

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
JUNE 30, 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
JUNE 30, 2020 AND 2019
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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
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 June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent accountants. Those statements reflect total assets of NT\$43,100,242 thousand and NT\$44,088,394 thousand, constituting 21% and 24% of the consolidated total assets, and total liabilities of NT\$26,936,702 thousand and NT\$26,700,454 thousand, constituting 17% and 19% of the consolidated total liabilities as at June 30, 2020 and 2019, respectively, and total comprehensive income of

NT\$15,476 thousand, NT\$612,218 thousand, NT\$325,295 thousand and NT\$1,221,363 thousand, constituting 1%, 19%, 6% and 18% of the consolidated total comprehensive income for the three-month and six-month periods then ended.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method, been reviewed by independent 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 June 30, 2020 and 2019, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Yi-Chang, Liang

Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan
July 30, 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 June 30, 2020 and 2019 are reviewed, not audited)

	Assets	Notes	June 30, 2020		December 31, 2019		June 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 51,962,812	26	\$ 45,445,395	23	\$ 49,386,267	27
1110	Financial assets at fair value through profit or loss – current	6(2)	2,507,329	1	1,696,300	1	1,953,825	1
1170	Accounts receivable, net	6(3) and 7	4,841,692	2	5,808,480	3	5,176,417	3
1200	Other receivables		2,895,663	1	1,460,354	1	2,473,104	1
1220	Current income tax assets	6(31)	823	-	95	-	2,343	-
130X	Inventories, net	6(4)	13,586,219	7	15,659,112	8	12,507,826	7
1410	Prepayments		1,603,957	1	1,195,719	1	1,512,402	1
1470	Other current assets		<u>3,290,034</u>	<u>2</u>	<u>2,968,350</u>	<u>1</u>	<u>2,816,250</u>	<u>2</u>
11XX	Total current assets		<u>80,688,529</u>	<u>40</u>	<u>74,233,805</u>	<u>38</u>	<u>75,828,434</u>	<u>42</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss – non-current	6(2)	85,523	-	85,565	-	85,565	-
1517	Financial assets at fair value through other comprehensive income	6(5)						
	– non-current		752,778	-	807,115	-	773,087	-
1550	Investments accounted for using equity method	6(6)	8,746,223	4	9,255,939	5	9,021,649	5
1600	Property, plant and equipment, net	6(7)(29) and 8	25,858,800	13	26,018,322	13	24,845,207	14
1755	Right-of-use assets	6(8) and 7	69,261,060	34	67,489,612	35	52,649,469	29
1760	Investment property, net	6(10)	1,497,085	1	1,506,798	1	1,515,314	1
1780	Intangible assets	6(11)	10,011,169	5	10,171,442	5	10,219,431	6
1840	Deferred income tax assets	6(31)	1,808,978	1	1,860,217	1	1,795,178	1
1900	Other non-current assets	6(12) and 8	<u>3,556,744</u>	<u>2</u>	<u>3,699,819</u>	<u>2</u>	<u>3,336,294</u>	<u>2</u>
15XX	Total non-current assets		<u>121,578,360</u>	<u>60</u>	<u>120,894,829</u>	<u>62</u>	<u>104,241,194</u>	<u>58</u>
1XXX	Total assets		<u>\$ 202,266,889</u>	<u>100</u>	<u>\$ 195,128,634</u>	<u>100</u>	<u>\$ 180,069,628</u>	<u>100</u>

(Continued)

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity		Notes	June 30, 2020		December 31, 2019		June 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(14) and 8	\$ 5,812,109	3	\$ 6,014,658	3	\$ 1,020,059	-
2110	Short-term notes and bills payable		-	-	-	-	70,000	-
2130	Contract liabilities – current	6(24)	3,914,838	2	3,443,383	2	3,315,318	2
2150	Notes payable	7	1,031,775	-	1,214,702	1	1,847,536	1
2170	Accounts payable		20,816,054	10	20,897,055	11	21,603,234	12
2180	Accounts payable – related parties	7	2,953,561	1	2,690,640	1	2,829,811	2
2200	Other payables	6(15)	36,539,238	18	26,596,505	14	35,397,998	20
2230	Current income tax liabilities	6(31)	1,390,836	1	1,410,428	1	1,492,360	1
2280	Lease liabilities – current	7	12,056,150	6	11,932,751	6	11,720,946	6
2300	Other current liabilities	6(16)	3,359,401	2	3,149,591	1	3,209,022	2
21XX	Total current liabilities		<u>87,873,962</u>	<u>43</u>	<u>77,349,713</u>	<u>40</u>	<u>82,506,284</u>	<u>46</u>
Non-current liabilities								
2527	Contract liabilities – non-current	6(24)	460,638	-	448,248	-	258,752	-
2540	Long-term borrowings	6(17) and 8	502,765	-	508,112	-	612,467	-
2570	Deferred income tax liabilities	6(31)	5,367,214	3	5,580,529	3	5,504,744	3
2580	Lease liabilities – non-current	7	58,750,234	29	56,894,287	29	41,760,008	23
2640	Net defined benefit liability	6(18)						
	– non-current		4,749,071	3	4,751,607	3	4,735,190	3
2670	Other non-current liabilities	6(19)	<u>4,496,355</u>	<u>2</u>	<u>4,368,820</u>	<u>2</u>	<u>4,256,337</u>	<u>3</u>
25XX	Total non-current liabilities		<u>74,326,277</u>	<u>37</u>	<u>72,551,603</u>	<u>37</u>	<u>57,127,498</u>	<u>32</u>
2XXX	Total liabilities		<u>162,200,239</u>	<u>80</u>	<u>149,901,316</u>	<u>77</u>	<u>139,633,782</u>	<u>78</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		14,369,228	7	13,314,081	7	13,314,081	8
3320	Special reserve		380,187	-	-	-	-	-
3350	Unappropriated retained earnings		7,146,278	4	12,845,880	7	7,792,203	4
	Other equity	6(23)						
3400	Other equity interest		(727,520)	-	(380,187)	-	538,771	-
31XX	Equity attributable to owners of the parent		<u>31,611,280</u>	<u>16</u>	<u>36,222,881</u>	<u>19</u>	<u>32,087,232</u>	<u>18</u>
36XX	Non-controlling interest		<u>8,455,370</u>	<u>4</u>	<u>9,004,437</u>	<u>4</u>	<u>8,348,614</u>	<u>4</u>
3XXX	Total equity		<u>40,066,650</u>	<u>20</u>	<u>45,227,318</u>	<u>23</u>	<u>40,435,846</u>	<u>22</u>
3X2X	Total liabilities and equity		<u>\$ 202,266,889</u>	<u>100</u>	<u>\$ 195,128,634</u>	<u>100</u>	<u>\$ 180,069,628</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 June 30				For the six-month periods ended June 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(24) and 7	\$ 61,492,529	100	\$ 63,947,923	100	\$ 124,542,278	100	\$ 125,033,319	100
5000 Operating costs	6(4)(25) and 7	(40,747,630)	(66	(42,020,182)	(66	(81,973,068)	(66	(82,099,651)	(66
5900 Gross profit		20,744,899	34	21,927,741	34	42,569,210	34	42,933,668	34
Operating expenses	6(25)(26)								
6100 Selling expenses		(15,945,484)	(26	(16,396,937)	(26	(32,128,462)	(26	(31,891,173)	(25
6200 General and administrative expenses		(2,204,714)	(4	(2,171,991)	(3	(4,655,626)	(4	(4,478,790)	(4
6450 Expected credit losses		(12,184)	-	(1,864)	-	(12,228)	-	(3,299)	-
6000 Total operating expenses		(18,162,382)	(30	(18,570,792)	(29	(36,796,316)	(30	(36,373,262)	(29
6900 Operating profit		2,582,517	4	3,356,949	5	5,772,894	4	6,560,406	5
Non-operating income and expenses									
7100 Interest income	6(27)	148,817	-	214,263	-	315,658	-	410,953	-
7010 Other income	6(28)	547,780	1	423,682	1	939,637	1	1,116,854	1
7020 Other gains and losses	6(29)	3,378	-	(23,089)	-	31,214	-	(36,489)	-
7050 Finance costs	6(30)	(334,479)	-	(299,535)	-	(650,342)	-	(606,329)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(6)	95,866	-	109,377	-	233,860	-	237,575	-
7000 Total non-operating income and expenses		461,362	1	424,698	1	870,027	1	1,122,564	1
7900 Profit before income tax		3,043,879	5	3,781,647	6	6,642,921	5	7,682,970	6
7950 Income tax expense	6(31)	(338,246)	-	(811,119)	(1	(1,052,445)	(1	(1,452,800)	(1
8000 Profit for the period from continuing operations		2,705,633	5	2,970,528	5	5,590,476	4	6,230,170	5
8200 Profit for the period		\$ 2,705,633	5	\$ 2,970,528	5	\$ 5,590,476	4	\$ 6,230,170	5

(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 June 30				For the six-month periods ended June 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)									
8316	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(5)	\$ 13,932	-	\$ 15,556	-	(\$ 54,337)	-	\$ 128,473
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	6(23)	238	-	1,238	-	(541)	-	1,994
8349	Income tax related to the components of other comprehensive income that will not be reclassified to profit or loss	6(31)	2,182	-	(5,022)	-	4,752	-	(8,877)
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		16,352	-	11,772	-	(50,126)	-	121,590
8361	Financial statements translation differences of foreign operations		(493,651)	(1)	282,602	-	(287,053)	-	450,435
8367	Unrealized loss on valuation of bond instruments at fair value through other comprehensive income	6(5)	-	-	(388)	-	-	-	(783)
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)	(3,512)	-	687	-	(4,209)	-	1,841
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(497,163)	(1)	282,901	-	(291,262)	-	451,493
8300	Total other comprehensive (loss) income for the period		(\$ 480,811)	(1)	\$ 294,673	-	(\$ 341,388)	-	\$ 573,083
8500	Total comprehensive income for the period		\$ 2,224,822	4	\$ 3,265,201	5	\$ 5,249,088	4	\$ 6,803,253
Profit attributable to:									
8610	Owners of the parent		\$ 2,537,225	5	\$ 2,589,888	4	\$ 5,091,668	4	\$ 5,497,751
8620	Non-controlling interests		168,408	-	380,640	1	498,808	-	732,419
			\$ 2,705,633	5	\$ 2,970,528	5	\$ 5,590,476	4	\$ 6,230,170
Comprehensive income attributable to:									
8710	Owners of the parent		\$ 2,065,977	4	\$ 2,821,402	4	\$ 4,744,335	4	\$ 5,982,917
8720	Non-controlling interests		158,845	-	443,799	1	504,753	-	820,336
			\$ 2,224,822	4	\$ 3,265,201	5	\$ 5,249,088	4	\$ 6,803,253
9750	Basic earnings per share	6(32)	\$ 2.44		\$ 2.49		\$ 4.90		\$ 5.29
9850	Diluted earnings per share	6(32)	\$ 2.44		\$ 2.49		\$ 4.89		\$ 5.28

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)

