,649,408	3,040,132
	<u>\$ 3,979,077</u>	<u>\$ 3,392,843</u>

B. Purchases (net of purchase rebate)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Ultimate parent company	\$ 15,787,494	\$ 14,923,741
Subsidiaries	4,833,834	4,384,596
Sister companies	3,778,725	3,376,375
Associates	199,924	234,899
Other related parties	911,260	722,188
	<u>\$ 25,511,237</u>	<u>\$ 23,641,799</u>

(a) The purchases 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 and is generally not different from the general vendors.

C. Promotion income (recorded as deduction to 'operating costs')

	For the year ended December 31, 2019	For the year ended December 31, 2018
Ultimate parent company	\$ 503,048	\$ 454,755
Subsidiaries	158,190	236,068
Sister companies	215,776	165,667
Associates	12,558	13,837
Other related parties	79,298	96,782
	<u>\$ 968,870</u>	<u>\$ 967,109</u>

The promotion income 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, 2019	For the year ended December 31, 2018
Ultimate parent company	\$ 36,890	\$ 32,467
Subsidiaries	920,099	846,863
Sister companies	6,822	5,626
Associates	15,721	17,406
Other related parties	28,052	8
	<u>\$ 1,007,584</u>	<u>\$ 902,370</u>

E. Receivables (payables) from related parties

	December 31, 2019	December 31, 2018
<u>Other receivables</u>		
Ultimate parent company	\$ 67,315	\$ 20,921
Subsidiaries	1,281,796	1,552,056
Sister companies	103,664	93,233
Associates	3,951	3,451
Other related parties	766	4
	<u>\$ 1,457,492</u>	<u>\$ 1,669,665</u>
<u>Payables</u>		
Ultimate parent company	\$ 417,554	\$ 393,380
Subsidiaries	12,316,674	12,316,777
Sister companies	43,846	2,013
Associates	26,488	9,356
Other related parties	1,293	12,736
	<u>\$ 12,805,855</u>	<u>\$ 12,734,262</u>

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

F. Leasing arrangements - lessee

- (a) The Company holds various lease agreements with related parties based on the market price. The leases were paid on a monthly basis.
 (b) Acquisition of right of use assets

	For the year ended December 31, 2019
Ultimate parent company	\$ 2,234
Subsidiaries	31,487
Associates	12,157
Other related parties	513,952
Total	<u>\$ 559,830</u>

On January 1, 2019 (the date of initial application of IFRS 16), the Company increased right-of-use assets by \$126,887.

(c) Lease liabilities

	December 31, 2019
Ultimate parent company	\$ 2,798
Subsidiaries	71,257
Associates	17,667
Sister companies	44,681
Other related parties	511,921
Total	<u>\$ 648,324</u>

G. Property Transactions

(a) Acquisition of financial assets

	Accounts	No. of shares	Objects	For the year ended December 31, 2019 Consideration
Subsidiary	Investments accounted for using equity method	20,000,000	ICASH Corp.	\$ 200,000

(b) Disposal of financial assets

	Accounts	No. of shares	Objects	For the year ended December 31, 2018	
				Proceeds	Gain
Sister company	Investments accounted for using equity method	108,160	Grand Bills Finance Corp.	\$ 1,828	\$ 59

(4) Key management compensation

	For the year ended December 31, 2019	For the year ended December 31, 2018
Other short-term employee benefits	\$ 288,543	\$ 297,731

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. Financial instruments by category

	December 31, 2019	December 31, 2018
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured fair value through profit or loss	\$ 85,565	\$ 85,683
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 807,115	\$ 644,614
Financial assets at amortized cost		
Cash and cash equivalents	10,697,878	14,070,715
Accounts receivable, net	591,655	603,890
Other receivables	2,274,167	2,515,131
Other current assets (Note)	826,748	907,800
Guarantee deposit paid	1,372,992	1,231,311
	\$ 15,763,440	\$ 19,328,847
	\$ 16,656,120	\$ 20,059,144
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 5,000,000	\$ 6,000,000
Notes payable	5,449,853	6,037,491
Accounts payable	9,752,474	9,465,646
Other payables	17,134,279	18,827,308
Guarantee deposit received	2,730,126	2,533,958
	\$ 40,066,732	\$ 42,864,403
Lease liabilities	\$ 44,730,617	\$ -
	\$ 84,797,349	\$ 42,864,403

Note: The Company's trust account for advance receipts of gift certificates and gift cards.

B. 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) There is no related transaction about derivative financial instruments that are used to hedge certain exchange rate risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- I. The Company operates internationally and is exposed to foreign exchange risk arising from of the Company used in various functional currency, the transactions primarily with respect to the USD and RMB. Exchange risk arises from future commercial transactions and recognized assets and liabilities.
- II. Management has set up a policy to require the segments to manage their foreign ex-change risk against their functional currencies.
- III. The Company's businesses involve some non-functional currency operations (the Company's functional currency is New Taiwan dollar, NTD). The details of 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, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Non-monetary items			
JPY: NTD	\$ 907,500	0.2760	\$ 250,470
Investments accounted for using equity method			
USD: NTD	881,028	29.9800	26,413,228

(Foreign currency: functional currency)	December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Non-monetary items			
JPY: NTD	\$ 721,500	0.2782	\$ 200,721
Investments accounted for using equity method			
USD: NTD	843,740	30.7150	25,915,469

- IV. The total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company amounted to \$54 and \$18,145 for the years ended December 31, 2019 and 2018, respectively.
- V. Analysis of foreign currency market risk arising from significant foreign exchange variation: Foreign exchange risk with respect to USD primarily arises from the exchange gain or loss resulting from foreign currency translation of investments accounted for using equity method denominated in USD. If the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Company's comprehensive income for the years ended December 31, 2019 and 2018 would increase/decrease by \$1,320,661 and \$1,295,773, respectively. Foreign exchange risk with respect to JPY primarily arises from the exchange gain or loss resulting from foreign currency translation of financial assets at fair value through other comprehensive income – non-current denominated in JPY. If the NTD:JPY exchange rate appreciates/depreciates by 5%, with all other factors remaining constant, the Company's comprehensive income for the years ended December 31, 2019 and 2018 would increase/decrease by \$12,524 and \$10,036, respectively.

Price risk

- I. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- II. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. If the prices of these equity securities increase/decrease by 5%, with all other variables held constant, the post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$4,278 and \$4,284, 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 \$40,356 and \$32,231, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company 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 Company to fair value interest rate risk. For the years ended December 31, 2019 and 2018, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(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 on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.
- II. The Company manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.
- III. The Company adopts management of credit risk, whereby the default occurs when the contract payments are past due over certain number of days.
- IV. The Company assesses whether there has been a significant increase in credit risk on that instrument since initial recognition if the contract payments were past due over certain number of days based on the terms.
- V. The Company operates a chain of retail stores, thus the ratio of accounts receivable to total asset is low and the probability that accounts receivable cannot be received is low. For accounts receivable from other transactions, the Company manages individually and follow up regularly. The Company assesses credit impairment loss immaterial at December 31, 2019 and 2018.
- VI. The Company has no written-off financial assets that are still under recourse procedures on December 31, 2019 and 2018.

(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 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 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 no money market funds at December 31, 2019 and 2018, respectively.
- III. The Company has undrawn borrowing facilities beyond one year of \$9,096,726 and \$9,334,699 as of December 31, 2019 and 2018, respectively.
- IV. 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. Except for notes payable, accounts payable and other payables, whose contractual undiscounted cash flows are about to book value, maturing within one-year, the amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:				
December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	\$ 5,003,747	\$ -	\$ -	\$ -
Lease liabilities	7,213,130	7,045,969	6,676,250	26,254,781

Non-derivative financial liabilities:				
December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	\$ 6,003,262	\$ -	\$ -	\$ -

V. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. 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, 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 Company's investment in equity investments without an active market is included in Level 3.

B. Fair value information of the Company's investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

	December 31, 2019			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Guarantee deposit paid	\$ 1,372,992	\$ -	\$ -	\$ 1,352,512
Financial liabilities:				
Guarantee deposit received	\$ 2,730,126	\$ -	\$ -	\$ 2,701,736

	December 31, 2018			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Guarantee deposit paid	\$ 1,231,311	\$ -	\$ -	\$ 1,216,127
Financial liabilities:				
Guarantee deposit received	\$ 2,533,958	\$ -	\$ -	\$ 2,507,486

(b) Guarantee deposits paid/received are measured at fair value, which is calculated based on the discounted future cash flow.

D. 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:

(a) Classification according to the nature of assets and liabilities, relevant information is as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 85,565	\$ 85,565
Financial assets at fair value through other comprehensive income				
Equity securities	802,767	-	4,348	807,115
	<u>\$ 802,767</u>	<u>\$ -</u>	<u>\$ 89,913</u>	<u>\$ 892,680</u>
December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 85,683	\$ 85,683
Financial assets at fair value through other comprehensive income				
Equity securities	640,266	-	4,348	644,614
	<u>\$ 640,266</u>	<u>\$ -</u>	<u>\$ 90,031</u>	<u>\$ 730,297</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

I. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

II. 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, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2019 and 2018, 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, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 89,913	Market comparable companies	Price to book ratio multiplier	2.94	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 90,031	Market comparable companies	Price to book ratio multiplier	2.61	The higher the multiplier, the higher the fair value
		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. However, use of different valuation models or assumptions may result in different measurements. If net assets value from financial assets and liabilities categorised within Level 3 had increased or decreased by 1%, net income or other comprehensive income would not have been significantly impacted for the years ended December 31, 2019 and 2018.

13.SUPPLEMENTARY DISCLOSURES

(1)Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
- 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 2.
- 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 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to Table 5.

(2)Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 6.

