

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
MARCH 31, 2020 AND 2019

For the convenience of readers and for information purposes 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 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
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
MARCH 31, 2020 AND 2019
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REVIEW REPORT OF FINANCIAL STATEMENTS
TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of President Chain Store Corp. and subsidiaries as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-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 accountants. Those statements reflect total assets of NT\$43,551,889 thousand and NT\$43,359,143 thousand, constituting 22% and 25% of the consolidated total assets, and total liabilities of NT\$26,671,356 thousand and NT\$26,065,598 thousand, constituting 18% and 20% of the consolidated total liabilities as at March 31, 2020 and 2019, respectively, and total comprehensive income of

NT\$309,819 thousand and NT\$609,145 thousand, constituting 10% and 17% of the consolidated total comprehensive income for the three-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 accountants, 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 March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three-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

Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan
May 6, 2020

The accompanying 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 review report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

Assets			March 31, 2020		December 31, 2019		March 31, 2019	
			Notes	AMOUNT	%	AMOUNT	%	AMOUNT
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 45,619,316	23	\$ 45,445,395	23	\$ 46,617,325	26
1110	Financial assets at fair value through profit or loss — current	6(2)	1,682,052	1	1,696,300	1	1,417,691	1
1170	Accounts receivable, net	6(3) and 7	4,034,994	2	5,808,480	3	4,875,260	3
1200	Other receivables		1,956,561	1	1,460,354	1	2,033,344	1
1220	Current income tax assets	6(30)	624	-	95	-	1,478	-
130X	Inventories, net	6(4)	14,228,358	7	15,659,112	8	13,403,632	8
1410	Prepayments		1,396,936	1	1,195,719	1	1,255,719	1
1470	Other current assets		3,135,037	2	2,968,350	1	2,788,821	1
11XX	Total current assets		72,053,878	37	74,233,805	38	72,393,270	41
Non-current assets								
1510	Financial assets at fair value through profit or loss — non-current	6(2)	85,565	-	85,565	-	85,683	-
1517	Financial assets at fair value through other comprehensive income — non-current	6(5)	738,846	-	807,115	-	957,894	-
1550	Investments accounted for using equity method	6(6)	9,392,621	5	9,255,939	5	9,131,067	5
1600	Property, plant and equipment, net	6(7)(28) and 8	26,048,593	14	26,018,322	13	24,776,937	14
1755	Right of use assets	6(8) and 7	68,362,249	35	67,489,612	35	52,501,131	30
1760	Investment property, net	6(10)	1,502,552	1	1,506,798	1	1,519,572	1
1780	Intangible assets	6(11)	10,087,357	5	10,171,442	5	10,279,428	6
1840	Deferred income tax assets	6(30)	1,901,412	1	1,860,217	1	1,762,475	1
1900	Other non-current assets	6(12) and 8	3,657,699	2	3,699,819	2	3,104,623	2
15XX	Total non-current assets		121,776,894	63	120,894,829	62	104,118,810	59
1XXX	Total assets		\$ 193,830,772	100	\$ 195,128,634	100	\$ 176,512,080	100

(Continued)

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2020		December 31, 2019		March 31, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(14) and 8	\$ 5,088,654	3	\$ 6,014,658	3	\$ 4,376,596	3
2130	Contract liabilities — current	6(24)	3,519,856	2	3,443,383	2	3,022,466	2
2150	Notes payable	7	1,102,302	1	1,214,702	1	2,290,148	1
2170	Accounts payable		20,109,176	10	20,897,055	11	19,590,525	11
2180	Accounts payable — related parties	7	2,665,307	1	2,690,640	1	2,555,538	2
2200	Other payables	6(15)	22,343,806	11	26,596,505	14	23,395,381	13
2230	Current income tax liabilities	6(30)	2,148,247	1	1,410,428	1	2,168,380	1
2280	Lease liabilities — current	7	12,000,591	6	11,932,751	6	11,057,525	6
2300	Other current liabilities	6(16)	3,188,331	2	3,149,591	1	3,210,993	2
21XX	Total current liabilities		<u>72,166,270</u>	<u>37</u>	<u>77,349,713</u>	<u>40</u>	<u>71,667,552</u>	<u>41</u>
	Non-current liabilities							
2527	Contract liabilities — non-current	6(24)	434,429	-	448,248	-	233,767	-
2540	Long-term borrowings	6(17) and 8	499,680	-	508,112	-	692,547	-
2570	Deferred income tax liabilities	6(30)	5,567,312	3	5,580,529	3	5,462,572	3
2580	Lease liabilities — non-current	7	57,729,234	30	56,894,287	29	41,986,388	24
2640	Net defined benefit liability	6(18)						
	— non-current		4,750,197	3	4,751,607	3	4,726,054	3
2670	Other non — current liabilities	6(19)	4,432,142	2	4,368,820	2	4,174,013	2
25XX	Total non-current liabilities		<u>73,412,994</u>	<u>38</u>	<u>72,551,603</u>	<u>37</u>	<u>57,275,341</u>	<u>32</u>
2XXX	Total liabilities		<u>145,579,264</u>	<u>75</u>	<u>149,901,316</u>	<u>77</u>	<u>128,942,893</u>	<u>73</u>
	Equity attributable to owners of the parent							
	Share capital	6(20)						
3110	Share capital — common stock		10,396,223	5	10,396,223	5	10,396,223	6
	Capital surplus	6(21)						
3200	Capital surplus		46,884	-	46,884	-	45,954	-
	Retained earnings	6(22)						
3310	Legal reserve		13,314,081	7	13,314,081	7	12,293,442	7
3320	Special reserve		-	-	-	-	398,859	-
3350	Unappropriated retained earnings		15,400,485	8	12,845,880	7	14,972,771	9
	Other equity	6(23)						
3400	Other equity interest		(256,272)	-	(380,187)	-	307,257	-
31XX	Equity attributable to owners of the parent		<u>38,901,401</u>	<u>20</u>	<u>36,222,881</u>	<u>19</u>	<u>38,414,506</u>	<u>22</u>
36XX	Non-controlling interest		<u>9,350,107</u>	<u>5</u>	<u>9,004,437</u>	<u>4</u>	<u>9,154,681</u>	<u>5</u>
3XXX	Total equity		<u>48,251,508</u>	<u>25</u>	<u>45,227,318</u>	<u>23</u>	<u>47,569,187</u>	<u>27</u>
3X2X	Total liabilities and equity		<u>\$ 193,830,772</u>	<u>100</u>	<u>\$ 195,128,634</u>	<u>100</u>	<u>\$ 176,512,080</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: Kuo, Ying-Chih

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

Items		Notes	For the three-month periods ended March 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24) and 7	\$ 63,049,749	100	\$ 61,085,396	100
5000	Operating costs	6(4)(25) and 7	(41,225,438)	(65)	(40,079,469)	(66)
5900	Gross profit		<u>21,824,311</u>	<u>35</u>	<u>21,005,927</u>	<u>34</u>
	Operating expenses	6(25)(26)				
6100	Selling expenses		(16,182,978)	(26)	(15,494,236)	(25)
6200	General and administrative expenses		(2,450,912)	(4)	(2,306,799)	(4)
6450	Expected credit losses		(44)	-	(1,435)	-
6000	Total operating expenses		<u>(18,633,934)</u>	<u>(30)</u>	<u>(17,802,470)</u>	<u>(29)</u>
6900	Operating profit		<u>3,190,377</u>	<u>5</u>	<u>3,203,457</u>	<u>5</u>
	Non-operating income and expenses					
7010	Other income	6(27)	558,698	1	889,862	1
7020	Other gains and losses	6(28)	27,836	-	(13,400)	-
7050	Finance costs	6(29)	(315,863)	-	(306,794)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	<u>137,994</u>	<u>-</u>	<u>128,198</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>408,665</u>	<u>1</u>	<u>697,866</u>	<u>1</u>
7900	Profit before income tax		<u>3,599,042</u>	<u>6</u>	<u>3,901,323</u>	<u>6</u>
7950	Income tax expense	6(30)	(714,199)	(1)	(641,681)	(1)
8000	Profit for the period from continuing operations		<u>2,884,843</u>	<u>5</u>	<u>3,259,642</u>	<u>5</u>
8200	Profit for the period		<u>\$ 2,884,843</u>	<u>5</u>	<u>\$ 3,259,642</u>	<u>5</u>

(Continued)

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

Items	Notes	For the three-month periods ended March 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
8316 Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(5)	(\$ 68,269)	-	\$ 112,917	-
8320 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	6(23)	(779)	-	756	-
8349 Income tax related to the components of other comprehensive income that will not be reclassified to profit or loss	6(30)	2,570	-	(3,855)	-
8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(66,478)	-	109,818	-
8361 Financial statements translation differences of foreign operations		206,598	-	167,833	1
8367 Unrealized loss on valuation of bond instruments at fair value through other comprehensive income	6(5)	-	-	(395)	-
8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	6(23)	(697)	-	1,154	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		205,901	-	168,592	1
8300 Total other comprehensive income for the period		\$ 139,423	-	\$ 278,410	1
8500 Total comprehensive income for the period		\$ 3,024,266	5	\$ 3,538,052	6
Profit attributable to:					
8610 Owners of the parent		\$ 2,554,443	4	\$ 2,907,863	5
8620 Non-controlling interests		330,400	1	351,779	-
		\$ 2,884,843	5	\$ 3,259,642	5
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 2,678,358	4	\$ 3,161,515	5
8720 Non-controlling interests		345,908	1	376,537	1
		\$ 3,024,266	5	\$ 3,538,052	6
9750 Basic earnings per share	6(31)	\$ 2.46		\$ 2.80	
9850 Diluted earnings per share	6(31)	\$ 2.45		\$ 2.79	

