

**PRESIDENT CHAIN STORE CORP. AND
SUBSIDIARIES**
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2021 AND 2020
CONTENTS

	Items	Page/Reference
1. Cover		1
2. Contents		2 ~ 3
3. Independent auditors' review report		4 ~ 5
4. Consolidated balance sheets		6 ~ 7
5. Consolidated statements of comprehensive income		8 ~ 9
6. Consolidated statements of changes in equity		10
7. Consolidated statements of cash flows		11 ~ 12
8. Notes to the consolidated financial statements		13 ~ 60
(1) History and organization		13
(2) The date of authorization for issuance of the consolidated financial statements and procedures for authorization		13
(3) Application of new standards, amendments and interpretations		13 ~ 14
(4) Summary of significant accounting policies		14 ~ 19
(5) Critical accounting judgements, estimates and key sources of assumption uncertainty		19
(6) Details of significant accounts		19 ~ 44
(7) Related party transactions		45 ~ 48

Items	Page/Reference
(8) Pledged assets	48
(9) Significant contingent liabilities and unrecognized contract commitments	48
(10) Significant disaster loss	48
(11) Significant events after the balance sheet date	48
(12) Others	49 ~58
(13) Supplementary disclosures	58
(14) Segment information	59 ~60

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of President Chain Store Corp. and subsidiaries as at June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent auditors. Those statements reflect total assets of NT46,973,413 thousand and NT\$43,100,242 thousand, constituting 22% and 21% of the consolidated total assets, and total liabilities of NT\$32,078,662 thousand and NT\$26,936,702 thousand, constituting 19% and 17% of the consolidated total liabilities as at June 30, 2021 and 2020, respectively, and total comprehensive income of NT\$44,868 thousand, NT\$15,476 thousand, NT\$134,422 thousand and NT\$325,295

thousand, constituting 3%, 1%, 3% and 6% of the consolidated total comprehensive income for the three-month and six-month periods then ended.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method, been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of President Chain Store Corp. and subsidiaries as at June 30, 2021 and 2020, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Yi-Chang, Liang

Se-Kai, Lin

For and on behalf of PricewaterhouseCoopers, Taiwan
August 3, 2021

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 independent auditors' review report 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.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)
 (The balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	June 30, 2021		December 31, 2020		June 30, 2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
1100	Cash and cash equivalents	6(1)	\$ 47,027,960	22	\$ 46,562,907	22	\$ 51,962,812
1110	Financial assets at fair value	6(2)					
	through profit or loss - current		1,768,944	1	2,105,496	1	2,507,329
1170	Accounts receivable, net	6(3) and 7	5,540,169	3	6,215,272	3	4,841,692
1200	Other receivables		3,985,545	2	1,950,481	1	2,895,663
1220	Current income tax assets	6(32)	1,722	-	1,206	-	823
130X	Inventories	6(4)	14,999,084	7	16,636,055	8	13,586,219
1410	Prepayments		2,041,319	1	1,177,895	1	1,603,957
1470	Other current assets		3,824,173	2	3,487,082	2	3,290,034
11XX	Total current assets		<u>79,188,916</u>	<u>38</u>	<u>78,136,394</u>	<u>38</u>	<u>80,688,529</u>
Non-current assets							
1510	Financial assets at fair value	6(2)					
	through profit or loss -						
	non-current		85,523	-	85,523	-	85,523
1517	Financial assets at fair value	6(5)					
	through other comprehensive						
	income - non-current		1,238,862	-	959,827	-	752,778
1550	Investments accounted for using	6(6)					
	equity method		8,415,269	4	8,921,641	4	8,746,223
1600	Property, plant and equipment	6(7) and 8	27,841,327	13	28,050,374	13	25,858,800
1755	Right-of-use assets	6(8) and 7	75,579,292	36	74,963,001	36	69,261,060
1760	Investment property, net	6(10) and 8	2,930,109	1	2,863,146	1	1,497,085
1780	Intangible assets	6(11)	9,809,748	5	9,958,198	5	10,011,169
1840	Deferred income tax assets	6(32)	2,092,840	1	1,988,030	1	1,808,978
1900	Other non-current assets	6(12) and 8	3,747,854	2	3,567,800	2	3,556,744
15XX	Total non-current assets		<u>131,740,824</u>	<u>62</u>	<u>131,357,540</u>	<u>62</u>	<u>121,578,360</u>
1XXX	Total assets		<u>\$ 210,929,740</u>	<u>100</u>	<u>\$ 209,493,934</u>	<u>100</u>	<u>\$ 202,266,889</u>

(Continued)

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)
 (The balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2021		December 31, 2020		June 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current Liabilities								
2100	Short-term borrowings	6(14)	\$ 6,089,079	3	\$ 4,739,411	2	\$ 5,812,109	3
2110	Short-term notes and bills payable	6(15)	-	-	3,399,147	2	-	-
2130	Contract liabilities - current	6(25)	6,181,224	3	5,234,797	2	3,914,838	2
2150	Notes payable	7	1,326,019	1	1,079,496	1	1,031,775	-
2170	Accounts payable		20,050,579	9	22,255,284	11	20,816,054	10
2180	Accounts payable - related parties	7	2,516,068	1	2,801,552	1	2,953,561	1
2200	Other payables	6(16)	35,577,774	17	25,093,782	12	36,539,238	18
2230	Current income tax liabilities	6(32)	1,416,548	1	1,647,936	1	1,390,836	1
2280	Lease liabilities - current	7	12,872,644	6	12,859,557	6	12,056,150	6
2300	Other current liabilities	6(17)	3,880,285	2	3,588,870	2	3,359,401	2
21XX	Total current liabilities		<u>89,910,220</u>	<u>43</u>	<u>82,699,832</u>	<u>40</u>	<u>87,873,962</u>	<u>43</u>
Non-current liabilities								
2527	Contract liabilities - non-current	6(25)	508,658	-	563,834	-	460,638	-
2540	Long-term borrowings	6(18) and 8	1,118,619	1	1,028,553	1	502,765	-
2570	Deferred income tax liabilities	6(32)	5,025,085	2	5,320,392	3	5,367,214	3
2580	Lease liabilities - non-current	7	66,255,334	32	65,277,459	31	58,750,234	29
2640	Net defined benefit liability - non-current	6(19)	4,907,407	2	4,969,892	2	4,749,071	3
2670	Other non-current liabilities, others	6(20)	5,003,848	2	4,656,273	2	4,496,355	2
25XX	Total non-current liabilities		<u>82,818,951</u>	<u>39</u>	<u>81,816,403</u>	<u>39</u>	<u>74,326,277</u>	<u>37</u>
2XXX	Total Liabilities		<u>172,729,171</u>	<u>82</u>	<u>164,516,235</u>	<u>79</u>	<u>162,200,239</u>	<u>80</u>
Equity attributable to owners of the parent								
	Share capital	6(21)						
3110	Share capital - common stock		10,396,223	5	10,396,223	5	10,396,223	5
	Capital surplus	6(22)						
3200	Capital surplus		47,622	-	47,628	-	46,884	-
	Retained earnings	6(23)						
3310	Legal reserve		15,379,788	7	14,369,228	7	14,369,228	7
3320	Special reserve		1,332,621	1	380,187	-	380,187	-
3350	Unappropriated retained earnings		4,666,907	2	12,159,546	6	7,146,278	4
	Other equity interest	6(24)	(1,602,224)	(1)	(1,332,621)	(1)	(727,520)	-
3400	Other equity interest							
31XX	Equity attributable to owners of the parent		<u>30,220,937</u>	<u>14</u>	<u>36,020,191</u>	<u>17</u>	<u>31,611,280</u>	<u>16</u>
36XX	Non-controlling interest	6(34)	<u>7,979,632</u>	<u>4</u>	<u>8,957,508</u>	<u>4</u>	<u>8,455,370</u>	<u>4</u>
3XXX	Total equity		<u>38,200,569</u>	<u>18</u>	<u>44,977,699</u>	<u>21</u>	<u>40,066,650</u>	<u>20</u>
3X2X	Total liabilities and equity		<u>\$ 210,929,740</u>	<u>100</u>	<u>\$ 209,493,934</u>	<u>100</u>	<u>\$ 202,266,889</u>	<u>100</u>

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Lee, Johnyih

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share in dollars)
(UAUNAUDITED)

Items	Notes	For the three-month periods ended June 30				For the six-month periods ended June 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(25) and 7	\$ 63,593,394	100	\$ 61,492,529	100	\$ 128,646,597	100	\$ 124,542,278	100
5000 Operating costs	6(4)(26) and 7(	( 42,462,433)(67)(	( 67)	(40,747,630)(66)(	( 66)	(85,334,397)(66)(	( 66)	(81,973,068)(66)	(66)
5900 Gross profit		21,130,961	33	20,744,899	34	43,312,200	34	42,569,210	34
Operating expenses	6(26)(27)								
6100 Selling expenses		(16,816,317)(26)(	( 26)	(15,945,484)(26)(	( 26)	(33,287,859)(26)(	( 26)	(32,128,462)(26)	(26)
6200 General and administrative expenses		(2,228,004)(4)(	( 4)	(2,204,714)(4)(	( 4)	(4,756,995)(4)(	( 4)	(4,655,626)(4)	(4)
6450 Expected credit losses	12(2)	(7,522) - (12,184)	-	(30,630) - (12,228)	-				
6000 Total operating expenses		(19,051,843)(30)(	( 30)	(18,162,382)(30)(	( 30)	(38,075,484)(30)(	( 30)	(36,796,316)(30)	(30)
6900 Operating profit		2,079,118	3	2,582,517	4	5,236,716	4	5,772,894	4
Non-operating income and expenses									
7100 Interest income	6(28)	52,247	-	148,817	-	106,666	-	315,658	-
7010 Other income	6(29)	530,289	1	547,780	1	946,419	-	939,637	1
7020 Other gains and losses	6(30)	(31,403)	-	3,378	- (47,013)	-		31,214	-
7050 Finance costs	6(31)	(307,809)	- (334,479)	- (614,680)	- (650,342)				
7060 Share of profit of associates and joint ventures accounted for using	6(6)								
equity method		107,498	-	95,866	-	204,012	-	233,860	-
7000 Total non-operating income and expenses		350,822	1	461,362	1	595,404	-	870,027	1
7900 Profit before income tax		2,429,940	4	3,043,879	5	5,832,120	4	6,642,921	5
7950 Income tax expense	6(32)	(482,477)(1)(338,246)	(1)	(912,840)	- (1,052,445)	(1)			
8000 Profit for the period from continuing operations		1,947,463	3	2,705,633	5	4,919,280	4	5,590,476	4
8200 Profit for the period		\$ 1,947,463	3	\$ 2,705,633	5	\$ 4,919,280	4	\$ 5,590,476	4

