

PRESIDENT CHAIN STORE CORP.

PARENT COMPANY ONLY

FINANCIAL STATEMENTS AND INDEPENDENT

AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

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

PRESIDENT CHAIN STORE CORP.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
DECEMBER 31, 2020 AND 2019
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REPORT OF INDEPENDENT AUDITORS REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of President Chain Store Corp. as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of President Chain Store Corp. as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended

December 31, 2020 are stated as follows:

Completeness and accuracy of retail sales revenue

Description

Please refer to Notes 4(23) and 6(22) to the parent company only financial statements for the accounting policy and the details of accounts relating to this key audit matter.

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

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

How our audit addressed the matter

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

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

Cost-to-retail ratio of retail inventory method

Description

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

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

How our audit addressed the matter

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

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

Other matter –Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for using equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, associates and joint ventures, and the information on investees disclosed in Note 13, is based solely on the reported of the other auditors. The balance of these investments accounted for using equity method amounted to NT\$2,327,307 thousand and NT\$2,528,945 thousand, constituting 1.6% and 1.9% of parent company only total assets as at December 31, 2020 and 2019, respectively, and the related total comprehensive net income (including

share of profit of subsidiaries, associates and joint ventures accounted for using equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method) amounted to (NT\$134,437) thousand and NT\$412,872 thousand, constituting (1.5%) and 4.1% of parent company only total comprehensive net income for the years then ended, respectively.

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

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Yi-Chang, Liang

Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan

26 February, 2021

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

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

PRESIDENT CHAIN STORE CORP.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Assets | | | December 31, 2020 | | December 31, 2019 | |
|--------------------|---|---------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 10,997,277 | 8 | \$ 10,697,878 | 8 |
| 1170 | Accounts receivable, net | 6(2) | 592,746 | 1 | 591,655 | - |
| 1200 | Other receivables | 7(3) | 3,052,702 | 2 | 2,274,167 | 2 |
| 130X | Inventories, net | 6(3) | 8,891,933 | 6 | 8,036,366 | 6 |
| 1410 | Prepayments | | 131,058 | - | 126,974 | - |
| 1470 | Other current assets | | 1,608,083 | 1 | 1,393,703 | 1 |
| 11XX | Total current assets | | 25,273,799 | 18 | 23,120,743 | 17 |
| Non-current assets | | | | | | |
| 1510 | Financial assets at fair value through profit or loss – non-current | 6(4) | 85,523 | - | 85,565 | - |
| 1517 | Financial assets at fair value through other comprehensive income – non-current | 6(5) | 959,827 | 1 | 807,115 | 1 |
| 1550 | Investments accounted for using equity method | 6(6) and 7(3) | 49,110,865 | 35 | 50,117,541 | 38 |
| 1600 | Property, plant and equipment, net | 6(7) | 12,233,732 | 9 | 10,477,703 | 8 |
| 1755 | Right-of-use assets | 6(8) and 7(3) | 50,276,653 | 35 | 44,373,492 | 33 |
| 1760 | Investment property, net | 6(10) | 1,183,875 | 1 | 1,203,684 | 1 |
| 1780 | Intangible assets | 6(11) | 162,265 | - | 84,728 | - |
| 1840 | Deferred income tax assets | 6(29) | 715,841 | - | 800,250 | 1 |
| 1900 | Other non-current assets | 6(12) | 1,501,570 | 1 | 1,393,227 | 1 |
| 15XX | Total non-current assets | | 116,230,151 | 82 | 109,343,305 | 83 |
| 1XXX | Total assets | | \$ 141,503,950 | 100 | \$ 132,464,048 | 100 |

(Continued)

PRESIDENT CHAIN STORE CORP.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | | December 31, 2020 | | December 31, 2019 | |
|-------------------------|---|-------|-------------------|--------|-------------------|--------|
| | | | Notes | AMOUNT | % | AMOUNT |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(13) | \$ 3,100,000 | 2 | \$ 5,000,000 | 4 |
| 2110 | Short-term notes and bills payable | 6(14) | 3,399,147 | 3 | - | - |
| 2130 | Contract liabilities – current | 6(22) | 3,199,068 | 2 | 1,607,970 | 1 |
| 2150 | Notes payable | | 886,303 | 1 | 1,017,922 | 1 |
| 2160 | Notes payable – related parties | 7(3) | 4,569,926 | 3 | 4,431,931 | 4 |
| 2170 | Accounts payable | | 1,481,068 | 1 | 1,378,550 | 1 |
| 2180 | Accounts payable – related parties | 7(3) | 9,135,473 | 7 | 8,373,924 | 6 |
| 2200 | Other payables | 6(15) | 15,594,702 | 11 | 17,134,279 | 13 |
| 2230 | Current income tax liabilities | 6(29) | 1,012,668 | 1 | 781,142 | 1 |
| 2280 | Lease liabilities – current | 7(3) | 7,566,006 | 5 | 6,950,425 | 5 |
| 2300 | Other current liabilities | 6(16) | 1,680,553 | 1 | 1,492,567 | 1 |
| 21XX | Total current liabilities | | 51,624,914 | 37 | 48,168,710 | 37 |
| Non-current liabilities | | | | | | |
| 2527 | Contract liabilities – non-current | 6(22) | 334,445 | - | 216,284 | - |
| 2570 | Deferred income tax liabilities | 6(29) | 3,926,397 | 3 | 4,149,357 | 3 |
| 2580 | Lease liabilities – non-current | 7(3) | 43,283,311 | 31 | 37,780,192 | 29 |
| 2640 | Net defined benefit liability – non-current | 6(17) | 2,868,592 | 2 | 2,769,674 | 2 |
| 2645 | Guarantee deposit received | | 2,964,161 | 2 | 2,730,126 | 2 |
| 2670 | Other non-current liabilities | | 481,939 | - | 426,824 | - |
| 25XX | Total non-current liabilities | | 53,858,845 | 38 | 48,072,457 | 36 |
| 2XXX | Total liabilities | | 105,483,759 | 75 | 96,241,167 | 73 |
| Equity | | | | | | |
| | Share capital | 6(18) | | | | |
| 3110 | Share capital – common stock | | 10,396,223 | 7 | 10,396,223 | 8 |
| | Capital surplus | 6(19) | | | | |
| 3200 | Capital surplus | | 47,628 | - | 46,884 | - |
| | Retained earnings | 6(20) | | | | |
| 3310 | Legal reserve | | 14,369,228 | 10 | 13,314,081 | 10 |
| 3320 | Special reserve | | 380,187 | - | - | - |
| 3350 | Unappropriated retained earnings | | 12,159,546 | 9 | 12,845,880 | 10 |
| | Other equity | 6(21) | | | | |
| 3400 | Other equity interest | | (1,332,621) | (1) | 380,187) | (1) |
| 3XXX | Total equity | | 36,020,191 | 25 | 36,222,881 | 27 |
| 3X2X | Total liabilities and equity | | \$ 141,503,950 | 100 | \$ 132,464,048 | 100 |