(3)Information on investments in Mainland China

- A. Basic information: Please refer to Table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14.SEGMENT INFORMATION

None.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Table 1

December 31, 2019
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, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Stock:								
President Chain Store Corp.	President Investment Trust Corp.	Director of President Investment Trust Corp.	Financial assets at fair value through profit or loss – non-current	2,667,600	\$ 45,298	7.60	\$ 45,298	
President Chain Store Corp.	Career Consulting Co. Ltd.	None	"	837,753	14,546	5.37	14,546	
President Chain Store Corp.	Kaohsiung Rapid Transit Corp.	"	"	2,572,127	25,721	0.92	25,721	
President Chain Store Corp.	PK Venture Capital Corp.	Director of PK Venture Capital Corp.	"	321,300	-	6.67	-	
Mech-President Corp.	Yamay International Development Corp.	None	"	9	-	-	-	
President Chain Store Corp.	President Securities Corp.	Investees of Uni-President Enterprises Corp. under the equity method	Financial assets at fair value through other comprehensive income – non-current	38,221,259	552,297	2.79	552,297	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	250,470	0.56	250,470	
President Chain Store Corp.	Koasa Yamako Corp.	Director of Koasa Yamako Corp.	"	650,000	4,348	10.00	4,348	
Beneficiary certificates:								
Books.com. Co., Ltd.	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss – current	1,344,764	\$ 20,005	-	\$ 20,005	
Chieh Shun Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	6,846,847	93,009	-	93,009	
Chieh Shun Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	1,698,941	28,505	-	28,505	
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	19,527,436	300,000	-	300,000	
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	18,260,010	290,000	-	290,000	
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	15,898,378	200,000	-	200,000	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	12,514,539	170,000	-	170,000	
President Drugstore Business Corp.	Jih Sun Money Market Fund	"	"	1,680,379	25,000	-	25,000	
President Information Corp.	Prudential Financial Money Market Fund	"	"	4,187,088	66,498	-	66,498	
President Information Corp.	Jih Sun Money Market Fund	"	"	10,559,658	157,102	-	157,102	
President Information Corp.	UPAMC James Bond Money Market Fund	"	"	2,802,490	47,021	-	47,021	
President Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	736,692	10,007	-	10,007	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	864,391	14,503	-	14,503	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	109,545	1,630	-	1,630	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	1,464	20	-	20	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	19,990,627	273,000	-	273,000	

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 2

For the year ended December 31, 2019
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 at January 1, 2019		Addition		Disposal				Other increase (decrease)		Balance as at December 31, 2019	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Number of shares	Amount
Beneficiary certificates:																
Books.com. Co., Ltd.	Yuantz De-Li Money Market Fund	Note	Not applicable	Not applicable	1,843,148	\$ 30,008	43,579,059	\$ 710,000	45,422,207	\$ 740,300	\$ 740,000	\$ 300	-	(\$ 8)	-	\$ -
Books.com. Co., Ltd.	Jih Sun Money Market Fund	"	"	"	-	-	83,519,497	1,240,000	82,174,733	1,220,675	1,220,000	675	-	5	1,344,764	20,005
Chieh Shun Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	54,050,840	732,500	47,203,993	639,697	639,500	197	-	9	6,846,847	93,009
Chieh Shun Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	"	2,037,832	34,002	28,216,997	472,001	28,555,888	477,640	477,500	140	-	2	1,698,941	28,505
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	114,193,080	1,750,000	94,665,644	1,451,189	1,450,000	1,189	-	-	19,527,436	300,000
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	"	-	-	64,323,276	1,020,000	46,063,266	730,730	730,000	730	-	-	18,260,010	290,000
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	"	3,996,323	50,000	119,513,956	1,500,000	107,611,901	1,350,857	1,350,000	857	-	-	15,898,378	200,000
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	"	2,220,988	30,000	126,211,087	1,710,000	115,917,536	1,570,766	1,570,000	766	-	-	12,514,539	170,000
Uni-Wonder Corp.	Union Money Market Fund	"	"	"	15,170,478	200,000	43,882,697	580,000	59,053,175	780,458	780,000	458	-	-	-	-
Uni-Wonder Corp.	Nomura Taiwan Money Market Fund	"	"	"	-	-	26,959,349	440,000	26,959,349	440,130	440,000	130	-	-	-	-
President Drugstore Business Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	146,883,213	1,991,000	146,883,213	1,991,361	1,991,000	361	-	-	-	-
President Drugstore Business Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	67,110,185	1,028,000	67,110,185	1,028,158	1,028,000	158	-	-	-	-
President Information Corp.	Prudential Financial Money Market Fund	"	"	"	7,643,267	120,716	25,505,438	404,098	28,961,617	458,595	458,316	279	-	-	4,187,088	66,498
President Information Corp.	Jih Sun Money Market Fund	"	"	"	-	-	37,554,324	557,602	26,994,666	400,902	400,500	402	-	-	10,559,658	157,102
President Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	31,949,778	432,999	31,213,086	423,079	422,994	85	-	2	736,692	10,007
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	"	3,266,653	54,506	21,967,980	367,500	24,370,242	407,578	407,500	78	-	(3)	864,391	14,503
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	"	3,036,177	41,011	54,369,056	736,301	57,403,769	777,510	777,283	227	-	(9)	1,464	20
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	16,121,671	219,000	224,644,440	3,060,000	220,775,484	3,007,145	3,006,000	1,145	-	-	19,990,627	273,000

Note: The security was recognized as "Financial assets at fair value through profit or loss—current".

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 3

For the year ended December 31, 2019
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)	
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 15,787,494	15	Net 30-40 days from the end of the month when invoice is issued		No significant differences	(\$ 1,291,634)	(8)	
	Uni-President Superior Commissary Corp.	Subsidiary	"	3,863,554	4	Net 45 days from the end of the month when invoice is issued	"	"	(669,136)	(4)	
	Tung Ang Enterprises Corp.	Sister company	"	1,954,570	2	Net 30 days from the end of the month when invoice is issued	"	"	(152,061)	(1)	
	Lien-Bo Enterprises Corp.	"	"	668,520	1	Net 10-54 days from the end of the month when invoice is issued	"	"	(91,889)	(1)	
	Tait Marketing & Distribution Co., Ltd.	"	"	401,064	-	Net 20-70 days from the end of the month when invoice is issued	"	"	(75,268)	-	
	President Packaging Corp.	"	"	412,791	-	Net 15-60 days from the end of the month when invoice is issued	"	"	(71,064)	-	
	President Transnet Corp.	Subsidiary	"	304,485	-	Net 60 days from the end of the month when invoice is issued	"	"	(28,007)	-	
	Kuang Chuan Dairy Corp.	Other related party	"	583,267	1	Net 30-65 days from the end of the month when invoice is issued	"	"	(138,159)	(1)	
	Weilih Food Industrial Co., Ltd.	"	"	284,484	-	Net 30-60 days from the end of the month when invoice is issued	"	"	(35,120)	-	
	21 Century Co., Ltd.	Subsidiary	"	387,986	-	Net 30-60 days from the end of the month when invoice is issued	"	"	(77,274)	(1)	
	Mister Donut Taiwan Corp., Ltd.	Associate	"	141,949	-	Net 55-60 days from the end of the month when invoice is issued	"	"	(22,695)	-	
	President Pharmaceutical Corp.	Subsidiary	"	204,886	-	Net 60-70 days from the end of the month when invoice is issued	"	"	(66,115)	-	
	Kai Ya Food Co., Ltd.	Sister company	"	231,672	-	Net 40 days from the end of the month when invoice is issued	"	"	(84,501)	(1)	
	Q-ware Systems & Services Corp.	Subsidiary	"	626,267	1	Net 40 days from the end of the month when invoice is issued	"	"	(109,546)	(1)	
Capital Marketing Consultant Corp.	President Chain Store Corp.	Parent company	Service revenue	(197,577)	(66)	Net 45-60 days from the end of the month when invoice is issued	"	"	36,933	59	
Chieh Shun Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(680,779)	(38)	Net 40 days from the end of the month when invoice is issued	"	"	85,068	46	
	President Logistics International Corp.	Parent company	"	(1,047,554)	(59)	Net 20 days from the end of the month when invoice is issued	"	"	96,462	52	
President Transnet Corp.	Chieh Shun Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	680,779	7	Net 40 days from the end of the month when invoice is issued	"	"	(85,068)	(5)	
	President Chain Store Corp.	Parent company	Sales revenue	(304,485)	(56)	Net 60 days from the end of the month when invoice is issued	"	"	28,007	2	
Uni-Wonder Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	337,389	8	Net 30 days from the end of the month when invoice is issued	"	"	(35,298)	(6)	
	Tung Chan Enterprise Corp.	Other related party	"	1,103,134	25	Net 25 days from the end of the month when invoice is issued	"	"	(107,088)	(19)	
	Retail Support International Corp.	Subsidiary of President Chain Store Corp.	"	210,957	5	Net 30 days from the end of the month when invoice is issued	"	"	(19,079)	(3)	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(859,075)	(68)	Net 45 days from the end of the month when invoice is issued	"	"	124,774	58	

Parent Company Only Financial Statements and Report of Independent Accountants

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)	
President Logistics International Corp.	Chieft Shun Logistics International Corp.	Subsidiary	Service cost	\$ 1,047,554	34	Net 20 days from the end of the month when invoice is issued		No significant differences	(\$ 96,462)	(35)	
	Retail Support International Corp.	Parent company	Delivery revenue	(788,848)	(25)	Net 20 days from the end of the month when invoice is issued		"	74,892	24	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	(1,084,094)	(34)	Net 20 days from the end of the month when invoice is issued		"	97,129	31	
	Wisdom Distribution Service Corp.	"	"	(1,076,090)	(34)	Net 20 days from the end of the month when invoice is issued		"	112,939	36	
Retail Support International Corp.	Retail Support Taiwan Corp.	Subsidiary	Service cost	313,865	20	Net 15~20 days from the end of the month when invoice is issued		"	(25,648)	(17)	
	President Logistics International Corp.	"	"	788,848	49	Net 20 days from the end of the month when invoice is issued		"	(74,892)	(50)	
	Uni-Wonder Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(210,957)	(7)	Net 30 days from the end of the month when invoice is issued		"	19,079	9	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	"	Service cost	1,084,094	37	Net 20 days from the end of the month when invoice is issued		"	(97,129)	(2)	
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	"	1,076,090	45	Net 20 days from the end of the month when invoice is issued		"	(112,939)	(39)	
	Books.com. Co., Ltd.	"	Service revenue	(285,125)	(10)	Net 30 days from the end of the month when invoice is issued		"	24,585	38	
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	"	(626,267)	(67)	Net 40 days from the end of the month when invoice is issued		"	109,546	74	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	622,641	6	Net 70 days from the end of the month when invoice is issued		"	(25,490)	(1)	
President Pharmaceutical Corp.	President Drugstore Business Corp.	"	Sales revenue	(622,641)	(38)	Net 70 days from the end of the month when invoice is issued		"	25,490	7	
	President Chain Store Corp.	Parent company	"	(204,886)	(13)	Net 60~70 days from the end of the month when invoice is issued		"	66,115	18	
21 Century Co., Ltd.	President Chain Store Corp.	"	"	(387,986)	(38)	Net 30~60 days from the end of the month when invoice is issued		"	77,274	53	
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	"	(3,863,554)	(99)	Net 45 days from the end of the month when invoice is issued		"	669,136	100	
Retail Support Taiwan Corp.	Retail Support International Corp.	"	Delivery revenue	(313,865)	(83)	Net 15~20 days from the end of the month when invoice is issued		"	25,648	68	
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	"	"	(172,251)	(32)	Net 60 days from the end of the month when invoice is issued		"	38,473	50	
Shanghai President Logistic Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Subsidiary	Service cost	172,251	25	Net 60 days from the end of the month when invoice is issued		"	(38,473)	(37)	
Duskin Serve Taiwan Co., Ltd.	President Chain Store Corp.	Parent company	Service revenue	(276,434)	(21)	Net 15~60 days from the end of the month when invoice is issued		"	38,213	21	
ICASH Corp.	President Chain Store Corp.	"	"	(138,831)	(35)	Net 60 days from the end of the month when invoice is issued		"	32,379	58	
President Logistic ShanDong Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Subsidiary of President Chain Store Corp.	Delivery revenue	(116,221)	(99)	Net 30 days from the end of the month when invoice is issued		"	10,031	97	
Shan Dong President Yinzuo Commercial Limited	President Logistic ShanDong Co., Ltd.	"	Service cost	116,221	5	Net 30 days from the end of the month when invoice is issued		"	(10,031)	(2)	
Shanghai President Logistic Co., Ltd.	President Chain Store (Shanghai) Ltd.	"	Delivery revenue	(108,467)	(13)	Net 58 days from the end of the month when invoice is issued		"	9,218	7	
President Chain Store (Shanghai) Ltd.	Shanghai President Logistic Co., Ltd.	"	Service cost	108,467	10	Net 58 days from the end of the month when invoice is issued		"	(9,218)	(7)	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