Equity attributable to owners of the parent

	Notes	Equity attributable to owners of the parent					Other equity interest			Non-controlling interest	Total equity
		Retained earnings				Financial statements translation differences of foreign operations			Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income		
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
For the six-month period ended June 30, 2019											
Balance at January 1, 2019		\$ 10,396,223	\$ 45,059	\$ 12,293,442	\$ 398,859	\$ 12,064,862	(\$ 279,829)	\$ 333,434	\$ 35,252,050	\$ 8,772,977	\$ 44,025,027
Profit for the period		-	-	-	-	5,497,751	-	-	5,497,751	732,419	6,230,170
Other comprehensive income for the period	6(23)	-	-	-	-	-	363,038	122,128	485,166	87,917	573,083
Total comprehensive income for the period		-	-	-	-	5,497,751	363,038	122,128	5,982,917	820,336	6,803,253
Distribution of 2018 earnings:	6(22)										
Legal reserve		-	-	1,020,639	-	(1,020,639)	-	-	-	-	-
Special reserve		-	-	-	(398,859)	398,859	-	-	-	-	-
Cash dividends		-	-	-	-	(9,148,676)	-	-	(9,148,676)	-	(9,148,676)
Non-controlling interest		-	-	-	-	-	-	-	-	1,244,699	(1,244,699)
Overdue unclaimed cash dividend transferred to capital surplus		-	562	-	-	-	-	-	562	-	562
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	333	-	-	-	-	-	333	-	333
Disposal of financial instruments designated at fair value through other comprehensive income of associates		-	-	-	-	46	-	-	46	-	46
Balance at June 30, 2019		\$ 10,396,223	\$ 45,954	\$ 13,314,081	\$ -	\$ 7,792,203	\$ 83,209	\$ 455,562	\$ 32,087,232	\$ 8,348,614	\$ 40,435,846
For the six-month period ended June 30, 2020											
Balance at January 1, 2020		\$ 10,396,223	\$ 46,884	\$ 13,314,081	\$ -	\$ 12,845,880	(\$ 869,908)	\$ 489,721	\$ 36,222,881	\$ 9,004,437	\$ 45,227,318
Profit for the period		-	-	-	-	5,091,668	-	-	5,091,668	498,808	5,590,476
Other comprehensive income for the period	6(23)	-	-	-	-	-	(291,063)	(56,270)	(347,333)	5,945	(341,388)
Total comprehensive income for the period		-	-	-	-	5,091,668	(291,063)	(56,270)	4,744,335	504,753	5,249,088
Distribution of 2019 earnings:	6(22)										
Legal reserve		-	-	1,055,147	-	(1,055,147)	-	-	-	-	-
Special reserve		-	-	-	380,187	(380,187)	-	-	-	-	-
Cash dividends		-	-	-	-	(9,356,600)	-	-	(9,356,600)	-	(9,356,600)
Non-controlling interest		-	-	-	-	-	-	-	-	1,053,820	(1,053,820)
Disposal of financial instruments designated at fair value through other comprehensive income of associates		-	-	-	-	664	-	-	664	-	664
Balance at June 30, 2020		\$ 10,396,223	\$ 46,884	\$ 14,369,228	\$ 380,187	\$ 7,146,278	(\$ 1,160,971)	\$ 433,451	\$ 31,611,280	\$ 8,455,370	\$ 40,066,650

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)
(UAUDITED)

	Notes	For the six-month periods ended June 30	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before income tax for the period		\$ 6,642,921	\$ 7,682,970
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)	(5,428)	(4,093)
Expected credit losses	12(2)	12,228	3,299
Depreciation expense	6(7)(8)	9,506,256	8,890,106
Amortization expense		277,733	297,550
Depreciation on investment property	6(10)	8,497	8,515
Finance costs	6(30)	650,342	606,329
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(233,860)	(237,575)
(Gain) loss on disposal of property, plant and equipment, net	6(29)	(15,751)	1,093
Gain from lease modification	6(29)	(39,925)	-
Interest income	6(27)	(315,658)	(410,953)
Dividend income	6(28)	(60,312)	(47,234)
Recognized other income from rent concessions	6(8)	(49,938)	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(805,601)	(1,105,507)
Accounts receivable		954,560	84,857
Other receivables		(1,307,498)	(676,693)
Inventories		2,072,893	2,613,831
Prepayments		(408,238)	(442,617)
Other current assets		(321,684)	188,644
Net changes in liabilities relating to operating activities			
Contract liabilities – current		471,454	472,129
Accounts payable		181,920	1,284,362
Notes payable		(182,927)	(19,074)
Other payables		196,530	(1,792,911)
Advance receipts		208,005	(92,324)
Contract liabilities – non-current		12,389	24,331
Net defined benefit liabilities		(2,536)	2,641
Cash generated from operations		17,446,372	17,331,676
Interest received		321,256	401,363
Income tax paid		(1,230,089)	(1,721,980)
Interest paid		(650,387)	(606,555)
Dividends received		666,393	16,642
Net cash provided by operating activities		<u>16,553,545</u>	<u>15,421,146</u>

(Continued)

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

	Notes	For the six-month periods ended June 30	
		2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(33)	(\$ 3,937,602)	(\$ 3,186,774)
Proceeds from disposal of property, plant and equipment		80,449	35,860
Return of capital from financial assets at fair value through profit or loss		42	-
Return of capital from financial assets at fair value through other comprehensive income		-	200,000
Proceeds from disposal of investment property		1,216	-
Guarantee deposits paid		(94,785)	(131,907)
Acquisition of intangible assets	6(11)	(62,644)	(26,432)
Decrease (increase) in other non-current assets		<u>185,159</u>	<u>(134,446)</u>
Net cash used in investing activities		<u>(3,828,165)</u>	<u>(3,243,699)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(34)	(202,549)	(6,217,726)
Increase in short-term notes and bills payable		-	70,000
Proceeds from long-term borrowings	6(34)	130,180	56,250
Repayment of long-term borrowings	6(34)	(135,149)	(267,740)
Payments of lease liability	6(8)(34)	(5,803,167)	(5,341,346)
Guarantee deposits received	6(34)	89,908	60,728
Increase in other non-current liabilities	6(34)	4,661	-
Change in non-controlling interests		<u>(784)</u>	<u>(45,032)</u>
Net cash used in financing activities		<u>(5,916,900)</u>	<u>(11,684,866)</u>
Effect of foreign exchange rate changes on cash and cash equivalents		<u>(291,063)</u>	<u>363,038</u>
Increase in cash and cash equivalents		<u>6,517,417</u>	<u>855,619</u>
Cash and cash equivalents at beginning of period		<u>45,445,395</u>	<u>48,530,648</u>
Cash and cash equivalents at end of period		<u>\$ 51,962,812</u>	<u>\$ 49,386,267</u>

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 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 July 30, 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 as endorsed by FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020

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

Amendment to IFRS 16, ‘Covid-19-related rent concessions’

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

- (a) Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

- (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 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018 – 2020	January 1, 2022
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation, basis of consolidation, and the additional descriptions described below, the other principal accounting policies are in agreement with Note 4 of the consolidated financial statements for the year ended December 31, 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	June 30, 2020	June 30, 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	"/	"/
President Pharmaceutical Corp.	"/	"/
Uni-Wonder Corp.	"/	"/
Other subsidiaries	Financial statements were unreviewed	Financial statements were unreviewed

(c) The financial statements of the subsidiary, Philippine Seven Corp., for the year ended December 31, 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
			June 30, 2020	December 31, 2019	June 30, 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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2020	December 31, 2019	June 30, 2019	
The Company	ICASH Corp.	Electronic ticketing and electronic payment	100.00	100.00	100.00	
The Company	Uni-President Superior Commissary Corp.	Fresh food manufacture	90.00	90.00	90.00	
The Company	Q-ware Systems & Services Corp.	Information software services	86.76	86.76	86.76	
The Company	President Information Corp.	Enterprise information management and consultancy	86.00	86.00	86.00	
The Company	Mech-President Corp.	Gas station, installment and maintenance of elevators	80.87	80.87	80.87	
The Company	President Pharmaceutical Corp.	Sales of various health care products, cosmetics, and pharmaceuticals	73.74	73.74	73.74	
The Company	President Collect Service Corp.	Collection agent	70.00	70.00	70.00	
The Company	Uni-President Department Store Corp.	Department stores	70.00	70.00	70.00	
The Company	President Transnet Corp.	Delivery service	70.00	70.00	70.00	
The Company	Uni-President Cold-Chain Corp.	Low-temperature logistics and warehousing	60.00	60.00	60.00	
The Company	Uni-Wonder Corp.	Coffee chain store	60.00	60.00	60.00	
The Company	Duskin Serve Taiwan Co., Ltd.	Cleaning instruments leasing and selling	51.00	51.00	51.00	
The Company	Books.com. Co., Ltd.	Retail business without shop	50.03	50.03	50.03	
The Company	Retail Support International Corp.	Room-temperature logistics and warehousing	25.00	25.00	25.00	(a)
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2020	December 31, 2019	June 30, 2019	
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 and warehousing	100.00	100.00	100.00	
Philippine Seven Corporation	Store Sites Holding, Inc.	Professional investment	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	Professional investment	7.80	7.80	7.80	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	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	
Uni-President Logistics (BVI) Holdings Limited	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	50.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June	December	June	
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	Professional investment	30, 2020	31, 2019	30, 2019	100.00
Ren-Hui Holdings Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Supermarkets	100.00	100.00	100.00	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. 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

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand and petty cash	\$ 1,405,460	\$ 1,680,411	\$ 1,633,850
Checking accounts and demand deposits	17,038,884	9,606,131	13,001,400
Cash equivalents			
Time deposits	26,297,111	26,620,058	26,833,457
Short-term financial instruments	7,221,357	7,538,795	7,917,560
	<u>\$ 51,962,812</u>	<u>\$ 45,445,395</u>	<u>\$ 49,386,267</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

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets mandatorily measured at fair value through profit or loss			
<u>Current items:</u>			
Beneficiary certificates	\$ 2,506,707	\$ 1,696,276	\$ 1,953,419
Valuation adjustment	<u>622</u>	<u>24</u>	<u>406</u>
	<u><u>\$ 2,507,329</u></u>	<u><u>\$ 1,696,300</u></u>	<u><u>\$ 1,953,825</u></u>
<u>Non-current items:</u>			
Unlisted stocks	\$ 275,243	\$ 275,285	\$ 275,553
Valuation adjustment	(189,720)	(189,720)	(189,988)
	<u><u>\$ 85,523</u></u>	<u><u>\$ 85,565</u></u>	<u><u>\$ 85,565</u></u>

A. The Group recognized net profit of \$5,428 and \$4,093 in relation to financial assets at fair value through profit or loss for the six-month periods ended June 30, 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

	June 30, 2020	December 31, 2019	June 30, 2019
Accounts receivable	\$ 4,908,666	\$ 5,864,309	\$ 5,230,237
Less: Allowance for doubtful accounts	(66,974)	(55,829)	(53,820)
	<u><u>\$ 4,841,692</u></u>	<u><u>\$ 5,808,480</u></u>	<u><u>\$ 5,176,417</u></u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
Not past due	\$ 4,645,103	\$ 5,508,376	\$ 4,882,507
Up to 90 days	257,294	335,189	334,813
91 to 180 days	5,837	18,625	12,092
181 to 365 days	432	63	770
Over 365 days	-	2,056	55
	<u><u>\$ 4,908,666</u></u>	<u><u>\$ 5,864,309</u></u>	<u><u>\$ 5,230,237</u></u>

The above aging analysis was based on past due date.