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Lee, Johnyih

PRESIDENT CHAIN STORE CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

| | | For the years ended December 31 | | | |
|---|-------------------|---------------------------------|--------|----------------|-------|
| | | 2020 | | 2019 | |
| Items | Notes | AMOUNT | % | AMOUNT | % |
| 4000 Operating revenue | 6(22) and 7(3) | \$ 168,147,856 | 100 | \$ 158,031,567 | 100 |
| 5000 Operating costs | 6(3)(27) and 7(3) | (111,590,813) | (67) | (103,854,132) | (66) |
| 5900 Gross profit | | 56,557,043 | 33 | 54,177,435 | 34 |
| Operating expenses | 6(27)(28) | | | | |
| 6100 Selling expenses | | (44,926,938) | (27) | (42,662,266) | (27) |
| 6200 General and administrative expenses | | (4,111,400) | (2) | (4,469,102) | (3) |
| 6450 Expected credit losses | 12(2) | (28) | - | - | - |
| 6000 Total operating expenses | | (49,038,366) | (29) | (47,131,368) | (30) |
| 6900 Operating profit | | 7,518,677 | 4 | 7,046,067 | 4 |
| Non-operating income and expenses | 7(3) | | | | |
| 7100 Interest income | 6(23) | 32,588 | - | 38,037 | - |
| 7010 Other income | 6(24) | 1,421,455 | 1 | 1,287,857 | 1 |
| 7020 Other gains and losses | 6(25) | 43,872 | - | 22,788 | - |
| 7050 Finance costs | 6(26) | (394,400) | - (| (359,593) | - |
| 7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(6) | 3,092,323 | 2 | 4,185,310 | 2 |
| 7000 Total non-operating income and expenses | | 4,195,838 | 3 | 5,174,399 | 3 |
| 7900 Profit before income tax | | 11,714,515 | 7 | 12,220,466 | 7 |
| 7950 Income tax expense | 6(29) | (1,476,353) | (1) | (1,677,606) | (1) |
| 8200 Profit for the year | | \$ 10,238,162 | 6 | \$ 10,542,860 | 6 |
| Other comprehensive income (loss) | | | | | |
| 8311 (Loss) gain on remeasurement of defined benefit plan | 6(17) | (\$ 116,127) | - | \$ 71,511 | - |
| 8316 Unrealized gain on valuation of equity instruments at fair value through other comprehensive income | 6(5)(21) | 152,712 | - | 162,501 | - |
| 8330 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | | (43,489) | - (| (46,547) | - |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(29) | 25,690 | - (| (24,252) | - |
| 8310 Components of other comprehensive income that will not be reclassified to profit or loss | | 18,786 | - | 163,213 | - |
| 8361 Financial statements translation differences of foreign operations | 6(21) | (1,093,603) | (1) | (578,743) | - |
| 8380 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | | (11,382) | - (| (10,566) | - |
| 8360 Components of other comprehensive loss that will be reclassified to profit or loss | | (1,104,985) | (1) | (589,309) | - |
| 8300 Total other comprehensive loss for the year | | (\$ 1,086,199) | (1) | (\$ 426,096) | - |
| 8500 Total comprehensive income for the year | | \$ 9,151,963 | 5 | \$ 10,116,764 | 6 |
| 9750 Basic earnings per share (in dollars) | 6(30) | \$ 9.85 | | \$ 10.14 | |
| 9850 Diluted earnings per share (in dollars) | 6(30) | \$ 9.83 | | \$ 10.12 | |

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Lee, Johnyih

PRESIDENT CHAIN STORE CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| | | Retained Earnings | | | | | Other Equity Interest | | |
|--|-------|---------------------------------|-----------------|---------------|-----------------|-------------------------------------|---|--|---------------|
| | Notes | Share capital – common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealized gain or loss on financial assets at fair value through other comprehensive income | Total equity |
| <u>For the year ended December 31, 2019</u> | | | | | | | | | |
| Balance at January 1, 2019 | | \$ 10,396,223 | \$ 45,059 | \$ 12,293,442 | \$ 398,859 | \$ 12,064,862 | (\$ 279,829) | \$ 333,434 | \$ 35,252,050 |
| Profit for the year | | - | - | - | - | 10,542,860 | - | - | 10,542,860 |
| Other comprehensive income (loss) for the year | 6(21) | - | - | - | - | 7,696 | (590,079) | 156,287 | (426,096) |
| Total comprehensive income (loss) for the year | | - | - | - | - | 10,550,556 | (590,079) | 156,287 | 10,116,764 |
| Distribution of 2018 earnings | 6(20) | | | | | | | | |
| Legal reserve | | - | - | 1,020,639 | - | (1,020,639) | - | - | - |
| Special reserve | | - | - | - | (398,859) | 398,859 | - | - | - |
| Cash dividends | | - | - | - | - | (9,148,676) | - | - | (9,148,676) |
| Overdue unclaimed cash dividend transferred to capital surplus | | - | 1,235 | - | - | - | - | - | 1,235 |
| Adjustment of capital surplus due to associates’ adjustment of capital surplus | | - | 590 | - | - | - | - | - | 590 |
| Disposal of equity instruments designated at fair value through other comprehensive income of associates | | - | - | - | - | 918 | - | - | 918 |
| Balance at December 31, 2019 | | \$ 10,396,223 | \$ 46,884 | \$ 13,314,081 | \$ - | \$ 12,845,880 | (\$ 869,908) | \$ 489,721 | \$ 36,222,881 |
| <u>For the year ended December 31, 2020</u> | | | | | | | | | |
| Balance at January 1, 2020 | | \$ 10,396,223 | \$ 46,884 | \$ 13,314,081 | \$ - | \$ 12,845,880 | (\$ 869,908) | \$ 489,721 | \$ 36,222,881 |
| Profit for the year | | - | - | - | - | 10,238,162 | - | - | 10,238,162 |
| Other comprehensive income (loss) for the year | 6(21) | - | - | - | - | (133,765) | (1,103,360) | 150,926 | (1,086,199) |
| Total comprehensive income (loss) for the year | | - | - | - | - | 10,104,397 | (1,103,360) | 150,926 | 9,151,963 |
| Distribution of 2019 earnings | 6(20) | | | | | | | | |
| Legal reserve | | - | - | 1,055,147 | - | (1,055,147) | - | - | - |
| Special reserve | | - | - | - | 380,187 | (380,187) | - | - | - |
| Cash dividends | | - | - | - | - | (9,356,600) | - | - | (9,356,600) |
| Overdue unclaimed cash dividend transferred to capital surplus | | - | 744 | - | - | - | - | - | 744 |
| Disposal of equity instruments designated at fair value through other comprehensive income of associates | | - | - | - | - | 1,203 | - | - | 1,203 |
| Balance at December 31, 2020 | | \$ 10,396,223 | \$ 47,628 | \$ 14,369,228 | \$ 380,187 | \$ 12,159,546 | (\$ 1,973,268) | \$ 640,647 | \$ 36,020,191 |

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Lee, Johnyih

PRESIDENT CHAIN STORE CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | | For the years ended December 31 | |
|--|-------------|---------------------------------|---------------|
| | Notes | 2020 | 2019 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before income tax for the year | | \$ 11,714,515 | \$ 12,220,466 |
| Adjustments to reconcile profit before income tax to net cash provided by operating activities | | | |
| Income and expenses having no effect on cash flows | | | |
| Expected credit losses | 12(2) | 28 | - |
| Depreciation expense | 6(7)(8)(27) | 9,972,207 | 8,986,348 |
| Amortization expense | 6(11)(27) | 25,898 | 55,700 |
| Finance costs | 6(26) | 394,400 | 359,593 |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(6) | (3,092,323) | (4,185,310) |
| Depreciation on investment property | 6(10) | 7,068 | 7,440 |
| Interest income | 6(23) | (32,588) | (38,037) |
| Dividend income | 6(24) | (61,961) | (49,542) |
| Gain on disposal of property, plant and equipment, net | 6(25) | (37,206) | (11,253) |
| Gain on disposal of investment property, net | 6(25) | (2,682) | - |
| Gain from lease modification | 6(8)(25) | (56,083) | (33,255) |
| Other income recognized from rent concessions | 6(8) | (25,700) | - |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Accounts receivable | (| 1,119) | 12,235 |
| Other receivables | (| 777,941) | 239,949 |
| Inventories | (| 855,567) | (15,998) |
| Prepayments | (| 4,084) | (36,821) |
| Other current assets | (| 214,380) | 166,559 |
| Other non-current assets | (| 108,343) | (161,916) |
| Net changes in liabilities relating to operating activities | | | |
| Contract liabilities – current | | 1,591,098 | 314,821 |
| Notes payable | | 6,376 | (587,638) |
| Accounts payable | | 864,067 | 286,828 |
| Other payables | (| 1,421,431) | (1,714,521) |
| Other current liabilities | | 187,986 | 29,475 |
| Contract liabilities – non-current | | 118,161 | 64,734 |
| Net defined benefit liability | (| 17,209) | (19,420) |
| Other non-current liabilities | (| 4,898) | (4,657) |
| Cash generated from operations | | 18,168,289 | 15,885,780 |
| Interest received | | 31,994 | 39,052 |
| Income tax paid | 6(29) | (1,357,688) | (1,737,867) |
| Interest paid | | (383,229) | (348,890) |
| Dividends received | | 3,013,689 | 2,735,708 |
| Net cash provided by operating activities | | 19,473,055 | 16,573,783 |