(Continued)

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share in dollars)
(UNAUDITED)

Items	Notes	For the three-month periods ended June 30				For the six-month periods ended June 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)									
8316 Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(5)	\$ 103,042	-	\$ 13,932	-	\$ 279,035	-	(\$ 54,337)	-
8320 Share of other comprehensive income (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(24)	1,044	-	238	-	2,118	-	(541)	-
8349 Income tax related to the components of other comprehensive income that will not be reclassified to profit or loss	6(32)	4,732	-	2,182	-	9,299	-	4,752	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		108,818	-	16,352	-	290,452	-	(50,126)	-
8361 Financial statements translation differences of foreign operations		(611,024)	(1)	(493,651)	(1)	(631,893)	(1)	(287,053)	(1)
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	6(24)	574	-	(3,512)	-	(1,845)	-	(4,209)	-
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(610,450)	(1)	(497,163)	(1)	(633,738)	(1)	(291,262)	(1)
8300 Total other comprehensive loss for the period		<u>(\$ 501,632)</u>	<u>(1)</u>	<u>(\$ 480,811)</u>	<u>(1)</u>	<u>(\$ 343,286)</u>	<u>(1)</u>	<u>(\$ 341,388)</u>	<u>(1)</u>
8500 Total comprehensive income for the period		<u>\$ 1,445,831</u>	<u>2</u>	<u>\$ 2,224,822</u>	<u>4</u>	<u>\$ 4,575,994</u>	<u>4</u>	<u>\$ 5,249,088</u>	<u>4</u>
Profit attributable to:									
8610 Owners of the parent		\$ 1,768,408	3	\$ 2,537,225	5	\$ 4,478,010	4	\$ 5,091,668	4
8620 Non-controlling interests		179,055	-	168,408	-	441,270	-	498,808	-
		<u>\$ 1,947,463</u>	<u>3</u>	<u>\$ 2,705,633</u>	<u>5</u>	<u>\$ 4,919,280</u>	<u>4</u>	<u>\$ 5,590,476</u>	<u>4</u>
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 1,322,993	2	\$ 2,065,977	4	\$ 4,208,407	4	\$ 4,744,335	4
8720 Non-controlling interests		122,838	-	158,845	-	367,587	-	504,753	-
		<u>\$ 1,445,831</u>	<u>2</u>	<u>\$ 2,224,822</u>	<u>4</u>	<u>\$ 4,575,994</u>	<u>4</u>	<u>\$ 5,249,088</u>	<u>4</u>
9750 Basic earnings per share	6(33)	\$ 1.70		\$ 2.44		\$ 4.31		\$ 4.90	
9850 Diluted earnings per share	6(33)	\$ 1.70		\$ 2.44		\$ 4.30		\$ 4.89	

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Lee, Johnyih

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity		
	Retained earnings					Other equity interest								
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Income	Total						
<u>For the six-month period ended June 30, 2020</u>														
Balance at January 1, 2020	\$ 10,396,223	\$ 46,884	\$ 13,314,081	\$ -	\$ 12,845,880	(\$ 869,908)	\$ 489,721	\$ 36,222,881	\$ 9,004,437	\$ 45,227,318				
Profit for the period	-	-	-	-	5,091,668	-	-	5,091,668	498,808	5,590,476				
Other comprehensive (loss) income for the period	6(24)	-	-	-	-	(291,063)	(56,270)	(347,333)	5,945	(341,388)				
Total comprehensive income (loss) for the period		-	-	-	5,091,668	(291,063)	(56,270)	4,744,335	504,753	5,249,088				
Distribution of 2019 earnings:	6(23)	-	-	-	-	-	-	-	-	-				
Legal reserve	-	-	1,055,147	-	(1,055,147)	-	-	-	-	-				
Special reserve	-	-	-	380,187	(380,187)	-	-	-	-	-				
Cash dividends	-	-	-	-	(9,356,600)	-	-	(9,356,600)	-	(9,356,600)				
Non-controlling interest	-	-	-	-	-	-	-	-	(1,053,820)	(1,053,820)				
Disposal of financial instruments designated at fair value through other comprehensive income of associates	-	-	-	-	664	-	-	664	-	-	664			
Balance at June 30, 2020	\$ 10,396,223	\$ 46,884	\$ 14,369,228	\$ 380,187	\$ 7,146,278	(\$ 1,160,971)	\$ 433,451	\$ 31,611,280	\$ 8,455,370	\$ 40,066,650				
<u>For the six-month period ended June 30, 2021</u>														
Balance at January 1, 2021	\$ 10,396,223	\$ 47,628	\$ 14,369,228	\$ 380,187	\$ 12,159,546	(\$ 1,973,268)	\$ 640,647	\$ 36,020,191	\$ 8,957,508	\$ 44,977,699				
Profit for the period	-	-	-	-	4,478,010	-	-	4,478,010	441,270	4,919,280				
Other comprehensive (loss) income for the period	6(24)	-	-	-	-	(560,567)	290,964	(269,603)	(73,683)	(343,286)				
Total comprehensive income (loss) for the period		-	-	-	4,478,010	(560,567)	290,964	4,208,407	367,587	4,575,994				
Distribution of 2020 earnings:	6(23)	-	-	-	-	-	-	-	-	-				
Legal reserve	-	-	1,010,560	-	(1,010,560)	-	-	-	-	-				
Special reserve	-	-	-	952,434	(952,434)	-	-	-	-	-				
Cash dividends	-	-	-	-	(9,356,600)	-	-	(9,356,600)	-	(9,356,600)				
Non-controlling interest	-	-	-	-	-	-	-	-	(1,274,058)	(1,274,058)				
Acquisition of additional equity interest in a subsidiary	6(34)	-	-	-	-	(650,393)	-	-	(650,393)	(71,405)	(721,798)			
Adjustment of capital surplus due to associates' adjustment of capital surplus	-	(6)	-	-	-	-	-	(6)	-	(6)				
Disposal of financial instruments designated at fair value through other comprehensive income of associates	-	-	-	-	(662)	-	-	(662)	-	(662)				
Balance at June 30, 2021	\$ 10,396,223	\$ 47,622	\$ 15,379,788	\$ 1,332,621	\$ 4,666,907	(\$ 2,533,835)	\$ 931,611	\$ 30,220,937	\$ 7,979,632	\$ 38,200,569				

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

~10~

Accounting Manager: Lee, Johnyih

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UAUNAUDITED)

	Notes	For the six-month periods ended June 30	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before income tax for the period		\$ 5,832,120	\$ 6,642,921
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Gain on valuation of financial assets at fair value through profit or loss	6(2)	(2,691)	(5,428)
Expected credit losses	12(2)	30,630	12,228
Depreciation expense	6(7)(8)(26)	10,073,940	9,506,256
Amortization expense	6(26)	284,076	277,733
Depreciation on investment property	6(10)(30)	77,186	8,497
Finance costs	6(31)	614,680	650,342
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(204,012)	(233,860)
Gain on disposal of property, plant and equipment	6(30)	(12,680)	(15,751)
Gain on disposal of investment property	6(30)	(22,549)	- -
Gain from lease modification	6(30)	(52,055)	(39,925)
Interest income	6(28)	(106,666)	(315,658)
Dividend income	6(29)	(2,815)	(60,312)
Other income recognized from rent concessions	6(8)	(37,601)	(49,938)
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		339,243	(805,601)
Accounts receivable		631,809	954,560
Other receivables		(1,307,778)	(1,307,498)
Inventories		1,636,971	2,072,893
Prepayments		(863,036)	(408,238)
Other current assets		(337,091)	(321,684)
Net changes in liabilities relating to operating activities			
Contract liabilities - current		946,426	471,454
Accounts payable		(2,490,512)	(181,920)
Notes payable		246,523	(182,927)
Other payables		655,425	196,530
Advance receipts		190,716	208,005
Contract liabilities - non-current		(55,176)	(12,389)
Net defined benefit liabilities		(62,485)	(2,536)
Cash generated from operations		16,002,598	17,446,372
Interest received		107,400	321,256
Income tax paid		(1,535,562)	(1,230,089)
Interest paid		(614,612)	(650,387)
Dividend received		-	666,393
Net cash provided by operating activities		<u>13,959,824</u>	<u>16,553,545</u>

(Continued)

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the six-month periods ended June 30	
		2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using equity method		(\$ 2,913)	\$ -
Acquisition of subsidiary		(50)	-
Acquisition of property, plant and equipment	6(35)	(4,124,444)	(3,937,602)
Proceeds from disposal of property, plant and equipment		115,160	80,449
Return of capital from financial assets at fair value through profit or loss		-	42
Proceeds from disposal of investment property		38,555	1,216
Acquisition of investment property	6(10)	(160,155)	-
Increase in guarantee deposits paid		(35,693)	(94,785)
Acquisition of intangible assets	6(11)	(81,813)	(62,644)
Proceeds from business combinations		7,746	-
(Increase) decrease in other non-current assets		(195,622)	185,159
Net cash used in investing activities		(4,439,229)	(3,828,165)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(36)	1,344,668	(202,549)
Decrease in short-term notes and bills payable	6(36)	(3,399,147)	-
Increase in long-term borrowings	6(36)	343,538	130,180
Repayment of long-term borrowings	6(36)	(118,169)	(135,149)
Payments of lease liabilities	6(8)(36)	(6,203,190)	(5,803,167)
Increase in guarantee deposits received	6(36)	110,414	89,908
Increase in other non-current liabilities	6(36)	199,521	4,661
Change in non-controlling interests		22,871	(784)
Acquisition of additional equity interest in a subsidiary	6(34)	(721,798)	-
Net cash used in financing activities		(8,421,292)	(5,916,900)
Effect of foreign exchange rate changes on cash and cash equivalents		(634,250)	(291,063)
Increase in cash and cash equivalents		465,053	6,517,417
Cash and cash equivalents at beginning of period		46,562,907	45,445,395
Cash and cash equivalents at end of period		<u>\$ 47,027,960</u>	<u>\$ 51,962,812</u>

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Lee, Johnyih

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were reported to the Board of Directors on August 3, 2021.

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 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

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.

Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’

The amendment extends the application period of the practical expedient by one year to cover COVID-19-related rent concessions that reduce only lease payments originally due on or before June 30, 2022, provided that all specified conditions are met. The original amendment covered only lease payments originally due on or before June 30, 2021.