B. As of June 30, 2020, December 31, 2019 and June 30, 2019, accounts receivable were 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 June 30, 2020, December 31, 2019 and June 30, 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 \$4,841,692, \$5,808,480, and \$5,176,417, respectively.

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

(4) Inventories

	June 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 69,401	\$ -	\$ 69,401
Merchandise and finished goods	<u>13,602,297</u>	(<u>85,479</u>)	<u>13,516,818</u>
	<u>\$ 13,671,698</u>	(<u>\$ 85,479</u>)	<u>\$ 13,586,219</u>

	December 31, 2019		
	Cost	Allowance for valuation loss	Cost
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>

	June 30, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 63,150	\$ -	\$ 63,150
Merchandise and finished goods	<u>12,537,102</u>	(<u>92,426</u>)	<u>12,444,676</u>
	<u>\$ 12,600,252</u>	(<u>\$ 92,426</u>)	<u>\$ 12,507,826</u>

The cost of inventories recognized as expenses for the period:

	For the three-month period ended	For the three-month period ended
	June 30, 2020	June 30, 2019
Cost of goods sold and service costs	\$ 40,150,944	\$ 41,549,508
Gain on reversal of valuation of inventories	(30,131)	(9,217)
Spoilage	551,580	415,099
Others	<u>75,237</u>	<u>64,792</u>
	<u>\$ 40,747,630</u>	<u>\$ 42,020,182</u>

	For the six-month period ended	For the six-month period ended
	June 30, 2020	June 30, 2019
Cost of goods sold and service costs	\$ 80,716,220	\$ 81,058,045
Gain on reversal of valuation of inventories	(39,062)	(3,260)
Spoilage	1,144,538	910,977
Others	<u>151,372</u>	<u>133,889</u>
	<u>\$ 81,973,068</u>	<u>\$ 82,099,651</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 and six-month periods ended June 30, 2020 and 2019, respectively.

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<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	482,824	537,161	503,133
	<u>\$ 752,778</u>	<u>\$ 807,115</u>	<u>\$ 773,087</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 \$752,778, \$807,115 and \$773,087 as at June 30, 2020, December 31, 2019 and June 30, 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 June 30, 2020</u>	<u>For the three-month period ended June 30, 2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 13,932	\$ 15,556
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ -	(\$ 388)
Interest income recognized in profit or loss	\$ -	\$ 590
	<u>For the six-month period ended June 30, 2020</u>	<u>For the six-month period ended June 30, 2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 54,337)	\$ 128,473
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ -	(\$ 783)
Interest income recognized in profit or loss	\$ -	\$ 1,180

C. As at June 30, 2020, December 31, 2019 and June 30, 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 \$752,778, \$807,115, and \$773,087, respectively.

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

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

(6) Investments accounted for using the equity method

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Associates</u>			
PresiCarre Corp.	\$ 5,265,753	\$ 5,723,198	\$ 5,550,986
President Fair Development Corp.	2,055,235	2,039,406	2,006,036
Uni-President Development Corp.	741,730	764,191	745,759
President International Development Corp.	446,413	459,696	461,947
Tung Ho Development Corp.	96,662	106,384	110,111
Uni-President Organics Corp.	38,103	41,430	36,756
President Technology Corp.	<u>18,498</u>	<u>20,866</u>	<u>16,733</u>
	<u>8,662,394</u>	<u>9,155,171</u>	<u>8,928,328</u>
<u>Joint ventures</u>			
Mister Donut Taiwan Corp., Ltd.	<u>\$ 83,829</u>	<u>\$ 100,768</u>	<u>\$ 93,321</u>
	<u>\$ 8,746,223</u>	<u>\$ 9,255,939</u>	<u>\$ 9,021,649</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 June 30, 2020	For the three-month period ended June 30, 2019
Total comprehensive income	<u>\$ 91,107</u>	<u>\$ 110,165</u>
Total comprehensive income	<u>For the six-month period ended June 30, 2020</u>	<u>For the six-month period ended June 30, 2019</u>

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

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Total comprehensive income	<u>\$ 1,485</u>	<u>\$ 1,137</u>
Total comprehensive (loss) income	<u>(\$ 3,470)</u>	<u>\$ 6,398</u>

(7) Property, plant and equipment

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

	2020						
	Land	Buildings	Transportation equipment	Operating equipment	Leasehold improvements	Others	Total
<u>At January 1</u>							
Cost	\$ 2,254,656	\$ 4,788,540	\$ 6,648,230	\$ 22,280,204	\$ 19,092,068	\$ 10,972,281	\$ 66,035,979
Accumulated depreciation and impairment	(16,367)	(2,182,810)	(4,554,359)	(14,479,044)	(12,277,549)	(6,507,528)	(40,017,657)
	<u>\$ 2,238,289</u>	<u>\$ 2,605,730</u>	<u>\$ 2,093,871</u>	<u>\$ 7,801,160</u>	<u>\$ 6,814,519</u>	<u>\$ 4,464,753</u>	<u>\$ 26,018,322</u>
Opening net book amount as of January 1	\$ 2,238,289	\$ 2,605,730	\$ 2,093,871	\$ 7,801,160	\$ 6,814,519	\$ 4,464,753	\$ 26,018,322
Additions	30,208	1,089	172,220	1,361,979	956,968	675,581	3,198,045
Disposals	-	-	(3,873)	(19,776)	(38,114)	(2,935)	(64,698)
Transfer	-	1,038	92,234	133,203	123,488	(359,369)	(9,306)
Depreciation charge	-	(101,046)	(251,666)	(1,191,574)	(1,016,036)	(722,374)	(3,282, 696)
Net exchange differences	116	(3,362)	(1,450)	(13,124)	4,159	12,794	(867)
Closing net book amount as of June 30	<u>\$ 2,268,613</u>	<u>\$ 2,503,549</u>	<u>\$ 2,101,336</u>	<u>\$ 8,071,868</u>	<u>\$ 6,844,984</u>	<u>\$ 4,068,450</u>	<u>\$ 25,858,800</u>
<u>At June 30</u>							
Cost	\$ 2,284,980	\$ 4,787,113	\$ 6,752,554	\$ 23,009,328	\$ 19,821,792	\$ 11,190,866	\$ 67,846,633
Accumulated depreciation and impairment	(16,367)	(2,283,564)	(4,651,218)	(14,937,460)	(12,976,808)	(7,122,416)	(41,987,833)
	<u>\$ 2,268,613</u>	<u>\$ 2,503,549</u>	<u>\$ 2,101,336</u>	<u>\$ 8,071,868</u>	<u>\$ 6,844,984</u>	<u>\$ 4,068,450</u>	<u>\$ 25,858,800</u>

	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	\$ 67,742,143
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	-	15,900	132,055	1,048,015	896,515	711,819	2,804,304
Disposals	-	-	(12,584)	(44,484)	(12,689)	32,804	(36,953)
Transfer	(18,757)	12,121	64,328	22,335	157,747	(185,330)	52,444
Depreciation charge	-	(100,600)	(263,401)	(1,090,938)	(911,471)	(654,345)	(3,020,755)
Net exchange differences	842	2,934	2,662	10,294	50,861	82,044	149,637
Closing net book amount as of June 30	<u>\$ 2,238,835</u>	<u>\$ 2,673,461</u>	<u>\$ 2,190,477</u>	<u>\$ 6,718,204</u>	<u>\$ 6,763,966</u>	<u>\$ 4,260,264</u>	<u>\$ 24,845,207</u>
<u>At June 30</u>							
Cost	\$ 2,255,201	\$ 4,754,581	\$ 6,566,580	\$ 21,383,964	\$ 18,506,683	\$ 10,306,239	\$ 63,773,248
Accumulated depreciation and impairment	(16,366)	(2,081,120)	(4,376,103)	(14,665,760)	(11,742,717)	(6,045,975)	(38,928,041)
	<u>\$ 2,238,835</u>	<u>\$ 2,673,461</u>	<u>\$ 2,190,477</u>	<u>\$ 6,718,204</u>	<u>\$ 6,763,966</u>	<u>\$ 4,260,264</u>	<u>\$ 24,845,207</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:

	June 30, 2020	December 31, 2019	June 30, 2019
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 623,804	\$ 677,359	\$ 718,497
Buildings	68,517,806	66,682,465	51,419,358
Machinery and equipment	54,575	72,211	86,301
Other equipment	64,875	57,577	425,313
	<u>\$ 69,261,060</u>	<u>\$ 67,489,612</u>	<u>\$ 52,649,469</u>

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
	Depreciation charge	Depreciation charge
Land	\$ 35,942	\$ 37,856
Buildings	3,079,054	2,885,058
Machinery and equipment	8,572	7,003
Other equipment	6,747	19,739
	<u>\$ 3,130,315</u>	<u>\$ 2,949,656</u>

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
	Depreciation charge	Depreciation charge
Land	\$ 71,624	\$ 67,125
Buildings	6,121,474	5,735,488
Machinery and equipment	17,636	19,172
Other equipment	12,826	47,566
	<u>\$ 6,223,560</u>	<u>\$ 5,869,351</u>

C. For the three-month and six-month periods ended June 30, 2020 and 2019, the additions to right-of-use assets were \$4,396,750, \$3,427,393, \$8,845,062 and \$6,121,287, respectively.

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

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 282,884	\$ 270,274
Expense on short-term lease contracts	107,917	43,545
Expense on leases of low-value assets	9,910	12,689
Expense on variable lease payments	98,677	92,578
Gain on sublease of right-of-use assets	126,339	114,005
Gain from lease modification	21,764	-

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 570,859	\$ 541,667
Expense on short-term lease contracts	224,572	104,453
Expense on leases of low-value assets	30,683	28,017
Expense on variable lease payments	237,964	202,818
Gain on sublease of right-of-use assets	263,994	221,699
Gain from lease modification	39,925	-

E. For the six-month period ended June 30, 2020 and 2019, the Group's total cash outflow for leases was \$6,867,245 and \$6,218,301, 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 3.01%~3.27% 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 \$2,380 and \$2,028 as at June 30, 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 June 30, 2020, December 31, 2019 and June 30, 2019 amounted to \$3,349,247, \$2,597,780 and \$15,844,193, respectively.

H. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognized the gain from changes in lease payments arising from the rent concessions amounting to \$49,938 for the six-month period ended June 30, 2020.