(Continued)

PRESIDENT CHAIN STORE CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | | For the years ended December 31 | |
|--|---------------|---------------------------------|----------------|
| | Notes | 2020 | 2019 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Return of capital from financial assets at fair value through profit or loss | | \$ 42 | \$ 118 |
| Acquisition of investments accounted for using equity method | 6(6) and 7(3) | - | (200,000) |
| Proceeds from disposal of investments accounted for using equity method | 6(6) and 7(3) | - | 41,657 |
| Acquisition of property, plant and equipment | 6(31) | (4,470,949) | (3,359,789) |
| Proceeds from disposal of property, plant and equipment | | 104,835 | 149,016 |
| Proceeds from disposal of investment property | | 15,423 | - |
| Acquisition of intangible assets | 6(11) | (103,435) | (21,409) |
| Net cash used in investing activities | | (4,454,084) | (3,390,407) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Decrease in short-term borrowings | 6(32) | (1,900,000) | (1,000,000) |
| Increase in short-term notes and bills payable | 6(32) | 3,399,147 | - |
| Payments of lease liabilities | 6(32) | (7,096,154) | (6,603,705) |
| Payment of cash dividends | 6(20)(32) | (9,356,600) | (9,148,676) |
| Guarantee deposit received | 6(32) | 234,035 | 196,168 |
| Net cash used in financing activities | | (14,719,572) | (16,556,213) |
| Increase (decrease) in cash and cash equivalents | | 299,399 | (3,372,837) |
| Cash and cash equivalents at beginning of year | | 10,697,878 | 14,070,715 |
| Cash and cash equivalents at end of year | | \$ 10,997,277 | \$ 10,697,878 |

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Lee, Johnyih

PRESIDENT CHAIN STORE CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

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

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

These parent company only financial statements were authorized for issuance by the Board of Directors on February 26, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 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 IFRS7, ‘Interest rate benchmark reform’ | January 1, 2020 |
| Amendment to IFRS 16, ‘Covid-19-related rent concessions’ | June 1, 2020 (Note) |

Note : Earlier application from January 1, 2020 is allowed by FSC.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9' | January 1, 2021 |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2' | January 1, 2021 |

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

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

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

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 3, 'Reference to the conceptual framework' | January 1, 2022 |
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2023 |
| Amendments to IAS 1, 'Disclosure of accounting policies' | January 1, 2023 |
| Amendments to IAS 8, 'Definition of accounting estimates' | January 1, 2023 |
| Amendments to IAS 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 Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - (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 conformity with IFRSs, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and jointly arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company retains partial interest in the former foreign associate or jointly arrangements after losing significant influence over the former foreign associate, or losing joint control of the former jointly arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
 - (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within 12 months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within 12 months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations (including time deposits with contract period of less than 12 months) are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

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

(10) Leasing arrangement (lessor) – operating leases

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

(11) Inventories

- A. Purchases are initially recorded at cost. Cost is determined using the retail inventory method.
- B. Ending inventories are stated at the lower of cost and net realizable value, and the item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method - subsidiaries, associates and joint ventures

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owner. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

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

together with any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

- O. According to Rules Governing the Preparation of Financial Statements by Securities Issuers, profit for the year and other comprehensive income for the year reported in the parent company only financial statements, shall be equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements.

(13) Property, plant and equipment

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

| | |
|------------------------|-----------|
| Buildings | 50 years |
| Operating equipment | 4~7 years |
| Leasehold improvements | 7 years |

(14) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

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

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

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

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

(15) Investment property

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

(16) Intangible assets

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

(17) Impairment of non-financial assets

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

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

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

(20) Provisions

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

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

D. Employees' and directors' remuneration

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

(22) Income tax

- A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognized for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(23) Revenue recognition

A. Sale of goods

- (a) The Company operates a chain of retail stores. Revenue from the sale of goods is recognized when the Company sells a product to the customer.

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

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

B. Sales of services

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

C. Financing components

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

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | December 31, 2020 | December 31, 2019 |
|---------------------------------------|----------------------|----------------------|
| Petty cash in store | \$ 1,081,157 | \$ 898,234 |
| Checking accounts and demand deposits | 6,216,162 | 4,601,172 |
| Cash equivalents | | |
| Time deposits | 500,000 | 500,000 |
| Short-term financial instruments | 3,199,958 | 4,698,472 |
| | <u>\$ 10,997,277</u> | <u>\$ 10,697,878</u> |

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

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

(2) Accounts receivable

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------------|--------------------------|--------------------------|
| Accounts receivable | \$ 593,718 | \$ 593,087 |
| Less: Allowance for doubtful accounts | (972) | (1,432) |
| | <u>\$ 592,746</u> | <u>\$ 591,655</u> |

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

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|----------------|--------------------------|--------------------------|
| Not past due | \$ 593,044 | \$ 589,136 |
| Up to 90 days | 645 | 3,057 |
| 91 to 120 days | - | - |
| Over 121 days | 29 | 894 |
| | <u>\$ 593,718</u> | <u>\$ 593,087</u> |

The above ageing analysis was based on past due date.

B. As at December 31, 2020 and 2019, accounts receivable was all from contracts with customers. And as January 1, 2019, the balance of receivables from contracts with customers amounted to \$603,890.

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

D. As at December 31, 2020 and 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 Company's accounts receivable were \$592,746 and \$591,655, respectively.

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

(3) Inventories

| | <u>December 31, 2020</u> | | |
|-------------|--------------------------|-------------------------------------|---------------------|
| | <u>Cost</u> | <u>Allowance for valuation loss</u> | <u>Book value</u> |
| Merchandise | <u>\$ 8,907,312</u> | <u>(\$ 15,379)</u> | <u>\$ 8,891,933</u> |
| | <u>December 31, 2019</u> | | |
| | <u>Cost</u> | <u>Allowance for valuation loss</u> | <u>Book value</u> |
| Merchandise | <u>\$ 8,079,200</u> | <u>(\$ 42,834)</u> | <u>\$ 8,036,366</u> |

The cost of inventories recognized as expense:

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|---|---|---|
| Cost of goods sold | \$ 109,250,147 | \$ 101,836,268 |
| (Gain on reversal) loss on valuation of inventories | (27,455) | 27,520 |
| Spoilage | 2,088,237 | 1,746,665 |
| Others | 279,884 | 243,679 |
| | <u>\$ 111,590,813</u> | <u>\$ 103,854,132</u> |

The Company reversed a previous inventory write-down because the Company sold and scrapped certain inventories which were previously provided with allowance during the year ended December 31, 2020.