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

Chairman: Lo, Chih-Hsien

President : Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

(CONTINUED)											
Equity attributable to owners of the parent											

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

		For the three-month periods ended March 31	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Consolidated profit before income tax for the period		\$ 3,599,042	\$ 3,901,323
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)	(2,311)	(1,454)
Expected credit losses	12(2)	44	1,435
Depreciation expense	6(7)(8)	4,727,442	4,416,832
Amortization expense		137,889	146,650
Depreciation on investment property	6(10)	4,246	4,256
Finance costs	6(29)	315,863	306,794
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(137,994)	(128,198)
(Gain) loss on disposal of property, plant and equipment, net	6(28)	(19,318)	3,472
Gain from lease modification	6(28)	(18,161)	-
Interest income	6(27)	(166,841)	(196,690)
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		16,559	(572,012)
Accounts receivable		1,773,442	387,878
Other receivables		(494,176)	(507,676)
Inventories		1,430,754	1,718,025
Prepayments		(201,217)	(185,934)
Other current assets		(166,687)	216,073
Net changes in liabilities relating to operating activities			
Contract liabilities - current		76,473	179,277
Accounts payable		(813,212)	(1,002,620)
Notes payable		(112,400)	423,538
Other payables		(3,473,395)	(2,884,097)
Advance receipts		38,220	(107,394)
Contract liabilities - non-current		(13,819)	(654)
Net defined benefit liabilities		(1,410)	(6,495)
Cash generated from operations		6,499,033	6,112,329
Interest received		164,810	206,529
Income tax paid		(28,751)	(238,423)
Interest paid		(315,910)	(307,051)
Net cash provided by operating activities		6,319,182	5,773,384

(Continued)

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

		For the three-month	
		periods ended March 31	
	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(32)	(\$ 2,552,541)	(\$ 1,750,915)
Proceeds from disposal of property, plant and equipment		51,512	30,695
Guarantee deposits paid		(58,484)	(29,855)
Acquisition of intangible assets	6(11)	(28,456)	(4,259)
Other non-current assets		74,767	21,451
Net cash used in investing activities		(2,513,202)	(1,732,883)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Short-term borrowings	6(33)	(926,004)	(2,861,189)
Proceeds from long-term borrowings	6(33)	50,770	38,580
Repayment of long-term borrowings	6(33)	(60,840)	(136,920)
Payments of lease liabilities	6(8)(33)	(2,930,391)	(3,148,928)
Guarantee deposits received	6(33)	39,759	6,589
Other non-current liabilities	6(33)	3,795	-
Change in non-controlling interests		(238)	5,167
Net cash used in financing activities		(3,823,149)	(6,096,701)
Effect of foreign exchange rate changes on cash and cash equivalents		191,090	142,877
Increase (decrease) in cash and cash equivalents		173,921	(1,913,323)
Cash and cash equivalents at beginning of period		45,445,395	48,530,648
Cash and cash equivalents at end of period		\$ 45,619,316	\$ 46,617,325

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 AND 2019

(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. 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 May 6, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020

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

- (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:

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

The above standards and interpretations have no significant impact to the 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, 2019. 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, 2019.

(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 obligations.
- B. The preparation of financial statements, in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”), requires the use of certain critical accounting estimates and the exercise of management’s 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. The basis for preparation of consolidated financial statements is as follows:
 - (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, 2019.
 - (b) The details of the individual financial statements of the Company’s subsidiaries reviewed or unreviewed by the independent accountants are summarized below:

Name of the subsidiaries	March 31, 2020	March 31, 2019
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	“	“

Name of the subsidiaries	March 31, 2020	March 31, 2019
President Pharmaceutical Corp.	Financial statements were reviewed	Financial statements were reviewed
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, 2019 were audited by other independent accountants, and the financial statements of other subsidiaries were audited by the same independent accountants as that appointed by the Company.

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
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	
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.	Life and property insurance	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.	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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
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)
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	
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	100.00	100.00	
Books.com. (BVI) Ltd.	Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	100.00	100.00	100.00	
Mech-President Corp.	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	Operation of chain store	52.22	52.22	52.22	
Philippine Seven Corporation	Convenience Distribution Inc.	Logistics, warehousing and retail	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
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.	Operation of chain 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	PCSC Restaurant (Cayman) Holdings Limited	Professional investment	-	-	100.00	(b)
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	100.00	100.00	
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.	Operation of chain 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	
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	
PCSC Restaurant (Cayman) Holdings Limited	Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	-	-	100.00	(c)
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 liquidated the subsidiary, PCSC Restaurant (Cayman) Holdings Limited, and the process of cancellation of registration has been completed in September 2019.
- (c) The Company liquidated the subsidiary, Shanghai President Chain Store Corporation Trade Co., Ltd., and the process of cancellation of registration has been completed in May 2019.

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

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

E. Significant restrictions: None.

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

(4) 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 were no significant changes during the period. Please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2019.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Cash on hand and petty cash	\$ 1,091,164	\$ 1,680,411	\$ 1,553,036
Checking accounts and demand deposits	10,586,880	9,606,131	11,431,429
Cash equivalents			
Time deposits	27,290,228	26,620,058	26,329,892
Short-term financial instruments	<u>6,651,044</u>	<u>7,538,795</u>	<u>7,302,968</u>
	<u>\$ 45,619,316</u>	<u>\$ 45,445,395</u>	<u>\$ 46,617,325</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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Financial assets mandatorily measured at fair value through profit or loss			
<u>Current items:</u>			
Beneficiary certificates	\$ 1,681,688	\$ 1,696,276	\$ 1,417,530
Valuation adjustment	<u>364</u>	<u>24</u>	<u>161</u>
	<u>\$ 1,682,052</u>	<u>\$ 1,696,300</u>	<u>\$ 1,417,691</u>
<u>Non-current items:</u>			
Unlisted stocks	\$ 275,285	\$ 275,285	\$ 275,403
Valuation adjustment	<u>(189,720)</u>	<u>(189,720)</u>	<u>(189,720)</u>
	<u>\$ 85,565</u>	<u>\$ 85,565</u>	<u>\$ 85,683</u>

- A. The Group recognized net profit of \$2,311 and \$1,454 in relation to financial assets at fair value through profit or loss for the three-month periods ended March 31, 2020 and 2019, 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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Accounts receivable	\$ 4,090,710	\$ 5,864,309	\$ 4,926,942
Less: Allowance for doubtful accounts	<u>(55,716)</u>	<u>(55,829)</u>	<u>(51,682)</u>
	<u>\$ 4,034,994</u>	<u>\$ 5,808,480</u>	<u>\$ 4,875,260</u>

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Not past due	\$ 3,777,401	\$ 5,508,376	\$ 4,794,181
Up to 90 days	299,124	335,189	120,574
91 to 180 days	13,200	18,625	11,927
181 to 365 days	985	63	217
Over 365 days	<u>-</u>	<u>2,056</u>	<u>43</u>
	<u>\$ 4,090,710</u>	<u>\$ 5,864,309</u>	<u>\$ 4,926,942</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2020, December 31, 2019 and March 31, 2019, accounts receivable was all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to \$5,264,573.
- C. As at March 31, 2020, December 31, 2019 and March 31, 2019, 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 \$4,034,994, \$5,808,480, and \$4,875,260, respectively.
- D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

March 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 76,276	\$ -	\$ 76,276
Merchandise and finished goods	<u>14,267,692</u>	<u>(115,610)</u>	<u>14,152,082</u>
	<u>\$ 14,343,968</u>	<u>(\$ 115,610)</u>	<u>\$ 14,228,358</u>

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

March 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 65,784	\$ -	\$ 65,784
Merchandise and finished goods	<u>13,439,491</u>	<u>(101,643)</u>	<u>13,337,848</u>
	<u>\$ 13,505,275</u>	<u>(\$ 101,643)</u>	<u>\$ 13,403,632</u>

The cost of inventories recognized as expenses for the period:

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Cost of goods sold and service costs	\$ 40,565,276	\$ 39,508,537
(Gain on reversal) loss on valuation of inventories	(8,931)	5,957
Spoilage	592,958	495,878
Others	<u>76,135</u>	<u>69,097</u>
	<u>\$ 41,225,438</u>	<u>\$ 40,079,469</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 period ended March 31, 2020.

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Debt instruments</u>			
Government bonds	\$ -	\$ -	\$ 199,975
Valuation adjustment	-	-	388
	-	-	200,363
<u>Equity instruments</u>			
Listed stocks	265,606	265,606	265,606
Unlisted stocks	4,348	4,348	4,348
	269,954	269,954	269,954
Valuation adjustment	468,892	537,161	487,577
	738,846	807,115	757,531
	<u>\$ 738,846</u>	<u>\$ 807,115</u>	<u>\$ 957,894</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 \$738,846, \$807,115 and \$757,531 as at March 31, 2020, December 31, 2019 and March 31, 2019, 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:

	<u>For the three-month period ended March 31, 2020</u>	<u>For the three-month period ended March 31, 2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 68,269)	\$ 112,917
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ -	(\$ 395)
Interest income recognized in profit or loss	\$ -	\$ 590

- C. As at March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$738,846, \$807,115, and \$957,894, 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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Associates</u>			
PresiCarre Corp.	\$ 5,845,102	\$ 5,723,198	\$ 5,617,205
President Fair Development Corp.	2,050,547	2,039,406	1,995,044
Uni-President Development Corp.	766,890	764,191	760,430
President International Development Corp.	468,165	459,696	469,688
Tung Ho Development Corp.	100,617	106,384	112,705
Uni-President Organics Corp.	44,822	41,430	42,695
President Technology Corp.	<u>20,665</u>	<u>20,866</u>	<u>20,160</u>
	<u>9,296,808</u>	<u>9,155,171</u>	<u>9,017,927</u>
<u>Joint ventures</u>			
Mister Donut Taiwan Corp., Ltd.	\$ <u>95,813</u>	\$ <u>100,768</u>	\$ <u>113,140</u>
	<u>\$ 9,392,621</u>	<u>\$ 9,255,939</u>	<u>\$ 9,131,067</u>