(9) Leasing arrangements – lessor

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

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

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Rental revenue	\$ 325,928	\$ 369,573
Rental revenue from variable lease payments	\$ 241,113	\$ 272,347
	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Rental revenue	\$ 671,755	\$ 737,495
Rental revenue from variable lease payments	\$ 498,267	\$ 560,020

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

	June 30, 2020	December 31, 2019	June 30, 2019
Current year	\$ 166,529	\$ -	\$ 645,626
Within 1 year	276,326	256,072	367,506
1~2 years	216,251	206,455	173,812
2~3 years	137,193	148,086	112,580
3~4 years	59,346	90,464	60,138
4~5 years	47,485	60,519	27,788
Over 5 years	103,665	158,193	50,185
Total	<u>\$ 1,006,795</u>	<u>\$ 919,789</u>	<u>\$ 1,437,635</u>

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	- (8,497)	(8,497)	(8,497)
Disposal	- (1,216)	(1,216)	(1,216)
At June 30	<u>\$ 1,078,295</u>	<u>\$ 418,790</u>	<u>\$ 1,497,085</u>
	2019		
	Land	Buildings	Total
At January 1	\$ 1,059,538	\$ 442,621	\$ 1,502,159
Depreciation charge	- (8,515)	(8,515)	(8,515)
Transfer	18,757	2,913	21,670
At June 30	<u>\$ 1,078,295</u>	<u>\$ 437,019</u>	<u>\$ 1,515,314</u>

The fair value of the investment property held by the Group ranged from \$3,956,088 to \$4,044,251 at June 30, 2020, December 31, 2019 and June 30, 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	54,890	-	-	7,754	62,644
Transfer	3,408	-	-	(1,370)	2,038
Amortization expense	(103,592)	-	(97,080)	(24,206)	(224,878)
Net exchange differences	(1,831)	(647)	-	2,401	(77)
Closing net book amount as of June 30	<u>\$ 430,161</u>	<u>\$ 2,202,278</u>	<u>\$ 7,039,491</u>	<u>\$ 339,239</u>	<u>\$ 10,011,169</u>
<u>At June 30</u>					
Cost	\$ 1,898,594	\$ 2,202,278	\$ 7,524,890	\$ 499,551	\$ 12,125,313
Accumulated amortization and impairment	(1,468,433)	-	(485,399)	(160,312)	(2,114,144)
	<u>\$ 430,161</u>	<u>\$ 2,202,278</u>	<u>\$ 7,039,491</u>	<u>\$ 339,239</u>	<u>\$ 10,011,169</u>
	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>
<u>At January 1</u>					
Opening net book amount as of January 1	\$ 484,247	\$ 2,204,284	\$ 7,330,730	\$ 374,619	\$ 10,393,880
Additions	19,657	-	-	6,775	26,432
Transfer	39,140	-	-	5,712	44,852
Amortization expense	(129,402)	-	(97,080)	(20,732)	(247,214)
Net exchange differences	864	638	-	(21)	1,481
Closing net book amount as of June 30	<u>\$ 414,506</u>	<u>\$ 2,204,922</u>	<u>\$ 7,233,650</u>	<u>\$ 366,353</u>	<u>\$ 10,219,431</u>
<u>At June 30</u>					
Cost	\$ 1,703,662	\$ 2,204,922	\$ 7,524,890	\$ 480,294	\$ 11,913,768
Accumulated amortization and impairment	(1,289,156)	-	(291,240)	(113,941)	(1,694,337)
	<u>\$ 414,506</u>	<u>\$ 2,204,922</u>	<u>\$ 7,233,650</u>	<u>\$ 366,353</u>	<u>\$ 10,219,431</u>

Amortization expense on intangible assets are recognized as operating expenses.

(12) Other non-current assets

	June 30, 2020	December 31, 2019	June 30, 2019
Guarantee deposits paid	\$ 3,006,672	\$ 2,911,887	\$ 2,898,820
Others	<u>550,072</u>	<u>787,932</u>	<u>437,474</u>
	<u><u>\$ 3,556,744</u></u>	<u><u>\$ 3,699,819</u></u>	<u><u>\$ 3,336,294</u></u>

(13) Impairment of non-financial assets

- A. There were no impairment loss nor reversal of impairment loss recognized for the six-month periods ended June 30, 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>June 30, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ 5,812,109	0.55%~5.25%	None
<u>Type of borrowings</u>			
<u>Bank borrowings</u>			
Credit loan	\$ 6,014,658	0.65%~5.75%	None
<u>Type of borrowings</u>			
<u>Bank borrowings</u>			
Credit loan	\$ 1,020,059	0.85%~6.00%	None

There was no capitalization of borrowing costs for the six-month periods ended June 30, 2020 and 2019. Relevant interest expense on borrowings is recognized as "finance costs".

(15) Other payables

	June 30, 2020	December 31, 2019	June 30, 2019
Store collections	\$ 13,753,691	\$ 11,453,224	\$ 12,899,484
Dividend payable	10,409,636	-	10,348,343
Wages, salaries and bonus payable	4,624,661	5,206,353	4,522,227
Sales receipt on behalf of others	1,041,740	1,345,877	903,727
Incentive bonus payable to franchisees	1,202,271	1,158,473	1,104,040
Payables for acquisition of property, plant and equipment	624,813	1,364,370	532,087
Employees' compensation and remuneration for directors and supervisors	421,481	872,361	450,178
Payables for labor and health insurance	244,752	248,584	242,990
Rent payable	69,412	66,133	56,206
Others	<u>4,146,781</u>	<u>4,881,130</u>	<u>4,338,716</u>
	<u><u>\$ 36,539,238</u></u>	<u><u>\$ 26,596,505</u></u>	<u><u>\$ 35,397,998</u></u>

(16) Other current liabilities

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Advance receipts for gift certificates	\$ 1,390,268	\$ 1,351,370	\$ 1,327,437
Advance receipts of deposits in ICASH cards	1,386,072	1,298,919	1,245,625
Current portion of long-term liabilities	223,693	221,888	376,667
Others	<u>359,368</u>	<u>277,414</u>	<u>259,293</u>
	<u>\$ 3,359,401</u>	<u>\$ 3,149,591</u>	<u>\$ 3,209,022</u>

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2020</u>
<u>Long-term bank borrowings</u>			
Credit loan	4.931%~4.98%	None	\$ 240,430
Secured borrowings	1.49%~1.75%	Property, plant and equipment	<u>486,028</u> 726,458
Less: Current portion			(<u>223,693</u> \$ 502,765)
<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	<u>437,712</u> 730,000
Less: Current portion			(<u>221,888</u> \$ 508,112)
<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2019</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.79%~6.867%	None	\$ 568,261
Secured borrowings	1.72%~1.96%	Property, plant and equipment	<u>420,873</u> 989,134
Less: Current portion			(<u>376,667</u> \$ 612,467)

There was no capitalization of borrowing costs for the six-month periods ended June 30, 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 to cover the deficit by next March. Furthermore, the subsidiary, Philippine Seven Corporation has defined benefit pension plan.

For the aforementioned pension plan, the Group recognized pension costs of \$32,907, \$36,608, \$65,832, and \$70,409 for the three-month and six-month periods ended June 30, 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 six-month periods ended June 30, 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 and six-month periods ended June 30, 2020 and 2019 were \$226,930, \$240,130, \$461,872 and \$476,438, respectively.

(19) Other non-current liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Guarantee deposit received	\$ 3,650,393	\$ 3,560,485	\$ 3,473,993
Provision for decommissioning liability	541,673	508,707	488,787
Others	<u>304,289</u>	<u>299,628</u>	<u>293,557</u>
	<u>\$ 4,496,355</u>	<u>\$ 4,368,820</u>	<u>\$ 4,256,337</u>

(20) Share capital

As of June 30, 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 June 30, 2020 and January 1, 2019.

(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 shareholders on June 17, 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 appropriated (reversal)	380,187		(398,859)	
Cash dividends	9,356,600	\$ 9.00	9,148,676	\$ 8.80

(23) Other equity items

	2020		
	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	- (54,337)		(54,337)
–Associates	- (6,685)		(6,685)
Revaluation-tax	-	4,752	4,752
Currency translation differences:			
–Group	(292,998)	- (292,998)	
–Associates	1,935	-	1,935
At June 30	(\$ 1,160,971)	\$ 433,451	(\$ 727,520)

		2019		
		Unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income		
	Financial statements translation differences of foreign operations			Total
At January 1		(\$ 279,829)	\$ 333,434	\$ 53,605
Revaluation:				
–Group		-	127,690	127,690
–Associates		-	3,315	3,315
Revaluation-tax		- (	8,877) (	8,877)
Currency translation differences:				
–Group		362,518	-	362,518
–Associates		520	-	520
At June 30		\$ 83,209	\$ 455,562	\$ 538,771

(24) Operating revenue

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Revenue from contracts with customers	\$ 61,492,529	\$ 63,947,923
	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Revenue from contracts with customers	\$ 124,542,278	\$ 125,033,319

A. Disaggregation of revenue from contracts with customers

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

For the three-month period ended June 30, 2020	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 41,080,357	\$ 11,752,822	\$ 169,799	\$ 4,262,387	\$ 57,265,365
–Over time	178,248	3,463,037	347,150	238,729	4,227,164
	<u>\$ 41,258,605</u>	<u>\$ 15,215,859</u>	<u>\$ 516,949</u>	<u>\$ 4,501,116</u>	<u>\$ 61,492,529</u>
For the three-month period ended June 30, 2019					
For the three-month period ended June 30, 2019	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 39,320,436	\$ 15,681,487	\$ 109,009	\$ 4,599,905	\$ 59,710,837
–Over time	129,218	3,421,867	411,471	274,530	4,237,086
	<u>\$ 39,449,654</u>	<u>\$ 19,103,354</u>	<u>\$ 520,480</u>	<u>\$ 4,874,435</u>	<u>\$ 63,947,923</u>

For the six-month period ended June 30, 2020	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 79,969,173	\$ 26,760,907	\$ 339,149	\$ 8,999,068	\$ 116,068,297
–Over time	<u>383,506</u>	<u>6,980,776</u>	<u>709,388</u>	<u>400,311</u>	<u>8,473,981</u>
	<u><u>\$ 80,352,679</u></u>	<u><u>\$ 33,741,683</u></u>	<u><u>\$ 1,048,537</u></u>	<u><u>\$ 9,399,379</u></u>	<u><u>\$ 124,542,278</u></u>
For the six-month period ended June 30, 2019	Convenience stores	Retail business group	Logistics business group	Others	Total
Timing of revenue recognition					
–At a point in time	\$ 76,972,820	\$ 30,612,018	\$ 590,633	\$ 9,355,927	\$ 117,531,398
–Over time	<u>251,453</u>	<u>6,295,039</u>	<u>464,439</u>	<u>490,990</u>	<u>7,501,921</u>
	<u><u>\$ 77,224,273</u></u>	<u><u>\$ 36,907,057</u></u>	<u><u>\$ 1,055,072</u></u>	<u><u>\$ 9,846,917</u></u>	<u><u>\$ 125,033,319</u></u>

B. Contract liabilities

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

	June 30, 2020	December 31, 2019	June 30, 2019	January 1, 2019
Contract liabilities – advance receipts of gift certificates and gift cards	\$ 2,208,687	\$ 1,786,894	\$ 1,643,329	\$ 1,392,390
Contract liabilities – members' deposits	797,305	793,115	773,363	764,782
Contract liabilities – franchise fee	445,248	444,470	438,855	230,812
Contract liabilities – customer loyalty programs	590,088	503,861	343,628	344,970
Contract liabilities – others	<u>334,148</u>	<u>363,291</u>	<u>374,895</u>	<u>344,656</u>
	<u><u>\$ 4,375,476</u></u>	<u><u>\$ 3,891,631</u></u>	<u><u>\$ 3,574,070</u></u>	<u><u>\$ 3,077,610</u></u>
	June 30, 2020	December 31, 2019	June 30, 2019	January 1, 2019
Contract liabilities – current	\$ 3,914,838	\$ 3,443,383	\$ 3,315,318	\$ 2,843,189
Contract liabilities – non-current	<u>460,638</u>	<u>448,248</u>	<u>258,752</u>	<u>234,421</u>
	<u><u>\$ 4,375,476</u></u>	<u><u>\$ 3,891,631</u></u>	<u><u>\$ 3,574,070</u></u>	<u><u>\$ 3,077,610</u></u>

(b) Revenues recognized that were included in the contract liabilities balance at the beginning were \$1,939,194 and \$1,792,586 for the six-month periods ended June 30, 2020 and 2019, respectively.