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
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

Except for the compliance statement, basis of preparation, basis of consolidation, and the additional descriptions described below, the other principal accounting policies are in agreement with Note 4 of the consolidated financial statements for the year ended December 31, 2020. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting" as endorsed by the FSC.
- B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less the present value of defined benefit obligation.
- B. The preparation of financial statements, in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC

(collectively referred herein as the “IFRSs”), requires the use of certain critical accounting estimates and the exercise of management’s judgement in 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. Basis for preparation of consolidated financial statements:

- (a) The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2020.
- (b) The details of the individual financial statements of the Company’s subsidiaries reviewed or unreviewed by the independent auditors are summarized below:

Name of the subsidiaries	June 30, 2021	June 30, 2020
Retail Support International Corp.	Financial statements were reviewed	Financial statements were reviewed
President Chain Store (BVI) Holdings Ltd.	"	"
Shan Dong President Yinzuo Commercial Limited	"	"
Mech-President Corp.	"	"
President Transnet Corp.	"	"
President Drugstore Business Corp.	"	"
Books.com. Co., Ltd.	"	"
Uni-President Cold-Chain Corp.	"	"
President Chain Store (Hong Kong) Holdings Limited	"	"
President Pharmaceutical Corp.	"	"
Uni-Wonder Corp.	"	"
Other subsidiaries	Financial statements were unreviewed	Financial statements were unreviewed

- (c) The financial statements of the subsidiary, Philippine Seven Corp., for the year ended December 31, 2020 were audited by other independent auditors, and the financial statements of other subsidiaries were audited by the same independent auditors as that appointed by the Company.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	President Chain Store (BVI) Holdings Ltd.	Professional investment	100.00	100.00	100.00	
The Company	PCSC (China) Drugstore Limited	Professional investment	92.20	92.20	92.20	
The Company	Wisdom Distribution Service Corp.	Logistics and storage of publication and e-commerce	100.00	100.00	100.00	
The Company	President Drugstore Business Corp.	Sales of cosmetics, medicine and daily items	100.00	100.00	100.00	
The Company	Ren-Hui Investment Corp.	Professional investment	100.00	100.00	100.00	
The Company	Capital Marketing Consultant Corp.	Enterprise management consultancy	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	President Lanyang Art Corporation	Art and cultural exhibition	100.00	100.00	100.00	
The Company	Cold Stone Creamery Taiwan Ltd.	Sales of ice cream	100.00	100.00	100.00	
The Company	President Chain Store Corporation Insurance Brokers Co., Ltd.	Insurance brokers	100.00	100.00	100.00	
The Company	21 Century Co., Ltd.	Operation of chain restaurants	100.00	100.00	100.00	
The Company	President Being Corp.	Sports and entertainment business	100.00	100.00	100.00	
The Company	Uni-President Oven Bakery Corp.	Bread and pastry retailer	100.00	100.00	100.00	
The Company	President Chain Store Tokyo Marketing Corp.	Trade and enterprise management consultancy	100.00	100.00	100.00	
The Company	ICASH Corp.	Electronic ticketing and electronic payment	100.00	100.00	100.00	
The Company	Uni-President Superior Commissary Corp.	Fresh food manufacture	90.00	90.00	90.00	
The Company	Q-ware Systems & Services Corp.	Information software services	86.76	86.76	86.76	
The Company	President Information Corp.	Enterprise information management and consultancy	86.00	86.00	86.00	
The Company	Mech-President Corp.	Gas station, installment and maintenance of elevators	80.87	80.87	80.87	
The Company	President Pharmaceutical Corp.	Sales of various health care products, cosmetics, and pharmaceuticals	73.74	73.74	73.74	
The Company	President Collect Service Corp.	Collection agent	70.00	70.00	70.00	
The Company	Uni-President Department Store Corp.	Department stores	70.00	70.00	70.00	
The Company	President Transnet Corp.	Delivery service	70.00	70.00	70.00	
The Company	Uni-President Cold-Chain Corp.	Low-temperature logistics and warehousing	60.00	60.00	60.00	
The Company	Uni-Wonder Corp.	Coffee chain store	60.00	60.00	60.00	
The Company	Duskin Serve Taiwan Co., Ltd.	Cleaning instruments leasing and selling	51.00	51.00	51.00	
The Company	Books.com. Co., Ltd.	Retail business without shop	50.03	50.03	50.03	
The Company	Retail Support International Corp.	Room-temperature logistics and warehousing	25.00	25.00	25.00	(a)
The Company	Connection Labs Ltd.	Other software and internet-related	100.00	-	-	(b)
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Professional investment	100.00	100.00	100.00	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Professional investment	100.00	100.00	100.00	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	100.00	100.00	100.00	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00	20.00	20.00	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Trucking	25.00	25.00	25.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	Professional investment	100.00	100.00	100.00	
Retail Support International Corp.	Retail Support Taiwan Corp.	Room-temperature logistics and warehousing	51.00	51.00	51.00	
Retail Support International Corp.	President Logistics International Corp.	Trucking	49.00	49.00	49.00	
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00	6.00	6.00	
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Trucking	100.00	100.00	100.00	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	Professional investment	-	-	100.00	(c)
Books.com. (BVI) Ltd.	Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	-	-	100.00	(d)
Mech-President Corp.	Tong Ching Corporation	Gas station	60.00	60.00	60.00	
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	100.00	
President Pharmaceutical (Hong Kong) Holdings Limited	President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	100.00	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corporation	Convenience store	53.86	52.22	52.22	(e)
Philippine Seven Corporation	Convenience Distribution Inc.	Logistics, warehousing and retail	100.00	100.00	100.00	
Philippine Seven Corporation	Store Sites Holding, Inc.	Professional investment	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	Professional investment	7.80	7.80	7.80	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	Convenience store	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai President Logistics Co., Ltd.	Logistics and warehousing	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shan Dong President Yinzuo Commercial Limited	Supermarkets	40.00	40.00	40.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai Cold Stone Ice Cream Corporation Ltd.	Sales of ice cream	-	-	100.00	(f)
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Taizhou) Ltd.	Logistics and warehousing	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Zhejiang) Ltd.	Convenience store	100.00	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	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
Shanghai President Logistics Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	50.00	
Shanghai President Logistics Co., Ltd.	President Logistic ShanDong Co., Ltd.	Logistics and warehousing	100.00	100.00	100.00	
Uni-President Logistics (BVI) Holdings Limited	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	50.00	
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	Professional investment	100.00	100.00	100.00	
Ren-Hui Holdings Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Supermarkets	15.00	15.00	15.00	

- (a) 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.
- (b) The Company acquired an additional 70.87% shares of Connection Labs Ltd., in June 2021, having control over it.
- (c) The Company liquidated the subsidiary, Books.com. (BVI) Ltd., and the process of cancellation of registration has been completed in August 2020.
- (d) The Company liquidated the subsidiary, Beijing Bokelai Customer Co., and the process of cancellation of registration has been completed in July 2020.
- (e) The Company acquired an additional 1.64% shares of the subsidiary, Philippine Seven Corp., in February 2021. Please refer to Note 6(34).
- (f) The Company liquidated the subsidiary, Shanghai Cold Stone Ice Cream Corporation Ltd. and the process of cancellation of registration has been completed in November 2020.

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) Employee benefits

Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

- A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There have been no significant changes during the period. Please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2020.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash on hand and petty cash	\$ 1,493,092	\$ 2,049,148	\$ 1,405,460
Checking accounts and demand deposits	15,751,749	12,354,395	17,038,884
Cash equivalents			
Time deposits	23,510,708	25,950,720	26,297,111
Short-term financial instruments	6,272,411	6,208,644	7,221,357
	<u>\$ 47,027,960</u>	<u>\$ 46,562,907</u>	<u>\$ 51,962,812</u>

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

B. Information about time deposits provided as 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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss			
Current items:			
Beneficiary certificates	\$ 1,768,588	\$ 2,105,429	\$ 2,506,707
Valuation adjustment	356	67	622
	<u>\$ 1,768,944</u>	<u>\$ 2,105,496</u>	<u>\$ 2,507,329</u>
Non-current items:			
Unlisted stocks	\$ 275,243	\$ 275,243	\$ 275,243
Valuation adjustment	(189,720)	(189,720)	(189,720)
	<u>\$ 85,523</u>	<u>\$ 85,523</u>	<u>\$ 85,523</u>

A. The Group recognized net profit of \$2,691 and \$5,428 in relation to financial assets at fair value through profit or loss for the six-month periods ended June 30, 2021 and 2020, 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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts receivable	\$ 5,667,555	\$ 6,322,757	\$ 4,908,666
Less: Allowance for doubtful accounts	(127,386)	(107,485)	(66,974)
	<u>\$ 5,540,169</u>	<u>\$ 6,215,272</u>	<u>\$ 4,841,692</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Not past due	\$ 5,541,884	\$ 6,228,821	\$ 4,645,103
Up to 90 days	121,479	91,138	257,294
91 to 180 days	2,496	1,371	5,837
181 to 365 days	1,563	223	432
Over 365 days	133	1,204	-
	<u>\$ 5,667,555</u>	<u>\$ 6,322,757</u>	<u>\$ 4,908,666</u>

The above aging analysis was based on past due date.

B. As of June 30, 2021, December 31, 2020 and June 30, 2020, accounts receivable was all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$5,808,480.

C. As at June 30, 2021, December 31, 2020 and June 30, 2020, 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 \$5,540,169, \$6,215,272, and \$4,841,692, respectively.

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

(4) Inventories

	<u>June 30, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and work in process	\$ 75,821	\$ -	\$ 75,821
Merchandise and finished goods	15,013,941	(90,678)	14,923,263
	<u>\$ 15,089,762</u>	<u>(\$ 90,678)</u>	<u>\$ 14,999,084</u>
	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and work in process	\$ 75,715	\$ -	\$ 75,715
Merchandise and finished goods	16,648,109	(87,769)	16,560,340
	<u>\$ 16,723,824</u>	<u>(\$ 87,769)</u>	<u>\$ 16,636,055</u>
	<u>June 30, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and work in process	\$ 69,401	\$ -	\$ 69,401
Merchandise and finished goods	13,602,297	(85,479)	13,516,818
	<u>\$ 13,671,698</u>	<u>(\$ 85,479)</u>	<u>\$ 13,586,219</u>

The cost of inventories recognized as expense for the period:

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Cost of goods sold and service costs	\$ 41,941,591	\$ 40,150,944
Loss on valuation (gain on reversal) of inventories	(7,453)	(30,131)
Spoilage	492,400	551,580
Others	35,895	75,237
	<u>\$ 42,462,433</u>	<u>\$ 40,747,630</u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Cost of goods sold and service costs	\$ 84,167,850	\$ 80,716,220
Loss on valuation (gain on reversal) of inventories	2,909	(39,062)
Spoilage	1,040,820	1,144,538
Others	122,818	151,372
	<u>\$ 85,334,397</u>	<u>\$ 81,973,068</u>

The Group reversed a previous inventory write-down because the Group sold and scrapped certain inventories which were previously provided with allowance for the three-month periods ended June 30, 2021 and 2020 and for the six-month period ended June 30, 2020, respectively.