Table 4

December 31, 2019
Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	\$ 669,136	5.98	\$ -	none	\$ 668,833	\$ -
President Information Corp.	President Chain Store Corp.	"	124,774	4.67	-	"	68,676	-
President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary of President Chain Store Corp.	112,939	9.96	-	"	102,410	-
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	109,546	5.78	-	"	109,542	-

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES Significant inter-company transactions during the reporting periods

Table 5

For the year ended December 31, 2019
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.	Books.com. Co., Ltd.	Parent company to subsidiary	Other operating revenue	(\$ 162,669)	Net 60 days from the end of the month when invoice is issued	0.06
0	President Chain Store Corp.	President Transnet Corp.	Parent company to subsidiary	Other operating revenue	(161,501)	Net 60 days from the end of the month when invoice is issued	0.06
1	Uni-President Cold-Chain Corp.	President Chain Store Corp.	Subsidiary to parent company	Other operating revenue	(371,757)	Net 20 days from the end of the month when invoice is issued	0.15
2	Capital Marketing Consultant Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(197,577)	Net 45~60 days from the end of the month when invoice is issued	0.08
3	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(859,075)	Net 45 days from the end of the month when invoice is issued	0.34
3	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	124,774	Net 45 days from the end of the month when invoice is issued	0.06
4	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(626,267)	Net 40 days from the end of the month when invoice is issued	0.24
4	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	109,546	Net 40 days from the end of the month when invoice is issued	0.06
5	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(3,863,554)	Net 45 days from the end of the month when invoice is issued	1.51
5	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	669,136	Net 45 days from the end of the month when invoice is issued	0.34
6	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(622,641)	Net 70 days from the end of the month when invoice is issued	0.24
6	President Pharmaceutical Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(204,886)	Net 60~70 days from the end of the month when invoice is issued	0.08
7	President Transnet Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(304,485)	Net 60 days from the end of the month when invoice is issued	0.12
8	Chieh Shun Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	(1,047,554)	Net 20 days from the end of the month when invoice is issued	0.41
8	Chieh Shun Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	(680,779)	Net 40 days from the end of the month when invoice is issued	0.27
9	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(788,848)	Net 20 days from the end of the month when invoice is issued	0.31
9	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	(1,084,094)	Net 20 days from the end of the month when invoice is issued	0.42
9	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	(1,076,090)	Net 20 days from the end of the month when invoice is issued	0.42
9	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Accounts receivable	112,939	Net 20 days from the end of the month when invoice is issued	0.06
10	Duskin Serve Taiwan Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(276,434)	Net 15~60 days from the end of the month when invoice is issued	0.11
11	21 Century Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(387,986)	Net 30~60 days from the end of the month when invoice is issued	0.15
12	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Service revenue	(285,125)	Net 30 days from the end of the month when invoice is issued	0.11
13	Retail Support Taiwan Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(313,865)	Net 15~20 days from the end of the month when invoice is issued	0.12
14	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	Subsidiary to subsidiary	Delivery revenue	(172,251)	Net 60 days from the end of the month when invoice is issued	0.07
15	ICASH Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(138,831)	Net 60 days from the end of the month when invoice is issued	0.05

Parent Company Only Financial Statements and Report of Independent Accountants

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
16	Retail Support International Corp.	Uni-Wonder Corp.	Subsidiary to subsidiary	Delivery revenue	(\$ 210,957)	Net 30 days from the end of the month when invoice is issued	0.08
17	President Logistic ShanDong Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Subsidiary to subsidiary	Delivery revenue	(116,221)	Net 30 days from the end of the month when invoice is issued	0.05
18	Shanghai President Logistic Co., Ltd.	President Chain Store (Shanghai) Ltd.	Subsidiary to subsidiary	Delivery revenue	(108,467)	Net 58 days from the end of the month when invoice is issued	0.04

Note: Transaction among the company and subsidiaries with amount over NTD\$100,000, only one side of the transactions are disclosed.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Names, locations and other information of investee companies (not including investees in Mainland China)

Table 6

For the year ended December 31, 2019
Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	\$ 6,712,138	\$ 6,712,138	171,589,586	100.00	\$26,348,522	\$ 1,105,919	\$ 1,105,919	Subsidiary
President Chain Store Corp.	President Drugstore Business Corp.	Taiwan	Sales of cosmetics, medicines and daily items	288,559	288,559	78,520,000	100.00	1,432,449	320,671	320,671	Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,634,536	599,834	419,884	Subsidiary
President Chain Store Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	904,475	904,475	55,858,815	80.87	702,347	106,216	85,898	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	743,725	189,810	139,966	Subsidiary
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	543,179	265,132	185,592	Subsidiary
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	484,058	18,574	16,716	Subsidiary
President Chain Store Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	237,437	237,437	23,605,042	60.00	679,859	353,843	212,306	Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	493,788	75,175	64,651	Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	390,054	80,156	69,542	Subsidiary
President Chain Store Corp.	Wisdom Distribution Service Corp.	Taiwan	Logistics and storage of publication and e-commerce	50,000	50,000	10,847,421	100.00	454,125	272,543	272,543	Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	398,293	379,594	189,890	Subsidiary
President Chain Store Corp.	President Lanyang Art Corporation	Taiwan	Art and cultural exhibition	20,000	20,000	2,000,000	100.00	25,120	120	120	Subsidiary
President Chain Store Corp.	Duskin Serve Taiwan Co., Ltd.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	201,317	145,830	74,373	Subsidiary
President Chain Store Corp.	ICASH Corp.	Taiwan	Electronic ticketing services	700,000	500,000	70,000,000	100.00	567,243	12,876	12,876	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	764,191	156,197	31,239	Note 1
President Chain Store Corp.	Uni-Wonder Corp.	Taiwan	Coffee chain store	3,286,206	3,286,206	21,382,674	60.00	5,164,559	640,378	291,031	Subsidiary
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	178,147	205,652	51,413	Subsidiary
President Chain Store Corp.	Presicare Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	145,172,360	19.50	5,723,198	1,812,443	353,425	Note 1
President Chain Store Corp.	President Fair Development Corp.	Taiwan	Operation of shopping mall, department store, international trade, etc.	3,191,700	3,191,700	190,000,000	19.00	2,039,406	290,953	55,281	Note 1
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	459,696	672,885	22,029	Note 1
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	106,384	(66,331)	(8,265)	Note 1
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	637,231	637,231	6,500,000	100.00	80,362	6,464	6,464	Subsidiary
President Chain Store Corp.	Capital Marketing Consultant Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	67,401	40,210	40,210	Subsidiary
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	64,706	2,289	2,110	Subsidiary
President Chain Store Corp.	President Chain Store Corporation Insurance Brokers Co., Ltd.	Taiwan	Life and property insurance	213,000	213,000	1,500,000	100.00	27,568	10,746	10,746	Subsidiary
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	6,133	15,423	15,423	Subsidiary
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	170,000	170,000	1,500,000	100.00	(33,462)	8,767	8,767	Subsidiary
President Chain Store Corp.	21 Century Co., Ltd.	Taiwan	Operation of chain restaurants	160,680	160,680	10,000,000	100.00	86,391	50,117	50,117	Subsidiary
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	35,648	35,648	9,800	100.00	81,783	6,227	6,227	Subsidiary
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	(44,826)	(13,275)	(13,275)	Subsidiary
President Chain Store Corp.	President Collect Service Corp.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	84,225	91,615	64,132	Subsidiary
President Chain Store Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	-	147,900	-	-	-	-	-	Subsidiary
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	200,000	200,000	7,500,049	50.00	100,768	31,471	14,613	Note 1
President Chain Store Corp.	Uni-President Organics Corp.	Taiwan	Health care products and organic food	47,190	47,190	1,833,333	36.67	41,430	24,020	8,807	Note 1

Parent Company Only Financial Statements and Report of Independent Accountants

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	\$ 7,500	\$ 7,500	750,000	15.00	\$ 20,866	\$ 26,075	\$ 3,869	Note 1
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	593	1	1	Subsidiary of a subsidiary
Mech-President Corp.	Tong Ching Corporation	Taiwan	Gas station	9,600	9,600	960,000	60.00	24,729	12,583	7,550	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Cayman Islands	Professional investment	-	156,138	-	-	-	(3,255)	(3,255)	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	22,185	22,185	740,000	7.80	5,474	2,289	179	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia	Professional investment	874,317	874,317	29,163,337	100.00	2,529,852	424,830	424,830	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,669,592	4,669,592	134,603,354	100.00	4,156,038	78,069	109,818	Subsidiary of a subsidiary
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	873,477	873,477	394,970,516	52.22	2,528,945	862,749	445,176	Subsidiary of a subsidiary
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Taiwan	Trucking	180,000	180,000	26,670,000	100.00	326,575	33,663	33,663	Subsidiary of a subsidiary
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Hong Kong	Sales of various health care products, cosmetics, and pharmaceuticals	178,024	178,024	5,935,900	100.00	60,236	(12,758)	(12,758)	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	-	-	379,594	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	265,132	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	-	106,216	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	75,175	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	599,834	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	80,156	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co., Ltd.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	145,830	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	-	-	1	-	-	189,810	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	-	-	1	-	-	31,471	-	Note 1
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	18,574	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	-	-	353,843	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	-	-	205,652	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Collect Service Corp.	Taiwan	Collection agent	-	-	1	-	-	91,615	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	-	-	-	-	-	-	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	British Virgin Islands	Professional investment	60,374	60,374	2,000,000	100.00	63,018	2,893	2,893	Subsidiary of a subsidiary
Retail Support International Corp.	Retail Support Taiwan Corp.	Taiwan	Room-temperature logistics and warehousing	15,300	15,300	2,871,300	51.00	76,789	45,447	23,178	Subsidiary of a subsidiary
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	168,876	81,573	39,971	Subsidiary of a subsidiary
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	5,425	5,425	1,161,000	6.00	20,679	81,573	4,894	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	86,161	81,573	20,393	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	British Virgin Islands	Professional investment	87,994	87,994	2,990	100.00	97,736	10,968	10,968	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	18,850	18,850	3,870,000	20.00	68,929	81,573	16,315	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Taiwan	Publishing Industry	-	-	-	-	-	-	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Convenience Distribution Inc.	Philippines	Logistics and warehousing	26,633	26,633	4,500,000	100.00	26,633	29,260	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	28,848	28,848	40,000	100.00	28,848	918	-	Subsidiary of a subsidiary