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

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Financial assets mandatorily measured at fair value through profit or loss | | |
| <u>Non-current items:</u> | | |
| Unlisted stocks | \$ 274,703 | \$ 274,745 |
| Valuation adjustment | (189,180) | (189,180) |
| | <u>\$ 85,523</u> | <u>\$ 85,565</u> |

A. The Company recognized net gains of financial assets at fair value through profit or loss was \$18,128 and \$17,819 for the years ended December 31, 2020 and 2019, respectively.

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

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

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

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------|--------------------------|--------------------------|
| <u>Equity instruments</u> | | |
| Listed stocks | \$ 265,606 | \$ 265,606 |
| Unlisted stocks | 4,348 | 4,348 |
| | 269,954 | 269,954 |
| Valuation adjustment | 689,873 | 537,161 |
| | <u>\$ 959,827</u> | <u>\$ 807,115</u> |

A. The Company has elected to classify the listed and unlisted stocks that are considered to be strategic investments and have steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$959,827 and \$807,115 as at December 31, 2020 and 2019, respectively.

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

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|--|---|---|
| <u>Equity instruments at fair value through other comprehensive income</u> | | |
| Fair value change recognized in other comprehensive income | \$ 152,712 | \$ 162,501 |
| Dividend income recognized in profit or loss | \$ 43,833 | \$ 31,723 |

C. As at December 31, 2020 and 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 Company was \$959,827 and \$807,115, respectively.

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

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

(6) Investments accounted for using the equity method

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| At January 1 | \$ 50,117,541 | \$ 49,094,402 |
| Addition of investments accounted for using equity method | - | 200,000 |
| Disposal of investments accounted for using equity method | - (| 41,657) |
| Share of profit or loss of investments accounted for using equity method | 3,092,323 | 4,185,310 |
| Earnings distribution of investments accounted for using equity method | (2,951,728) (| 2,686,166) |
| Changes in other equity items | (1,147,271) (| 634,938) |
| Changes in other items | - | 590 |
| At December 31 | <u>\$ 49,110,865</u> | <u>\$ 50,117,541</u> |

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| <u>Subsidiaries</u> | | |
| President Chain Store (BVI) Holdings Ltd. | \$ 25,102,119 | \$ 26,348,522 |
| Uni-Wonder Corp. | 5,078,516 | 5,164,559 |
| President Transnet Corp. | 1,882,686 | 1,634,536 |
| President Drugstore Business Corp. | 1,445,303 | 1,432,449 |
| Uni-President Cold-Chain Corp. | 910,506 | 679,859 |
| Mech-President Corp. | 747,097 | 702,347 |
| President Pharmaceutical Corp. | 699,003 | 743,725 |
| ICASH Corp. | 580,833 | 567,243 |
| Uni-President Department Store Corp. | 530,898 | 543,179 |
| Uni-President Superior Commissary Corp. | 526,475 | 484,058 |
| Wisdom Distribution Service Corp. | 516,295 | 454,125 |
| President Information Corp. | 499,116 | 493,788 |
| Books.com. Co., Ltd. | 412,559 | 398,293 |
| Q-ware Systems & Services Corp. | 392,745 | 390,054 |
| Duskin Serve Taiwan Co., Ltd. | 208,040 | 201,317 |
| Retail Support International Corp. | 171,835 | 178,147 |
| 21 Century Co., Ltd. | 131,869 | 86,391 |
| President Collect Service Corp., etc. | 353,329 | 359,010 |
| | <u>40,189,224</u> | <u>40,861,602</u> |

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| <u>Associates</u> | | |
| PresiCarre Corp. | \$ 5,434,309 | \$ 5,723,198 |
| President Fair Development Corp. | 2,084,800 | 2,039,406 |
| Uni-President Development Corp. | 757,759 | 764,191 |
| President International Development Corp. | 445,096 | 459,696 |
| Uni-President Organics Corp. | 42,447 | 41,430 |
| Tung Ho Development Corp. | 33,133 | 106,384 |
| President Technology Corp. | 25,543 | 20,866 |
| | <u>8,823,087</u> | <u>9,155,171</u> |
| <u>Joint ventures</u> | | |
| Mister Donut Taiwan Co., Ltd. | \$ 98,554 | \$ 100,768 |
| | <u>\$ 49,110,865</u> | <u>\$ 50,117,541</u> |

A. Information about the subsidiaries of the Company is provided in Note 4(3), “Basis of preparation” of the consolidated financial statements as of and for the year ended December 31, 2020.

B. The acquisition of additional shares in certain investments in associates or joint ventures are not significant to the Company. The details of the Company’s share of the operating results in the aforementioned investments are as follows:

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

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|----------------------------|---|---|
| Total comprehensive income | <u>\$ 392,732</u> | <u>\$ 460,753</u> |

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

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|----------------------------|---|---|
| Total comprehensive income | <u>\$ 11,256</u> | <u>\$ 13,844</u> |

C. No impairment loss was recognized on investments accounted for using equity method for the years ended December 31, 2020 and 2019, respectively.

(7) Property, plant and equipment

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

| | 2020 | | | | | |
|---|---------------------|-------------------|---------------------|------------------------|------------------|----------------------|
| | Land | Buildings | Operating equipment | Leasehold improvements | Others | Total |
| <u>At January 1</u> | | | | | | |
| Cost | \$ 1,545,466 | \$ 968,199 | \$ 14,367,788 | \$ 8,649,472 | \$ 26,594 | \$ 25,557,519 |
| Accumulated depreciation and impairment | (16,367) | (362,929) | (9,222,896) | (5,468,173) | (9,451) | (15,079,816) |
| | <u>\$ 1,529,099</u> | <u>\$ 605,270</u> | <u>\$ 5,144,892</u> | <u>\$ 3,181,299</u> | <u>\$ 17,143</u> | <u>\$ 10,477,703</u> |
| Opening net book amount as at January 1 | \$ 1,529,099 | \$ 605,270 | \$ 5,144,892 | \$ 3,181,299 | \$ 17,143 | \$ 10,477,703 |
| Additions | - | - | 2,811,974 | 1,538,959 | 2,613 | 4,353,546 |
| Disposals | - | - | (12,630) | (54,999) | - | (67,629) |
| Transfer | - | - | - | 13,806 | (13,806) | - |
| Depreciation charge | - | (19,153) | (1,536,123) | (973,955) | (657) | (2,529,888) |
| Closing net book amount as at December 31 | <u>\$ 1,529,099</u> | <u>\$ 586,117</u> | <u>\$ 6,408,113</u> | <u>\$ 3,705,110</u> | <u>\$ 5,293</u> | <u>\$ 12,233,732</u> |
| <u>At December 31</u> | | | | | | |
| Cost | \$ 1,545,466 | \$ 968,199 | \$ 15,991,485 | \$ 9,652,347 | \$ 14,808 | \$ 28,172,305 |
| Accumulated depreciation and impairment | (16,367) | (382,082) | (9,583,372) | (5,947,237) | (9,515) | (15,938,573) |
| | <u>\$ 1,529,099</u> | <u>\$ 586,117</u> | <u>\$ 6,408,113</u> | <u>\$ 3,705,110</u> | <u>\$ 5,293</u> | <u>\$ 12,233,732</u> |

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

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

(8) Leasing arrangements – lessee

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

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

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-----------|--------------------------|--------------------------|
| | <u>Carrying amount</u> | <u>Carrying amount</u> |
| Buildings | <u>\$ 50,276,653</u> | <u>\$ 44,373,492</u> |

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|-----------|---|---|
| | <u>Depreciation charge</u> | <u>Depreciation charge</u> |
| Buildings | <u>\$ 7,442,319</u> | <u>\$ 6,826,103</u> |

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$14,667,833 and \$24,947,745, respectively.