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

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Equity instruments</u>			
Listed stocks	\$ 265,606	\$ 265,606	\$ 265,606
Unlisted stocks	4,348	4,348	4,348
	<u>269,954</u>	<u>269,954</u>	<u>269,954</u>
Valuation adjustment	968,908	689,873	482,824
	<u>\$ 1,238,862</u>	<u>\$ 959,827</u>	<u>\$ 752,778</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 \$1,238,862, \$959,827 and \$752,778 as at June 30, 2021, December 31, 2020 and June 30, 2020, 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 three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 103,042	\$ 13,932
Dividend income recognized in profit or loss	<u>\$ 2,815</u>	<u>\$ 42,184</u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
--	--	--

Equity instruments at fair value through other comprehensive income

Fair value change recognized in other comprehensive income

\$ 279,035 (\$ 54,337)

Dividend income recognized in profit or loss

\$ 2,815 \$ 42,184

C. As at June 30, 2021, December 31, 2020 and June 30, 2020, 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 were \$1,238,862, \$959,827 and \$752,778, 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

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Associates</u>			
PresiCarre Corp.	\$ 4,960,487	\$ 5,434,309	\$ 5,265,753
President Fair Development Corp.	2,100,021	2,084,800	2,055,235
Uni-President Development Corp.	751,001	757,759	741,730
President International Development Corp.	444,112	445,096	446,413
Uni-President Organics Corp.	41,180	42,447	38,103
Tung Ho Development Corp.	25,735	33,133	96,662
President Technology Corp.	24,169	25,543	18,498
	<u>8,346,705</u>	<u>8,823,087</u>	<u>8,662,394</u>
<u>Joint ventures</u>			
Mister Donut Taiwan Co., Ltd.	\$ 68,564	\$ 98,554	\$ 83,829
	<u>\$ 8,415,269</u>	<u>\$ 8,921,641</u>	<u>\$ 8,746,223</u>

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

A. The Group's share of the operating results in all individually immaterial associates is summarized below:

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Total comprehensive income	<u>\$ 129,891</u>	<u>\$ 91,107</u>
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Total comprehensive income	<u>\$ 224,145</u>	<u>\$ 232,580</u>

B. The Group's share of the operating results in all individually immaterial joint ventures is summarized below:

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Total comprehensive (loss) income	<u>(\$ 20,775)</u>	<u>\$ 1,485</u>
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Total comprehensive (loss) income	<u>(\$ 19,860)</u>	<u>\$ 3,470</u>

(7) Property, plant and equipment

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

	2021						
	Land	Buildings	Transportation equipment	Operating equipment	Leasehold improvements	Others	Total
<u>At January 1</u>							
Cost	\$ 2,927,827	\$ 4,891,097	\$ 6,993,321	\$ 24,307,493	\$ 20,386,864	\$ 11,989,504	\$ 71,496,106
Accumulated depreciation and impairment	(16,367)	(2,461,641)	(4,811,241)	(15,151,390)	(13,136,753)	(7,868,340)	(43,445,732)
	<u>\$ 2,911,460</u>	<u>\$ 2,429,456</u>	<u>\$ 2,182,080</u>	<u>\$ 9,156,103</u>	<u>\$ 7,250,111</u>	<u>\$ 4,121,164</u>	<u>\$ 28,050,374</u>
Opening net book amount as of January 1	\$ 2,911,460	\$ 2,429,456	\$ 2,182,080	\$ 9,156,103	\$ 7,250,111	\$ 4,121,164	\$ 28,050,374
Additions	-	15,123	87,801	1,539,483	1,159,478	726,052	3,527,937
Acquired through business combinations	-	-	-	1,644	-	-	1,644
Disposals	(4,200)	(3,735)	(6,775)	(15,634)	(59,489)	(12,647)	(102,480)
Transfer	-	3,203	140,172	150,174	47,388	369,848	(28,911)
Depreciation charge	-	(96,398)	(248,849)	(1,362,718)	(1,080,240)	(680,387)	(3,468,592)
Net exchange differences	(883)	(2,152)	(1,124)	(5,383)	(39,142)	(89,961)	(138,645)
Closing net book amount as of June 30	\$ 2,906,377	\$ 2,345,497	\$ 2,153,305	\$ 9,463,669	\$ 7,278,106	\$ 3,694,373	\$ 27,841,327
<u>At June 30</u>							
Cost	\$ 2,922,743	\$ 4,896,819	\$ 7,055,813	\$ 25,196,376	\$ 20,997,542	\$ 11,926,000	\$ 72,995,293
Accumulated depreciation and impairment	(16,366)	(2,551,322)	(4,902,508)	(15,732,707)	(13,719,436)	(8,231,627)	(45,153,966)
	<u>\$ 2,906,377</u>	<u>\$ 2,345,497</u>	<u>\$ 2,153,305</u>	<u>\$ 9,463,669</u>	<u>\$ 7,278,106</u>	<u>\$ 3,694,373</u>	<u>\$ 27,841,327</u>

	2020						
	Land	Buildings	Transportation equipment	Operating equipment	Leasehold improvements	Others	Total
<u>At January 1</u>							
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 impairment	(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>
Opening net book amount as of January 1	\$ 2,238,289	\$ 2,605,730	\$ 2,093,871	\$ 7,801,160	\$ 6,814,519	\$ 4,464,753	\$ 26,018,322
Additions	30,208	1,089	172,220	1,361,979	956,968	675,581	3,198,045
Disposals	-	-	(3,873)	(19,776)	(38,114)	(2,935)	(64,698)
Transfer	-	1,138	92,234	133,203	123,488	(359,369)	(9,306)
Depreciation charge	-	(101,046)	(251,666)	(1,191,574)	(1,016,036)	(722,374)	(3,282,696)
Net exchange differences	116	(3,362)	(1,450)	(13,124)	4,159	12,794	(867)
Closing net book amount as of June 30	<u>\$ 2,268,613</u>	<u>\$ 2,503,549</u>	<u>\$ 2,101,336</u>	<u>\$ 8,071,868</u>	<u>\$ 6,844,984</u>	<u>\$ 4,068,450</u>	<u>\$ 25,858,800</u>
<u>At June 30</u>							
Cost	\$ 2,284,980	\$ 4,787,113	\$ 6,752,554	\$ 23,009,328	\$ 19,821,792	\$ 11,190,866	\$ 67,846,633
Accumulated depreciation and impairment	(16,367)	(2,283,564)	(4,651,218)	(14,937,460)	(12,976,808)	(7,122,416)	(41,987,833)
	<u>\$ 2,268,613</u>	<u>\$ 2,503,549</u>	<u>\$ 2,101,336</u>	<u>\$ 8,071,868</u>	<u>\$ 6,844,984</u>	<u>\$ 4,068,450</u>	<u>\$ 25,858,800</u>

B. Impairment information about the property, plant and equipment is provided in Note 6(13).

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

(8) Leasing arrangements – lessee

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:

	June 30, 2021	December 31, 2020	June 30, 2020
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 858,658	\$ 856,263	\$ 623,804
Buildings	74,629,575	73,986,497	68,517,806
Machinery and equipment	23,158	38,785	54,575
Other equipment	67,901	81,456	64,875
	<u>\$ 75,579,292</u>	<u>\$ 74,963,001</u>	<u>\$ 69,261,060</u>
	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020	
	Depreciation charge	Depreciation charge	
Land	\$ 35,957	\$ 35,942	
Buildings	3,284,557	3,079,054	
Machinery and equipment	5,222	8,572	
Other equipment	9,222	6,747	
	<u>\$ 3,334,958</u>	<u>\$ 3,130,315</u>	
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020	
	Depreciation charge	Depreciation charge	
Land	\$ 71,727	\$ 71,624	
Buildings	6,503,320	6,121,474	
Machinery and equipment	11,372	17,636	
Other equipment	18,929	12,826	
	<u>\$ 6,605,348</u>	<u>\$ 6,223,560</u>	

C. For the three-month and six-month periods ended June 30, 2021 and 2020, the additions to right-of-use assets were \$4,556,845, \$ 4,396,750, \$9,023,283 and \$ 8,845,062, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 266,435	\$ 282,884
Expense on short-term lease contracts	79,718	107,917
Expense on leases of low-value assets	28,194	9,910
Expense on variable lease payments	81,794	98,677
Gain on sublease of right-of-use assets	127,970	126,339
Gain from lease modification	25,305	21,764
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 540,452	\$ 570,859
Expense on short-term lease contracts	174,715	224,572
Expense on leases of low-value assets	59,751	30,683
Expense on variable lease payments	231,473	237,964
Gain on sublease of right-of-use assets	269,974	263,994
Gain from lease modification	52,055	39,925

E. For the six-month periods ended June 30, 2021 and 2020, the Group's total cash outflow for leases were \$7,209,581 and \$6,867,245, respectively.

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 3.04% and 3.27% of lease payments as at June 30, 2021 and 2020, respectively, 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 \$2,315 and \$2,380 for the six-month periods ended June 30, 2021 and 2020, respectively.

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 as at June 30, 2021, December 31, 2020 and June 30, 2020 amounted to \$3,554,189, \$2,773,378 and \$3,349,247, respectively.

H. The Group has applied the practical expedient to "Covid-19-related rent concessions" and recognized the gain from changes in lease payments arising from the rent concessions as other income for the three-month and six-month periods ended June 30, 2021 and 2020, amounting to \$20,495, \$49,938, \$37,601 and \$49,938, respectively.