A. The Group's investments accounted for using the equity method are based on the unreviewed financial statements of investees

B. 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 <u>March 31, 2020</u>	For the three-month period ended <u>March 31, 2019</u>
Total comprehensive income	\$ <u>141,473</u>	\$ <u>124,847</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 <u>March 31, 2020</u>	For the three-month period ended <u>March 31, 2019</u>
Total comprehensive (loss) income	(\$ <u>4,955</u>)	\$ <u>5,261</u>

(7) Property, plant and equipment

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

	2020						
	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Operating equipment</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Total</u>
<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	-	306	81,721	642,950	561,702	392,936	1,679,615
Disposals	-	-	(1,651)	(9,375)	(19,946)	(1,222)	(32,194)
Transfer	-	1,138	51,015	11,428	110,777	(181,123)	(6,765)
Depreciation charge	-	(50,590)	(125,748)	(591,207)	(507,206)	(359,326)	(1,634,197)
Net exchange differences	<u>175</u>	<u>(1,003)</u>	<u>(362)</u>	<u>(4,347)</u>	<u>8,607</u>	<u>20,742</u>	<u>23,812</u>
Closing net book amount as of March 31	<u>\$ 2,238,464</u>	<u>\$ 2,555,581</u>	<u>\$ 2,098,846</u>	<u>\$ 7,850,609</u>	<u>\$ 6,968,633</u>	<u>\$ 4,336,460</u>	<u>\$ 26,048,593</u>
<u>At March 31</u>							
Cost	\$ 2,254,830	\$ 4,789,196	\$ 6,700,368	\$ 22,597,919	\$ 19,592,801	\$ 11,196,962	\$ 67,132,076
Accumulated depreciation and impairment	(16,366)	(2,233,615)	(4,601,522)	(14,747,310)	(12,624,168)	(6,860,502)	(41,083,483)
	<u>\$ 2,238,464</u>	<u>\$ 2,555,581</u>	<u>\$ 2,098,846</u>	<u>\$ 7,850,609</u>	<u>\$ 6,968,633</u>	<u>\$ 4,336,460</u>	<u>\$ 26,048,593</u>

	2019						
	Land	Buildings	Transportation equipment	Operating equipment	Leasehold improvements	Others	Total
<u>At January 1</u>							
Cost	\$ 2,273,117	\$ 4,723,111	\$ 6,612,878	\$ 21,159,733	\$ 18,345,784	\$ 9,627,520	\$ 62,742,143
Accumulated depreciation and impairment	(16,367)	(1,980,005)	(4,345,461)	(14,386,751)	(11,375,011)	(5,345,785)	(37,449,380)
	<u>\$ 2,256,750</u>	<u>\$ 2,743,106</u>	<u>\$ 2,267,417</u>	<u>\$ 6,772,982</u>	<u>\$ 6,970,773</u>	<u>\$ 4,281,735</u>	<u>\$ 25,292,763</u>
Opening net book amount as of January 1	\$ 2,256,750	\$ 2,743,106	\$ 2,267,417	\$ 6,772,982	\$ 6,970,773	\$ 4,281,735	\$ 25,292,763
Effect of adoption of IFRS 16	-	-	-	-	(387,770)	(8,463)	(396,233)
Adjusted beginning balance	<u>\$ 2,256,750</u>	<u>\$ 2,743,106</u>	<u>\$ 2,267,417</u>	<u>\$ 6,772,982</u>	<u>\$ 6,583,003</u>	<u>\$ 4,273,272</u>	<u>\$ 24,896,530</u>
Additions	-	46,652	18,366	506,924	463,933	320,184	1,356,059
Disposals	-	-	(7,781)	(26,842)	(8,728)	9,184	(34,167)
Transfer	(18,757)	579	48,716	1,587	63,433	(74,029)	21,529
Depreciation charge	-	(50,181)	(129,994)	(541,770)	(452,376)	(322,816)	(1,497,137)
Net exchange differences	<u>81</u>	<u>4,282</u>	<u>2,478</u>	<u>19,107</u>	<u>9,133</u>	<u>(958)</u>	<u>34,123</u>
Closing net book amount as of March 31	<u>\$ 2,238,074</u>	<u>\$ 2,744,438</u>	<u>\$ 2,199,202</u>	<u>\$ 6,731,988</u>	<u>\$ 6,658,398</u>	<u>\$ 4,204,837</u>	<u>\$ 24,776,937</u>
<u>At March 31</u>							
Cost	\$ 2,254,440	\$ 4,773,264	\$ 6,626,107	\$ 21,293,950	\$ 18,049,100	\$ 9,858,057	\$ 62,854,918
Accumulated depreciation and impairment	(16,366)	(2,028,826)	(4,426,905)	(14,561,962)	(11,390,702)	(5,653,220)	(38,077,981)
	<u>\$ 2,238,074</u>	<u>\$ 2,744,438</u>	<u>\$ 2,199,202</u>	<u>\$ 6,731,988</u>	<u>\$ 6,658,398</u>	<u>\$ 4,204,837</u>	<u>\$ 24,776,937</u>

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

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

(8) Leasing arrangements — lessee

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:

	March 31, 2020	December 31, 2019	March 31, 2019
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 642,203	\$ 677,359	\$ 759,016
Buildings	67,601,383	66,682,465	51,227,078
Machinery and equipment	63,147	72,211	90,993
Other equipment	55,516	57,577	424,044
	<u>\$ 68,362,249</u>	<u>\$ 67,489,612</u>	<u>\$ 52,501,131</u>

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
	Depreciation charge	Depreciation charge
Land	\$ 35,682	\$ 29,269
Buildings	3,042,420	2,850,430
Machinery and equipment	9,064	12,169
Other equipment	6,079	27,827
	<u>\$ 3,093,245</u>	<u>\$ 2,919,695</u>

C. For the three-month periods ended March 31, 2020 and 2019, the additions to right-of-use assets were \$4,448,312 and \$2,693,894, respectively.

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

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 287,975	\$ 271,393
Expense on short-term lease contracts	116,655	60,908
Expense on leases of low-value assets	20,773	15,328
Expense on variable lease payments	139,287	110,240
Gain on sublease of right-of-use assets	137,655	107,694
Gain from lease modification	18,161	-

E. For the three-month periods ended March 31, 2020 and 2019, the Group's total cash outflow for leases were \$3,495,081 and \$3,420,321, 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 3.26%~3.81% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.
- (b) A 1% increase in the aggregate sales amount of all stores with such variable lease contracts would increase total lease payments by approximately \$1,393 and \$1,102 at March 31, 2020 and 2019, 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 March 31, 2020, December 31, 2019 and March 31, 2019 amounted to \$2,583,972, \$2,597,780 and \$14,559,917, 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 March 31, 2020	For the three-month period ended March 31, 2019
Rental revenue	\$ 345,827	\$ 367,922
Rental revenue from variable lease payments	\$ 257,154	\$ 287,673

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

	March 31, 2020	December 31, 2019	March 31, 2019
Current year	\$ 257,143	\$ -	\$ 367,922
Within 1 year	277,599	256,072	706,035
1~2 years	204,492	206,455	392,304
2~3 years	133,006	148,086	156,089
3~4 years	59,318	90,464	91,287
4~5 years	51,266	60,519	49,005
Over 5 years	105,683	158,193	21,259
Total	\$ 1,088,507	\$ 919,789	\$ 1,783,901

The above maturity analysis was based on the period ended December 31.

(10) Investment property

	2020		
	Land	Buildings	Total
At January 1	\$ 1,078,295	\$ 428,503	\$ 1,506,798
Depreciation charge	-	(4,246)	(4,246)
At March 31	<u>\$ 1,078,295</u>	<u>\$ 424,257</u>	<u>\$ 1,502,552</u>
	2019		
	Land	Buildings	Total
At January 1	\$ 1,059,538	\$ 442,621	\$ 1,502,159
Depreciation charge	-	(4,256)	(4,256)
Transfer	18,757	2,912	21,669
At March 31	<u>\$ 1,078,295</u>	<u>\$ 441,277</u>	<u>\$ 1,519,572</u>

The fair value of the investment property held by the Group ranged from \$4,027,091 to \$4,125,700 as at March 31, 2020, December 31, 2019, and March 31, 2019, which was assessed based on recent settlement prices of similar and comparable properties, as well as the reports of independent appraisers, which is categorized within level 3 in the fair value hierarchy.