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

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|---|---|---|
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 338,828 | \$ 305,342 |
| Expense on variable lease payments | 123,675 | 153,467 |
| Gain on sublease of right-of-use assets | 569,892 | 557,649 |
| Gain from lease modification | 56,083 | 33,255 |

E. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were \$7,558,657 and \$7,062,514, respectively.

F. Variable lease payments

(a) Some of the Company's lease contracts contain variable lease payment terms that are linked to sales generated from a store. For the above-mentioned stores, approximately 1.56% and 2.11% of lease payments as for the year ended December 31, 2020 and 2019, respectively, are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in the aggregate sales amount of all stores with such variable lease contracts would increase total lease payments by approximately \$1,237 and \$1,535 for the years ended December 31, 2020 and 2019, respectively.

G. The Company's leases not yet commenced to which the leases are committed are business premises for the lessees, and the lease liabilities undiscounted amount at December 31, 2020 and 2019 are \$2,436,677 and \$1,751,094, respectively.

H. The Company 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 \$25,700, as other income for the year ended December 31, 2020.

(9) Leasing arrangements – lessor

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

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

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|---|---|---|
| Rental revenue | \$ 648,020 | \$ 632,894 |
| Rental revenue from variable lease payments | \$ 376,161 | \$ 387,859 |

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

| | December 31, 2020 | December 31, 2019 |
|---------------|-------------------|-------------------|
| Within 1 year | \$ 232,912 | \$ 206,435 |
| 1~2 years | 202,933 | 180,221 |
| 2~3 years | 151,128 | 157,115 |
| 3~4 years | 91,365 | 113,729 |
| 4~5 years | 73,053 | 58,143 |
| Over 5 years | 189,870 | 158,578 |
| | <u>\$ 941,261</u> | <u>\$ 874,221</u> |

(10) Investment property

| | 2020 | | |
|---------------------|-------------------|-------------------|---------------------|
| | Land | Buildings | Total |
| At January 1 | \$ 981,540 | \$ 222,144 | \$ 1,203,684 |
| Disposals | (3,988) | (8,753) | (12,741) |
| Depreciation charge | - | (7,068) | (7,068) |
| At December 31 | <u>\$ 977,552</u> | <u>\$ 206,323</u> | <u>\$ 1,183,875</u> |
| | 2019 | | |
| | Land | Buildings | Total |
| At January 1 | \$ 962,783 | \$ 226,671 | \$ 1,189,454 |
| Transfer | 18,757 | 2,913 | 21,670 |
| Depreciation charge | - | (7,440) | (7,440) |
| At December 31 | <u>\$ 981,540</u> | <u>\$ 222,144</u> | <u>\$ 1,203,684</u> |

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

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|---|---|---|
| Rental income from investment property | \$ 59,188 | \$ 59,882 |
| Direct operating expenses arising from the investment property that generated rental income during the year | \$ 20,210 | \$ 23,065 |

B. The fair value of the investment property held by the Company as at December 31, 2020 and 2019 ranged from \$2,874,270 to \$3,042,152, respectively, which was assessed based on recent settlement prices of similar and comparable properties, as well as the reports of independent appraisers. Valuations were made using the comparative approach and income approach which is categorized within Level 3 in fair value hierarchy. Key assumptions are the discount rate of 2.39% and the growth rate of 3%.

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

(11) Intangible assets

| <u>Software and copyright</u> | 2020 | 2019 |
|-------------------------------|------------|------------|
| At January 1 | \$ 84,728 | \$ 119,019 |
| Additions | 103,435 | 21,409 |
| Amortization charge | (25,898) | (55,700) |
| At December 31 | \$ 162,265 | \$ 84,728 |

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

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

(12) Other non-current assets

| | December 31, 2020 | December 31, 2019 |
|-------------------------|-------------------|-------------------|
| Guarantee deposits paid | \$ 1,491,661 | \$ 1,372,992 |
| Others | 9,909 | 20,235 |
| | \$ 1,501,570 | \$ 1,393,227 |

(13) Short-term borrowings

| <u>Type of borrowings</u> | <u>December 31, 2020</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|--------------------------|----------------------------|-------------------|
| Bank borrowings | | | |
| Credit loan | \$ 3,100,000 | 0.49% | None |
| <u>Type of borrowings</u> | <u>December 31, 2019</u> | <u>Interest rate range</u> | <u>Collateral</u> |
| Bank borrowings | | | |
| Credit loan | \$ 5,000,000 | 0.65%~0.67% | None |

There was no capitalization of borrowing costs for the years ended December 31, 2020 and 2019, respectively. Relevant interest expenses on borrowings is recognized as “finance costs”.

(14) Short-term notes and bills payable

| | <u>December 31, 2020</u> | <u>Pledged or secured</u> |
|----------------------------|--------------------------|--|
| Commercial paper payable | \$ 3,400,000 | Please refer to the below for details. |
| Less: Unamortized discount | (853) | |
| | <u>\$ 3,399,147</u> | |
| Interest rate range | <u>0.408%</u> | |

A. There was no commercial paper payable transaction at December 31, 2019.

B. The above commercial papers were issued and secured by Sumitomo Mitsui Banking Corporation and International Bills Finance Corporation for short-term financing.

(15) Other payables

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Store collections | \$ 10,519,829 | \$ 11,453,224 |
| Wages, salaries and bonus payable | 1,415,217 | 1,608,497 |
| Incentive bonus payable to franchisees | 934,922 | 1,158,473 |
| Payables for acquisition of property, plant and equipment | 772,571 | 889,974 |
| Employees' compensation and remuneration for directors | 725,237 | 756,561 |
| Payables for system development and maintenance expenses | 116,246 | 95,753 |
| Payables for labor and health insurance | 75,593 | 74,919 |
| Rent payable | 39,357 | 27,931 |
| Others | 995,730 | 1,068,947 |
| | <u>\$ 15,594,702</u> | <u>\$ 17,134,279</u> |

(16) Other current liabilities

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Advance receipts for gift certificates | \$ 1,525,934 | \$ 1,381,360 |
| Others | 154,619 | 111,207 |
| | <u>\$ 1,680,553</u> | <u>\$ 1,492,567</u> |

(17) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2.48% and 3.17% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Present value of defined benefit obligation | (\$ 4,200,437) | (\$ 4,193,734) |
| Fair value of plan assets | <u>1,331,845</u> | <u>1,424,060</u> |
| Net defined benefit liability | <u>(\$ 2,868,592)</u> | <u>(\$ 2,769,674)</u> |

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

| | <u>2020</u> | | |
|--|--|--------------------------------------|--|
| | <u>Present value of defined benefit obligation</u> | <u>Fair value of plan assets</u> | <u>Net defined benefit liability</u> |
| At January 1 | (\$ 4,193,734) | \$ 1,424,060 | (\$ 2,769,674) |
| Current service cost | (26,417) | - | (26,417) |
| Interest (expense) income | (31,051) | 10,455 | (20,596) |
| Past service cost | (160) | - | (160) |
| | <u>(4,251,362)</u> | <u>1,434,515</u> | <u>(2,816,847)</u> |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts attributable to interest income or expense) | - | 49,031 | 49,031 |
| Change in demographic assumptions | (1,199) | - | (1,199) |
| Change in financial assumptions | (213,584) | - | (213,584) |
| Experience adjustments | <u>49,625</u> | <u>-</u> | <u>49,625</u> |
| | <u>(165,158)</u> | <u>49,031</u> | <u>(116,127)</u> |
| Pension fund contribution | - | 48,291 | 48,291 |
| Paid pension | <u>216,083</u> | <u>(199,992)</u> | <u>16,091</u> |
| At December 31 | <u>(\$ 4,200,437)</u> | <u>\$ 1,331,845</u> | <u>(\$ 2,868,592)</u> |

| | 2019 | | |
|--|---|------------------------------|----------------------------------|
| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liability |
| At January 1 | (\$ 4,337,814) | \$ 1,477,209 | (\$ 2,860,605) |
| Current service cost | (34,169) | - | (34,169) |
| Interest (expense) income | (42,928) | 14,761 | (28,167) |
| Past service cost | 1,003 | - | 1,003 |
| | <u>(4,413,908)</u> | <u>1,491,970</u> | <u>(2,921,938)</u> |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts attributable to interest income or expense) | - | 51,649 | 51,649 |
| Change in demographic assumptions | (1,509) | - | (1,509) |
| Change in financial assumptions | (123,767) | - | (123,767) |
| Experience adjustments | 145,138 | - | 145,138 |
| | <u>19,862</u> | <u>51,649</u> | <u>71,511</u> |
| Pension fund contribution | - | 64,826 | 64,826 |
| Paid pension | 200,312 | (184,385) | 15,927 |
| At December 31 | <u>(\$ 4,193,734)</u> | <u>\$ 1,424,060</u> | <u>(\$ 2,769,674)</u> |