(9) Leasing arrangements – lessor

- 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 three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Rental revenue	\$ 305,667	\$ 325,928
Rental revenue from variable lease payments	<u>\$ 212,831</u>	<u>\$ 241,113</u>
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Rental revenue	\$ 688,373	\$ 671,755
Rental revenue from variable lease payments	<u>\$ 501,862</u>	<u>\$ 498,267</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Current year	\$ 119,596	\$ -	\$ 166,529
Within 1 year	228,633	275,631	276,326
1~2 years	171,697	211,129	216,251
2~3 years	84,083	145,147	137,193
3~4 years	67,742	71,577	59,346
4~5 years	46,881	59,022	47,485
Over 5 years	<u>95,657</u>	<u>135,472</u>	<u>103,665</u>
	<u>\$ 814,289</u>	<u>\$ 897,978</u>	<u>\$ 1,006,795</u>

(10) Investment property

	2021			
	Land	Buildings	Right-of-use assets	Total
At January 1	\$ 1,074,308	\$ 403,098	\$ 1,385,740	\$ 2,863,146
Additions	137,520	22,635	-	160,155
Disposals	(9,119)	(6,887)	-	(16,006)
Depreciation charge	- (7,899)	(69,287)	- (77,186)	
At June 30	<u>\$ 1,202,709</u>	<u>\$ 410,947</u>	<u>\$ 1,316,453</u>	<u>\$ 2,930,109</u>
	2020			
	Land	Buildings	Right-of-use assets	Total
At January 1	\$ 1,078,295	\$ 428,503	\$ -	\$ 1,506,798
Disposals	- (1,216)	-	-	(1,216)
Depreciation charge	- (8,497)	-	-	(8,497)
At June 30	<u>\$ 1,078,295</u>	<u>\$ 418,790</u>	<u>\$ -</u>	<u>\$ 1,497,085</u>

A. The fair value of the investment property held by the Group ranged from \$4,044,251 to \$5,464,265 as at June 30, 2021, December 31, 2020, and June 30, 2020, which was assessed based on recent settlement prices of similar and comparable properties, as well as the reports of independent appraisers. Valuations were made using the comparison approach and income approach which is categorized within level 3 in the fair value hierarchy. Key assumptions are discount rates between 0.8% to 2.39% and growth rate of 3%.

B. Information on investment property pledged to others as collateral is provided in Note 8.

(11) Intangible assets

	2021				
	License agreement and customer list				
	Software	Goodwill	customer list	Others	Total
<u>At January 1</u>					
Cost	\$ 2,038,224	\$ 2,200,153	\$ 7,524,890	\$ 540,225	\$ 12,303,492
Accumulated amortization and impairment	(1,576,683)	-	(582,478)	(186,133)	(2,345,294)
	<u>\$ 461,541</u>	<u>\$ 2,200,153</u>	<u>\$ 6,942,412</u>	<u>\$ 354,092</u>	<u>\$ 9,958,198</u>
Opening net book amount as of January 1	\$ 461,541	\$ 2,200,153	\$ 6,942,412	\$ 354,092	\$ 9,958,198
Additions	80,946	-	-	867	81,813
Acquired through business combinations	3,792	-	-	-	3,792
Transfer	3,817	-	-	(1,572)	2,245
Amortization expense	(108,637)	-	(97,080)	(26,798)	(232,515)
Net exchange differences	(2,639)	(1,146)	-	-	(3,785)
Closing net book amount as of June 30	<u>\$ 438,820</u>	<u>\$ 2,199,007</u>	<u>\$ 6,845,332</u>	<u>\$ 326,589</u>	<u>\$ 9,809,748</u>
<u>At June 30</u>					
Cost	\$ 2,103,056	\$ 2,199,007	\$ 7,524,890	\$ 538,541	\$ 12,365,494
Accumulated amortization and impairment	(1,664,236)	-	(679,558)	(211,952)	(2,555,746)
	<u>\$ 438,820</u>	<u>\$ 2,199,007</u>	<u>\$ 6,845,332</u>	<u>\$ 326,589</u>	<u>\$ 9,809,748</u>

	2020				
	Software	Goodwill	agreement and customer list	Others	Total
<u>At January 1</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>
Opening net book amount as of January 1	\$ 477,286	\$ 2,202,925	\$ 7,136,571	\$ 354,660	\$ 10,171,442
Additions	54,890	-	-	7,754	62,644
Transfer	3,408	-	-	(1,370)	2,038
Amortization expense	(103,592)	-	(97,080)	(24,206)	(224,878)
Net exchange differences	(1,831)	(647)	-	2,401	(77)
Closing net book amount as of June 30	<u>\$ 430,161</u>	<u>\$ 2,202,278</u>	<u>\$ 7,039,491</u>	<u>\$ 339,239</u>	<u>\$ 10,011,169</u>
<u>At June 30</u>					
Cost	\$ 1,898,594	\$ 2,202,278	\$ 7,524,890	\$ 499,551	\$ 12,125,313
Accumulated amortization and impairment	(1,468,433)	-	(485,399)	(160,312)	(2,114,144)
	<u>\$ 430,161</u>	<u>\$ 2,202,278</u>	<u>\$ 7,039,491</u>	<u>\$ 339,239</u>	<u>\$ 10,011,169</u>

Amortization expense on intangible assets are recognized as operating expenses.

(12) Other non-current assets

	June 30, 2021	December 31, 2020	June 30, 2020
Guarantee deposits paid	\$ 3,142,683	\$ 3,106,790	\$ 3,006,672
Others	605,171	461,010	550,072
	<u>\$ 3,747,854</u>	<u>\$ 3,567,800</u>	<u>\$ 3,556,744</u>

(13) Impairment of non-financial assets

- A. There were neither impairment loss nor reversal of impairment loss recognized for the six-month periods ended June 30, 2021 and 2020.
- 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 for the quarter ended December 31, 2020, so goodwill was not impaired. The key assumptions used for value-in-use calculations is provided in Note 6(13) in the consolidated financial statements for the year ended December 31, 2020.

(14) Short-term borrowings

Type of borrowings	June 30, 2021	Interest rate range	Collateral
Bank borrowings			
Credit loan	\$ 6,089,079	0.35%~4.875%	None
Type of borrowings			
December 31, 2020			
Bank borrowings			
Credit loan	\$ 4,739,411	0.49%~4.875%	None
Type of borrowings			
June 30, 2020			
Bank borrowings			
Credit loan	\$ 5,812,109	0.55%~5.25%	None

There was no capitalization of borrowing costs for the six-month periods ended June 30, 2021 and 2020. Relevant interest expense on borrowings is recognized as "finance costs".

(15) Short-term notes and bills payable

	December 31, 2020	Pledged or secured
Commercial papers payable	\$ 3,400,000	Please refer to the
Less: Unamortized discount	(853)	below for details
	\$ 3,399,147	
Interest rate range	0.408%	

- A. There was no commercial papers payable as at June 30, 2021 and 2020.
- B. The above commercial papers were issued and secured by Sumitomo Mitsui Banking Corporation and International Bills Finance Corporation for short-term financing.

(16) Other payables

	June 30, 2021	December 31, 2020	June 30, 2020
Store collections	\$ 12,199,752	\$ 10,519,829	\$ 13,753,691
Dividend payable	10,653,529	-	10,409,636
Wages, salaries and bonus payable	4,707,194	4,958,514	4,624,661
Sales receipt on behalf of others	1,454,374	1,617,261	1,041,740
Incentive bonus payable to franchisees	881,510	934,922	1,202,271
Payables for acquisition of property, plant and equipment	758,612	1,355,119	624,813
Employees' compensation and remuneration for directors and supervisors	380,416	852,461	421,481
Payables for labor and health insurance	270,209	252,313	244,752
Rent payable	68,253	62,477	69,412
Others	4,203,925	4,540,886	4,146,781
	\$ 35,577,774	\$ 25,093,782	\$ 36,539,238

(17) Other current liabilities

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Advance receipts for gift certificates	\$ 1,466,056	\$ 1,489,185	\$ 1,390,268
Advance receipts of deposits in ICASH cards	1,649,655	1,474,937	1,386,072
Current portion of long-term liabilities	397,315	291,575	223,693
Others	367,259	333,173	359,368
	<u>\$ 3,880,285</u>	<u>\$ 3,588,870</u>	<u>\$ 3,359,401</u>

(18) Long-term borrowings

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2021</u>
Long-term bank borrowings			
Credit loan	3.875%~5.30%	None	\$ 977,518
Secured borrowings	1.46%~1.72%	Property, plant and equipment	538,416
			1,515,934
Less: Current portion			(397,315)
			<u>\$ 1,118,619</u>

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Long-term bank borrowings			
Credit loan	3.875%~5.30%	None	\$ 790,662
Secured borrowings	1.49%~1.75%	Property, plant and equipment	529,466
			1,320,128
Less: Current portion			(291,575)
			<u>\$ 1,028,553</u>

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2020</u>
Long-term bank borrowings			
Credit loan	4.931% ~ 4.98%	None	\$ 240,430
Secured borrowings	1.49% ~ 1.75%	Property, plant and equipment	486,028
			726,458
Less: Current portion			(223,693)
			<u>\$ 502,765</u>

There was no capitalization of borrowing costs for the six-month periods ended June 30, 2021 and 2020. Relevant interest expense on borrowings is recognized as “finance costs”.

(19) 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 contribute 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. Furthermore, the subsidiary, Philippine Seven Corporation has defined benefit pension plan.

For the aforementioned pension plan, the Group recognized pension costs of \$28,699, \$32,907, \$58,076 and \$65,832 for the three-month and six-month periods ended June 30, 2021 and 2020, respectively.

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 six-month periods ended June 30, 2021 and 2020 were 14%~20%. 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 three-month and six-month periods ended June 30, 2021 and 2020 were \$253,229, \$226,930, \$500,138 and \$461,872, respectively.

(20) Other non-current liabilities

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Guarantee deposit received	\$ 3,895,119	\$ 3,784,654	\$ 3,650,393
Provision for decommissioning liability	613,995	576,406	541,673
Others	494,734	295,213	304,289
	<u>\$ 5,003,848</u>	<u>\$ 4,656,273</u>	<u>\$ 4,496,355</u>

(21) Share capital

As of June 30, 2021, 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 as of June 30, 2021 and January 1, 2021.

(22) 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.