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES

Information on investments in Mainland China

Table 7

For the year ended December 31, 2019
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, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	\$ -	Note 1	\$ 155,014	\$ -	\$ -	\$ 155,014	(\$ 11)	-	(\$ 11)	\$ -	\$ -	Note 2
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	430,549	Note 1	282,330	-	-	282,330	2,400	100.00	2,383	69,520	-	Note 2
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,152,745	Note 1	2,316,779	-	-	2,316,779	39,455	100.00	39,455	103,731	-	Note 2
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	59,960	Note 1	59,960	-	-	59,960	81,169	100.00	81,169	477,450	-	Note 2
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	958,159	Note 1	981,516	-	-	981,516	(307)	100.00	(307)	45,630	-	Note 2
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	-	Note 1	532,935	-	-	532,935	(565)	-	(582)	-	-	Note 2
Shan Dong President Yinzuo Commercial Limited	Supermarkets	258,329	Note 1	122,269	-	-	122,269	(2,988)	55.00	11,501	187,281	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	168,591	Note 1	168,591	-	-	168,591	(8,353)	73.74	(6,160)	21,879	55,794	Note 2
Zhejiang Uni-Champion Logistics Development Co., Ltd. Co., Ltd.	Logistics and warehousing	172,220	Note 1	169,483	-	-	169,483	22,943	80.00	24,113	156,194	25,553	Note 2
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	450	Note 1	-	-	-	-	(2)	50.03	(1)	16	-	Note 2
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	258,329	Note 1	258,329	-	-	258,329	32,980	100.00	32,980	350,970	-	Note 2
President Logistic ShanDong Co., Ltd.	Logistics and warehousing	215,275	Note 1	215,275	-	-	215,275	1,979	100.00	2,427	195,509	-	Note 2
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	602,769	Note 1	602,769	-	-	602,769	(111,787)	100.00	(111,787)	290,607	-	Note 2
Beauty Wonder (Zhejiang) Trading Co., Ltd.	Sales of cosmetics and daily items	129,165	Note 1	129,165	-	-	129,165	(34,903)	100.00	(34,903)	75,992	-	Note 2

Note 1: Indirect investment in PRC through the existing company located in the third area.
Note 2: The financial statements were reviewed by the CPA of parent company in Taiwan.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	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.	\$ 4,621,058	\$ 8,258,690	\$ 27,136,391
President Pharmaceutical Corp.	168,591	168,591	475,937
Uni-President Cold-Chain Corp.	88,963	88,963	667,534
Ren-Hui Investment Corp.	51,664	51,664	80,000

PRESIDENT CHAIN STORE CORP. STATEMENT OF CASH AND CASH EQUIVALENTS

Statement 1		DECEMBER 31, 2019 Expressed in thousands of NTD
Item	Description	Amount
Petty cash in store		\$ 898,234
Demand deposits and checking accounts		4,601,172
Cash equivalents		
Time deposits – New Taiwan dollar	Due dates are March 2020, and interest rates are at 0.8%.	500,000
Short-term financial instruments	Due dates are within one month, and interest rates are at 0.45%~0.53%.	4,698,472
		<u>\$ 10,697,878</u>

PRESIDENT CHAIN STORE CORP. STATEMENT OF INVENTORIES

STATEMENT OF INVENTORIES

DECEMBER 31, 2019

Statement 2

Expressed in thousands of NTD

Item	Description	Amount		Footnote
		Cost	Market value	
Merchandise		\$ 8,079,200	\$ 9,111,667	The net realizable value is the market value.
Less: Allowance for valuation loss		(42,834)		
		\$ 8,036,366		

PRESIDENT CHAIN STORE CORP. STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT

Statement 3		FOR THE YEAR ENDED DECEMBER 31, 2019 Expressed in thousands of NTD							
Name	Balance as of January 1, 2019		Additions		Decreases		Balance as of December 31, 2019		Collateral
	Number of shares	Book value	Number of shares	Amount	Number of shares	Amount	Number of shares	Book value	
Listed stocks									
President Securities Corp.	38,221,259	\$ 140,534	-	\$ -	-	\$ -	38,221,259	\$ 140,534	None
Duskin Co., Ltd.	300,000	125,072	-	-	-	-	300,000	125,072	"
Unlisted stocks									
Koasa Yamako Corp.	650,000	4,348	-	-	-	-	650,000	4,348	"
Subtotal		269,954		-		-		269,954	
Valuation adjustment									
		374,660		162,501		-		537,161	
		<u>\$ 644,614</u>		<u>\$ 162,501</u>		<u>\$ -</u>		<u>\$ 807,115</u>	

**PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR
LOSS – NON-CURRENT**

FOR THE YEAR ENDED DECEMBER 31, 2019
Expressed in thousands of NTD

Statement 4

Name	Balance as of January 1, 2019		Additions		Decreases		Balance as of December 31, 2019		Collateral
	Number of shares	Book value	Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Book value	
Unlisted stocks									
PK Venture Capital Corp.	321,300	\$ 33,685	-	\$ -	-	\$ -	321,300	\$ 33,685	None
Kaohsiung Rapid Transit Corp.	2,572,127	203,714	-	-	-	-	2,572,127	203,714	"
Career Consulting Co. Ltd	837,753	14,664	-	-	-	(118)	837,753	14,546	"
President Investment Trust Corp.	2,667,600	22,800	-	-	-	-	2,667,600	22,800	"
Subtotal		274,863		-		(118)		274,745	
Valuation adjustment		(189,180)		-		-		(189,180)	
		<u>\$ 85,683</u>		<u>\$ -</u>		<u>(\$ 118)</u>		<u>\$ 85,565</u>	

Note: The amount decreased this year due to cash dividends paid from capital surplus and distributed by investees.

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 5

Expressed in thousands of NTD

Name	Balance as of January 1, 2019		Additions (Note 1)		Decreases (Note 2)		Other Adjustments (Note 3)	Balances as of December 31, 2019			Market price or Equity of subsidiaries and Associates		Collateral
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		Number of shares	Percentage of ownership	Amount	Unit price	Total price	
President Chain Store (BVI) Holdings Ltd.	171,589,586	\$ 25,850,474	-	\$ 1,105,919	-	\$ -	(\$ 607,871)	171,589,586	100.00	\$ 26,348,522	\$ 153.56	\$ 26,348,522	None
President Drugstore Business Corp.	78,520,000	1,367,838	-	320,671	-	-	(256,060)	78,520,000	100.00	1,432,449	18.24	1,432,449	"
President Transnet Corp.	103,496,399	1,518,487	-	419,884	-	-	(303,835)	103,496,399	70.00	1,634,536	15.61	1,615,694	"
Mech-President Corp.	55,858,815	694,277	-	85,898	-	-	(77,828)	55,858,815	80.87	702,347	12.57	702,347	"
President Pharmaceutical Corp.	22,121,962	756,001	-	139,966	-	-	(152,242)	22,121,962	73.74	743,725	26.44	584,926	"
Uni-President Department Store Corp.	27,999,999	566,145	-	185,592	-	-	(208,558)	27,999,999	70.00	543,179	19.40	543,179	"
Uni-President Superior Commissary Corp.	48,519,890	467,659	-	16,716	-	-	(317)	48,519,890	90.00	484,058	9.98	484,058	"
Uni-President Cold-Chain Corp.	23,605,042	645,440	-	212,306	-	-	(177,887)	23,605,042	60.00	679,859	28.28	667,534	"
President Information Corp.	25,714,475	489,299	-	64,651	-	-	(60,162)	25,714,475	86.00	493,788	14.97	384,947	"
Q-ware Systems & Services Corp.	24,382,921	372,945	-	69,542	-	-	(52,433)	24,382,921	86.76	390,054	15.46	376,902	"
Wisdom Distribution Service Corp.	10,847,421	506,392	-	272,543	-	-	(324,810)	10,847,421	100.00	454,125	41.86	454,125	"
Books.com. Co., Ltd.	9,999,999	417,935	-	189,890	-	-	(209,532)	9,999,999	50.03	398,293	39.83	398,293	"
Duskin Serve Taiwan Co., Ltd.	10,199,999	194,788	-	74,373	-	-	(67,844)	10,199,999	51.00	201,317	19.74	201,317	"
ICASH Corp.	50,000,000	356,073	20,000,000	212,876	-	-	(1,706)	70,000,000	100.00	567,243	8.10	567,243	"
Uni-President Development Corp.	72,000,000	753,904	-	31,239	-	-	(20,952)	72,000,000	20.00	764,191	10.61	764,191	"
Uni-wonder Corp.	21,382,674	5,289,524	-	291,031	-	-	(415,996)	21,382,674	60.00	5,164,559	30.07	643,066	"
Retail Support International Corp.	6,429,999	174,830	-	51,413	-	-	(48,096)	6,429,999	25.00	178,147	26.31	169,161	"
PresiCarre Corp.	130,801,027	5,518,380	14,371,333	353,425	-	-	(148,607)	145,172,360	19.50	5,723,198	19.33	2,805,799	"
President Fair Development Corp.	190,000,000	1,984,125	-	55,281	-	-	-	190,000,000	19.00	2,039,406	9.83	1,866,872	"
President International Development Corp.	44,100,000	461,328	-	22,029	-	-	(23,661)	44,100,000	3.33	459,686	10.69	471,275	"
Tung Ho Development Corp.	19,930,000	114,755	-	-	-	(8,265)	(106)	19,930,000	12.46	106,384	5.34	106,384	"
Mister Donut Taiwan Co., Ltd.	7,500,049	107,879	-	14,613	-	-	(21,724)	7,500,049	50.00	100,768	13.44	100,768	"
President Collect Service Corp., etc.	-	485,924	-	216,992	-	(54,932)	(140,287)	-	-	507,697	-	507,697	"
		<u>\$ 49,094,402</u>		<u>\$ 4,406,850</u>		<u>(\$ 63,197)</u>	<u>(\$ 3,320,514)</u>			<u>\$ 50,117,541</u>		<u>\$ 42,196,749</u>	

Note 1: The additions this year includes recognized gains on investments of \$4,206,850 and increase in investments of \$200,000.