(11) Intangible assets

	2020				
	Software	Goodwill	License 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	23,938	-	-	4,518	28,456
Transfer	1,468	-	-	(2,404)	(936)
Amortization expenses	(50,562)	-	(48,540)	(12,950)	(112,052)
Net exchange differences	(34)	453	-	28	447
Closing net book amount as of March 31	<u>\$ 452,096</u>	<u>\$ 2,203,378</u>	<u>\$ 7,088,031</u>	<u>\$ 343,852</u>	<u>\$10,087,357</u>
<u>At March 31</u>					
Cost	\$ 1,875,872	\$ 2,203,378	\$ 7,524,890	\$ 495,061	\$12,099,201
Accumulated amortization and impairment	(1,423,776)	-	(436,859)	(151,209)	(2,011,844)
	<u>\$ 452,096</u>	<u>\$ 2,203,378</u>	<u>\$ 7,088,031</u>	<u>\$ 343,852</u>	<u>\$10,087,357</u>

	2019				
	Software	Goodwill	License agreement and customer list	Others	Total
<u>At January 1</u>					
Cost	\$ 1,648,652	\$ 2,204,284	\$ 7,524,890	\$ 469,957	\$11,847,783
Accumulated amortization and impairment	(1,164,405)	-	(194,160)	(95,338)	(1,453,903)
	<u>\$ 484,247</u>	<u>\$ 2,204,284</u>	<u>\$ 7,330,730</u>	<u>\$ 374,619</u>	<u>\$10,393,880</u>
Opening net book amount as of January 1	\$ 484,247	\$ 2,204,284	\$ 7,330,730	\$ 374,619	\$10,393,880
Additions	4,259	-	-	-	4,259
Transfer	-	-	-	(1,111)	(1,111)
Amortization expenses	(63,889)	-	(48,540)	(10,163)	(122,592)
Net exchange differences	<u>2,655</u>	<u>194</u>	<u>-</u>	<u>2,143</u>	<u>4,992</u>
Closing net book amount as of March 31	<u>\$ 427,272</u>	<u>\$ 2,204,478</u>	<u>\$ 7,282,190</u>	<u>\$ 365,488</u>	<u>\$10,279,428</u>
<u>At March 31</u>					
Cost	\$ 1,657,709	\$ 2,204,478	\$ 7,524,890	\$ 468,859	\$11,855,936
Accumulated amortization and impairment	(1,230,437)	-	(242,700)	(103,371)	(1,576,508)
	<u>\$ 427,272</u>	<u>\$ 2,204,478</u>	<u>\$ 7,282,190</u>	<u>\$ 365,488</u>	<u>\$10,279,428</u>

Amortization expenses on intangible assets are recognized as operating expenses.

(12) Other non-current assets

	March 31, 2020	December 31, 2019	March 31, 2019
Guarantee deposits paid	\$ 2,970,371	\$ 2,911,887	\$ 2,796,768
Others	<u>687,328</u>	<u>787,932</u>	<u>307,855</u>
	<u>\$ 3,657,699</u>	<u>\$ 3,699,819</u>	<u>\$ 3,104,623</u>

(13) Impairment of non-financial assets

- A. There were no impairment loss nor reversal of impairment loss recognized for the three-month periods ended March 31, 2020 and 2019.
- 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, 2019, 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, 2019.

(14) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ <u>5,088,654</u>	0.65%~5.75%	None
<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ <u>6,014,658</u>	0.65%~5.75%	None
<u>Type of borrowings</u>	<u>March 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ <u>4,376,596</u>	0.65%~6.00%	None

There was no capitalization of borrowing costs for the three-month periods ended March 31, 2020 and 2019. Relevant interest expense on borrowings is recognized as “finance costs”.

(15) Other payables

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Store collections	\$ 11,633,453	\$ 11,453,224	\$ 12,419,956
Wages, salaries and bonus payable	3,044,579	5,206,353	3,586,976
Sales receipt on behalf of others	1,317,242	1,345,877	936,656
Employees' compensation and remuneration for directors and supervisors	1,089,679	872,361	536,858
Incentive bonus payable to franchisees	976,933	1,158,473	772,471
Payables for acquisition of property, plant and equipment	491,444	1,364,370	519,701
Payables for labor and health insurance	238,341	248,584	240,713
Rent payable	62,494	66,133	57,645
Others	<u>3,489,641</u>	<u>4,881,130</u>	<u>4,324,405</u>
	<u>\$ 22,343,806</u>	<u>\$ 26,596,505</u>	<u>\$ 23,395,381</u>

(16) Other current liabilities

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Advance receipts for gift certificates	\$ 1,342,457	\$ 1,351,370	\$ 1,308,768
Advance receipts of deposits in ICASH cards	1,321,003	1,298,919	1,230,798
Current portion of long-term liabilities	222,408	221,888	393,711
Others	<u>302,463</u>	<u>277,414</u>	<u>277,716</u>
	<u>\$ 3,188,331</u>	<u>\$ 3,149,591</u>	<u>\$ 3,210,993</u>

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2020</u>
<u>Long-term bank borrowings</u>			
Credit loan	4.931%~4.98%	None	\$ 267,737
Secured borrowings	1.68%~1.94%	Property, plant and equipment	454,351
			722,088
Less: Current portion			(222,408)
			<u>\$ 499,680</u>

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2019</u>
<u>Long-term bank borrowings</u>			
Credit loan	4.88%~5.32%	None	\$ 292,288
Secured borrowings	1.67%~1.96%	Property, plant and equipment	437,712
			730,000
Less: Current portion			(221,888)
			<u>\$ 508,112</u>

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2019</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.79%~6.776%	None	\$ 642,396
Secured borrowings	1.73%~1.96%	Property, plant and equipment	443,862
			1,086,258
Less: Current portion			(393,711)
			<u>\$ 692,547</u>

There was no capitalization of borrowing costs for the three-month periods ended March 31, 2020 and 2019. Relevant interest expense on borrowings is recognized as “finance costs”.

(18) Pensions

A. The Company and its domestic subsidiaries operate a defined benefit pension plan, in accordance with the Labor Standards Law, which covers all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2%~8% of employees’ monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March. Also, the subsidiary, Philippine Seven Corporation has defined benefit pension plan.

For the aforementioned pension plan, the Group recognized pension costs of \$32,925 and \$33,801 for the three-month periods ended March 31, 2020 and 2019, 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 three-month periods ended March 31, 2020 and 2019 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 periods ended March 31, 2020 and 2019 were \$234,942 and \$236,308, respectively.

(19) Other non-current liabilities

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Guarantee deposit received	\$ 3,600,244	\$ 3,560,485	\$ 3,419,854
Provision for decommissioning liability	528,475	508,707	462,148
Deferred income	20,186	17,285	15,166
Others	<u>283,237</u>	<u>282,343</u>	<u>276,845</u>
	<u>\$ 4,432,142</u>	<u>\$ 4,368,820</u>	<u>\$ 4,174,013</u>

(20) Share capital

As of March 31, 2020, 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 March 31, 2020 and January 1, 2020.

(21) Capital surplus

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

(22) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, must first be used to pay all taxes and offset prior years’ operating losses, then 10% of the remaining amount is to be set aside as a legal reserve. 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 2019 and 2018 were resolved by the Board of Directors and by the shareholders on February 27, 2020 and June 12, 2019, respectively, as follows:

	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,055,147		\$ 1,020,639	
Special reserve	380,187		(398,859)	
Cash dividends	9,356,600	\$ 9.00	9,148,676	\$ 8.80

As of May 6, 2020, the appropriations for 2019 has not been resolved by the stockholders.

(23) Other equity items

	2020		
	Financial statements translation differences of foreign operations	Unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 869,908)	\$ 489,721	(\$ 380,187)
Revaluation:			
–Group	-	(68,269)	(68,269)
–Associates	-	(1,476)	(1,476)
Revaluation-tax	-	2,570	2,570
Currency translation differences:			
–Group	191,090	-	191,090
At March 31	(\$ 678,818)	\$ 422,546	(\$ 256,272)

	2019		
	Financial statements translation differences of foreign operations	Unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 279,829)	\$ 333,434	\$ 53,605
Revaluation:			
–Group	-	112,522	112,522
–Associates	-	2,108	2,108
Revaluation-tax	- (	3,855)	(3,855)
Currency translation differences:			
–Group	143,075	-	143,075
–Associates	(198)	-	(198)
At March 31	(\$ 136,952)	\$ 444,209	\$ 307,257

(24) Operating revenue

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue from contracts with customers	\$ 63,049,749	\$ 61,085,396

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 March 31, 2020	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 38,888,816	\$ 15,008,085	\$ 169,350	\$ 4,736,681	\$ 58,802,932
–Over time	205,258	3,517,739	362,238	161,582	4,246,817
	<u>\$ 39,094,074</u>	<u>\$ 18,525,824</u>	<u>\$ 531,588</u>	<u>\$ 4,898,263</u>	<u>\$ 63,049,749</u>
For the three-month period ended March 31, 2019	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 37,652,384	\$ 14,930,531	\$ 481,624	\$ 4,756,022	\$ 57,820,561
–Over time	122,235	2,873,172	52,968	216,460	3,264,835
	<u>\$ 37,774,619</u>	<u>\$ 17,803,703</u>	<u>\$ 534,592</u>	<u>\$ 4,972,482</u>	<u>\$ 61,085,396</u>

B. Contract liabilities

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	<u>January 1, 2019</u>
Contract liabilities – advance receipts of gift certificates and gift cards	\$ 1,860,655	\$ 1,786,894	\$ 1,346,265	\$ 1,392,390
Contract liabilities – members’ deposits	793,921	793,115	886,354	764,782
Contract liabilities – franchise fee	458,435	444,470	333,635	230,812
Contract liabilities – customer loyalty programs	500,668	503,861	327,892	344,970
Contract liabilities - others	<u>340,606</u>	<u>363,291</u>	<u>362,087</u>	<u>344,656</u>
	<u>\$ 3,954,285</u>	<u>\$ 3,891,631</u>	<u>\$ 3,256,233</u>	<u>\$ 3,077,610</u>
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	<u>January 1, 2019</u>
Contract liabilities – current	\$ 3,519,856	\$ 3,443,383	\$ 3,022,466	\$ 2,843,189
Contract liabilities – non-current	<u>434,429</u>	<u>448,248</u>	<u>233,767</u>	<u>234,421</u>
	<u>\$ 3,954,285</u>	<u>\$ 3,891,631</u>	<u>\$ 3,256,233</u>	<u>\$ 3,077,610</u>

(b) Revenues recognized that were included in the contract liabilities balance at the beginning were \$1,979,686 and \$1,385,982 for the three-month periods ended March 31, 2020 and 2019, respectively.