(23) 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. The Company may then set aside or reserve a certain amount as special reverse according to the relevant regulations. The appropriation of the remaining earnings and prior years' unappropriated retained earnings 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 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 2020 and 2019 were resolved by the shareholders on July 16, 2021 and June 17, 2020, respectively, as follows:

	2020		2019	
	Dividends		Dividends	
	per share	per share	Amount	Amount
Legal reserve	\$ 1,010,560		\$ 1,055,147	
Special reserve appropriated	952,434		380,187	
Cash dividends	9,356,600	\$ 9.00	9,356,600	\$ 9.00

(24) Other equity items

	2021		
	Financial statements translation differences of foreign operations	Unrealized gains (or loss) on valuation of financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 1,973,268)	\$ 640,647	(\$ 1,332,621)
Revaluation and transfer			
– Group	-	279,035	279,035
– Associates	-	2,630	2,630
Revaluation-tax	-	9,299	9,299
Currency translation differences:			
– Group	(558,210)	-	(558,210)
– Associates	(2,357)	-	(2,357)
At June 30	(\$ 2,533,835)	\$ 931,611	(\$ 1,602,224)
	2020		
	Financial statements translation differences of foreign operations	Unrealized gains (or loss) on valuation of financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 869,908)	\$ 489,721	(\$ 380,187)
Revaluation and transfer			
– Group	- (54,337)	(54,337)	(54,337)
– Associates	- (6,685)	(6,685)	(6,685)
Revaluation-tax	-	4,752	4,752
Currency translation differences:			
– Group	(292,998)	-	(292,998)
– Associates	1,935	-	1,935
At June 30	(\$ 1,160,971)	\$ 433,451	(\$ 727,520)

(25) Operating revenue

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Revenue from contracts with customers	\$ 63,593,394	\$ 61,492,529
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Revenue from contracts with customers	\$ 128,646,597	\$ 124,542,278

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 three-month period ended June 30, 2021	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
– At a point in time	\$ 41,048,173	\$ 13,648,180	\$ 3,636	\$ 4,196,528	\$ 58,896,517
– Over time	201,357	3,726,342	516,687	252,491	4,696,877
	<u>\$ 41,249,530</u>	<u>\$ 17,374,522</u>	<u>\$ 520,323</u>	<u>\$ 4,449,019</u>	<u>\$ 63,593,394</u>
For the three-month period ended June 30, 2020	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
– At a point in time	\$ 41,080,357	\$ 11,752,822	\$ 169,799	\$ 4,262,387	\$ 57,265,365
– Over time	178,248	3,463,037	347,150	238,729	4,227,164
	<u>\$ 41,258,605</u>	<u>\$ 15,215,859</u>	<u>\$ 516,949</u>	<u>\$ 4,501,116</u>	<u>\$ 61,492,529</u>
For the six-month period ended June 30, 2021	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
– At a point in time	\$ 82,359,111	\$ 27,854,956	\$ 6,468	\$ 9,291,223	\$ 119,511,758
– Over time	417,865	7,181,567	1,042,978	492,429	9,134,839
	<u>\$ 82,776,976</u>	<u>\$ 35,036,523</u>	<u>\$ 1,049,446</u>	<u>\$ 9,783,652</u>	<u>\$ 128,646,597</u>
For the six-month period ended June 30, 2020	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
– At a point in time	\$ 79,969,173	\$ 26,760,907	\$ 339,149	\$ 8,999,068	\$ 116,068,297
– Over time	383,506	6,980,776	709,388	400,311	8,473,981
	<u>\$ 80,352,679</u>	<u>\$ 33,741,683</u>	<u>\$ 1,048,537</u>	<u>\$ 9,399,379</u>	<u>\$ 124,542,278</u>

B. Contract liabilities

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

	June 30, 2021	December 31, 2020	June 30, 2020	January 1, 2020
Contract liabilities – advance receipts of gift certificates and gift payments	\$ 4,106,002	\$ 3,430,999	\$ 2,208,687	\$ 1,786,894
Contract liabilities – members' deposits	821,630	804,373	797,305	793,115
Contract liabilities – franchise fee	406,647	429,578	445,248	444,470
Contract liabilities – customer loyalty programs	961,744	807,168	590,088	503,861
Contract liabilities – others	<u>393,859</u>	<u>326,513</u>	<u>334,148</u>	<u>363,291</u>
	<u>\$ 6,689,882</u>	<u>\$ 5,798,631</u>	<u>\$ 4,375,476</u>	<u>\$ 3,891,631</u>

(b) Revenues recognized that were included in the contract liabilities balance at the beginning were \$3,479,745 and \$1,939,194 for the six-month periods ended June 30, 2021 and 2020, respectively.

(26) Expenses by nature

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Net cost of goods sold	\$ 37,314,892	\$ 36,201,356
Employee benefit expense	6,574,493	6,348,022
Incentive bonuses for franchisees	5,532,115	5,558,625
Depreciation and amortization	5,213,393	4,918,658
Utilities expense	1,091,665	1,133,167
Operating lease payments	189,706	216,504
Other costs and expenses	5,598,012	4,533,680
Total operating costs and operating expenses	\$ 61,514,276	\$ 58,910,012

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Net cost of goods sold	\$ 75,375,296	\$ 72,969,039
Employee benefit expense	13,294,539	12,894,683
Incentive bonuses for franchisees	10,834,142	10,955,108
Depreciation and amortization	10,358,016	9,783,989
Utilities expense	2,066,003	2,181,428
Operating lease payments	465,939	493,219
Other costs and expenses	11,015,946	9,491,918
Total operating costs and operating expenses	\$ 123,409,881	\$ 118,769,384

(27) Employee benefit expense

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Wages and salaries	\$ 5,357,847	\$ 5,233,668
Labor and health insurance fees	553,431	466,167
Pension costs	281,928	259,837
Other personnel expenses	381,287	388,350
Total	\$ 6,574,493	\$ 6,348,022

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Wages and salaries	\$ 10,883,031	\$ 10,647,012
Labor and health insurance fees	1,102,990	972,613
Pension costs	558,214	527,704
Other personnel expenses	750,304	747,354
Total	\$ 13,294,539	\$ 12,894,683

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' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. For the three-month and six-month periods ended June 30, 2021 and 2020, employees' compensation was accrued at \$95,022, \$126,024, \$229,445 and \$265,687, respectively; while directors' remuneration was accrued at \$31,747, \$42,104, \$76,657 and \$88,765, respectively.

The employees' compensation and directors' remuneration were estimated and accrued based on 4.37% and 1.46% of distributable profit of the current period for the six-month period ended June 30, 2021, respectively.

Employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2020 financial statements and the employee's compensation will be distributed in form of cash.

Information about employees' compensation and directors' 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.

(28) Interest income

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Interest income	<u>\$ 52,247</u>	<u>\$ 148,817</u>
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Interest income	<u>\$ 106,666</u>	<u>\$ 315,658</u>

(29) Other income

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Grants income	<u>\$ 228,712</u>	<u>\$ 166,179</u>
Rental revenue	<u>72,800</u>	<u>70,007</u>
Dividend income	<u>2,815</u>	<u>60,312</u>
Others	<u>225,962</u>	<u>251,282</u>
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Grants income	<u>\$ 418,431</u>	<u>\$ 344,794</u>
Rental revenue	<u>142,912</u>	<u>139,225</u>
Dividend income	<u>2,815</u>	<u>60,312</u>
Others	<u>382,261</u>	<u>395,306</u>
	<u>\$ 946,419</u>	<u>\$ 939,637</u>

(30) Other gains and losses

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Depreciation of investment property	(\$ 38,590)	\$ 4,251
Gain from lease modification	25,305	21,764
Gain on disposal of investment property	22,549	-
Gain (loss) on disposal of property, plant and equipment	7,489	(3,567)
Other gains and losses	(48,156)	(10,568)
	<u><u>\$ 31,403</u></u>	<u><u>\$ 3,378</u></u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Depreciation of investment property	(\$ 77,186)	\$ 8,497
Gain from lease modification	52,055	39,925
Gain on disposal of investment property	22,549	-
Gain (loss) on disposal of property, plant and equipment	12,680	15,751
Other gains and losses	(57,111)	(15,965)
	<u><u>\$ 47,013</u></u>	<u><u>\$ 31,214</u></u>

(31) Finance costs

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Interest expense on lease liabilities	\$ 266,435	\$ 282,884
Financial expense, others	41,374	51,595
	<u><u>\$ 307,809</u></u>	<u><u>\$ 334,479</u></u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Interest expense on lease liabilities	\$ 540,452	\$ 570,859
Financial expense, others	74,228	79,483
	<u><u>\$ 614,680</u></u>	<u><u>\$ 650,342</u></u>

(32) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Current tax:		
Current tax on profit for the period	\$ 584,636	\$ 648,482
Under (over) provision of prior year's income tax	1,409	(204,754)
Total current tax	<u>586,045</u>	<u>443,728</u>
Deferred tax:		
Origination and reversal of temporary differences	(103,568)	(105,482)
Income tax expense	<u>\$ 482,477</u>	<u>\$ 338,246</u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Current tax:		
Current tax on profit for the period	\$ 1,303,099	\$ 1,414,522
Under (over) provision of prior year's income tax	559	(204,753)
Total current tax	<u>1,303,658</u>	<u>1,209,769</u>
Deferred tax:		
Origination and reversal of temporary differences	(390,818)	(157,324)
Income tax expense	<u>\$ 912,840</u>	<u>\$ 1,052,445</u>

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

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Changes in fair value of financial assets at fair value through other comprehensive income	<u>(\$ 4,732)</u>	<u>(\$ 2,182)</u>
Changes in fair value of financial assets at fair value through other comprehensive income	<u>(\$ 9,299)</u>	<u>(\$ 4,752)</u>

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(33) Earnings per share

For the three-month period ended June 30, 2021			
	Weighted average number of ordinary shares outstanding after tax	Earnings per share (shares in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,768,408	1,039,622	\$ 1.70
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,768,408	1,039,622	
Assumed conversion of all dilutive potential ordinary shares	-	361	
Employees' compensation	-	361	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,768,408	1,039,983	\$ 1.70
For the three-month period ended June 30, 2020			
	Weighted average number of ordinary shares outstanding after tax	Earnings per share (shares in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,537,225	1,039,622	\$ 2.44
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,537,225	1,039,622	
Assumed conversion of all dilutive potential ordinary shares	-	425	
Employees' compensation	-	425	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,537,225	1,040,047	\$ 2.44

For the six-month period ended June 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 4,478,010	1,039,622	\$ 4.31
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 4,478,010	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		-	1,549
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 4,478,010	1,041,171	\$ 4.30
For the six-month period ended June 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 5,091,668	1,039,622	\$ 4.90
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 5,091,668	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		-	1,533
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,091,668	1,041,155	\$ 4.89

(34) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

In February 2021, the Group acquired an additional 1.64% shares of the subsidiary, Philippine Seven Corp., for a cash consideration of \$721,798. The carrying amount of non-controlling interest in Philippine Seven Corp. was \$71,405 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$71,405. The effect of changes in interests in Philippine Seven Corp. on the equity attributable to owners of the parent for the six-month period ended June 30, 2021 is as follows:

	For the six-month period ended June 30, 2021
Carrying amount of non-controlling interest acquired	\$ 71,405
Consideration paid to non-controlling interest	(721,798)
Difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount (Decrease in “Retained earnings”)	(\$ 650,393)