(25) Expenses by nature

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Net cost of goods sold	\$ 36,201,356	\$ 37,586,382
Employee benefit expense	6,348,022	6,436,631
Incentive bonuses for franchisees	5,558,625	5,469,781
Depreciation and amortization	4,918,658	4,624,174
Utilities expense	1,133,167	1,117,402
Operating lease payments	216,504	148,812
Other costs and expenses	4,533,680	5,207,792
Total operating costs and operating expenses	\$ 58,910,012	\$ 60,590,974

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Net cost of goods sold	\$ 72,969,039	\$ 73,290,177
Employee benefit expense	12,894,683	12,841,328
Incentive bonuses for franchisees	10,955,108	10,596,294
Depreciation and amortization	9,783,989	9,187,656
Utilities expense	2,181,428	2,104,313
Operating lease payments	493,219	335,288
Other costs and expenses	9,491,918	10,117,857
Total operating costs and operating expenses	\$ 118,769,384	\$ 118,472,913

(26) Employee benefit expense

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Wages and salaries	\$ 5,233,668	\$ 5,293,875
Labor and health insurance fees	466,167	492,277
Pension costs	259,837	276,738
Other personnel expenses	388,350	373,741
	\$ 6,348,022	\$ 6,436,631
	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Wages and salaries	\$ 10,647,012	\$ 10,567,716
Labor and health insurance fees	972,613	1,013,076
Pension costs	527,704	546,847
Other personnel expenses	747,354	713,689
	\$ 12,894,683	\$ 12,841,328

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 and six-month periods ended June 30, 2020 and 2019, employees' compensation was accrued at \$126,024, \$142,031, \$265,687 and \$292,859, respectively; while directors' and supervisors' remuneration was accrued at \$42,104, \$47,452, \$88,765 and \$97,843, 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 six-month periods ended June 30, 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) Interest income

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Interest income	<u>\$ 148,817</u>	<u>\$ 214,263</u>
	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Interest income	<u>\$ 315,658</u>	<u>\$ 410,953</u>

(28) Other income

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Grants income	<u>\$ 166,179</u>	<u>\$ 170,145</u>
Rental revenue	<u>70,007</u>	<u>76,311</u>
Dividend income	<u>60,312</u>	<u>47,234</u>
Others	<u>251,282</u>	<u>129,992</u>
	<u>\$ 547,780</u>	<u>\$ 423,682</u>
	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Grants income	<u>\$ 344,794</u>	<u>\$ 323,724</u>
Rental revenue	<u>139,225</u>	<u>149,372</u>
Dividend income	<u>60,312</u>	<u>47,234</u>
Others	<u>395,306</u>	<u>596,524</u>
	<u>\$ 939,637</u>	<u>\$ 1,116,854</u>

(29) Other gains and losses

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Gain from lease modification	\$ 21,764	\$ -
(Loss) gain on disposal of property, plant and equipment	(3,567)	2,379
Loss on disposal of investments	- (3,432)	3,432
Other gains and losses	(14,819) (22,036)	\$ 3,378 (\$ 23,089)
	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Gain from lease modification	\$ 39,925	\$ -
Loss on disposal of investments	- (3,432)	3,432
Gain (loss) on disposal of property, plant and equipment	15,751 (1,093)	1,093
Other gains and losses	(24,462) (31,964)	\$ 31,214 (\$ 36,489)

(30) Finance costs

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Interest expense	\$ 334,479	\$ 299,535
Interest expense	\$ 650,342	\$ 606,329

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Current tax:		
Current tax on profits for the period	\$ 648,482	\$ 786,830
Tax on undistributed surplus earnings	- 20,212	20,212
Over provision of prior year's income tax	(204,754) (371)	(371)
Total current tax	443,728	806,671
Deferred tax:		
Origination and reversal of temporary differences	(105,482)	4,448
Total deferred tax	(105,482)	4,448
Income tax expense	\$ 338,246	\$ 811,119

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Current tax:		
Current tax on profits for the period	\$ 1,414,522	\$ 1,390,697
Tax on undistributed surplus earnings	- 20,212	
(Over) under provision of prior year's income tax (204,753)	997	
Total current tax	1,209,769	1,411,906
Deferred tax:		
Origination and reversal of temporary differences (157,324)	40,894	
Total deferred tax (157,324)	40,894	
Income tax expense	\$ 1,052,445	\$ 1,452,800

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

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 2,182)	\$ 5,022
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 4,752)	\$ 8,877

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

(32) Earnings per share

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

<u>For the three-month period ended June 30, 2019</u>		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
\$ 2,589,888	1,039,622	\$ 2.49
Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent		
Assumed conversion of all dilutive potential ordinary shares		
Employees' compensation		473
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares		
		\$ 2,589,888 1,040,095 \$ 2.49
<u>For the six-month period ended June 30, 2020</u>		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
\$ 5,091,668	1,039,622	\$ 4.90
Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent		
Assumed conversion of all dilutive potential ordinary shares		
Employees' compensation		1,533
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares		
		\$ 5,091,668 1,041,155 \$ 4.89
<u>For the six-month period ended June 30, 2019</u>		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
\$ 5,497,751	1,039,622	\$ 5.29
Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent		
Assumed conversion of all dilutive potential ordinary shares		
Employees' compensation		1,581
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares		
		\$ 5,497,751 1,041,203 \$ 5.28

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Purchase of property, plant and equipment	\$ 3,198,045	\$ 2,804,304
Add: Opening balance of payable on equipment	1,364,370	914,557
Less: Ending balance of payable on equipment	(624,813)	(532,087)
Cash paid during the period	<u>\$ 3,937,602</u>	<u>\$ 3,186,774</u>
B. Financing activities with no cash flow effects		
Unpaid cash dividends – the company	\$ 9,356,600	\$ 9,148,676
Unpaid cash dividends – subsidiary	<u>1,053,036</u>	<u>1,199,667</u>
	<u>\$ 10,409,636</u>	<u>\$ 10,348,343</u>

(34) 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	(202,549)	(4,969)	(5,803,167)	89,908	4,661	(5,916,116)
Interest paid (Note)	-	-	(570,859)	-	-	(570,859)
Impact of changes in foreign exchange rate	-	963	(140)	-	-	823
Changes in other non-cash items	-	(1,341)	8,353,512	-	32,966	8,385,137
At June 30	<u>\$ 5,812,109</u>	<u>\$ 502,765</u>	<u>\$ 70,806,384</u>	<u>\$ 3,650,393</u>	<u>\$ 845,962</u>	<u>\$ 81,617,613</u>

	2019					
	Short-term notes and bills payable	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	(6,217,726)	70,000	(211,490)	(5,341,346)	60,728	(11,639,834)
Interest paid (Note)	-	-	-	(541,667)	-	(541,667)
Impact of changes in foreign exchange rate	-	-	17,724	260,363	-	278,087
Changes in other non-cash items	-	-	(40,807)	6,164,991	-	6,124,184
At June 30	<u>\$ 1,020,059</u>	<u>\$ 70,000</u>	<u>\$ 612,467</u>	<u>\$ 53,480,954</u>	<u>\$ 3,473,993</u>	<u>\$ 58,657,473</u>

Note: Presented in cash flows from operating activities.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent company and the Group's ultimate parent company is Uni-President Enterprises Corp. which holds a 45.4% equity interest in the Company as of June 30, 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.	Sub-subsidiary of ultimate parent company
Kai Ya Food Co., Ltd.	Investee of ultimate parent company accounted for using the equity method
Kuang Chuan Dairy Corp.	"
Weilih Food Industrial Co., Ltd.	"
Prince Housing Development Corp.	"
Tung Chan Enterprises Corp.	Investees of subsidiaries of ultimate parent company accounted for using the equity method
Koasa Yamako Corp.	The Company is a director of Koasa Yamako Corp.

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Sales of goods		
Ultimate parent company	\$ 134,504	\$ 142,653
Associates	28,643	32,513
Sister companies	82,738	58,997
Other related parties	13,725	18,706
Sales of services		
Ultimate parent company	4,503	4,107
Associates	11,359	15,764
Sister companies	3,418	3,528
Other related parties	999	1,109
	<u>\$ 279,889</u>	<u>\$ 277,377</u>

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
<u>Sales of goods</u>		
Ultimate parent company	\$ 277,823	\$ 289,838
Associates	62,746	70,138
Sister companies	165,112	126,688
Other related parties	29,609	37,931
<u>Sales of services</u>		
Ultimate parent company	9,050	6,416
Associates	30,978	29,846
Sister companies	6,781	5,999
Other related parties	2,158	2,656
	<u>\$ 584,257</u>	<u>\$ 569,512</u>

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

B. Purchases

	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Ultimate parent company		
Associates	\$ 4,068,817	\$ 4,167,059
Sister companies	51,218	62,275
Other related parties	1,283,892	1,028,395
	<u>552,787</u>	<u>614,630</u>
	<u>\$ 5,956,714</u>	<u>\$ 5,872,359</u>

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019
Ultimate parent company		
Associates	\$ 8,026,744	\$ 8,044,464
Sister companies	104,266	133,538
Other related parties	2,463,901	1,981,460
	<u>1,097,776</u>	<u>1,133,529</u>
	<u>\$ 11,692,687</u>	<u>\$ 11,292,991</u>

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

C. Receivables from related parties

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Accounts receivable</u>			
Ultimate parent company	\$ 157,534	\$ 245,123	\$ 135,791
Associates	49,950	64,598	67,232
Sister companies	45,561	81,774	32,281
Other related parties	6,686	4,289	5,163
	<u>\$ 259,731</u>	<u>\$ 395,784</u>	<u>\$ 240,467</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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Notes payable and accounts payable			
Ultimate parent company	\$ 1,869,770	\$ 1,765,350	\$ 1,823,952
Associates	40,517	65,907	65,499
Sister companies	687,646	583,883	547,547
Other related parties	370,008	348,524	466,624
	<u>\$ 2,967,941</u>	<u>\$ 2,763,664</u>	<u>\$ 2,903,622</u>