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). Relating condition of execution is supervised by Labor Funds Supervisory Committee. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|-------------------------|---|---|
| Discount rate | 0.30% | 0.75% |
| Future salary increases | 3.00% | 3.00% |

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with Taiwan Life Insurance Industry 5th Mortality Table. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

| | Discount rate | | Future salary increases | |
|---|---------------------|-------------------|-------------------------|---------------------|
| | Increase | Decrease | Increase | Decrease |
| | 0.25% | 0.25% | 0.25% | 0.25% |
| <u>December 31, 2020</u> | | | | |
| Effect on present value of defined benefit obligation | <u>(\$ 120,403)</u> | <u>\$ 125,341</u> | <u>\$ 121,375</u> | <u>(\$ 117,277)</u> |

| | Discount rate | | Future salary increases | |
|---|---------------------|-------------------|-------------------------|---------------------|
| | Increase | Decrease | Increase | Decrease |
| | 0.25% | 0.25% | 0.25% | 0.25% |
| <u>December 31, 2019</u> | | | | |
| Effect on present value of defined benefit obligation | <u>(\$ 123,724)</u> | <u>\$ 128,937</u> | <u>\$ 125,512</u> | <u>(\$ 121,123)</u> |

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remained unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The method and assumption used in the current sensitivity analysis are the same as prior year.

- (e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amounts to \$36,925.
- (f) As of December 31, 2020, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment is as follows:

| | | |
|---------------|----|------------------|
| Within 1 year | \$ | 87,841 |
| 1-2 year(s) | | 140,683 |
| 2-5 years | | 473,865 |
| Over 5 years | | <u>3,626,155</u> |
| | \$ | <u>4,328,544</u> |

- B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the Company’s defined contribution pension plan for the years ended December 31, 2020 and 2019 were \$215,011 and \$206,684, respectively.

(18) Share capital

As of December 31, 2020, the Company's authorized capital was \$10,500,000, consisting of 1,050,000,000 shares of ordinary stock, and the paid-in capital was \$10,396,223 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company's outstanding ordinary shares was both 1,039,622,255 shares as of December 31, 2020 and 2019.

(19) 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.

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, must first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount is to be set aside as legal reserve. After setting aside or reversing a special reserve, in accordance with related laws, the remaining amount is distributable for the given period. The appropriation of the total distributable amount (that is, the distributable amount for the year along with accumulated unappropriated earnings from prior years) should be proposed by the Board of Directors and voted on by the shareholders at the shareholders' meeting. The dividends and bonus to be distributed to shareholders may be 50%-100% of the total distributable amount, and 50%-100% of dividends are to be distributed as cash dividends, and the remaining undistributed amount to be set aside as unappropriated retained earnings.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve is not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside a special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.

D. The appropriations for 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 |

E. The appropriations for 2020 as resolved by the Board of Directors on February 26, 2021 is as follows:

| | 2020 | |
|------------------------------|--------------|--|
| | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 1,010,560 | |
| Special reserve appropriated | 952,434 | |
| Cash dividends | 9,356,600 | \$ 9.00 |

(21) Other equity items

| | 2020 | | |
|-----------------------------------|--|--|----------------|
| | Financial statements translation differences of foreign operations | Unrealized gains/(losses) on Financial assets at fair value through other comprehensive income | Total |
| At January 1 | (\$ 869,908) | \$ 489,721 | (\$ 380,187) |
| Revaluation and transfer: | | | |
| –The Company | - | 152,712 | 152,712 |
| –Subsidiaries | - | - | - |
| –Associates | - (| 4,251) (| 4,251) |
| Revaluation - tax | - | 2,465 | 2,465 |
| Currency translation differences: | | | |
| –The Company | (1,093,603) | - (| 1,093,603) |
| –Subsidiaries | (340) | - (| 340) |
| –Associates | (9,417) | - (| 9,417) |
| At December 31 | (\$ 1,973,268) | \$ 640,647 | (\$ 1,332,621) |

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

(22) Operating revenue

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|---------------------------------------|---|---|
| Revenue from contracts with customers | \$ 168,147,856 | \$ 158,031,567 |

A. Disaggregation of revenue from contracts with customers

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

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|-------------------------------|---|---|
| Timing of revenue recognition | | |
| –At a point in time | \$ 167,324,002 | \$ 157,508,868 |
| –Over time | 823,854 | 522,699 |
| | \$ 168,147,856 | \$ 158,031,567 |

B. Contract liabilities

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

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Contract liabilities – advance receipts of gift payments | \$ 2,855,217 | \$ 1,291,060 |
| Contract liabilities – franchise fee | 252,918 | 240,077 |
| Contract liabilities – customer loyalty programs | 334,445 | 216,284 |
| Contract liabilities – others | 90,933 | 76,833 |
| | <u>\$ 3,533,513</u> | <u>\$ 1,824,254</u> |

(b) Revenues recognized that were included in the contract liabilities balance at the beginning were \$817,955 and \$1,101,204 for the years ended December 31, 2020 and 2019, respectively.

(23) Interest income

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|-----------------|---|---|
| Interest income | \$ 32,588 | \$ 38,037 |

(24) Other income

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|-----------------|---|---|
| Grants income | \$ 584,489 | \$ 546,607 |
| Rental revenue | 196,889 | 178,775 |
| Dividend income | 61,961 | 49,542 |
| Other income | 578,116 | 512,933 |
| | <u>\$ 1,421,455</u> | <u>\$ 1,287,857</u> |

(25) Other gains and losses

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|---|---|---|
| Gain from lease modification | \$ 56,083 | \$ 33,255 |
| Gain on disposal of property, plant and equipment | 37,206 | 11,253 |
| Gain on disposal of investment property | 2,682 | - |
| Others | (52,099) | (21,720) |
| | <u>\$ 43,872</u> | <u>\$ 22,788</u> |

(26) Financial costs

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|------------------|---|---|
| Interest expense | \$ 394,400 | \$ 359,593 |

(27) Expenses by nature

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|--|---|---|
| Net cost of goods sold | \$ 109,222,692 | \$ 101,863,788 |
| Incentive bonuses for franchisees | 22,732,406 | 21,822,920 |
| Depreciation and amortization | 9,998,105 | 9,042,048 |
| Employee benefit expense | 7,203,073 | 7,162,446 |
| Utilities expense | 2,263,752 | 2,288,191 |
| Operating lease payments | 123,675 | 153,467 |
| Other costs and expenses | 9,085,476 | 8,652,640 |
| Total operating costs and operating expenses | <u>\$ 160,629,179</u> | <u>\$ 150,985,500</u> |

(28) Employee benefit expense

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|---------------------------------|---|---|
| Wages and salaries | \$ 5,949,019 | \$ 5,870,712 |
| Labor and health insurance fees | 484,022 | 477,863 |
| Pension costs | 262,184 | 268,017 |
| Directors' remuneration | 191,433 | 199,553 |
| Other personnel expenses | 316,415 | 346,301 |
| | <u>\$ 7,203,073</u> | <u>\$ 7,162,446</u> |

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

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$543,617 and \$567,096, respectively; while directors' remuneration was accrued at \$181,620 and \$189,465, respectively.