B. The Group did not conduct any transaction with non-controlling interest for the six-month period ended June 30, 2020.

(35) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Purchase of property, plant and equipment	\$ 3,527,937	\$ 3,198,045
Add: Opening balance of payable on equipment	1,355,119	1,364,370
Less: Ending balance of payable on equipment	(758,612)	(624,813)
Cash paid during the period	<u>\$ 4,124,444</u>	<u>\$ 3,937,602</u>

B. Declared cash dividends

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Unpaid cash dividends – the Company	\$ 9,356,600	\$ 9,356,600
Unpaid cash dividends – subsidiary	1,296,929	1,053,036
	<u>\$ 10,653,529</u>	<u>\$ 10,409,636</u>

(36) Changes in liabilities from financing activities

	2021							
	Short-term borrowings	Short-term notes and bills payable	Dividend payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Other non-current liabilities	Total liabilities from financing activities
At January 1	\$ 4,739,411	\$ 3,399,147	\$ -	\$ 1,028,553	\$ 78,137,016	\$ 3,784,654	\$ 871,619	\$ 91,960,400
Changes in cash flow from financing activities	1,344,668	(3,399,147)		-	225,369	(6,203,190)	110,414	199,521
Interest paid (Note)	-	-		-	-	(540,452)	-	- (540,452)
Impact of changes in foreign exchange rate	-	-	-	(24,204)	(225,441)	-	-	- (249,645)
Changes in other non-cash items	5,000	-	10,653,529	(111,099)	7,960,045	51	37,589	18,545,115
At June 30	<u>\$ 6,089,079</u>	<u>\$ -</u>	<u>\$ 10,653,529</u>	<u>\$ 1,118,619</u>	<u>\$ 79,127,978</u>	<u>\$ 3,895,119</u>	<u>\$ 1,108,729</u>	<u>\$ 101,993,053</u>
	2020							
	Short-term borrowings	Short-term notes and bills payable	Dividend payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Other non-current liabilities	Total liabilities from financing activities
At January 1	\$ 6,014,658	\$ -	\$ -	\$ 508,112	\$ 68,827,038	\$ 3,560,485	\$ 808,335	\$ 79,718,628
Changes in cash flow from financing activities	(202,549)	-	-	-	(4,969)	(5,803,167)	89,908	4,661
Interest paid (Note)	-	-	-	-	-	(570,859)	-	- (570,859)
Impact of changes in foreign exchange rate	-	-	-	-	963	(140)	-	- 823
Changes in other non-cash items	-	-	10,409,636	(1,341)	8,353,512	-	32,966	18,794,773
At June 30	<u>\$ 5,812,109</u>	<u>\$ -</u>	<u>\$ 10,409,636</u>	<u>\$ 502,765</u>	<u>\$ 70,806,384</u>	<u>\$ 3,650,393</u>	<u>\$ 845,962</u>	<u>\$ 92,027,249</u>

Note: Presented in cash flows from operating activities.

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 June 30, 2021.

(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.	Investee 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.	"
President Property Corp.	Subsidiaries of investee of the Company accounted for using the equity method
Presco Netmarketing Inc.	Subsidiary of ultimate parent company
President (Kunshan) Trading Co., Ltd.	"
Tait Marketing & Distribution Co., Ltd.	"
President Packaging Industrial Corp.	"
President Tokyo Corp.	"
Kai Ya Food Co., Ltd.	Sub-subsidiary of ultimate parent company
Tung Ang Enterprises Corp.	"
Lien Bo Corp.	"
Songjiang President Enterprises Co., Ltd.	"
Zhenzhou President Enterprises Co., Ltd.	"
Kuang Chuan Dairy Co., Ltd.	Investee of ultimate parent company accounted for using the equity method
Wei Lih Food Industrial Co., Ltd.	"
Prince Housing & Development Corp.	"
Wei Kuon Co., Ltd.	Subsidiaries of investee of ultimate parent company accounted for using the equity method
Tong Zhan Corporation Ltd.	Investees of subsidiaries of ultimate parent company accounted for using the equity method
Koasa Yamako Corp.	The Company is a director of Koasa Yamako Corp.

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
<u>Sales of goods</u>		
Ultimate parent company	\$ 139,005	\$ 134,504
Associates	32,909	28,643
Sister companies	98,388	82,738
Other related parties	15,739	13,725
<u>Sales of services</u>		
Ultimate parent company	4,457	4,503
Associates	25,002	11,359
Sister companies	4,305	3,418
Other related parties	1,791	999
	<u>\$ 321,596</u>	<u>\$ 279,889</u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
<u>Sales of goods</u>		
Ultimate parent company	\$ 290,378	\$ 277,823
Associates	67,641	62,746
Sister companies	196,305	165,112
Other related parties	29,675	29,609
<u>Sales of services</u>		
Ultimate parent company	9,330	9,050
Associates	43,994	30,978
Sister companies	8,764	6,781
Other related parties	3,187	2,158
	<u>\$ 649,274</u>	<u>\$ 584,257</u>

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

B. Purchases

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
<u>Ultimate parent company</u>		
Associates	\$ 4,109,319	\$ 4,068,817
Sister companies	62,986	51,218
Other related parties	1,447,547	1,283,892
	<u>459,929</u>	<u>552,787</u>
	<u>\$ 6,079,781</u>	<u>\$ 5,956,714</u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Ultimate parent company	\$ 8,320,894	\$ 8,026,744
Associates	129,832	104,266
Sister companies	2,824,572	2,463,901
Other related parties	958,284	1,097,776
	<u>\$ 12,233,582</u>	<u>\$ 11,692,687</u>

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

C. Receivables from related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Accounts receivable			
Ultimate parent company	\$ 166,611	\$ 232,286	\$ 157,534
Associates	50,724	60,516	49,950
Sister companies	53,390	96,824	45,561
Other related parties	3,641	4,435	6,686
	<u>\$ 274,366</u>	<u>\$ 394,061</u>	<u>\$ 259,731</u>

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

D. Payables to related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Notes payable and accounts payable			
Ultimate parent company	\$ 1,600,846	\$ 1,850,470	\$ 1,869,770
Associates	30,356	58,443	40,517
Sister companies	648,432	634,707	687,646
Other related parties	264,641	321,798	370,008
	<u>\$ 2,544,275</u>	<u>\$ 2,865,418</u>	<u>\$ 2,967,941</u>

Payables to related parties arise mainly 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 six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Ultimate parent company	\$ 73,635	\$ 8,723
Associates	-	40,820
Sister companies	-	11,686
	<u>\$ 73,635</u>	<u>\$ 61,229</u>

(c) Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Ultimate parent company	\$ 107,715	\$ 73,102	\$ 96,577
Associates	3,469,432	3,654,236	384,728
Sister companies	228,424	265,288	277,609
Other related parties	499,744	472,611	499,217
	<u>\$ 4,305,315</u>	<u>\$ 4,465,237</u>	<u>\$ 1,258,131</u>

(4) Key management compensation

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Short-term employee benefits	<u>\$ 115,221</u>	<u>\$ 129,970</u>
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Short-term employee benefits	<u>\$ 267,743</u>	<u>\$ 303,797</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2021	December 31, 2020	June 30, 2020	
Land	\$ 218,675	\$ 218,675	\$ 128,643	Guarantee facilities and performance guarantee
Buildings	26,109	31,450	36,790	Long-term borrowings and guarantee facilities
Transportation equipment	725,203	706,193	662,522	Long-term borrowings
Investment property	56,845	56,898	-	Performance guarantee
Pledged time deposits (Recognized as "Other non-current assets - guarantee deposits paid")	93,386	110,122	81,089	Performance guarantee
	<u>\$ 1,120,218</u>	<u>\$ 1,123,338</u>	<u>\$ 909,044</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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 1,854,467</u>	<u>\$ 2,191,019</u>	<u>\$ 2,592,852</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 1,238,862</u>	<u>\$ 959,827</u>	<u>\$ 752,778</u>
Financial assets at amortized cost			
Cash and cash equivalents	<u>\$ 47,027,960</u>	<u>\$ 46,562,907</u>	<u>\$ 51,962,812</u>
Accounts receivable, net	<u>5,540,169</u>	<u>6,215,272</u>	<u>4,841,692</u>
Other receivables	<u>3,985,545</u>	<u>1,950,481</u>	<u>2,895,663</u>
Other current assets (Note)	<u>2,536,664</u>	<u>2,491,850</u>	<u>2,318,451</u>
Guarantee deposits paid	<u>3,142,683</u>	<u>3,106,790</u>	<u>3,006,672</u>
Other non-current assets (Note)	<u>31,606</u>	<u>47,442</u>	<u>29,932</u>
	<u><u>\$ 62,264,627</u></u>	<u><u>\$ 60,374,742</u></u>	<u><u>\$ 65,055,222</u></u>
Financial liabilities			
Financial liabilities at amortized cost			
Short-term borrowings	<u>\$ 6,089,079</u>	<u>\$ 4,739,411</u>	<u>\$ 5,812,109</u>
Short-term notes and bills payable	<u>-</u>	<u>3,399,147</u>	<u>-</u>
Notes payable	<u>1,326,019</u>	<u>1,079,496</u>	<u>1,031,775</u>
Accounts payable (including related parties)	<u>22,566,647</u>	<u>25,056,836</u>	<u>23,769,615</u>
Other payables	<u>35,577,774</u>	<u>25,093,782</u>	<u>36,539,238</u>
Long-term borrowings (including current portion)	<u>1,515,934</u>	<u>1,320,128</u>	<u>726,458</u>
Guarantee deposits received	<u>3,895,119</u>	<u>3,784,654</u>	<u>3,650,393</u>
	<u><u>\$ 70,970,572</u></u>	<u><u>\$ 64,473,454</u></u>	<u><u>\$ 71,529,588</u></u>
Lease liabilities	<u><u>\$ 79,127,978</u></u>	<u><u>\$ 78,137,016</u></u>	<u><u>\$ 70,806,384</u></u>

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 unusual, the treasury will respond accordingly and report to the Board of Directors immediately.
- (c) There is no related transaction with 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 the New Taiwan dollar (NTD), and for other certain subsidiaries, the functional currency is the Renminbi (RMB). The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by exchange rate fluctuations are as follows:

(Foreign currency: functional currency)	June 30, 2021			December 31, 2020		
	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	\$ 1,710	27.8600	\$ 47,641	\$ 1,878	28.4800	\$ 53,485
RMB : NTD	2,151	4.3146	9,281	2,790	4.3633	12,174
JPY : NTD	61,349	0.2521	15,466	55,921	0.2763	15,451
HKD : NTD	1,455	3.5878	5,220	1,267	3.6734	4,654
EUR : NTD	847	33.1500	28,078	43	35.0200	1,506
<u>Non-monetary items</u>						
JPY : NTD	\$ 760,200	0.2521	\$ 191,646	\$ 861,900	0.2763	\$ 238,143
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 4,195	27.8600	\$ 116,873	\$ 3,081	28.4800	\$ 87,747
RMB : NTD	2,182	4.3146	9,414	2,182	4.3633	9,521
JPY : NTD	105,741	0.2521	26,657	70,741	0.2763	19,546