Note 2: The decreases this year includes recognized losses on investments of (\$21,540) and liquidation on subsidiary of (\$41,657)

Note 3: Other adjustments are cash dividends of (\$2,686,166), financial statements translation differences of foreign operations of (\$590,079), loss on remeasurement of defined benefit plan of (\$49,512), changes in fair value of financial assets at fair value through other comprehensive income of \$4,653 and others of \$590

PRESIDENT CHAIN STORE CORP. **STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 6

Expressed in thousands of NTD

Item	Balance as of January 1, 2019	Effect of adoption of IFRS 16	Adjusted beginning balance	Additions	Disposals	Reclassifications	Balance as of December 31, 2019	Collateral	Footnote
Cost									
Land	\$ 1,564,223	\$ -	\$ 1,564,223	\$ -	\$ -	(\$ 18,757)	\$ 1,545,466	None	
Buildings	973,001	-	973,001	-	-	(4,802)	968,199	"	
Operating equipment	13,563,007	-	13,563,007	2,530,739	(1,725,958)	-	14,367,788	"	
Leasehold improvements	8,250,964	(323,618)	7,927,346	1,305,220	(583,094)	-	8,649,472	"	
Others	12,121	-	12,121	14,473	-	-	26,594	"	
	<u>24,363,316</u>	<u>(323,618)</u>	<u>24,039,698</u>	<u>\$ 3,850,432</u>	<u>(\$ 2,309,052)</u>	<u>(\$ 23,559)</u>	<u>25,557,519</u>		
Accumulated depreciation									
Buildings	(333,094)	-	(333,094)	(\$ 19,153)	\$ -	\$ 1,889	(350,358)	"	
Operating equipment	(9,324,473)	-	(9,324,473)	(1,322,746)	1,486,367	-	(9,160,852)	"	
Leasehold improvements	(5,322,522)	156,348	(5,166,174)	(817,470)	518,702	-	(5,464,942)	"	
Others	(8,575)	-	(8,575)	(876)	-	-	(9,451)	"	
	<u>(14,988,664)</u>	<u>156,348</u>	<u>(14,832,316)</u>	<u>(\$ 2,160,245)</u>	<u>\$ 2,005,069</u>	<u>\$ 1,889</u>	<u>(14,985,603)</u>		
Accumulated impairment	(260,433)	-	(260,433)	\$ -	\$ 166,220	\$ -	(94,213)		
Book value	<u>\$ 9,114,219</u>	<u>(\$ 167,270)</u>	<u>\$ 8,946,949</u>				<u>\$ 10,477,703</u>		

PRESIDENT CHAIN STORE CORP. **STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS**

FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 7

Expressed in thousands of NTD

Item	Balance as of January 1, 2019	Additions	Disposals	Balance as of December 31, 2019	Footnote
Buildings					
Costs	\$ 27,449,550	\$ 24,947,745	(\$ 1,608,000)	\$ 50,789,295	
Accumulated depreciation	(156,348)	(6,826,103)	566,648	(6,415,803)	
Book value	<u>\$ 27,293,202</u>	<u>\$ 18,121,642</u>	<u>(\$ 1,041,352)</u>	<u>\$ 44,373,492</u>	

PRESIDENT CHAIN STORE CORP. **STATEMENT OF SHORT-TERM BORROWINGS**

DECEMBER 31, 2019

Statement 8

Expressed in thousands of NTD

Type of borrowings	Explanation	Balance as of December 31, 2019	Contract period	Interest rate range	Collateral	Footnote
Credit loan	HSBC Bank (Taiwan) Limited	\$ 1,900,000	2019/12/3~2020/3/6	0.65%	None	
"	Sumitomo Mitsui Banking Corp.	1,410,000	2019/12/3~2020/3/6	0.67%	"	
"	MUFG Bank, Ltd.	690,000	2019/12/3~2020/1/6	0.65%	"	
"	CTBC Commercial Bank Co., Ltd.	1,000,000	2019/12/3~2020/3/6	0.65%	"	
		<u>\$ 5,000,000</u>				

**PRESIDENT CHAIN STORE CORP.
STATEMENT OF LEASE LIABILITIES**

Statement 9

DECEMBER 31, 2019
Expressed in thousands of NTD

Item	Summary	Lease period	Discount rate range	Balance as of December 31, 2019	Footnote
Buildings	Current	2007/1/1~2039/1/14	0.87%~1.03%	\$ 6,950,425	
"	Non-Current	2007/1/1~2039/1/14	"	37,780,192	
				<u>\$ 44,730,617</u>	

**PRESIDENT CHAIN STORE CORP.
STATEMENT OF OPERATING REVENUE**

Statement 10

FOR THE YEAR ENDED DECEMBER 31, 2019
Expressed in thousands of NTD

Item	Amount	Footnote
Revenue from contracts with customers	\$ 158,031,567	Revenue are from sales of general merchandise such as food, cans, beverages and daily commodities, etc., and commission revenue from collections, etc.

**PRESIDENT CHAIN STORE CORP.
STATEMENT OF OPERATING COSTS**

Statement 11

FOR THE YEAR ENDED DECEMBER 31, 2019
Expressed in thousands of NTD

Item	Amount
Inventory at beginning of the year	\$ 8,020,368
Inventory purchased	101,848,142
Compensation for damaged merchandise	(341,136)
Promotion income	(597,012)
Inventory at end of the year	(8,036,366)
Others	2,960,136
Operating costs	<u>\$ 103,854,132</u>

**PRESIDENT CHAIN STORE CORP.
STATEMENT OF SELLING EXPENSES**

Statement 12

FOR THE YEAR ENDED DECEMBER 31, 2019
Expressed in thousands of NTD

Item	Amount
Incentive bonuses for franchisees	\$ 21,822,920
Wages and salaries	3,645,360
Utilities expense	2,282,584
Depreciation	8,986,348
Other expenses	5,925,054
	<u>\$ 42,662,266</u>

**PRESIDENT CHAIN STORE CORP.
STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION EXPENSES BY
FUNCTION**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
Expressed in thousands of NTD

By nature \ By function	2019			2018		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ -	\$ 5,870,712	\$ 5,870,712	\$ -	\$ 5,831,681	\$ 5,831,681
Labor and health insurance fees	-	477,863	477,863	-	461,590	461,590
Pension costs	-	268,017	268,017	-	274,112	274,112
Directors' remuneration	-	199,553	199,553	-	204,485	204,485
Other employee benefit expenses	-	346,301	346,301	-	359,387	359,387
Depreciation	-	8,986,348	8,986,348	-	2,096,300	2,096,300
Amortization	-	55,700	55,700	-	92,846	92,846

Note1: As of December 31, 2019 and 2018, the Company had 8,430 and 8,106 employees (including part-timers), including 10 directors, respectively.

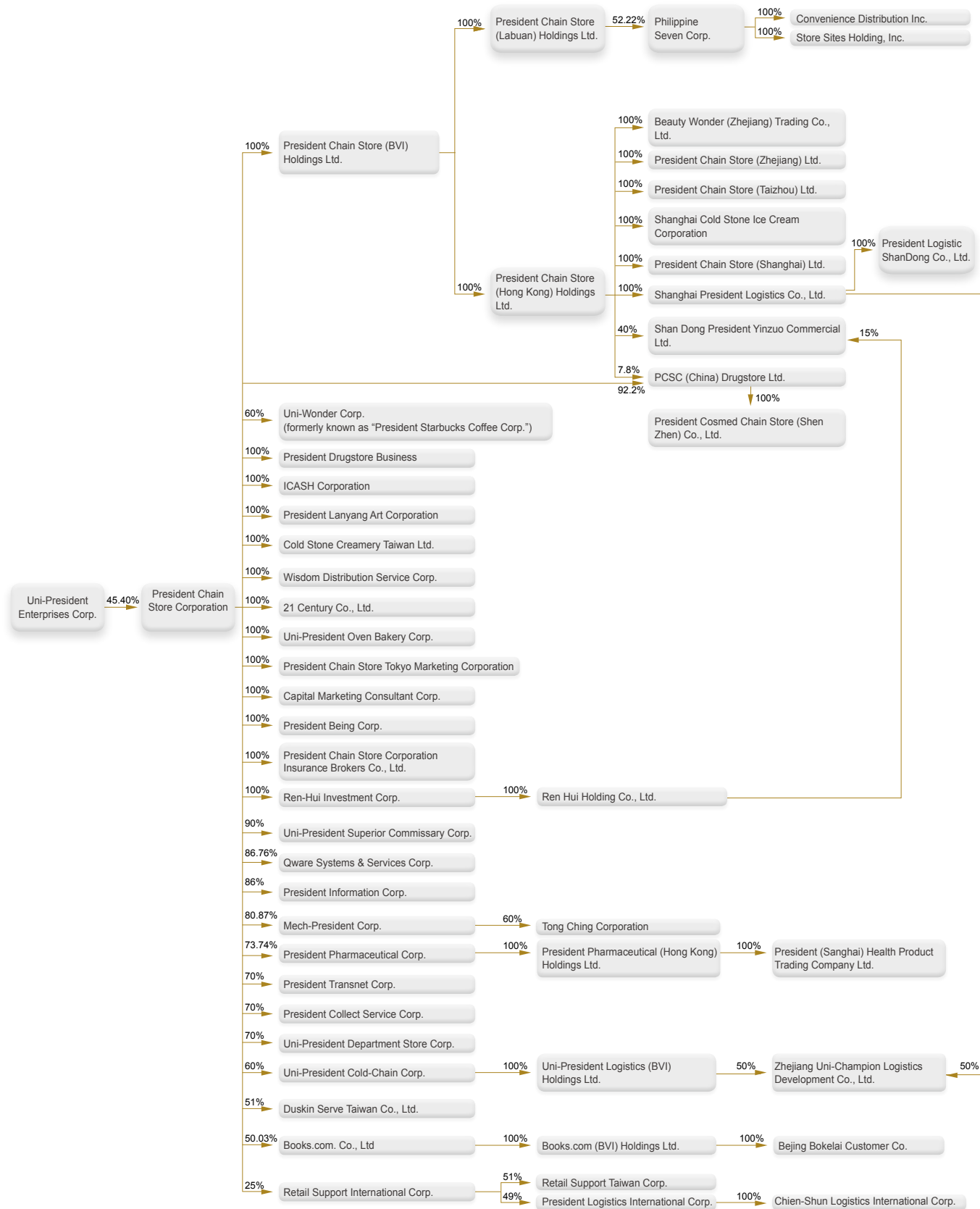
Note2: For the years ended December 31, 2019 and 2018, the Company's average employee benefit expense was \$827 and \$856, respectively; while average wages and salaries was \$697 and \$720, respectively. For the year ended December 31, 2019, the Company's change in average wages and salaries was (3.19%).