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

E. Leasing arrangements – lessee

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

	<u>For the six-month period ended</u>	<u>For the six-month period ended</u>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Ultimate parent company	\$ 8,723	\$ 102,360
Associates	40,820	12,157
Sister companies	11,686	8,502
	<u>\$ 61,229</u>	<u>\$ 123,019</u>

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

(c) Lease liabilities

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Ultimate parent company	\$ 96,577	\$ 128,016	\$ 154,746
Associates	384,728	546,049	739,096
Sister companies	277,609	294,591	301,485
Other related parties	499,217	524,690	24,480
	<u>\$ 1,258,131</u>	<u>\$ 1,493,346</u>	<u>\$ 1,219,807</u>

(4) Key management compensation

	<u>For the three-month period ended</u>	<u>For the three-month period ended</u>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Short-term employee benefits	\$ 129,970	\$ 192,583
	<u>For the six-month period ended</u>	<u>For the six-month period ended</u>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Short-term employee benefits	\$ 303,797	\$ 371,668

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2020	December 31, 2019	June 30, 2019	
Land	\$ 128,643	\$ 128,643	\$ 128,643	Long-term and short-term borrowings and guarantee facilities
Buildings	36,790	42,130	44,209	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	662,522	591,493	568,056	Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets – guarantee deposits paid")	81,089	61,925	56,495	Performance guarantee
	<u>\$ 909,044</u>	<u>\$ 824,191</u>	<u>\$ 797,403</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 2,592,852	\$ 1,781,865	\$ 2,039,390
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 752,778	\$ 807,115	\$ 773,087
Financial assets at amortized cost			
Cash and cash equivalents	\$ 51,962,812	\$ 45,445,395	\$ 49,386,267
Accounts receivable, net	4,841,692	5,808,480	5,176,417
Other receivables	2,895,663	1,460,354	2,473,104
Other current assets (Note)	2,318,451	2,172,863	2,158,470
Guarantee deposits paid	3,006,672	2,911,887	2,898,820
Other non-current assets (Note)	29,932	40,351	37,364
	<u>65,055,222</u>	<u>57,839,330</u>	<u>62,130,442</u>
	<u>\$ 68,400,852</u>	<u>\$ 60,428,310</u>	<u>\$ 64,942,919</u>
Financial liabilities			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 5,812,109	\$ 6,014,658	\$ 1,020,059
Short-term notes and bills payable	-	-	70,000
Notes payable	1,031,775	1,214,702	1,847,536
Accounts payable (including related parties)	23,769,615	23,587,695	24,433,045
Other payables	36,539,238	26,596,505	35,397,998
Long-term borrowings (including current portion)	726,458	730,000	989,134
Guarantee deposits received	<u>3,650,393</u>	<u>3,560,485</u>	<u>3,473,993</u>
	<u>71,529,588</u>	<u>61,704,045</u>	<u>67,231,765</u>
Lease liabilities	<u>\$ 70,806,384</u>	<u>\$ 68,827,038</u>	<u>\$ 53,480,954</u>
	<u>\$ 142,335,972</u>	<u>\$ 130,531,083</u>	<u>\$ 120,712,719</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 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:

	June 30, 2020			December 31, 2019		
	Foreign currency		Book value (NTD)	Foreign currency		Book value (NTD)
	amount (In thousands)	Exchange rate		amount (In thousands)	Exchange rate	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD	\$ 1,715	29.6300	\$ 50,815	\$ 792	29.9800	\$ 23,744
RMB: NTD	2,395	4.1937	10,044	900	4.3055	3,875
JPY: NTD	49,556	0.2751	13,633	43,340	0.2760	11,962
HKD: NTD	598	3.8230	2,286	766	3.8478	2,947
EUR: NTD	72	33.2700	2,395	273	33.5900	9,170
<u>Non-monetary items</u>						
JPY: NTD	\$ 824,100	0.2751	\$ 226,710	\$ 907,500	0.2760	\$ 250,470
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD	\$ 2,885	29.6300	\$ 85,483	\$ 3,610	29.9800	\$ 108,228
RMB: NTD	200	4.1937	839	996	4.3055	4,288
JPY: NTD	104,117	0.2751	28,643	52,532	0.2760	14,499

(Foreign currency: functional currency)	June 30, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD: NTD	\$ 1,101	31.0600	\$ 34,197
RMB: NTD	1,849	4.5232	8,363
JPY: NTD	51,963	0.2886	14,997
HKD: NTD	1,886	3.9766	7,500
Non-monetary items			
JPY: NTD	\$ 849,300	0.2886	\$ 245,108
Financial liabilities			
Monetary items			
USD: NTD	\$ 2,693	31.0600	\$ 83,645
RMB: NTD	1,799	4.5232	8,137
JPY: NTD	129,327	0.2886	37,324

IV. Total exchange gain or loss, including realized and unrealized from significant foreign exchange variations on monetary items held by the Group amounted to \$2,315, (\$802), \$4,935 and (\$196) for the three-month and six-month periods ended June 30, 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 six-month periods ended June 30, 2020 and 2019 would increase/decrease by \$1,733 and \$2,472, respectively. Foreign exchange risk with respect to JPY primarily arises from the exchange gain or loss resulting from foreign currency translation of cash, financial assets at fair value through other comprehensive income – non-current and accounts payable denominated in JPY. If the NTD:JPY exchange rate appreciates/depreciates by 5%, with all other factors remaining constant, the Group's comprehensive income for the six-month periods ended June 30, 2020 and 2019 would increase/decrease by \$10,585 and \$11,139, respectively.

Price risk

- I. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- II. The Group's investments in equity securities comprise shares and open-ended funds issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. If the prices of these equity securities increase/decrease by 5%, and open-ended funds increase/decrease by 0.25%, with all other variables held constant, the post-tax profit for the six-month periods ended June 30, 2020 and 2019 would have increased/decreased by \$10,544 and \$9,163, 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 \$37,639 and \$38,654, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- I. The Group's interest rate risk arises from short-term borrowings and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which are partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed

rates expose the Group to fair value interest rate risk. During the six-month periods ended June 30, 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, profit, net of tax for the six-month periods ended June 30, 2020 and 2019 would have decreased/increased by \$1,816 and \$2,223, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full of the contract cash flows of the accounts receivable based on the agreed terms.
- II. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.
- III. The Group adopts management of credit risk, whereby the default occurs when the contract payments are past due over 90 days.
- IV. The Group assess whether there has been a significant increase in credit risk on that instrument since initial recognition if the contract payments were past due over 30 days based on the terms.
- V. The Group operates a chain of retail stores, thus the ratio of accounts receivable to total asset is low and the probability that accounts receivable 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:

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

	2019
	<u>Accounts receivable</u>
At January 1	\$ 55,464
Provision for impairment	3,299
Reversal of impairment	(4,741)
Write-offs	(120)
Effect of foreign exchange	(82)
At June 30	<u>\$ 53,820</u>

VI. The Group has no written-off financial assets that are still under recourse procedures on June 30, 2020, December 31 2019 and June 30, 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 \$2,507,329, \$1,696,300 and \$1,953,825 as at June 30, 2020, December 31, 2019, and June 30, 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 \$16,331,642, \$12,597,913 and \$17,738,288 as of June 30, 2020, December 31, 2019 and June 30, 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:

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

Non-derivative financial liabilities:

<u>December 31, 2019</u>	Less than	Between	Between	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</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>June 30, 2019</u>	Less than	Between	Between	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</u>	
Short-term borrowings	\$ 1,036,630	\$ -	\$ -	\$ -
Lease liabilities	11,458,159	10,231,264	10,241,276	27,180,876
Long-term borrowings (including current portion)	416,498	223,146	96,793	331,457

- 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.

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

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

June 30, 2019				
	Fair value			
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Guarantee deposits paid	\$ 2,898,820	\$ _____ -	\$ _____ -	\$ 2,876,936
Financial liabilities:				
Guarantee deposits received	\$ 3,473,993	\$ _____ -	\$ _____ -	\$ 3,442,380

(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:

	June 30, 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	\$ 2,507,329	\$ -	\$ -	\$ -	\$ 2,507,329
Equity securities	<u>-</u>	<u>-</u>	<u>85,523</u>	<u>85,523</u>	<u>85,523</u>
	<u>2,507,329</u>	<u>-</u>	<u>85,523</u>	<u>85,523</u>	<u>2,592,852</u>
Financial assets at fair value through other comprehensive income					
Equity securities	<u>748,430</u>	<u>-</u>	<u>4,348</u>	<u>4,348</u>	<u>752,778</u>
	<u>748,430</u>	<u>-</u>	<u>4,348</u>	<u>4,348</u>	<u>752,778</u>
	<u>\$ 3,255,759</u>	<u>\$ -</u>	<u>\$ 89,871</u>	<u>\$ 89,871</u>	<u>\$ 3,345,630</u>

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

	June 30, 2019	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	\$ 1,953,825	\$ -	\$ -	\$ -	\$ 1,953,825
Equity securities	<u>-</u>	<u>-</u>	<u>85,565</u>	<u>85,565</u>	<u>85,565</u>
	<u>1,953,825</u>	<u>-</u>	<u>85,565</u>	<u>85,565</u>	<u>2,039,390</u>
Financial assets at fair value through other comprehensive income					
Equity securities	<u>768,739</u>	<u>-</u>	<u>4,348</u>	<u>4,348</u>	<u>773,087</u>
	<u>768,739</u>	<u>-</u>	<u>4,348</u>	<u>4,348</u>	<u>773,087</u>
	<u>\$ 2,722,564</u>	<u>\$ -</u>	<u>\$ 89,913</u>	<u>\$ 89,913</u>	<u>\$ 2,812,477</u>

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

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

	<u>Listed shares</u>	<u>Open-ended fund</u>	<u>Government bond</u>
Market quoted price	Closing price	Net asset value	Closing price

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

E. For the six-month periods ended June 30, 2020 and 2019, there was no transfer between Level 1 and Level 2.

F. For the six-month periods ended June 30, 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 June 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					

Non-derivative equity instrument:

Unlisted shares	\$ 89,871	Market comparable companies	Price to book ratio multiplier	2.94	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
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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

	<u>Fair value at June 30, 2019</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 89,913	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 six-month periods June 30, 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 six-month period ended June 30, 2020				
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination
External revenue (net)	\$ 80,352,679	\$ 33,741,683	\$ 1,048,537	\$ 9,399,379	\$ -
Internal department revenue	<u>329,703</u>	<u>1,177,994</u>	<u>6,847,188</u>	<u>3,767,354</u>	<u>(12,122,239)</u>
Total segment revenue	<u>\$ 80,682,382</u>	<u>\$ 34,919,677</u>	<u>\$ 7,895,725</u>	<u>\$ 13,166,733</u>	<u>(\$ 12,122,239)</u>
Segment income (loss)	<u>\$ 5,725,334</u>	<u>\$ 956,587</u>	<u>\$ 737,670</u>	<u>(\$ 14,311)</u>	<u>(\$ 762,359)</u>
					\$ 6,642,921