(Foreign currency: functional currency)	June 30, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 1,715	29.6300	\$ 50,815
RMB : NTD	2,395	4.1937	10,044
JPY : NTD	49,556	0.2751	13,633
HKD : NTD	598	3.8230	2,286
EUR : NTD	72	33.2700	2,395
<u>Non-monetary items</u>			
JPY : NTD	\$ 824,100	0.2751	\$ 226,710
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 2,885	29.6300	\$ 85,483
RMB : NTD	200	4.1937	839
JPY : NTD	104,117	0.2751	28,643

IV. Total exchange gain, including realized and unrealized arising from significant foreign exchange variations on monetary items held by the Group amounted to \$3,376, \$2,315, \$7,900 and \$4,935 for the three-month and six-month periods ended June 30, 2021 and 2020, 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. If the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Group's profit for the six-month periods ended June 30, 2021 and 2020 would increase/decrease by \$3,462 and \$1,733, 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, 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 six-month periods ended June 30, 2021 and 2020 would increase/decrease by \$9,023 and \$10,585, 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 six-month periods ended June 30, 2021 and 2020 would have increased/decreased by \$8,698 and \$10,544, 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 \$61,943 and \$37,639, 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. During the six-month periods ended June 30, 2021 and 2020, 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 six-month periods ended June 30, 2021 and 2020 would have increased/decreased by \$3,790 and \$1,816, 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 of the contract cash flows of the accounts receivable based on the agreed terms.
- 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 90 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 30 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. For accounts receivable from other transactions, the Group manages individually and follow up regularly. 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:

	2021
	<u>Accounts receivable</u>
At January 1	\$ 107,485
Provision for impairment	30,630
Write-offs	(7,189)
Effect of foreign exchange	(3,540)
At June 30	<u>\$ 127,386</u>

	2020
	<u>Accounts receivable</u>
At January 1	\$ 55,829
Provision for impairment	12,228
Write-offs	(1,091)
Effect of foreign exchange	114
Reversal of impairment	(106)
At June 30	<u>\$ 66,974</u>

- VI. The Group has no written-off financial assets that are still under recourse procedures on June 30, 2021, December 31, 2020 and June 30, 2020.

(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 \$1,768,944, \$2,105,496 and \$2,507,329 as at June 30, 2021, December 31, 2020, and June 30, 2020, respectively, which are expected to readily generate cash inflows for the purpose of managing liquidity risk.
- III. The Group has undrawn borrowing facilities of \$17,334,782, \$12,120,795 and \$16,331,642 as of June 30, 2021, December 31, 2020 and June 30, 2020, 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 to book value, maturing within one-year, the amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than	Between	Between	Over 3 years
	1 year	1 and 2 years	2 and 3 years	
June 30, 2021				
Short-term borrowings	\$ 6,103,087	\$ -	\$ -	\$ -
Lease liabilities	14,926,938	14,434,454	12,654,183	44,633,580
Long-term borrowings (including current portion)	450,823	169,946	148,587	877,833

Non-derivative financial liabilities:

	Less than	Between	Between	Over 3 years
	1 year	1 and 2 years	2 and 3 years	
December 31, 2020				
Short-term borrowings	\$ 4,741,449	\$ -	\$ -	\$ -
Short-term notes and bills payable	3,399,147	-	-	-
Lease liabilities	13,963,145	13,048,917	12,614,870	44,710,678
Long-term borrowings (including current portion)	336,467	162,794	137,045	798,892

Non-derivative financial liabilities:

	Less than	Between	Between	Over 3 years
	1 year	1 and 2 years	2 and 3 years	
June 30, 2020				
Short-term borrowings	\$ 5,823,710	\$ -	\$ -	\$ -
Lease liabilities	13,220,152	14,054,425	13,583,236	35,402,866
Long-term borrowings (including current portion)	243,590	129,941	105,722	292,583

- 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, short-term notes and bills payable, notes payable, accounts payable, other payables and long-term borrowings are approximate to their fair values.

June 30, 2021				
	Fair value			
Book value	Level 1	Level 2	Level 3	
<u>Financial assets:</u>				
Guarantee deposits paid	\$ 3,142,683	\$ _____ -	\$ _____ -	\$ 3,129,179
<u>Financial liabilities:</u>				
Guarantee deposits received	\$ 3,895,119	\$ _____ -	\$ _____ -	\$ 3,875,912

December 31, 2020				
	Fair value			
Book value	Level 1	Level 2	Level 3	
<u>Financial assets:</u>				
Guarantee deposits paid	\$ 3,106,790	\$ _____ -	\$ _____ -	\$ 3,092,709
<u>Financial liabilities:</u>				
Guarantee deposits received	\$ 3,784,654	\$ _____ -	\$ _____ -	\$ 3,764,776

June 30, 2020				
	Fair value			
Book value	Level 1	Level 2	Level 3	
<u>Financial assets:</u>				
Guarantee deposits paid	\$ 3,006,672	\$ _____ -	\$ _____ -	\$ 2,994,346
<u>Financial liabilities:</u>				
Guarantee deposits received	\$ 3,650,393	\$ _____ -	\$ _____ -	\$ 3,633,138

(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:

<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 1,768,944	\$ -	\$ -	\$ 1,768,944
Equity securities	<u>-</u>	<u>-</u>	<u>85,523</u>	<u>85,523</u>
	<u>1,768,944</u>	<u>-</u>	<u>85,523</u>	<u>1,854,467</u>
Financial assets at fair value				
through other comprehensive income				
Equity securities	\$ 1,234,514	\$ -	\$ 4,348	\$ 1,238,862
	<u>1,234,514</u>	<u>-</u>	<u>4,348</u>	<u>1,238,862</u>
	<u>\$ 3,003,458</u>	<u>\$ -</u>	<u>\$ 89,871</u>	<u>\$3,093,329</u>
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 2,105,496	\$ -	\$ -	\$ 2,105,496
Equity securities	<u>-</u>	<u>-</u>	<u>85,523</u>	<u>85,523</u>
	<u>2,105,496</u>	<u>-</u>	<u>85,523</u>	<u>2,191,019</u>
Financial assets at fair value				
through other comprehensive income				
Equity securities	\$ 955,479	\$ -	\$ 4,348	\$ 959,827
	<u>955,479</u>	<u>-</u>	<u>4,348</u>	<u>959,827</u>
	<u>\$ 3,060,975</u>	<u>\$ -</u>	<u>\$ 89,871</u>	<u>\$3,150,846</u>

<u>June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 2,507,329	\$ -	\$ -	\$ 2,507,329
Equity securities	-	-	85,523	85,523
	<u>2,507,329</u>	<u>-</u>	<u>85,523</u>	<u>2,592,852</u>
Financial assets at fair value				
through other comprehensive income				
Equity securities	\$ 748,430	\$ -	\$ 4,348	\$ 752,778
	<u>748,430</u>	<u>-</u>	<u>4,348</u>	<u>752,778</u>
	<u>\$ 3,255,759</u>	<u>\$ -</u>	<u>\$ 89,871</u>	<u>\$ 3,345,630</u>

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

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

<u>Listed shares</u>	<u>Open-ended fund</u>	<u>Government bond</u>
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 six-month periods ended June 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. For the six-month periods ended June 30, 2021 and 2020, 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 neighboring 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 June 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 89,871	Market comparable companies	Price to book ratio multiplier	2.58	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, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 89,871	Market comparable companies	Price to book ratio multiplier	2.58	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 June 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 89,871	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

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 valuation assumptions from financial assets and liabilities categorized within Level 3 had increased or decreased by 1%, net income or other comprehensive income would not have been significantly impacted for the six-month periods ended June 30, 2021 and 2020.

(4) Other information

Due to the spread of the COVID-19 and the impact of the government's prevention measures, some convenience stores of the Group were temporarily closed or reduced their operating hours. In response to the prevention measures, the Group has adopted related measures and continued to launch several promotion programs. The working capital of the Group is still sufficient and all operating departments are operating normally. Based on the assessment, the outbreak of the COVID-19 did not have a significant impact on the financial status and financial performance of the Group as of June 30, 2021.

13. SUPPLEMENTARY DISCLOSURE

(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.

(4) Major shareholders information

List of shareholders holding more than 5% (inclusive) of shares: Please refer to Table 8.

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 this period.

The chief operating decision-maker considers the business from industry and geographic perspectives. By industry, the Group focuses on convenience stores, retail business groups, logistics business groups and others. Geographically, the Group focuses on Taiwan and mainland China where most of its business premises are located. As the operation of convenience stores in Taiwan is the focus of the 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 six-month period ended June 30, 2021				
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination
					Total
External revenue (net)	\$ 82,776,976	\$ 35,036,523	\$ 1,049,446	\$ 9,783,652	\$ -
Internal department revenue	<u>559,693</u>	<u>1,481,203</u>	<u>7,769,629</u>	<u>4,144,875</u>	<u>(13,955,400)</u>
Total segment revenue	<u>\$ 83,336,669</u>	<u>\$ 36,517,726</u>	<u>\$ 8,819,075</u>	<u>\$ 13,928,527</u>	<u>(\$ 13,955,400)</u>
Segment income (loss)	<u>\$ 4,944,349</u>	<u>\$ 1,310,437</u>	<u>\$ 732,441</u>	<u>(\$ 540,047)</u>	<u>(\$ 615,060)</u>
					<u>\$ 5,832,120</u>

	For the six-month period ended June 30, 2020				
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination
					Total
External revenue (net)	\$ 80,352,679	\$ 33,741,683	\$ 1,048,537	\$ 9,399,379	\$ -
Internal department revenue	<u>329,703</u>	<u>1,177,994</u>	<u>6,847,188</u>	<u>3,767,354</u>	<u>(12,122,239)</u>
Total segment revenue	<u>\$ 80,682,382</u>	<u>\$ 34,919,677</u>	<u>\$ 7,895,725</u>	<u>\$ 13,166,733</u>	<u>(\$ 12,122,239)</u>
Segment income (loss)	<u>\$ 5,725,334</u>	<u>\$ 956,587</u>	<u>\$ 737,670</u>	<u>(\$ 14,311)</u>	<u>(\$ 762,359)</u>
					<u>\$ 6,642,921</u>

(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.