(25) Expenses by nature

	<u>For the three-month period ended March 31, 2020</u>	<u>For the three-month period ended March 31, 2019</u>
Net cost of goods sold	\$ 36,767,683	\$ 35,703,795
Employee benefit expense	6,546,661	6,404,697
Incentive bonuses for franchisees	5,396,483	5,126,513
Depreciation and amortization	4,865,331	4,563,482
Utilities expense	1,048,261	986,911
Operating lease payments	276,715	186,476
Other costs and expenses	<u>4,958,238</u>	<u>4,910,065</u>
Total operating costs and operating expenses	<u>\$ 59,859,372</u>	<u>\$ 57,881,939</u>

(26) Employee benefit expense

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Wages and salaries	\$ 5,413,344	\$ 5,273,841
Labor and health insurance fees	506,446	520,799
Pension costs	267,867	270,109
Other personnel expenses	359,004	339,948
	<u>\$ 6,546,661</u>	<u>\$ 6,404,697</u>

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

B. For the three-month periods ended March 31, 2020 and 2019, employees' compensation was accrued at \$139,663 and \$150,828, respectively; while directors' and supervisors' remuneration was accrued at \$46,661 and \$50,391, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 4.37% and 1.46% of distributable profit of the current period for the three-month period ended March 31, 2020, respectively.

Employees' compensation and directors' and supervisors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2019 financial statements and the employee's compensation will be distributed in form of cash.

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

(27) Other income

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Interest income	\$ 166,841	\$ 196,690
Grants income	178,615	153,579
Rental revenue	69,218	73,061
Others	144,024	466,532
	<u>\$ 558,698</u>	<u>\$ 889,862</u>

(28) Other gains and losses

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Gain (loss) on disposal of property, plant and equipment	\$ 19,318	(\$ 3,472)
Gain from lease modification	18,161	-
Other losses	(9,643)	(9,928)
	<u>\$ 27,836</u>	<u>(\$ 13,400)</u>

(29) Finance costs

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Interest expense	\$ <u>315,863</u>	\$ <u>306,794</u>

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Current tax:		
Current tax on profits for the period	\$ 766,040	\$ 603,867
Under provision of prior year's income tax	<u>1</u>	<u>1,368</u>
Total current tax	<u>766,041</u>	<u>605,235</u>
Deferred tax:		
Origination and reversal of temporary differences	(<u>51,842</u>)	<u>36,446</u>
Total deferred tax	(<u>51,842</u>)	<u>36,446</u>
Income tax expense	\$ <u>714,199</u>	\$ <u>641,681</u>

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

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ <u>2,570</u>)	\$ <u>3,855</u>

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

(31) Earnings per share

	For the three-month period ended March 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>2,554,443</u>	<u>1,039,622</u>	\$ <u>2.46</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,554,443	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>1,766</u>	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>2,554,443</u>	<u>1,041,388</u>	\$ <u>2.45</u>

	For the three-month period ended March 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,907,863	1,039,622	\$ 2.80
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,907,863	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,710	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,907,863	1,041,332	\$ 2.79

(32) Supplemental cash flow information

Investing activities with partial cash payments:

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Purchase of property, plant and equipment	\$ 1,679,615	\$ 1,356,059
Add: Opening balance of payable on equipment	1,364,370	914,557
Less: Ending balance of payable on equipment	(491,444)	(519,701)
Cash paid during the period	\$ 2,552,541	\$ 1,750,915

(33) Changes in liabilities from financing activities

	2020					
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Other non- current liabilities	Liabilities from financing activities- gross
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	(926,004)	(10,070)	(2,930,391)	39,759	3,795	(3,822,911)
Interest paid (Note)	-	-	(287,975)	-	-	(287,975)
Impact of changes in foreign exchange rate	-	1,457	628	-	-	2,085
Changes in other non-cash items	-	181	4,120,525	-	19,768	4,140,474
At March 31	\$ 5,088,654	\$ 499,680	\$ 69,729,825	\$ 3,600,244	\$ 831,898	\$ 79,750,301

Note: Presented in cash flows from operating activities.

	2019				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities- gross
At January 1	\$ 7,237,785	\$ 847,040	\$ 52,938,613	\$ 3,413,265	\$ 64,436,703
Changes in cash flow from financing activities	(2,861,189)	(98,340)	(3,148,928)	6,589	(6,101,868)
Interest paid (Note)	-	-	(271,393)	-	(271,393)
Impact of changes in foreign exchange rate	-	1,698	90,884	-	92,582
Changes in other non-cash items	-	(57,851)	3,434,737	-	3,376,886
At March 31	<u>\$ 4,376,596</u>	<u>\$ 692,547</u>	<u>\$ 53,043,913</u>	<u>\$ 3,419,854</u>	<u>\$ 61,532,910</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 March 31, 2020.

(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
President Fair Development Corp.	"
Uni-President Development Corp.	"
Presco Netmarketing Inc	Subsidiary of ultimate parent company
Tait Marketing & Distribution Co., Ltd.	"
Tung Ang Enterprises Corp.	"
Lien-Bo Enterprises Corp.	"
President Packaging Corp.	"
President Tokyo Corp.	"
Shanghai Songjiang President Enterprises Co., Ltd.	"
Kai Ya Food Co., Ltd.	Sub-subsidiary of ultimate parent company
Kuang Chuan Dairy Corp.	Investee of ultimate parent company accounted for using the equity method
Weilih Food Industrial Co., Ltd.	"
Prince Housing Development Corp.	"
Tung Chan Enterprises Corp.	Investee 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 March 31, 2020	For the three-month period ended March 31, 2019
<u>Sales of goods</u>		
Ultimate parent company	\$ 143,319	\$ 147,185
Associates	34,103	37,625
Sister companies	82,374	67,691
Other related parties	15,884	19,225
<u>Sales of services</u>		
Ultimate parent company	4,547	2,309
Associates	19,619	14,082
Sister companies	3,363	2,471
Other related parties	1,159	1,547
	<u>\$ 304,368</u>	<u>\$ 292,135</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 March 31, 2020	For the three-month period ended March 31, 2019
Ultimate parent company	\$ 3,957,927	\$ 3,877,405
Associates	53,048	71,263
Sister companies	1,180,009	953,065
Other related parties	544,989	518,899
	<u>\$ 5,735,973</u>	<u>\$ 5,420,632</u>

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

C. Receivables from related parties

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Accounts receivable</u>			
Ultimate parent company	\$ 147,799	\$ 245,123	\$ 157,875
Associates	56,484	64,598	66,486
Sister companies	42,484	81,774	42,091
Other related parties	3,344	4,289	4,350
	<u>\$ 250,111</u>	<u>\$ 395,784</u>	<u>\$ 270,802</u>

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

D. Payables to related parties

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Notes payable and accounts payable</u>			
Ultimate parent company	\$ 1,792,628	\$ 1,765,350	\$ 1,722,309
Associates	32,577	65,907	60,604
Sister companies	563,947	583,883	448,433
Other related parties	<u>309,038</u>	<u>348,524</u>	<u>358,115</u>
	<u>\$ 2,698,190</u>	<u>\$ 2,763,664</u>	<u>\$ 2,589,461</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) Lease liabilities

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Ultimate parent company	\$ 117,474	\$ 128,016	\$ 67,173
Associates	445,314	546,049	825,898
Sister companies	288,094	294,591	318,804
Other related parties	<u>511,971</u>	<u>524,690</u>	<u>39,084</u>
	<u>\$ 1,362,853</u>	<u>\$ 1,493,346</u>	<u>\$ 1,250,959</u>

(4) Key management compensation

	<u>For the three-month period ended March 31, 2020</u>	<u>For the three-month period ended March 31, 2019</u>
Short-term employee benefits	<u>\$ 173,827</u>	<u>\$ 179,085</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	
Land	\$ 128,643	\$ 128,643	\$ 128,643	Long-term and short-term borrowings and guarantee facilities
Buildings	39,460	42,130	26,122	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	616,853	591,493	589,852	Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets – guarantee deposits paid")	<u>61,456</u>	<u>61,925</u>	<u>55,615</u>	Performance guarantee
	<u>\$ 846,412</u>	<u>\$ 824,191</u>	<u>\$ 800,232</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,767,617	\$ 1,781,865	\$ 1,503,374
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 738,846	\$ 807,115	\$ 757,531
Qualifying debt instrument	-	-	200,363
	<u>738,846</u>	<u>807,115</u>	<u>957,894</u>
Financial assets at amortized cost			
Cash and cash equivalents	\$ 45,619,316	\$ 45,445,395	\$ 46,617,325
Accounts receivable, net	4,034,994	5,808,480	4,875,260
Other receivables	1,956,561	1,460,354	2,033,344
Other current assets (Note)	2,270,978	2,172,863	1,980,174
Guarantee deposits paid	2,970,371	2,911,887	2,796,768
Other non-current assets (Note)	30,461	40,351	37,843
	<u>56,882,681</u>	<u>57,839,330</u>	<u>58,340,714</u>
	<u>\$ 59,389,144</u>	<u>\$ 60,428,310</u>	<u>\$ 60,801,982</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 5,088,654	\$ 6,014,658	\$ 4,376,596
Notes payable	1,102,302	1,214,702	2,290,148
Accounts payable (including related party)	22,774,483	23,587,695	22,146,063
Other payables	22,343,806	26,596,505	23,395,381
Long-term borrowings (including current portion)	722,088	730,000	1,086,258
Guarantee deposits received	3,600,244	3,560,485	3,419,854
	<u>55,631,577</u>	<u>61,704,045</u>	<u>56,714,300</u>
Lease liabilities	\$ 69,729,825	\$ 68,827,038	\$ 53,043,913
	<u>\$ 125,361,402</u>	<u>\$ 130,531,083</u>	<u>\$ 109,758,213</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 abnormal, the treasury will respond accordingly and report to the Board of Directors immediately.
- (c) There is no related transaction about derivative financial instruments that are used to hedge certain exchange rate risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- I. The Group operates internationally and is exposed to foreign exchange risk arising from of the Company and its subsidiaries used in various functional currency, the transactions primarily with respect to the USD and RMB. Exchange risk arises from future commercial transactions and recognized assets and liabilities.
- II. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currencies.
- III. The Company's and certain subsidiaries' functional currency is 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:

	March 31, 2020			December 31, 2019		
	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	\$ 1,391	30.2250	\$ 42,043	\$ 792	29.9800	\$ 23,744
RMB: NTD	190	4.2677	811	900	4.3055	3,875
JPY: NTD	27,771	0.2788	7,743	43,340	0.2760	11,962
HKD: NTD	447	3.8995	1,743	766	3.8478	2,947
EUR: NTD	656	33.2400	21,805	273	33.5900	9,170
<u>Non-monetary items</u>						
JPY: NTD	\$ 852,300	0.2788	\$ 237,621	\$ 907,500	0.2760	\$ 250,470
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD	\$ 6,554	30.2250	\$ 198,095	\$ 3,610	29.9800	\$ 108,228
RMB: NTD	1,024	4.2677	4,370	996	4.3055	4,288
JPY: NTD	111,041	0.2788	30,958	52,532	0.2760	14,499

(Foreign currency: functional currency)	March 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 928	30.8200	\$ 28,601
RMB: NTD	500	4.5917	2,296
JPY: NTD	42,956	0.2783	11,955
HKD: NTD	2,179	3.9261	8,555
EUR: NTD	499	34.6100	17,270
<u>Non-monetary items</u>			
JPY: NTD	\$ 790,500	0.2783	\$ 219,996
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,466	30.8200	\$ 106,822
RMB: NTD	1,387	4.5917	6,369
JPY: NTD	199,882	0.2783	55,627

IV. Total exchange gain, including realized and unrealized arising from significant foreign exchange variations on monetary items held by the Group amounted to \$2,620 and \$606 for the three-month periods ended March 31, 2020 and 2019, 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 three-month periods ended March 31, 2020 and 2019 would increase/decrease by \$7,803 and \$3,911, respectively. Foreign exchange risk with respect to JPY primarily arises from the exchange gain or loss resulting from foreign currency translation of cash, accounts receivable, financial assets at fair value through other comprehensive income – non-current and accounts payable denominated in JPY. If the NTD:JPY exchange rate appreciates/depreciates by 5%, with all other factors remaining constant, the Group's comprehensive income for the three-month periods ended March 31, 2020 and 2019 would increase/decrease by \$10,720 and \$8,817, 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 three-month periods ended March 31, 2020 and 2019 would have increased/decreased by \$8,483 and \$7,828, 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 \$36,942 and \$37,877, 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 three-month periods ended March 31, 2020 and 2019, 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, the post-tax profit, net of tax for the three-month periods ended March 31, 2020 and 2019 would have increased/decreased by \$1,805 and \$2,216, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.
- II. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.
- III. The Group adopts management of credit risk, whereby the default occurs when the contract payments are past due over 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 can not 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:

	<u>2020</u>
	<u>Accounts receivable</u>
At January 1	\$ 55,289
Provision for impairment	44
Write-offs	(398)
Effect of foreign exchange	241
At March 31	<u>\$ 55,716</u>
	<u>2019</u>
	<u>Accounts receivable</u>
At January 1	\$ 55,464
Provision for impairment	1,435
Reversal of impairment	(2,979)
Write-offs	(18)
Effect of foreign exchange	(2,220)
At March 31	<u>\$ 51,682</u>

- VI. The Group's investment in debt instrument is the government bond, which was issued by R.O.C, the risk of expected credit loss is low. The Group has no unrecognized allowance for investment in debt instrument at fair value through other comprehensive income for the three-month period ended March 31, 2019. The Group did not hold debt instrument at fair value through other comprehensive income for the three-month period ended March 31, 2020.
- VII. The Group has no written-off financial assets that are still under recourse procedures on March 31, 2020, December 31, 2019 and March 31, 2019.

(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 \$1,682,052, \$1,696,300 and \$1,417,691 as at March 31, 2020, December 31, 2019, and March 31, 2019, respectively, which are expected to readily generate cash inflows for the purpose of managing liquidity risk.
- III. The Group has undrawn borrowing facilities of \$20,983,973, \$12,597,913 and \$16,523,428 as of March 31, 2020, December 31, 2019 and March 31, 2019, 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 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
<u>March 31, 2020</u>				
Short-term borrowings	\$ 5,102,321	\$ -	\$ -	\$ -
Lease liabilities	13,174,667	13,278,391	12,040,292	37,374,186
Long-term borrowings (including current portion)	243,913	125,485	101,337	300,066

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
<u>December 31, 2019</u>				
Short-term borrowings	\$ 6,020,015	\$ -	\$ -	\$ -
Lease liabilities	12,331,925	12,256,464	10,678,168	37,312,481
Long-term borrowings (including current portion)	244,733	122,071	99,136	316,524

Non-derivative financial liabilities:

<u>March 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 4,407,221	\$ -	\$ -	\$ -
Lease liabilities	11,492,862	10,369,927	9,651,856	24,637,814
Long-term borrowings (including current portion)	427,955	223,668	199,642	301,685

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

(3) Fair value information

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

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

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

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

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

- C. Financial instruments not measured at fair value

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

	<u>March 31, 2020</u>			
	<u>Fair value</u>			
<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<u>Financial assets:</u>				
Guarantee deposits paid	\$ 2,970,371	\$ -	\$ -	\$ 2,958,741
<u>Financial liabilities:</u>				
Guarantee deposits received	\$ 3,600,244	\$ -	\$ -	\$ 3,584,064

December 31, 2019				
	Book value	Fair value		
		Level 1	Level 2	Level 3
<u>Financial assets:</u>				
Guarantee deposits paid	\$ 2,911,887	\$ -	\$ -	\$ 2,887,439
<u>Financial liabilities:</u>				
Guarantee deposits received	\$ 3,560,485	\$ -	\$ -	\$ 3,530,355

March 31, 2019				
	Book value	Fair value		
		Level 1	Level 2	Level 3
<u>Financial assets:</u>				
Guarantee deposits paid	\$ 2,796,768	\$ -	\$ -	\$ 2,776,877
<u>Financial liabilities:</u>				
Guarantee deposits received	\$ 3,419,854	\$ -	\$ -	\$ 3,389,941

(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:

	March 31, 2020	Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 1,682,052	\$ -	\$ -	\$ -	\$ 1,682,052
Equity securities	-	-	85,565	-	85,565
	<u>1,682,052</u>	<u>-</u>	<u>85,565</u>	<u>-</u>	<u>1,767,617</u>
Financial assets at fair value through other comprehensive income					
Equity securities	734,498	-	4,348	-	738,846
	<u>734,498</u>	<u>-</u>	<u>4,348</u>	<u>-</u>	<u>738,846</u>
	<u>\$ 2,416,550</u>	<u>\$ -</u>	<u>\$ 89,913</u>	<u>\$ -</u>	<u>\$ 2,506,463</u>

<u>December 31, 2019</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	\$ 1,696,300	\$ -	\$ -	\$ 1,696,300
Equity securities	<u>-</u>	<u>-</u>	<u>85,565</u>	<u>85,565</u>
	<u>1,696,300</u>	<u>-</u>	<u>85,565</u>	<u>1,781,865</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>802,767</u>	<u>-</u>	<u>4,348</u>	<u>807,115</u>
	<u>802,767</u>	<u>-</u>	<u>4,348</u>	<u>807,115</u>
	<u>\$ 2,499,067</u>	<u>\$ -</u>	<u>\$ 89,913</u>	<u>\$ 2,588,980</u>

<u>March 31, 2019</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	\$ 1,417,691	\$ -	\$ -	\$ 1,417,691
Equity securities	<u>-</u>	<u>-</u>	<u>85,683</u>	<u>85,683</u>
	<u>1,417,691</u>	<u>-</u>	<u>85,683</u>	<u>1,503,374</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>753,183</u>	<u>-</u>	<u>4,348</u>	<u>757,531</u>
Debt securities	<u>200,363</u>	<u>-</u>	<u>-</u>	<u>200,363</u>
	<u>953,546</u>	<u>-</u>	<u>4,348</u>	<u>957,894</u>
	<u>\$ 2,371,237</u>	<u>\$ -</u>	<u>\$ 90,031</u>	<u>\$ 2,461,268</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 three-month periods ended March 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.
- F. For the three-month periods ended March 31, 2020 and 2019, there was no significant transfer in or out of Level 3.
- G. The Group is in charge of valuation procedures for fair value measurements being categorized within Level 3, which to verify the independent fair value of financial instruments. Such assessments are to

ensure the valuation results are reasonable by applying independent information to compare the results to current market conditions, confirming the information resources are independent, reliable and in line with other resources, and represented as the exercisable price, and frequently making any other necessary adjustments to the fair value. Investment property is assessed by independent appraisers or based on recent closing prices of similar property in the neighbouring area.