Appendix Consolidated Business Reports of Affiliated Companies

7.1 Affiliated Companies Conditions

As of December 31, 2019

7.1.1 Organizational chart



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, 2019/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	17,159,000	Professional investments
PCSC (China) Drugstore Limited	Feb. 16, 2004	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	9,486,000	Professional investments
Uni-Wonder Corporation	Nov. 03, 1997	8F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan		356,378	Retailer of coffee, beverage, and food
President Drugstore Business Corp.	Jul. 27, 1995	7F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan		785,200	Selling of drugs and cosmetics
ICASH Corporation	Nov. 19, 2013	3F, No.101, Ruihu St., Neihu Dist., Taipei City, Taiwan		700,000	Electronic ticketing services
President Lanyang Art Corporation	Jun. 07, 2004	8F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan		20,000	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	Selling of ice cream
Wisdom Distribution Service Corp.	Jan. 11, 1999	No.70-1, Sec. 2, Jiayuan Rd., Shulin Dist., New Taipei City, Taiwan		108,474	Logistic and storage of publication and e-commerce
21 Century Co., Ltd.	Nov. 18, 1995	4F., No.50, Ln. 258, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan		100,000	Restaurant and sales of goods
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	SOYIC bldg. 4F 3-11 Nihonbashi koami-cho, Chuo-ku, Tokyo 103-0016, Japan	JPY	98,000,000	Trade and management consulting
Capital Marketing Consultant Corp.	Apr. 13, 1998	8F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan		25,000	Management consulting
President Being Corp.	Apr. 08, 2003	B1, No.149, Sec.5, Minsheng E. Rd., Songshan Dist., Taipei City, Taiwan		15,000	Sports and beauty business
President Chain Store Corporation Insurance Brokers Co., Ltd.	Oct. 05, 2006	5F, No.135, Sec. 4, Bade Rd., Songshan Dist., Taipei City, Taiwan		15,000	Insurance brokers
Ren-Hui Investment Corp.	Dec. 20, 1996	8F, No.8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan		65,000	Professional investments
Uni-President Superior Commissary Corp.	Mar. 11, 1999	No.16, Zhongxing Rd., Tucheng Dist., New Taipei City, Taiwan		539,110	Fresh food manufacture
Qware 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
Mech-President Corp.	Dec. 09, 1991	No. 67, Huan Kung Rd., Yung Kang Dist., Tainan City, Taiwan		690,713	Gas station, installment and 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 trucking
President Collect Service Corp.	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		393,417	Logistic and storage of cold temperature
Duskin Serve Taiwan Co., Ltd.	Oct. 28, 1994	8F, No. 8, Tung Hsing Rd., Songshan Dist., Taipei City, Taiwan		200,000	Selling and rent of cleaning instruments
Books.com. Co., Ltd.	Dec. 27, 1995	12F, No.560, Sec. 4, Zhongxiao E. Rd., Xinyi Dist., Taipei City, Taiwan		199,900	Online retailer

Company	Date of incorporation	Address	Paid-in Capital		Major Business / Production Items
Retail Support International Corporation	Aug. 13, 1990	7F, No.560, Sec.4, Zhong Xiao E. Rd., Xinyi Dist., Taipei City, Taiwan		257,200	Logistic and storage of room temperature
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	29,163,000	Professional investments
Philippine Seven Corp.	Nov. 23, 1982	7/F The Columbia Tower, Ortigas Avenue, Mandaluyong City, Manila, Philippine	PHP	757,105,000	Convenience store
Convenience Distribution Inc.	Sep. 17, 1998	8001F ,Lagaspi St. Brgy, Maybunga, Pasig City, Manila, Philippine	PHP	45,000,000	Logistic and storage
Store Sites Holding, Inc.	Nov. 09, 2000	7/F The Columbia Tower, Ortigas Avenue, Mandaluyong City, Manila, Philippine	PHP	48,742,000	Professional investments
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	134,603,000	Professional investments
Beauty Wonder (Zhejiang) Trading Co., Ltd.	Apr. 12, 2018	Room 205, No.29, Building 8, Yuewang New Village, Shangcheng District, Hangzhou City, Zhejiang Province, China	RMB	30,000,000	Selling of drugs and cosmetics
President Chain Store (Zhejiang) Ltd.	May. 08, 2017	Room B102-103-1, Building 3, Qianjiang International Time Square, Jianggan Dist., Hangzhou City, Zhejiang Province, China	RMB	140,000,000	Convenience store
President Chain Store (Taizhou) Ltd.	Nov. 27, 2015	South of Innovation Dadao, Gaixin Technology Industries Park, Gaogang Dist., Taizhou City, Jiangsu Province, China	RMB	60,000,000	Logistic and storage
Shanghai Cold Stone Ice Cream Corporation	May. 28, 2007	Block A, Room 337, Building 1, No.103, Nantangbang Road, Huangpu Dist., Shanghai, China	RMB	222,544,000	Selling of ice cream
President Chain Store (Shanghai) Ltd.	Feb. 03, 2009	No.45-47, Mengzi Rd, Huangpu Dist., Shanghai, China	RMB	500,000,000	Convenience store
Shanghai President Logistics Co., Ltd.	Apr. 15, 2009	Building 18, No.22, Min Yi Rd., Songjiang Dist., Shanghai, China	USD	2,000,000	Logistic and storage
President Logistic ShanDong Co., Ltd.	Nov. 21, 2016	No.301, Tong Yi Street, JiBei Development Zone, JiYang County, JiNan City, ShanDong Province, China	RMB	50,000,000	Logistic and storage
Ren Hui Holding Co., Ltd.	Apr. 12, 2017	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	USD	2,000,000	Professional investments
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	Supermarket
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	Wholesaling and retailing of goods
Tong Ching Corporation	Jul. 04, 2003	No.138, 37th Neighborhood, Huandao N. Rd., Ximen Vil., Jincheng Township, Kinmen County, Taiwan		16,000	Gas station
President Pharmaceutical (Hong Kong) Holdings Limited	Feb. 25, 2009	703A, 7/F, Golden Centre, 188 Des Voeux Road Central, Sheung Wan, Hong Kong	USD	5,936,000	Selling of health care products, 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	RMB	39,157,000	Selling of health care products, drugs and cosmetics
Uni-President Logistics (BVI) Holdings Limited	Mar. 14, 2007	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	2,991,000	Professional investments
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Dec. 26, 2007	3PL Warehouse, Building 10, No.27 and No.29, Jiuquan Road, Jianggan District, Hangzhou City, Zhejiang Province.	RMB	40,000,000	Logistic and storage
Books.com (BVI) Ltd.	May. 22, 2009	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, 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	Logistic and storage of room temperature
President Logistics International Corp.	Feb. 11, 1998	1F, No.242-1, Minzu Rd., Zhongli Dist., Taoyuan City, Taiwan		193,500	Trucking
Chieh Shun Logistics International Corp.	Aug. 01, 2003	2F, No.242-1, Minzu Rd., Zhongli Dist., Taoyuan City, 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 Marketing Consultant Corp.	The company provides PCSC with store inventory check services and staff training programs, etc.
Wisdom Distribution Service Corp.	The company is the merchandise supplier and distributor of 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.
Uni-President Superior Commissary Corp.	The company is the fresh food manufacture of PCSC.

7.1.5 Information of the directors, supervisors, and presidents of PCSC subsidiaries

Dec. 31, 2019/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	100.00
			USD 17,159,000	
PCSC (China) Drugstore Limited	Director	Representatives of President Chain Store Corp.: Huang, Jui-Tien; Chen, Jui-Tang	Paid-in Capital	92.20
			USD 9,486,000	
Uni-Wonder Corporation	Chairman	Representative of President Chain Store Corp.: Chen, Jui-Tang	21,382,674	60.00
	Director	Representatives of President Chain Store Corp.: Lo, Chih-Hsien; Kao, Shiow-Ling ; Huang, Jui-Tien ; Hsu, Guang-Yu ; Tsai, Hung-Chi ; Chen, Ji-Yao	21,382,674	60.00
	Supervisor	Representative of Uni-President Enterprises Corp.: Wu, Wen-Chi	14,255,116	40.00
	President	Lai, Ta-Cheng	—	—
President Drugstore Business Corp.	Chairman	Representative of President Chain Store Corp.: Kao, Shiow-Ling	78,520,000	100.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang ; Huang, Yu-Chen ; Wang, Pao-Ming	78,520,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Kuo, Ying-Chih	78,520,000	100.00
	President	Huang, Yu-Chen	—	—
ICASH Corporation	Chairman	Representative of President Chain Store Corp.: Huang, Jui-Tien	70,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Liang, Shih-Wei ; Lin, Chi-Chang; Chang, Chia-Hua; Chang, Huang-Chi	70,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chai, Chia-Ming	70,000,000	100.00
	President	Liang, Yu-Lin	—	—
President Lanyang Art Corporation	Chairman	Representative of President Chain Store Corp.: Chen, Jui-Tang	2,000,000	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.: Hsiu, Yi-Shiung; Chen, Wen-Chieh	12,244,390	100.00
	Supervisor	Representative of President Chain Store Corp.: Liang, Kuo-Jen	12,244,390	100.00
	President	Hsieh, Ching-Hsun	—	—
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.: Liang, Shih-Wei; Chen, Wen-Chieh	10,847,421	100.00
	Supervisor	Representative of President Chain Store Corp.: Yang, Chung-Chin	10,847,421	100.00
	President	Yao, Chieh-Hsiang	—	—
21 Century 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.: Tsai, Hung-Chi	10,000,000	100.00
	President	Lai, Mei-Rong	—	—
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.: Kuo, Ching-Feng	6,511,963	100.00
	Vice President	Hung, Yao-Hsin	—	—

Consolidated Business Reports of Affiliated Companies

Company	Title	Name or Representative	Shareholding	
			Shares	%
President Chain Store Tokyo Marketing Corporation	Chairman	Representative of President Chain Store Corp.: Huang, Jui-Tien	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.: Tsung, Hsi-Yung	9,800	100.00
	President	Wu, Chin-Fu	—	—
Capital Marketing Consultant Corp.	Chairman	Representative of President Chain Store Corp.: Huang, Jui-Tien	2,500,000	100.00
	Director	Representatives of President Chain Store Corp.: Lin, Chi-Chang; Lee, Tsung-Hsien	2,500,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Hsiu, Yi-Shiung	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; Chen, Pei-Jung	1,500,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Liang, Kuo-Jen	1,500,000	100.00
	President	Chen, Pei-Jung	—	—
President Chain Store Corporation Insurance Brokers Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Lin, Chi-Chang	1,500,000	100.00
	Director	Representatives of President Chain Store Corp.: Lua, Wen-Ji; Chiang, Cheng-Hsin	1,500,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Liang, Kuo-Jen	1,500,000	100.00
	President	Lua, Wen-Ji	—	—
Ren-Hui Investment Corp.	Chairman	Representative of President Chain Store Corp.: Chen, Jui-Tang	6,500,000	100.00
	President	Chen, Jui-Tang	—	—
Uni-President Superior Commissary Corp.	Chairman	Representative of President Chain Store Corp.: Chen, Jui-Tang	48,519,890	90.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Lien-Tang; Lee, Min-Chien; Yeh, Po-Wen	48,519,890	90.00
	Director	Representative 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	—	—
Qware 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.: Chang, Huang-Chi; Chiang, Cheng-Hsin	24,382,921	86.76
	Director	Representative of Taiwan Spinning Co., Ltd.: Juang, Jing-Yau	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.: Kuo, Ying-Chih	1	—
	President	Chou, Kuo-Jan	—	—
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.: Huang, Jui-Tien; Chen, Ching-Hsin	25,714,475	86.00
	Director	Representative of Nomura Research Institute Ltd.: Tsutom Kataoka	4,186,074	14.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Kuo, Ying-Chih	1	—
	President	Chang, Chia-Hua	—	—
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.: Huang, Jui-Feng; Kuo, Wen-Sheng	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	Huang, Jui-Feng	—	—