	For the six-month period ended June 30, 2019				
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination
External revenue (net)	\$ 77,224,273	\$ 36,907,057	\$ 1,055,072	\$ 9,846,917	\$ -
Internal department revenue	<u>296,338</u>	<u>1,079,054</u>	<u>6,616,510</u>	<u>3,401,222</u>	<u>(11,393,124)</u>
Total segment revenue	<u>\$ 77,520,611</u>	<u>\$ 37,986,111</u>	<u>\$ 7,671,582</u>	<u>\$ 13,248,139</u>	<u>(\$ 11,393,124)</u>
Segment income (loss)	<u>\$ 6,310,879</u>	<u>\$ 1,771,831</u>	<u>\$ 679,517</u>	<u>\$ 1,556,306</u>	<u>(\$ 2,635,563)</u>
					\$ 7,682,970

(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)
June 30, 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 June 30, 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	14,504	5.37	14,504	
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	521,720	2.79	521,720	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	226,710	0.61	226,710	
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	12,740,809	\$ 190,061	-	\$ 190,061	
Books.com. Co., Ltd.	CTBC Hwa-win Money Market Fund	"	"	9,019,572	100,018	-	100,018	
Books.com. Co., Ltd.	Taishin 1699 Money Market Fund	"	"	5,876,951	80,040	-	80,040	
Chieh Shun Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	9,922,827	135,142	-	135,142	
Chieh Shun Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	1,130,017	19,001	-	19,001	
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	18,212,763	290,000	-	290,000	
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	23,789,322	300,000	-	300,000	
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	18,178,159	280,000	-	280,000	
Uni-Wonder Corp.	Union Money Market Fund	"	"	17,311,065	230,000	-	230,000	
Uni-President Department Store Corp.	UPAMC James Bond Money Market Fund	"	"	18,845,707	316,859	-	316,859	
President Information Corp.	Prudential Financial Money Market Fund	"	"	337,350	5,371	-	5,371	
President Information Corp.	Jih Sun Money Market Fund	"	"	4,968,959	74,124	-	74,124	
President Information Corp.	Union Money Market Fund	"	"	1,054,456	14,010	-	14,010	
President Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	3,084,397	42,007	-	42,007	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	1,189,492	20,002	-	20,002	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	499,153	7,446	-	7,446	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	8,223,565	112,000	-	112,000	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	13,225,282	181,036	-	181,036	
Q-ware Systems & Services Corp.	Jih Sun Money Market Fund	"	"	7,388,083	110,212	-	110,212	

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 six-month period ended June 30, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Type and name of securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2020		Addition		Disposal			Other increase (decrease)		Balance as at June 30, 2020		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Number of shares	Amount	
Books.com, Co., Ltd.	Beneficiary certificates: Jih Sun Money Market Fund	Note	Not applicable	Not applicable	1,344,764	\$ 20,005	89,487,164	\$ 1,333,000	78,091,119	\$ 1,163,554	\$ 1,163,000	\$ 554	-	\$ 56	12,740,809	\$ 190,061
Books.com, Co., Ltd.	CTBC Hwa-win Money Market Fund	"	"	"	-	-	27,976,747	310,000	18,957,175	210,076	210,000	76	-	18	9,019,572	100,018
Chieh Shun Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	"	6,846,847	93,009	47,667,379	648,500	44,591,399	606,558	606,371	187	-	4	9,922,827	135,142
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	"	18,260,010	290,000	36,447,972	580,000	36,495,219	580,752	580,000	752	-	-	18,212,763	290,000
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	"	15,898,378	200,000	47,599,353	600,000	39,708,409	500,523	500,000	523	-	-	23,789,322	300,000
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	"	19,527,436	300,000	48,086,647	740,000	49,435,924	760,561	760,000	561	-	-	18,178,159	280,000
Uni-Wonder Corp.	Union Money Market Fund	"	"	"	-	-	42,177,073	560,000	24,866,008	330,264	330,000	264	-	-	17,311,065	230,000
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	"	12,514,539	170,000	39,677,365	540,000	52,191,904	710,279	710,000	279	-	-	-	-
Uni-President Department Store Corp.	UPAMC James Bond Money Market Fund	"	"	"	-	-	54,511,437	916,200	35,665,730	599,550	599,341	209	-	-	18,845,707	316,859
President Drugstore Business Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	118,855,098	1,617,000	118,855,098	1,617,341	1,617,000	341	-	-	-	-
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	"	1,464	20	34,665,787	471,560	26,443,686	359,710	359,612	98	-	32	8,223,565	112,000
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	19,990,627	273,000	56,027,696	766,000	62,793,041	858,305	858,000	305	-	36	13,225,282	181,036

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 six-month period ended June 30, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions				Notes/accounts receivable (payable)	
			Purchases (sales)		Amount	(sales)	Credit term	Unit price	Credit term	Balance	(\$)	Percentage of total notes/accounts receivable (payable)
			Purchases	Amount								
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 7,720,204	14	Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 1,440,571)	(9)		
	Uni-President Superior Commissary Corp.	Subsidiary	"	1,959,175	4	Net 45 days from the end of the month when invoice is issued	"	"	(733,174)	(4)		
	Tung Ang Enterprises Corp.	Sister company	"	1,010,924	2	Net 30 days from the end of the month when invoice is issued	"	"	(236,332)	(1)		
	21 Century Co., Ltd.	Subsidiary	"	303,182	1	Net 30~60 days from the end of the month when invoice is issued	"	"	(81,638)	(1)		
	Q-ware Systems & Services Corp.	"	"	284,935	1	Net 40 days from the end of the month when invoice is issued	"	"	(100,972)	(1)		
	President Transnet Corp.	"	"	213,998	-	Net 60 days from the end of the month when invoice is issued	"	"	(30,509)	-		
	Kai Ya Food Co., Ltd.	Sister company	"	288,338	1	Net 40 days from the end of the month when invoice is issued	"	"	(123,212)	(1)		
	Lien-Bo Enterprises Corp.	"	"	267,095	1	Net 10~54 days from the end of the month when invoice is issued	"	"	(77,065)	-		
	Kuang Chuan Dairy Co., Ltd.	Other related party	"	288,470	1	Net 30~65 days from the end of the month when invoice is issued	"	"	(158,633)	(1)		
	Tait Marketing & Distribution Co., Ltd.	Sister company	"	199,941	-	Net 20~70 days from the end of the month when invoice is issued	"	"	(91,227)	(1)		
Capital Marketing Consultant Corp.	President Chain Store Corp.	Parent company	Service revenue	(104,724)	67	Net 45~60 days from the end of the month when invoice is issued	"	"	39,558	63		
	Chieh Shun Logistics International Corp.	President Transnet Corp.	Delivery revenue	(346,464)	37	Net 40 days from the end of the month when invoice is issued	"	"	79,186	42		
	President Logistics International Corp.	Parent company	"	(555,418)	60	Net 20 days from the end of the month when invoice is issued	"	"	103,918	55		
	President Transnet Corp.	Chieh Shun Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	346,464	7	Net 40 days from the end of the month when invoice is issued	"	"	(79,186)	(4)	
	President Chain Store Corp.	Parent company	Sales revenue	(213,998)	63	Net 60 days from the end of the month when invoice is issued	"	"	30,509	2		
Uni-Wonder Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	188,972	9	Net 30 days from the end of the month when invoice is issued	"	"	(33,760)	(8)		
	Tong Zhan Corporation Ltd.	Other related party	"	476,418	24	Net 25 days from the end of the month when invoice is issued	"	"	(91,889)	(23)		
	Retail Support International Corp.	Subsidiary of President Chain Store Corp.	"	102,877	5	Net 30 days from the end of the month when invoice is issued	"	"	(19,973)	(5)		
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(466,460)	68	Net 45 days from the end of the month when invoice is issued	"	"	156,440	61		

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 six-month period ended June 30, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction					Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		
			Percentage of total purchases (sales)			Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote		
			Purchases (sales)	Amount	(sales)								
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Subsidiary	Service cost	\$ 555,418	36	Net 20 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 103,918) (	37)		
	Retail Support International Corp.	Parent company	Delivery revenue	(394,049) (	24)	Net 20 days from the end of the month when invoice is issued	"	"	80,187		26	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	(553,583) (	34)	Net 20 days from the end of the month when invoice is issued	"	"	105,720		34	
	Wisdom Distribution Service Corp.	"	"	(548,231) (	34)	Net 20 days from the end of the month when invoice is issued	"	"	102,281		33	
Retail Support International Corp.	President Logistics International Corp.	Subsidiary	Service cost	394,049	50	Net 20 days from the end of the month when invoice is issued	"	"	(80,187) (	50)		
	Uni-Wonder Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(102,877) (	7)	Net 30 days from the end of the month when invoice is issued	"	"	19,973		9	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	"	Service cost	553,583	38	Net 20 days from the end of the month when invoice is issued	"	"	(105,720) (	2)		
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	"	548,231	43	Net 20 days from the end of the month when invoice is issued	"	"	(102,281) (	35)		
	Books.com. Co., Ltd.	"	Service revenue	(153,755) (	10)	Net 30 days from the end of the month when invoice is issued	"	"	26,185		4	
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	"	(284,935) (	63)	Net 40 days from the end of the month when invoice is issued	"	"	100,972		75	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	256,753	5	Net 70 days from the end of the month when invoice is issued	"	"	(33,420) (	2)		
President Pharmaceutical Corp.	President Drugstore Business Corp.	"	Sales revenue	(256,753) (	33)	Net 70 days from the end of the month when invoice is issued	"	"	33,420		9	
	President Chain Store Corp.	Parent company	"	(172,282) (	22)	Net 60~70 days from the end of the month when invoice is issued	"	"	92,704		25	
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	"	(1,959,175) (	99)	Net 45 days from the end of the month when invoice is issued	"	"	733,174		98	
21 Century Co., Ltd.	President Chain Store Corp.	"	"	(303,182) (	50)	Net 30~60 days from the end of the month when invoice is issued	"	"	81,638		56	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 June 30, 2020

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of June 30, 2020			Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	\$	Allowance for doubtful accounts
			Amount	Action taken	Amount						
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	\$ 733,174	5.60	\$ -	None	\$ 360,146	\$ -			
President Information Corp.	President Chain Store Corp.	"	156,440	6.63	-	"	15,819				
Q-ware Systems & Services Corp.	President Chain Store Corp.	"	100,972	5.41	-	"	34,459				
President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	105,720	10.92	-	"	-				
Chieh Shun Logistics International Corp.	President Logistics International Corp.	"	103,918	11.09	-	"	-				
President Logistics International Corp.	Wisdom Distribution Service Corp.	"	102,281	10.19	-	"	-				