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

	Fair value at March 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 89,913	Market comparable companies	Price to book ratio multiplier	2.94	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 89,913	Market comparable companies	Price to book ratio multiplier	2.94	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
	Fair value at March 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 90,031	Market comparable companies	Price to book ratio multiplier	2.61	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, the use of different valuation models or assumptions may result in different measurements. If 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 three-month periods ended March 31, 2020 and 2019.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
- D. Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital: Please refer to Table 2.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to Table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(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 three-month period ended March 31, 2020						
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	\$ 39,094,074	\$ 18,525,824	\$ 531,588	\$ 4,898,263	\$ -	\$ 63,049,749
Internal department revenue	169,240	618,587	3,334,319	1,849,714	(5,971,860)	-
Total segment revenue	<u>\$ 39,263,314</u>	<u>\$ 19,144,411</u>	<u>\$ 3,865,907</u>	<u>\$ 6,747,977</u>	<u>(\$ 5,971,860)</u>	<u>\$ 63,049,749</u>
Segment income (loss)	<u>\$ 3,009,616</u>	<u>\$ 714,797</u>	<u>\$ 340,126</u>	<u>(\$ 3,137)</u>	<u>(\$ 462,360)</u>	<u>\$ 3,599,042</u>

For the three-month period ended March 31, 2019						
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	Total
External revenue (net)	\$ 37,774,619	\$ 17,803,703	\$ 534,592	\$ 4,972,482	\$ -	\$ 61,085,396
Internal department revenue	153,656	564,124	3,216,198	1,669,057	(5,603,035)	-
Total segment revenue	<u>\$ 37,928,275</u>	<u>\$ 18,367,827</u>	<u>\$ 3,750,790</u>	<u>\$ 6,641,539</u>	<u>(\$ 5,603,035)</u>	<u>\$ 61,085,396</u>
Segment income (loss)	<u>\$ 3,250,231</u>	<u>\$ 829,283</u>	<u>\$ 317,812</u>	<u>\$ 1,010,955</u>	<u>(\$ 1,506,958)</u>	<u>\$ 3,901,323</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.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of March 31, 2020				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
President Chain Store Corp.	Stock: President Investment Trust Corp.	Director of President Investment Trust Corp.	Financial assets at fair value through profit or loss — non-current	2,667,600	\$ 45,298	7.60	\$ 45,298	
President Chain Store Corp.	Career Consulting Co. Ltd.	None	"	837,753	14,546	5.37	14,546	
President Chain Store Corp.	Kaohsiung Rapid Transit Corp.	"	"	2,572,127	25,721	0.92	25,721	
President Chain Store Corp.	PK Venture Capital Corp.	Director of PK Venture Capital Corp.	"	321,300	-	6.67	-	
Mech-President Corp.	Yamay International Development Corp.	None	"	9	-	-	-	
President Chain Store Corp.	President Securities Corp.	Investee of Uni-President Enterprises Corp. under the equity method	Financial assets at fair value through other comprehensive income — non-current	38,221,259	496,877	2.79	496,877	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	237,621	0.59	237,621	
President Chain Store Corp.	Koasa Yamako Corp.	Director of Koasa Yamako Corp.	"	650,000	4,348	10.00	4,348	
Books.com. Co., Ltd.	Beneficiary certificates: Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss — current	14,771,288	\$ 220,067	-	\$ 220,067	
Chieh Shun Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	8,199,435	111,535	-	111,535	
Chieh Shun Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	3,126,256	52,517	-	52,517	
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	18,235,209	290,000	-	290,000	
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	15,877,552	200,000	-	200,000	
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	11,700,392	180,000	-	180,000	
Uni-Wonder Corp.	Union Money Market Fund	"	"	7,535,057	100,000	-	100,000	
Uni-Wonder Corp.	Nomura money market fund	"	"	5,487,805	90,000	-	90,000	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	5,145,999	70,000	-	70,000	
President Information Corp.	Prudential Financial Money Market Fund	"	"	682,660	10,856	-	10,856	
President Information Corp.	Jih Sun Money Market Fund	"	"	8,525,048	127,009	-	127,009	
President Information Corp.	Union Money Market Fund	"	"	1,508,827	20,024	-	20,024	
President Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	1,544,006	21,003	-	21,003	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	119,181	2,002	-	2,002	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	499,153	7,437	-	7,437	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	2,391,595	32,532	-	32,532	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	2,705,944	37,000	-	37,000	
Q-ware Systems & Services Corp.	Jih Sun Money Market Fund	"	"	7,388,083	110,070	-	110,070	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital
For the three-month period ended March 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2020		Addition		Disposal			Other increase (decrease)		Balance as at March 31, 2020		
Investor	Type and name of securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Number of shares	Amount
	Beneficiary certificates:															
Books.com. Co., Ltd.	Jih Sun Money Market Fund	Note	Not applicable	Not applicable	1,344,764	\$ 20,005	52,393,689	\$ 780,000	38,967,165	\$ 580,201	\$ 580,000	\$ 201	-	\$ 62	14,771,288	\$ 220,067
Chieh Shun Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	"	6,846,847	93,009	24,455,103	332,500	23,102,515	314,058	313,975	83	-	1	8,199,435	111,535
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	"	19,527,436	300,000	23,409,876	360,000	31,236,920	480,239	480,000	239	-	-	11,700,392	180,000
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	19,990,627	273,000	35,857,504	490,000	53,142,187	726,240	726,000	240	-	-	2,705,944	37,000

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the three-month period ended March 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions				
			Transaction						Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 3,821,691	15	Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 1,352,990) (	9)	
	Uni-President Superior Commissary Corp.	Subsidiary	"	952,554	4	Net 45 days from the end of the month when invoice is issued	"	"	(648,010) (	4)	
	Tung Ang Enterprises Corp.	Sister company	"	475,692	2	Net 30 days from the end of the month when invoice is issued	"	"	(193,858) (	1)	
	Lien-Bo Enterprises Corp.	"	"	146,861	1	Net 10~54 days from the end of the month when invoice is issued	"	"	(86,255) (	1)	
	President Transnet Corp.	Subsidiary	"	104,322	0	Net 60 days from the end of the month when invoice is issued	"	"	(40,178)	-	
	Kuang Chuan Dairy Corp.	Other related party	"	126,949	0	Net 30~65 days from the end of the month when invoice is issued	"	"	(128,421) (	1)	
	21 Century Co., Ltd.	Subsidiary	"	153,422	1	Net 30~60 days from the end of the month when invoice is issued	"	"	(70,290)	-	
	Kai Ya Food Co., Ltd.	Sister company	"	127,686	0	Net 40 days from the end of the month when invoice is issued	"	"	(89,332) (	1)	
	Q-ware Systems & Services Corp.	Subsidiary	"	141,793	1	Net 40 days from the end of the month when invoice is issued	"	"	(92,811) (	1)	
Chieh Shun Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(179,948) (	39)	Net 40 days from the end of the month when invoice is issued	"	"	71,413	42	
	President Logistics International Corp.	Parent company	"	(269,568) (	58)	Net 20 days from the end of the month when invoice is issued	"	"	93,543	55	
President Transnet Corp.	Chieh Shun Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	179,948	7	Net 40 days from the end of the month when invoice is issued	"	"	(71,413) (	5)	
	President Chain Store Corp.	Parent company	Sales revenue	(104,322) (	64)	Net 60 days from the end of the month when invoice is issued	"	"	40,178	3	
Uni-Wonder Corp.	Tung Chan Enterprise Corp.	Other related party	Purchases	239,211	21	Net 25 days from the end of the month when invoice is issued	"	"	(64,418) (	12)	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(228,678) (	67)	Net 45 days from the end of the month when invoice is issued	"	"	179,706	64	
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Subsidiary	Service cost	269,568	36	Net 20 days from the end of the month when invoice is issued	"	"	(93,543) (	37)	
	Retail Support International Corp.	Parent company	Delivery revenue	(188,304) (	24)	Net 20 days from the end of the month when invoice is issued	"	"	65,177	23	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	(266,536) (	33)	Net 20 days from the end of the month when invoice is issued	"	"	95,423	34	
	Wisdom Distribution Service Corp.	"	"	(267,988) (	34)	Net 20 days from the end of the month when invoice is issued	"	"	94,033	34	
Retail Support International Corp.	President Logistics International Corp.	Subsidiary	Service cost	188,304	48	Net 20 days from the end of the month when invoice is issued	"	"	(65,177) (	48)	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	"	266,536	37	Net 20 days from the end of the month when invoice is issued	"	"	(95,423) (	2)	
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	"	267,988	43	Net 20 days from the end of the month when invoice is issued	"	"	(94,033) (	28)	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the three-month period ended March 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party				
			Transaction				transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	Service revenue	(\$ 141,793) (	63)	Net 40 days from the end of the month when invoice is issued	No significant differences	No significant differences	\$ 92,811	74	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	134,666	5	Net 70 days from the end of the month when invoice is issued	"	"	(38,336) (	2)	
President Pharmaceutical Corp.	President Drugstore Business Corp.	"	Sales revenue	(134,666) (	35)	Net 70 days from the end of the month when invoice is issued	"	"	38,336	10	
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	"	(952,554) (	100)	Net 45 days from the end of the month when invoice is issued	"	"	648,010	100	
21 Century Co., Ltd.	President Chain Store Corp.	"	"	(153,422) (	50)	Net 30~60 days from the end of the month when invoice is issued	"	"	70,290	51	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
March 31, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of March 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
President Information Corp.	President Chain Store Corp.	Parent company	\$ 179,706	6.01	\$ -	none	\$ 6,441	\$ -
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	648,010	5.79	-	"	305,667	-

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the three-month period ended March 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction	Percentage of consolidated total operating revenues or total assets
						Transaction terms	
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	\$ 179,706	Net 45 days from the end of the month when invoice is issued	0.09
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(228,678)	Net 45 days from the end of the month when invoice is issued	0.36
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(141,793)	Net 40 days from the end of the month when invoice is issued	0.22
3	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	648,010	Net 45 days from the end of the month when invoice is issued	0.33
3	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(952,554)	Net 45 days from the end of the month when invoice is issued	1.51
4	21 Century Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(153,422)	Net 30~60 days from the end of the month when invoice is issued	0.24
5	President Transnet Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(104,322)	Net 60 days from the end of the month when invoice is issued	0.17
6	Chieh Shun Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	(269,568)	Net 20 days from the end of the month when invoice is issued	0.43
6	Chieh Shun Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	(179,948)	Net 40 days from the end of the month when invoice is issued	0.29
7	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	(266,536)	Net 20 days from the end of the month when invoice is issued	0.42
7	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	(267,988)	Net 20 days from the end of the month when invoice is issued	0.43
7	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to parent company	Delivery revenue	(188,304)	Net 20 days from the end of the month when invoice is issued	0.30
8	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(134,666)	Net 70 days from the end of the month when invoice is issued	0.21