Company	Title	Name or Representative	Shareholding	
			Shares	%
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.: Huang, Jui-Tien; Chang, Kuo-Kuang; Chen, Pei-Jung; Huang, Yu-Chen; Chai, Chia-Feng	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.: Cheng, Yea-Yun	1	—
	President	Chai, Chia-Feng	—	—
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; Hsieh, Lien-Tang; Huang, Chao-Sai	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.: Shibasaki Kenichi	14,785,200	10.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Wu, Wen-Chi	1	—
	President	Hsu, Ming-Hui	—	—
President Collect Service Corp.	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; Hsieh, Lien-Tang; Lu, Li-An; Huang, Chao-Sai	1,049,999	70.00
	Director	Representatives of Yamato Holdings Co., Ltd.: Shibasaki Kenichi ; Ogata Naomi	450,000	30.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Wu, Wen-Chi	1	—
	Supervisor	Sadatomu Hiroki	—	—
	President	Hsu, Ming Hui	—	—
Uni-President Department Store Corp.	Chairman	Representative of President Chain Store Corp.: Kao, Shiow-Ling	27,999,999	70.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang; Wang, Pao-Ming;	27,999,999	70.00
	Director	Representative of Uni-President Enterprises Corp.: Chang, Kuo-Kuang	12,000,000	30.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Kuo, Ying-Chih	1	—
	President	Wang, Pao-Ming	—	—
Uni-President Cold-Chain Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lo, Chih-Hsien	7,868,347	20.00
	Director	Representatives of Uni-President Enterprises Corp.: Hwang, Jau-Kai; Huang, Jui-Tien	7,868,347	20.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui-Tang; Wu, Kuo-Hsuan; Hsieh, Lien-Tang; Chang, Tsai-Yuan	23,605,042	60.00
	Director	Representative of Nanlien International Corp.: Wu, Mao-Yuan	7,868,347	20.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Lin, Chi-Chang	1	—
	President	Chang, Tsai-Yuan	—	—
Duskin Serve Taiwan Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Hsieh, Lien-Tang	10,199,999	51.00
	Director	Representatives of President Chain Store Corp.: Lai, Ta-Chen; Hsiu, Yi-Shiung; Lee, Tsung-Hsien	10,199,999	51.00
	Director	Representatives of Duskin Co., Ltd.: Ueno Shinichiro; Enomoto Masakazu; Okai Kazuo; Miyawaki Mikio	9,800,000	49.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Kuo, Ying-Chih	1	—
	Supervisor	Shigeyoshi Yasuto	—	—
	President	Lee, Yen-Sheng	—	—

Consolidated Business Reports of Affiliated Companies

Company	Title	Name or Representative	Shareholding	
			Shares	%
Books.com. Co., Ltd.	Chairman	Representative of Chang Fu Investment Co., Ltd.: Lin, Pi-Jung	19,000	0.10
	Director	Representatives of President Chain Store Corp.: Huang, Jui-Tien; Hsieh, Lien-Tang; Wang, Pao-Ming; Yao, Chieh-Hsiang	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 Corporation	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.: Sugiyama Yoshihiko; Chida Ken; Kaneko Noboru	9,002,000	35.00
	Director	Representative of Nanlien International Corp.: Wu, Mao-Yuan	5,144,000	20.00
	Supervisor	Representative of Ren-Hui Investment Corp.: Lai, Hsin-Ti	1	—
	Supervisor	Takeda Mamoru	—	—
	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 29,163,000	100.00
Philippine Seven Corp.	Chairman	Jose T. Pardo	2	—
	Vice Chairman	Representative of President Chain Store (Labuan) Holdings Ltd.: Chen, Jui-Tang	394,970,516	52.22
	Director	Representatives of President Chain Store (Labuan) Holdings Ltd.: Huang, Jui-Tien; Lin, Chi-Chang; Hsieh, Lien-Tang; Wu, Wen-Chi; Jose Victor P. Paterno	394,970,516	52.22
	Director	Maria Cristina P. Paterno	13,200,074	1.75
	Director	Representative of Progressive Dev. Corp.: Jorge L. Araneta	17,342,411	2.29
	Independent Director	Antonio Jose U. Periquet, Jr.	2,000,002	0.26
	Independent Director	Michael B. Zalamea	2	—
	President	Jose Victor P. Paterno	—	—
Convenience Distribution Inc.	Chairman	Representative of Philippine Seven Corp.: Jose Victor P. Paterno	4,500,000	100.00
	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	—	—
Store Sites Holding, Inc.	Chairman	Representative of Philippine Seven Corp.: Jose Victor P. Paterno	40,000	100.00
	Director	Representative of Philippine Seven Corp.: Liu, Jun Ya (common share)	40,000	100.00
	Director	Representatives of BPI-Asset Management and Trust Corp.: Evelyn S. Enriquez; Lawrence M. De Leon; Gerardo Z. Evaristo (preferred share)	60,000	—
	President	Jose Victor P. Paterno	—	—
President Chain Store (Hong Kong) Holdings Limited	Director	Representative of President Chain Store (BVI) Holdings Ltd.: Chen, Jui-Tang	Paid-in Capital USD 134,603,000	100.00
	Director	Huang, Jui-Tien	—	—

Company	Title	Name or Representative	Shareholding	
			Shares	%
Beauty Wonder (Zhejiang) Trading Co., Ltd.	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Chen, Jui-Tang	Paid-in Capital RMB 30,000,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Kao, Shiow-Ling; Chang, Shih-Hsun	—	100.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Cheng, Yea-Yun	—	100.00
	President	Chang, Shih-Hsun	—	—
President Chain Store (Zhejiang) Ltd.	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Chen, Jui-Tang	Paid-in Capital RMB 140,000,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Huang, Jui-Tien ; Hsieh, Kuan-Hung	—	100.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Kuo, Ying-Chih	—	100.00
	President	Hsieh, Kuan-Hung	—	—
President Chain Store (Taizhou) Ltd.	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Hsieh, Kuan-Hung	Paid-in Capital RMB 60,000,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Chang, Sung-Hong; Wu, Yi-Lung	—	100.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Mo, Ming-Wei	—	100.00
	President	Wu, Yao-Ming	—	—
Shanghai Cold Stone Ice Cream Corporation	Responsible Person	Hsieh, Kuan-Hung (Note)	—	—
President Chain Store (Shanghai) Ltd.	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Chen, Jui-Tang	Paid-in Capital RMB 500,000,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Huang, Jui-Tien ; Hsieh, Kuan-Hung	—	100.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Kuo, Ying-Chih	—	100.00
	President	Hsieh, Kuan-Hung	—	—
Shanghai President Logistics Co., Ltd.	Chairman	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Hsieh, Kuan-Hung	Paid-in Capital USD 2,000,000	100.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Chang, Sung-Hong; Wu, Yi-Lung	—	100.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Mo, Ming-Wei	—	100.00
	President	Chang, Sung-Hong	—	—
President Logistic ShanDong Co., Ltd.	Chairman	Representative of Shanghai President Logistics Co., Ltd.: Lin, Hung-Chun	Paid-in Capital RMB 50,000,000	100.00
	Director	Representatives of Shanghai President Logistics Co., Ltd.: Chang, Sung-Hong; Hu, Hao-Chih	—	100.00
	Supervisor	Representative of Shanghai President Logistics Co., Ltd.: Mo, Ming-Wei	—	100.00
	President	Hu, Hao-Chih	—	—
Ren Hui Holding Co., Ltd.	Director	Representatives of Ren-Hui Investment Corp.: Huang, Jui-Tien; Hsieh, Lien-Tang	Paid-in Capital USD 2,000,000	100.00
Shan Dong President Yinzuo Commercial Limited	Chairman	Representative of Shandong Silver Plaza Co., Ltd.: Hou, Gong-Hai	Paid-in Capital RMB 60,000,000	45.00
	Director	Representatives of President Chain Store (Hong Kong) Holdings Ltd.: Lee, Tsung-Hsien; Lin, Hung-Chun	—	40.00
	Director	Representative of Ren Hui Holding Co., Ltd.: Huang, Jui-Tien	—	15.00
	Director	Representative of Shandong Silver Plaza Co., Ltd.: Si, Qi	—	45.00
	Supervisor	Representative of President Chain Store (Hong Kong) Holdings Ltd.: Cheng, Yea-Yun	—	40.00
	Supervisor	Representative of Shandong Silver Plaza Co., Ltd.: Pi, Xi-Cai	—	45.00
	President	Lin, Hung-Chun	—	—

Consolidated Business Reports of Affiliated Companies

Company	Title	Name or Representative	Shareholding	
			Shares	%
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Chairman	Representative of PCSC (China) Drugstore Limited: Hsieh, Kuan-Hung	Paid-in Capital RMB 100,000,000	100.00
	Director	Representatives of PCSC (China) Drugstore Limited: Chang, Sung-Hong; Wu, Yi-Lung	—	100.00
	Supervisor	Representative of PCSC (China) Drugstore Limited: Cheng, Yea-Yun	—	100.00
	President	Chang, Sung-Hong	—	—
Tong Ching Corporation	Chairman	Representative of Mech-President Corp.: Wu, Kuo-Hsuan	960,000	60.00
	Director	Representatives of Mech-President Corp.: Liao, Chin-Yi; Kuo, Wen-Sheng; Huang, Jui-Feng; Tzeng, Yeun-Jiann	960,000	60.00
	Director	Tsai, Ting-Song	80,000	5.00
	Supervisor	Lin, Chih-Kuo	240,000	15.00
	President	Tsai, Ting-Song	—	—
President Pharmaceutical (Hong Kong) Holdings Limited	Director	Representative of President Pharmaceutical Corp.: Chang, Kuo-Kuang	Paid-in Capital USD 5,936,000	100.00
	Director	Huang, Jui-Tien	—	—
	President	Huang, Jui-Tien	—	—
President (Shanghai) Health Product Trading Company Ltd.	Chairman	Representative of President Pharmaceutical (Hong Kong) Holdings Limited: Chen, Jui-Tang	Paid-in Capital RMB 39,157,000	100.00
	Director	Representatives of President Pharmaceutical (Hong Kong) Holdings Limited: Kao, Shiow-Ling; Chai, Chia-Feng	—	100.00
	Supervisor	Representative of President Pharmaceutical (Hong Kong) Holdings Limited: Kuo, Ying-Chih	—	100.00
	President	Chai, Chia-Feng	—	—
Uni-President Logistics (BVI) Holdings Limited	Director	Representative Uni-President Cold-Chain Corp.: Chen, Jui-Tang	Paid-in Capital USD 2,991,000	100.00
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Chairman	Representative of Uni-President Logistics (BVI) Holdings Limited: Hsieh, Kuan-Hung	Paid-in Capital RMB 40,000,000	50.00
	Director	Representative of Uni-President Logistics (BVI) Holdings Limited: Chang, Tsai-Yuan	—	50.00
	Director	Representative of Shanghai President Logistics Co., Ltd.: Chang, Sung-Hong	—	50.00
	Supervisor	Representative of Uni-President Logistics (BVI) Holdings Limited: Cheng, Yea-Yun	—	50.00
	President	Tsai, Kuang-Wen	—	—
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.	—	(Note)	—	—
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; Yang, Chung-Chin	1,103,480	19.60
	President	Yuan, Shou-Chung	—	—
President Logistics International Corp.	Chairman	Representative of Retail Support International Corporation: Wu, Kuo-Hsuan	9,481,500	49.00
	Director	Representative of Retail Support International Corporation: Huang, Chao-Sai	9,481,500	49.00
	Director	Representative of Uni-President Cold-Chain Corp.: Chang, Tsai-Yuan	4,837,500	25.00
	Supervisor	Representative of Wisdom Distribution Service Corp.: Yao, Chieh-Hsiang	3,870,000	20.00
	President	Wu, San-Sian	—	—

Company	Title	Name or Representative	Shareholding	
			Shares	%
Chieh Shun 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; Chang, Tsai-Yuan	26,670,000	100.00
	Supervisor	Representative of President Logistics International Corp.: Yao, Chieh-Hsiang	26,670,000	100.00
	President	Wu, San-Sian	—	—

Note : Shanghai Cold Stone Ice Cream Corporation and Beijing Bokelai Customer Co. are going liquidation, so the responsible person is the liquidator.