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the six-month period ended June 30, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Transaction		Percentage of consolidated total operating revenues or total assets
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	\$ 156,440	Net 45 days from the end of the month when invoice is issued			0.08
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(466,460)	Net 45 days from the end of the month when invoice is issued			0.37
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	100,972	Net 40 days from the end of the month when invoice is issued			0.05
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(284,935)	Net 40 days from the end of the month when invoice is issued			0.23
3	Capital Marketing Consultant Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(104,724)	Net 45~60 days from the end of the month when invoice is issued			0.08
4	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	733,174	Net 45 days from the end of the month when invoice is issued			0.36
4	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(1,959,175)	Net 45 days from the end of the month when invoice is issued			1.57
5	21 Century Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(303,182)	Net 30~60 days from the end of the month when invoice is issued			0.24
6	President Transnet Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(213,998)	Net 60 days from the end of the month when invoice is issued			0.17
7	Chieh Shun Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	(555,418)	Net 20 days from the end of the month when invoice is issued			0.45
7	Chieh Shun Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	(346,464)	Net 40 days from the end of the month when invoice is issued			0.28
7	Chieh Shun Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Accounts receivable	103,918	Net 20 days from the end of the month when invoice is issued			0.05
8	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	(553,583)	Net 20 days from the end of the month when invoice is issued			0.44
8	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	(548,231)	Net 20 days from the end of the month when invoice is issued			0.44
8	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(394,049)	Net 20 days from the end of the month when invoice is issued			0.32
8	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Accounts receivable	105,720	Net 20 days from the end of the month when invoice is issued			0.05
8	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Accounts receivable	102,281	Net 20 days from the end of the month when invoice is issued			0.05
9	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(256,753)	Net 70 days from the end of the month when invoice is issued			0.21
9	President Pharmaceutical Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(172,282)	Net 60~70 days from the end of the month when invoice is issued			0.14
10	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Sales revenue	(153,755)	Net 30 days from the end of the month when invoice is issued			0.12
11	Retail Support International Corp.	Uni-Wonder Corp.	Subsidiary to subsidiary	Delivery revenue	(102,877)	Net 30 days from the end of the month when invoice is issued			0.08
12	Uni-President Cold-Chain Corp.	President Chain Store Corp.	Subsidiary to parent company	Other operating revenue	(193,385)	Net 20 days from the end of the month when invoice is issued			0.16

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 six-month period ended June 30, 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 June 30, 2020			Investment income (loss)		
				Balance as at June 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the six- month period ended	recognized by the Company for the six- month period ended June	
									June 30, 2020	30, 2020	Footnote
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	\$ 25,950,230	(\$ 110,799)	(\$ 110,799)	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	1,206,837	60,279	60,279	Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,593,564	454,670	326,842	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	672,454	51,486	41,637	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	665,106	70,789	50,465	Subsidiary
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	426,711	73,524	51,467	Subsidiary
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	513,823	33,071	29,764	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	823,518	242,411	145,210	Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	477,909	55,393	47,638	Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	350,819	37,891	32,875	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	357,475	149,190	149,190	Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	311,116	206,141	103,132	Subsidiary
President Chain Store Corp.	President Lanyang Art Corporation	Taiwan	Art and cultural exhibition	20,000	20,000	2,000,000	100.00	25,035	23	23	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	167,854	79,125	40,354	Subsidiary
President Chain Store Corp.	ICASH Corp.	Taiwan	Electronic ticketing and electronic payment	700,000	700,000	70,000,000	100.00	586,474	19,231	19,231	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	741,730	28,094	5,619	Note 1
President Chain Store Corp.	Uni-Wonder Corp.	Taiwan	Coffee chain store	3,286,206	3,286,206	21,382,674	60.00	4,927,639	309,098	138,863	Subsidiary
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	147,871	109,148	27,594	Subsidiary
President Chain Store Corp.	Presicarre Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	145,172,360	19.50	5,265,753	1,086,874	206,328	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	2,055,235	83,313	15,830	Note 1
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	446,413	276,846	11,927	Note 1
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	96,662	(73,477)	(9,722)	Note 1
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	637,231	637,231	6,500,000	100.00	69,135	(4,070)	(4,070)	Subsidiary
President Chain Store Corp.	Capital Marketing Consultant Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	55,408	20,543	20,543	Subsidiary
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	64,048	1,120	1,033	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	28,437	10,540	10,540	Subsidiary
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	11,817	5,683	5,683	Subsidiary
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	170,000	170,000	1,500,000	100.00	(38,118)	(4,877)	(4,877)	Subsidiary
President Chain Store Corp.	21 Century Co., Ltd.	Taiwan	Operation of chain restaurants	160,680	160,680	10,000,000	100.00	105,985	19,593	19,593	Subsidiary

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Names, locations and other information of investee companies (not including investees in Mainland China)
For the six-month period ended June 30, 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 June 30, 2020				Investment income (loss)		
				Balance as at June 30, 2020	Balance as at December 31, 2019	Ownership			Net profit (loss) of the investee for the six- month period ended June 30, 2020	\$	30, 2020	Footnote
						Number of shares	(%)	Book value				
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	\$ 35,648	\$ 35,648	9,800	100.00	\$ 87,861	\$ 6,392	\$ 6,396	Subsidiary	
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	(74,070)	(29,244)	(29,244)	Subsidiary	
President Chain Store Corp.	President Collect Service Corp.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	\$ 58,407	\$ 53,423	\$ 37,396	Subsidiary	
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	200,000	200,000	7,500,049	50.00	\$ 83,829	(6,940)	(3,470)	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	\$ 38,103	\$ 14,703	\$ 5,366	Note 1	
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	\$ 18,498	\$ 13,213	\$ 1,982	Note 1	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	\$ 568	(25)	(25)	Subsidiary of a subsidiary	
Mech-President Corp.	Tong Ching Corporation	Taiwan	Gas station	9,600	9,600	960,000	60.00	\$ 19,382	\$ 2,411	\$ 1,447	Subsidiary of a subsidiary	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	21,926	21,926	740,000	7.80	\$ 5,418	\$ 1,120	\$ 87	Subsidiary of a subsidiary	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia	Professional investment	864,110	864,110	29,163,337	100.00	\$ 2,421,250	(119,613)	(119,613)	Subsidiary of a subsidiary	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,615,077	4,615,077	134,603,354	100.00	\$ 3,921,487	(167,778)	(167,778)	Subsidiary of a subsidiary	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	863,279	863,279	394,970,516	52.22	\$ 2,420,355	(263,893)	(119,612)	Subsidiary of a subsidiary	
President Logistics International Corp.	Chieh Shun Logistics International Corp.	Taiwan	Trucking	180,000	180,000	26,670,000	100.00	\$ 328,779	\$ 32,501	\$ 32,501	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	\$ 49,786	(10,205)	(10,205)	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	-	-	\$ 206,141	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	\$ 73,524	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	-	\$ 51,486	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	\$ 55,393	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	\$ 454,670	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	\$ 37,891	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co., Ltd.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	\$ 79,125	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	-	-	1	-	-	\$ 70,789	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	-	-	1	-	- (6,940)	(6,940)	-	Note 1	
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	\$ 33,071	-	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 six-month period ended June 30, 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 June 30, 2020			Investment income (loss)		
				Balance as at		Ownership			Net profit (loss) of the investee for the six-month period ended	recognized by the Company for the six-month period ended June	
				June 30, 2020	2019	Number of shares	(%)	Book value	June 30, 2020	30, 2020	Footnote
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	\$ -	\$ -	1	-	\$ -	\$ 242,411	\$ -	- Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	-	-	109,148	-	- Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Collect Service Corp.	Taiwan	Collection agent	-	-	1	-	-	53,423	-	- 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	56,487 (	5,192) (	5,192)	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	64,103	21,293	10,859	Subsidiary of a subsidiary
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	151,154	40,004	19,602	Subsidiary of a subsidiary
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	5,425	5,425	1,161,000	6.00	18,509	40,004	2,400	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	77,120	40,004	10,001	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	101,501	6,351	6,351	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	18,850	18,850	3,870,000	20.00	61,522	40,004	7,827	Subsidiary of a subsidiary
Philippine Seven Corp.	Convenience Distribution Inc.	Philippines	Logistic, warehousing and retail	26,763	26,763	4,500,000	100.00	26,763 (	37,814)	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	28,989	28,989	40,000	100.00	28,989	567	-	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 six-month period ended June 30, 2020

Table 7

Expressed in thousands of NTD
 (Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended												Accumulated amount of investment
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020			Remitted to Mainland China			Remitted back to Taiwan as of June 30, 2020			Net profit/(loss) of Taiwan to investee for the six-month period ended June 30, 2020			Book value of investments in Mainland China as of June 30, 2020
				\$	279,034	\$	-	\$	-	\$	279,034	\$	1,216	100.00	\$	1,199
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	\$ 419,368	Note 1	\$ 279,034	\$ -	\$ -	\$ -	\$ 279,034	\$ -	\$ 1,216	100.00	\$ 1,199	\$ 68,893	\$ -	-	Note 3
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,096,840	Note 1	2,289,732	-	-	-	2,289,732	(113,180)	100.00	(100.00	(112,437)	(9,537)	-	-	Note 3
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	59,260	Note 1	59,260	-	-	-	59,260	(10,420)	100.00	(100.00	(10,420)	(45,479)	-	-	Note 3
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	933,277	Note 1	970,057	-	-	-	970,057	18,309	100.00	100.00	18,309	62,450	-	-	Note 3
Shan Dong President Yinzuo Commercial Limited	Supermarkets	251,621	Note 1	120,842	-	-	-	120,842	(41,520)	55.00	(55.00	(19,019)	(163,863)	(7,704	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	164,213	Note 1	164,213	-	-	-	164,213	(7,819)	73.74	(73.74	(5,766)	(15,640	(55,433	-	Note 3
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	167,747	Note 1	166,354	-	-	-	166,354	12,836	80.00	80.00	10,271	162,268	25,255	-	Note 3
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	444	Note 1	-	-	-	-	-	(25)	50.03	(50.03	(13)	(3	-	-	Note 3
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	251,621	Note 1	251,621	-	-	-	251,621	4,125	100.00	100.00	4,125	345,905	-	-	Note 3
President Logistic ShanDong Co., Ltd.	Logistics and warehousing	209,684	Note 1	209,684	-	-	-	209,684	4,918	100.00	100.00	3,309	193,687	-	-	Note 3
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	587,115	Note 1	587,115	-	-	-	587,115	(62,281)	100.00	(100.00	(62,804)	(221,292	-	-	Note 3
Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and daily items	125,810	Note 1	125,810	-	-	-	125,810	(20,037)	100.00	(100.00	(20,040)	(54,309	-	-	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 Investment Commission of the Ministry of Economic Affairs (MOEA)			Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	(MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	
President Chain Store Corp.	\$ 4,567,110	\$ 8,188,959	\$ 24,039,990	
President Pharmaceutical Corp.	164,213	164,213	413,378	
Uni-President Cold-Chain Corp.	87,925	87,925	811,429	
Ren-Hui Investment Corp.	51,061	51,061	80,000	

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

June 30, 2020

Table 8

Shareholder name	Shares held as at June 30, 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.