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Names, locations and other information of investee companies (not including investees in Mainland China)
For the three-month period ended March 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three-month period ended March 31, 2020	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2020		Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value				
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	\$ 6,712,138	\$ 6,712,138	171,589,586	100.00	\$ 26,531,209	(\$ 8,376)	(\$ 8,376)		Subsidiary
President Chain Store Corp.	President Drugstore Business Corp.	Taiwan	Sales of cosmetics, medicines and daily items	288,559	288,559	78,520,000	100.00	1,458,626		26,176	26,176	Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,796,804		231,810	162,268	Subsidiary
President Chain Store Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	904,475	904,475	55,858,815	80.87	695,146	(8,905)	(7,201)		Subsidiary
President Chain Store Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	330,216	330,216	22,121,962	73.74	773,618		41,875	29,758	Subsidiary
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	574,034		44,077	30,854	Subsidiary
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	490,109		6,723	6,051	Subsidiary
President Chain Store Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	237,437	237,437	23,605,042	60.00	738,279		98,341	58,941	Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	531,233		43,541	37,445	Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	405,470		17,768	15,415	Subsidiary
President Chain Store Corp.	Wisdom Distribution Service Corp.	Taiwan	Logistics and storage of publication and e-commerce	50,000	50,000	10,847,421	100.00	521,953		67,828	67,828	Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	450,489		104,329	52,196	Subsidiary
President Chain Store Corp.	President Lanyang Art Corporation	Taiwan	Art and cultural exhibition	20,000	20,000	2,000,000	100.00	25,098	(22)	(22)		Subsidiary
President Chain Store Corp.	Duskin Serve Taiwan Co., Ltd.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	221,508		39,592	20,191	Subsidiary
President Chain Store Corp.	ICASH Corp.	Taiwan	Electronic ticketing and electronic payment	700,000	700,000	70,000,000	100.00	575,414		8,171	8,171	Subsidiary
President Chain Store Corp.	Uni-President Development Corp.	Taiwan	Construction, development and operation of an MRT station	720,000	720,000	72,000,000	20.00	766,890		13,493	2,699	Note 1
President Chain Store Corp.	Uni-Wonder Corp.	Taiwan	Coffee chain store	3,286,206	3,286,206	21,382,674	60.00	5,219,034		129,624	54,475	Subsidiary
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	193,229		60,635	15,082	Subsidiary
President Chain Store Corp.	Presicarre Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	145,172,360	19.50	5,845,101		641,720	121,903	Note 1
President Chain Store Corp.	President Fair Development Corp.	Taiwan	Operation of shopping mall, department store, international trade, etc.	3,191,700	3,191,700	190,000,000	19.00	2,050,547		58,625	11,141	Note 1
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	468,165		119,775	9,782	Note 1
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	100,617	(40,021)	(5,767)		Note 1
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	637,231	637,231	6,500,000	100.00	78,252	(2,224)	(2,224)		Subsidiary
President Chain Store Corp.	Capital Marketing Consultant Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	74,492		7,778	7,091	Subsidiary
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	64,331		198	183	Subsidiary
President Chain Store Corp.	President Chain Store Corporation Insurance Brokers Co., Ltd.	Taiwan	Life and property insurance	213,000	213,000	1,500,000	100.00	30,869		3,301	3,301	Subsidiary
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	7,263		1,130	1,130	Subsidiary
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	170,000	170,000	1,500,000	100.00	(37,100)	(3,637)	(3,367)		Subsidiary
President Chain Store Corp.	21 Century Co., Ltd.	Taiwan	Operation of chain restaurants	160,680	160,680	10,000,000	100.00	96,018		9,627	9,627	Subsidiary

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Names, locations and other information of investee companies (not including investees in Mainland China)
For the three-month period ended March 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Investment income (loss)		
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three- month period ended March 31, 2020	recognized by the Company for the three- month period ended March 31, 2020	Footnote
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	\$ 35,648	\$ 35,648	9,800	100.00	\$ 86,265	\$ 3,645	\$ 3,624	Subsidiary
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	(59,768)	(14,942)	(14,942)	Subsidiary
President Chain Store Corp.	President Collect Service Corp.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	101,819	25,138	17,597	Subsidiary
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	200,000	200,000	7,500,049	50.00	(95,813)	(9,910)	(4,955)	Note 1
President Chain Store Corp.	Uni-President Organics Corp.	Taiwan	Health care products and organic food	47,190	47,190	1,833,333	36.67	44,822	9,336	3,391	Note 1
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	(20,666)	(1,336)	(200)	Note 1
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	(567)	(26)	(26)	Subsidiary of a subsidiary
Mech-President Corp.	Tong Ching Corporation	Taiwan	Gas station	9,600	9,600	960,000	60.00	25,593	1,438	863	Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	22,367	22,367	740,000	7.80	5,442	198	15	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia	Professional investment	881,462	881,462	29,163,337	100.00	2,566,751	17,376	17,376	Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,707,753	4,707,753	134,603,354	100.00	(4,039,780)	(126,737)	(126,737)	Subsidiary of a subsidiary
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	880,615	880,615	394,970,516	52.22	2,565,837	61,481	17,376	Subsidiary of a subsidiary
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Taiwan	Trucking	180,000	180,000	26,670,000	100.00	340,256	13,681	13,681	Subsidiary of a subsidiary
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Hong Kong	Sales of various health care products, cosmetics, and pharmaceuticals	178,024	178,024	5,935,900	100.00	(56,271)	(4,498)	(4,498)	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	-	-	104,329	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	44,077	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	(-)	(8,905)	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	43,541	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	231,810	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	17,768	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co., Ltd.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	39,592	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	-	-	1	-	-	41,875	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	-	-	1	-	(-)	(9,910)	-	Note 1
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	6,723	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	-	-	98,341	-	Subsidiary of a subsidiary

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Names, locations and other information of investee companies (not including investees in Mainland China)
For the three-month period ended March 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three-month period ended March 31, 2020	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2020		Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value				
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	\$ -	\$ -	1	-	\$ -	\$ 60,635	\$ -	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Collect Service Corp.	Taiwan	Collection agent	-	-	1	-	-	25,138	-	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	British Virgin Islands	Professional investment	60,374	60,374	2,000,000	100.00	60,683 (	2,449) (	2,449)	-	Subsidiary of a subsidiary
Retail Support International Corp.	Retail Support Taiwan Corp.	Taiwan	Room-temperature logistics and warehousing	15,300	15,300	2,871,300	51.00	83,509	13,177	6,720	-	Subsidiary of a subsidiary
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	177,966	18,550	9,089	-	Subsidiary of a subsidiary
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	5,425	5,425	1,161,000	6.00	21,792	18,550	1,113	-	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	90,799	18,550	4,637	-	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	British Virgin Islands	Professional investment	87,994	87,994	2,990	100.00	99,073	2,180	2,205	-	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	18,850	18,850	3,870,000	20.00	72,638	18,550	3,709	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Convenience Distribution Inc.	Philippines	Logistic, warehousing and retail	26,830	26,830	4,500,000	100.00	26,830 (	13,480)	-	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	29,061	29,061	40,000	100.00	29,061	273	-	-	Subsidiary of a subsidiary

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Information on investments in Mainland China
For the three-month period ended March 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net profit(loss) of investee for the three-month period ended March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2020	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	\$ 426,774	Note 1	\$ 284,637	\$ -	\$ -	\$ 284,637	\$ 198	100.00	\$ 198	\$ 69,109	\$ -	Note 3
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,133,870	Note 1	2,335,712	-	-	2,335,712	(76,320)	100.00	(75,530)	28,071	-	Note 3
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	60,450	Note 1	60,450	-	-	60,450	(27,168)	100.00	(27,168)	446,386	-	Note 3
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	949,758	Note 1	989,537	-	-	989,537	18,515	100.00	18,515	63,555	-	Note 3
Shan Dong President Yinzuo Commercial Limited	Supermarkets	256,064	Note 1	123,268	-	-	123,268	(16,461)	55.00	(9,053)	177,252	7,859	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	167,113	Note 1	167,113	-	-	167,113	(2,592)	73.74	(1,911)	19,795	56,542	Note 3
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	170,710	Note 1	169,504	-	-	169,504	7,329	80.00	3,529	158,324	25,762	Note 3
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	453	Note 1	-	-	-	-	(26)	50.03	(13)	3	-	Note 3
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	256,064	Note 1	256,064	-	-	256,064	(5,638)	100.00	(5,638)	342,320	-	Note 3
President Logistic ShanDong Co., Ltd.	Logistics and warehousing	213,387	Note 1	213,387	-	-	213,387	3,868	100.00	4,002	197,756	-	Note 3
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	597,484	Note 1	597,484	-	-	597,484	(36,231)	100.00	(36,179)	252,259	-	Note 3
Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and daily items	128,032	Note 1	128,032	-	-	128,032	(9,831)	100.00	(9,836)	65,593	-	Note 3

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

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

Note 3: These amounts are based solely on their unreviewed financial statements.

Company name	Investment amount approved by the		
	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
President Chain Store Corp.	\$ 4,658,822	\$ 8,353,401	\$ 28,950,905
President Pharmaceutical Corp.	167,113	167,113	501,171
Uni-President Cold-Chain Corp.	89,690	89,690	726,018
Ren-Hui Investment Corp.	52,086	52,086	80,000

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
List of shareholders holding more than 5% (inclusive) of shares
March 31, 2020

Table 8

Shareholder name	Shares held as at March 31, 2020	
	Number of shares	Ownership (%)
Uni-President Enterprises Corp.	471,996,430	45.40%

Note : The above information is provided by the Taiwan Depository & Clearing Corp.