7.2 The Financial Position and Operation Results of Affiliated Companies

Dec. 31, 2019/ Unit: NT1,000

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income (Loss)	Net Income (Loss)	EPS (NT\$)	Net Income(Loss)	Operating Activities
							(After Tax)	(After Tax)	(Before Tax)	Cash flow
President Chain Store (BVI) Holdings Ltd.	514,426	26,449,398	100,876	26,348,522	0	(129,442)	1,105,919	-	1,105,919	669,538
PCSC (China) Drugstore Limited	284,391	70,207	27	70,180	0	(94)	2,289	-	2,289	(94)
Uni-Wonder Corp.	356,378	8,543,360	7,471,584	1,071,776	11,487,740	820,647	640,378	17.97	798,560	1,636,642
President Drugstore Business Corp.	785,200	7,900,267	6,467,818	1,432,449	11,543,319	254,574	320,671	4.08	402,097	1,357,731
ICASH Corp. (Note 1)	700,000	2,250,119	1,682,877	567,243	395,201	(5,525)	12,876	0.21	12,876	(40,787)
President Lanyang Art Corporation	20,000	27,505	2,385	25,120	0	(408)	120	0.06	(54)	43,322
Cold Stone Creamery Taiwan Ltd.	122,444	167,399	161,265	6,133	381,187	16,287	15,423	1.26	15,423	26,344
Wisdom Distribution Service Corp.	108,474	2,802,055	2,347,930	454,125	2,982,706	330,510	272,543	25.13	336,603	438,114
21 Century Co., Ltd.	100,000	326,264	239,873	86,391	1,014,972	51,301	50,117	5.01	50,117	52,114
Uni-President Oven Bakery Corp.	65,120	213,552	258,378	(44,826)	308,218	(15,101)	(13,275)	(2.04)	(13,275)	40,964
President Chain Store Tokyo Marketing Corp.	27,048	163,460	81,677	81,783	534,494	3,668	6,227	635.43	8,385	21,827
Capital Marketing Consultant Corp.	25,000	195,042	127,641	67,401	299,464	49,682	40,210	16.08	50,262	62,810
President Being Corp.	15,000	592,917	626,379	(33,462)	534,799	10,795	8,767	5.84	8,767	132,509
President Chain Store Corporation Insurance Brokers Co., Ltd.	15,000	41,884	14,315	27,568	66,274	10,557	10,746	7.16	10,746	12,036
Ren-Hui Investment Corp.	65,000	80,455	94	80,362	0	(244)	6,464	0.99	6,464	11,507
Uni-President Superior Commissary Corp.	539,110	2,369,067	1,831,224	537,843	3,881,744	13,266	18,574	0.34	23,612	60,307
Qware Systems & Services Corp.	281,042	1,631,721	1,197,303	434,419	932,060	97,496	80,156	2.85	100,132	15,744
President Information Corp.	299,006	1,069,434	621,820	447,613	1,277,051	90,799	75,175	2.51	93,937	191,729
Mech-President Corp.	690,713	3,368,328	2,499,840	868,488	10,528,297	93,890	106,216	1.54	131,857	501,145
President Pharmaceutical Corp.	300,000	1,249,933	456,705	793,228	1,648,458	238,968	189,810	6.33	237,275	363,512
President Transnet Corp.	1,478,520	8,432,126	6,123,992	2,308,134	11,522,955	711,966	599,834	4.06	750,656	1,966,331
President Collect Service Corp.	15,000	1,631,738	1,511,422	120,316	601,955	110,049	91,615	61.08	114,518	(55,591)
Uni-President Department Store Corp.	400,000	1,801,160	1,025,188	775,972	1,367,336	162,173	265,132	6.63	331,118	559,149
Uni-President Cold-Chain Corp.	393,417	6,669,490	5,556,932	1,112,557	3,502,469	390,215	353,843	8.99	436,827	683,464
Duskin Serve Taiwan Co., Ltd.	200,000	809,955	415,216	394,739	1,296,651	176,761	145,830	7.29	182,353	211,644
Books.com. Co., Ltd.	199,900	1,946,577	1,150,469	796,109	6,421,521	457,589	379,594	18.99	473,935	448,802
Retail Support International Corp.	257,200	12,084,056	11,407,413	676,643	3,110,649	177,876	205,652	8.00	241,060	(449,458)
President Chain Store (Labuan) Holdings Ltd.	874,317	2,529,882	30	2,529,852	0	(155)	424,830	-	442,750	99,119
Philippine Seven Corp.	448,090	17,192,525	12,573,258	4,619,267	31,458,798	1,278,035	855,428	1.13	1,220,218	4,508,396
Convenience Distribution Inc.	26,633	573,534	420,032	153,502	1,469,979	31,270	26,220	5.83	40,757	101,051
Store Sites Holding, Inc.	28,848	36,779	5,023	31,756	2,683	1,424	829	17.00	1,355	1,558
President Chain Store (Hong Kong) Holdings Limited	4,035,409	4,159,803	363	4,159,441	0	(574)	78,069	-	78,972	79,751
Beauty Wonder (Zhejiang) Trading Co., Ltd.	129,165	103,865	27,872	75,993	9,662	(35,067)	(34,903)	-	(34,903)	(28,380)
President Chain Store (Zhejiang) Ltd.	602,769	623,016	332,404	290,611	348,938	(108,947)	(111,787)	-	(111,787)	(28,537)
President Chain Store (Taizhou) Ltd.	258,329	419,546	68,571	350,975	273,159	36,754	32,980	-	43,980	50,971
Shanghai Cold Stone Ice Cream Corp.	958,159	64,522	18,892	45,631	0	(1,148)	(307)	-	(307)	(5,001)
President Chain Store (Shanghai) Ltd.	2,152,745	973,189	869,457	103,733	1,907,692	(170,086)	39,455	-	39,455	244,806
Shanghai President Logistics Co., Ltd.	59,960	854,252	376,794	477,457	846,245	82,057	81,169	-	101,758	168,178
President Logistic ShanDong Co., Ltd.	215,275	249,334	53,825	195,509	117,528	1,187	1,979	-	1,979	143,986
Ren Hui Holding Co., Ltd.	59,960	63,045	27	63,018	0	(112)	2,893	-	3,232	3,204

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income (Loss)	Net Income (Loss)	EPS (NT\$)	Net Income(Loss)	Operating Activities
							(After Tax)	(After Tax)	(Before Tax)	Cash flow
Shan Dong President Yinzuo Commercial Limited	258,329	2,472,246	2,151,102	321,144	3,568,646	(3,543)	(2,988)	-	19,060	269,934
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	430,549	73,338	3,816	69,521	76,422	2,277	2,400	-	2,527	(5,809)
Tong Ching Corporation	16,000	56,591	15,376	41,215	275,778	13,860	12,583	7.86	15,729	24,424
President Pharmaceutical (Hong Kong) Holdings Limited	177,903	69,783	8,259	61,524	39,261	(4,315)	(12,758)	-	(12,758)	20,918
President (Shanghai) Health Product Trading Company Ltd.	168,591	61,837	32,167	29,670	46,183	(10,331)	(8,353)	-	(8,353)	(29,905)
Uni-President Logistics (BVI) Holdings Limited	89,679	97,736	0	97,736	11,472	11,341	10,968	-	10,968	13,563
Zhejiang Uni-Champion Logistics Development Co., Ltd.	172,220	450,611	255,368	195,243	539,480	32,105	22,943	-	31,377	54,517
Books.com (BVI) Ltd.	1,499	617	0	617	0	0	1	-	1	3
Beijing Bokelai Customer Co.	450	26	0	26	0	(1)	(2)	-	(2)	(4)
Retail Support Taiwan Corp.	56,300	266,311	115,744	150,566	375,957	50,116	45,447	8.07	55,980	94,221
President Logistics International Corp.	193,500	1,477,857	1,133,212	344,646	3,172,303	31,409	81,573	4.22	93,261	234,853
Chieh Shun Logistics International Corp.	266,700	1,126,525	799,951	326,575	1,784,195	37,450	33,663	1.26	41,991	202,397
Afternoon Tea Taiwan Co., Ltd. (Note 2)	0	0	0	0	0	0	0	-	0	0
PCSC (Chengdu) Hypermarket Limited (Note 2)	0	0	0	0	0	(573)	(565)	-	(573)	(605)
PCSC Restaurant (Cayman) Holdings Limited (Note 2)	0	0	0	0	0	(23)	(3,255)	-	(3,255)	0
Shanghai President Chain Store Corporation Trade Co., Ltd. (Note 2)	0	0	0	0	0	(60)	(11)	-	(11)	(11)

Note 1: ICASH Corp. increased the capital in June 2019.

Note 2: Afternoon Tea Taiwan Co., Ltd., PCSC (Chengdu) Hypermarket Limited, PCSC Restaurant (Cayman) Holdings Limited and Shanghai President Chain Store Corporation Trade Co., Ltd. have been cancelled the registration in 2019.

The exchange rates are used as follows:

(A) Spot exchange rate on 31 December, 2019 used for Balance Sheet:

RMB : NTD=1 : 4.30549 : USD : NTD=1 : 29.98000 : PHP : NTD =1 : 0.59185

HKD : NTD=1 : 3.84783 : JPY : NTD =1 : 0.27600

(B) Average exchange rate of 2019 used for Statement of Comprehensive Income and Cash Flows:

RMB : NTD=1 : 4.47484 : USD : NTD=1 : 30.91104 : PHP : NTD =1 : 0.59691

HKD : NTD=1 : 3.94519 : JPY : NTD =1 : 0.28381

PRESIDENT CHAIN STORE CORPORATION

WWW.7-11.COM.TW