The employees' compensation and directors' remuneration were estimated and accrued based on 4.37% and 1.46% of distributable profit of the current year for the year ended December 31, 2020. The employees' compensation and directors' remuneration as resolved by the Board of Directors were \$543,617 and \$181,620, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2019 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2019 financial statements.

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|---|---|---|
| Current tax: | | |
| Current tax on profits for the year | \$ 1,738,626 | \$ 1,611,778 |
| Tax on undistributed surplus earnings | - | 20,212 |
| Over provision of prior year's income tax | (149,412) | (162,718) |
| Total current tax | 1,589,214 | 1,469,272 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (112,861) | 208,334 |
| Income tax expense | <u>\$ 1,476,353</u> | <u>\$ 1,677,606</u> |

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

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|--|---|---|
| Changes in fair value of financial assets at fair value through other comprehensive income | (\$ 2,465) | \$ 9,949 |
| Remeasurement of defined benefit obligations | (23,225) | 14,303 |
| | <u>(\$ 25,690)</u> | <u>\$ 24,252</u> |

B. Reconciliation between income tax expense and accounting profit

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|--|---|---|
| Tax calculated based on profit before tax and statutory tax rate | \$ 2,342,903 | \$ 2,444,093 |
| Expenses disallowed by tax regulation | (61,047) | (9,536) |
| Tax on profit for using equity method by domestic subsidiaries | (656,029) | (614,211) |
| Tax on undistributed surplus earnings | - | 20,212 |
| Over provision of prior year's income tax | (149,412) | (162,718) |
| Tax exempt on gain from domestic securities transitions | (62) | (234) |
| Income tax expense | <u>\$ 1,476,353</u> | <u>\$ 1,677,606</u> |

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

| 2020 | | | | |
|---|-----------------------|---------------------------------|---|-----------------------|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| <u>Deferred tax assets</u> | | | | |
| Allowance for doubtful accounts | \$ 199 | (\$ 92) | \$ - | \$ 107 |
| Unrealized expenses | 221,464 | (125,493) | - | 95,971 |
| Contract liabilities – non-current | 43,446 | 23,632 | - | 67,078 |
| Remeasurements of defined benefit obligation | 507,605 | - | 23,225 | 530,830 |
| Others | 27,536 | (5,681) | - | 21,855 |
| | <u>800,250</u> | <u>(107,634)</u> | <u>23,225</u> | <u>715,841</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Unrealized gain | (36,154) | - | 2,465 | (33,689) |
| Foreign investment income | (4,113,203) | 220,495 | - | (3,892,708) |
| | <u>(4,149,357)</u> | <u>220,495</u> | <u>2,465</u> | <u>(3,926,397)</u> |
| | <u>(\$ 3,349,107)</u> | <u>\$ 112,861</u> | <u>\$ 25,690</u> | <u>(\$ 3,210,556)</u> |
| 2019 | | | | |
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| <u>Deferred tax assets</u> | | | | |
| Allowance for doubtful accounts | \$ 199 | \$ - | \$ - | \$ 199 |
| Unrealized expenses | 173,233 | 48,231 | - | 221,464 |
| Contract liabilities – non-current | 30,499 | 12,947 | - | 43,446 |
| Remeasurements of defined benefit obligation | 521,908 | - | (14,303) | 507,605 |
| Others | 74,619 | (47,083) | - | 27,536 |
| | <u>800,458</u> | <u>14,095</u> | <u>(14,303)</u> | <u>800,250</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Unrealized gain | (26,205) | - | (9,949) | (36,154) |
| Foreign investment income | (3,890,774) | (222,429) | - | (4,113,203) |
| | <u>(3,916,979)</u> | <u>(222,429)</u> | <u>(9,949)</u> | <u>(4,149,357)</u> |
| | <u>(\$ 3,116,521)</u> | <u>(\$ 208,334)</u> | <u>(\$ 24,252)</u> | <u>(\$ 3,349,107)</u> |

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

(30) Earnings per share

| For the year ended December 31, 2020 | | | |
|--|---------------------|---|---------------------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 10,238,162 | 1,039,622 | \$ 9.85 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 10,238,162 | 1,039,622 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 2,358 | |
| Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 10,238,162 | 1,041,980 | \$ 9.83 |

| For the year ended December 31, 2019 | | | |
|--|---------------------|---|---------------------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 10,542,860 | 1,039,622 | \$ 10.14 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 10,542,860 | 1,039,622 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 2,169 | |
| Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 10,542,860 | 1,041,791 | \$ 10.12 |

(31) Supplemental cash flow information

Investing activities with partial cash payments

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|--|---|---|
| Purchase of property, plant and equipment | \$ 4,353,546 | \$ 3,850,432 |
| Add: Opening balance of payable on equipment | 889,974 | 399,331 |
| Less: Ending balance of payable on equipment | (772,571) | (889,974) |
| Cash paid during the year | \$ 4,470,949 | \$ 3,359,789 |

(32) Changes in liabilities from financing activities

| | 2020 | | | | | |
|--|-----------------------|------------------------------------|------------------|-----------------------------|----------------------|---|
| | Short-term borrowings | Short-term notes and bills payable | Dividend payable | Guarantee deposits received | Lease liabilities | Liabilities from financing Activities – gross |
| At January 1 | \$ 5,000,000 | \$ - | \$ - | \$ 2,730,126 | \$ 44,730,617 | \$ 52,460,743 |
| Changes in cash flow from financing activities | (1,900,000) | 3,399,147 | (9,356,600) | 234,035 | (7,096,154) | (14,719,572) |
| Interest paid (Note) | - | - | - | - | (338,828) | (338,828) |
| Changes in other non-cash items | - | - | 9,356,600 | - | 13,553,682 | 22,910,282 |
| At December 31 | <u>\$ 3,100,000</u> | <u>\$ 3,399,147</u> | <u>\$ -</u> | <u>\$ 2,964,161</u> | <u>\$ 50,849,317</u> | <u>\$ 60,312,625</u> |

Note: Presented in cash flows from operating activities.

| | 2019 | | | | |
|--|-----------------------|------------------|-----------------------------|-------------------|---|
| | Short-term borrowings | Dividend payable | Guarantee deposits received | Lease liabilities | Liabilities from financing Activities – gross |
| At January 1 | \$ 6,000,000 | \$ - | \$ 2,533,958 | \$ 27,486,853 | \$ 36,020,811 |
| Changes in cash flow from financing activities | (1,000,000) | (9,148,676) | 196,168 | (6,603,705) | (16,556,213) |
| Interest paid (Note) | - | - | - | (305,342) | (305,342) |
| Changes in other non-cash items | - | 9,148,676 | - | 24,152,811 | 33,301,487 |
| At December 31 | \$ 5,000,000 | \$ - | \$ 2,730,126 | \$ 44,730,617 | \$ 52,460,743 |

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 December 31, 2020.

(2) Names of related parties and relationship

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

(3) Significant related party transactions and balances

A. Operating revenue

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|--|---|---|
| <u>Commission revenue from collection services</u> | | |
| Subsidiaries | \$ 502,161 | \$ 329,669 |
| Sister companies | 4,471,967 | 3,649,408 |
| Associates | 9 | - |
| | <u>\$ 4,974,137</u> | <u>\$ 3,979,077</u> |

B. Purchases (net of purchase rebate)

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|-------------------------|---|---|
| Ultimate parent company | \$ 16,248,126 | \$ 15,787,494 |
| Subsidiaries | 5,448,084 | 4,833,834 |
| Sister companies | 4,406,082 | 3,778,725 |
| Associates | 163,984 | 199,924 |
| Other related parties | 862,931 | 911,260 |
| | <u>\$ 27,129,207</u> | <u>\$ 25,511,237</u> |

(a) The purchases above is a net amount after deducting the replacement for defects and rebate.

(b) The Company's purchases from the related parties are priced in accordance with the agreed terms that are generally not different from general vendors. The payment terms are net 10-60 days from the end of the month when invoice is issued and is generally not different from the general vendors.

C. Non-operating income

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|-------------------------|---|---|
| Ultimate parent company | \$ 39,005 | \$ 36,890 |
| Subsidiaries | 947,365 | 920,099 |
| Sister companies | 6,121 | 6,822 |
| Associates | 20,046 | 15,721 |
| Other related parties | 39,696 | 28,052 |
| | <u>\$ 1,052,233</u> | <u>\$ 1,007,584</u> |

D. Receivables (payables) from related parties

| <u>Other receivables</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--------------------------|--------------------------|--------------------------|
| Ultimate parent company | \$ 204,204 | \$ 67,315 |
| Subsidiaries | 1,701,554 | 1,281,796 |
| Sister companies | 198,598 | 103,664 |
| Associates | 4,235 | 3,951 |
| Other related parties | 119 | 766 |
| | <u>\$ 2,108,710</u> | <u>\$ 1,457,492</u> |

| <u>Notes payable and accounts payable</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Ultimate parent company | \$ 425,203 | \$ 417,554 |
| Subsidiaries | 13,216,850 | 12,316,674 |
| Sister companies | 38,247 | 43,846 |
| Associates | 24,196 | 26,488 |
| Other related parties | 903 | 1,293 |
| | <u>\$ 13,705,399</u> | <u>\$ 12,805,855</u> |

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

E. Leasing arrangements – lessee

(a) The Company holds various lease agreements with related parties based on the market price.

The leases were paid on a monthly basis.

(b) Acquisition of right-of-use assets

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|-------------------------|---|---|
| Ultimate parent company | \$ - | \$ 2,234 |
| Subsidiaries | 7,636 | 31,487 |
| Associates | 43,535 | 12,157 |
| Other related parties | 11,686 | 513,952 |
| Total | <u>\$ 62,857</u> | <u>\$ 559,830</u> |

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

(c) Lease liabilities

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-------------------------|--------------------------|--------------------------|
| Ultimate parent company | \$ 1,607 | \$ 2,798 |
| Subsidiaries | 63,709 | 71,257 |
| Associates | 55,055 | 17,667 |
| Sister companies | 49,505 | 44,681 |
| Other related parties | 462,544 | 511,921 |
| Total | <u>\$ 632,420</u> | <u>\$ 648,324</u> |

F. Property transaction

Acquisition of financial assets

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

There was no property transaction for the year ended December 31, 2020.

(4) Key management compensation

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|------------------------------------|---|---|
| Other short-term employee benefits | \$ <u>296,923</u> | \$ <u>288,543</u> |

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Financial assets at fair value through profit or loss | | |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 85,523 | \$ 85,565 |
| Financial assets at fair value through other comprehensive income | | |
| Designation of equity instrument | \$ 959,827 | \$ 807,115 |
| Financial assets at amortized cost | | |
| Cash and cash equivalents | \$ 10,997,277 | \$ 10,697,878 |
| Accounts receivable, net | 592,746 | 591,655 |
| Other receivables | 3,052,702 | 2,274,167 |
| Other current assets (Note) | 963,764 | 826,748 |
| Guarantee deposit paid | 1,491,661 | 1,372,992 |
| | <u>17,098,150</u> | <u>15,763,440</u> |
| | <u>\$ 18,143,500</u> | <u>\$ 16,656,120</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortized cost | | |
| Short-term borrowings | \$ 3,100,000 | \$ 5,000,000 |
| Short-term notes and bills payable | 3,399,147 | - |
| Notes payable | 5,456,229 | 5,449,853 |
| Accounts payable | 10,616,541 | 9,752,474 |
| Other payables | 15,594,702 | 17,134,279 |
| Guarantee deposit received | 2,964,161 | 2,730,126 |
| | <u>41,130,780</u> | <u>40,066,732</u> |
| Lease liabilities | \$ 50,849,317 | \$ 44,730,617 |
| | <u>\$ 91,980,097</u> | <u>\$ 84,797,349</u> |

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

B. Risk management policies

- The Company's risk management and hedging policies mainly focus on hedging business risk. The Company also establishes hedge positions when trading derivative financial instruments. The choice of instruments should hedge risks relating to interest expense, assets or liabilities arising from business operations.
- For managing derivative instruments, the treasury department is responsible for managing trading positions of derivative instruments and assess market values periodically. If transactions and gains (losses) are abnormal, the treasury will respond accordingly and report to the Board of Directors immediately.
- There is no related transaction about derivative financial instruments that are used to hedge certain exchange rate risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- I. The Company operates internationally and is exposed to foreign exchange risk arising from of the Company used in various functional currency, the transactions primarily with respect to the USD and RMB. Exchange risk arises from future commercial transactions and recognized assets and liabilities.
- II. Management has set up a policy to require the segments to manage their foreign exchange risk against their functional currencies.
- III. The Company's businesses involve some non-functional currency operations (the Company's functional currency is New Taiwan dollar, NTD). The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations are as follows:

| December 31, 2020 | | | |
|--|--------------------------|----------|------------|
| (Foreign currency: functional currency) | Foreign currency | Exchange | Book value |
| | amount (In thousands) | rate | (NTD) |
| <u>Financial assets</u> | | | |
| <u>Non-monetary items</u> | | | |
| JPY: NTD | \$ 861,900 | 0.2763 | \$ 238,143 |
| <u>Investments accounted for using equity method</u> | | | |
| USD: NTD | 883,748 | 28.4800 | 25,169,157 |
| December 31, 2019 | | | |
| (Foreign currency: functional currency) | Foreign currency | Exchange | Book value |
| | amount (In thousands) | rate | (NTD) |
| <u>Financial assets</u> | | | |
| <u>Non-monetary items</u> | | | |
| JPY: NTD | \$ 907,500 | 0.2760 | \$ 250,470 |
| <u>Investments accounted for using equity method</u> | | | |
| USD: NTD | 881,028 | 29.9800 | 26,413,228 |

- IV. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company amounted to \$160 and (\$54) for the years ended December 31, 2020 and 2019, respectively.
- V. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Foreign exchange risk with respect to USD primarily arises from the exchange gain or loss resulting from foreign currency translation of investments accounted for using equity method denominated in USD. If the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Company's comprehensive income for the years ended December 31, 2020 and 2019 would increase/decrease by \$1,258,458 and

\$1,320,661, respectively. Foreign exchange risk with respect to JPY primarily arises from the exchange gain or loss resulting from foreign currency translation of financial assets at fair value through other comprehensive income – non-current denominated in JPY. If the NTD:JPY exchange rate appreciates/depreciates by 5%, with all other factors remaining constant, the Company's comprehensive income for the years ended December 31, 2020 and 2019 would increase/decrease by \$11,907 and \$12,524, respectively.

Price risk

- I. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- II. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. If the prices of these equity securities increase/decrease by 5%, with all other variables held constant, the post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$4,276 and \$4,278, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$47,991 and \$40,356, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from short-term borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

(b) Credit risk

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

- V. The Company operates a chain of retail stores, thus the ratio of accounts receivable to total asset is low and the probability that accounts receivable cannot be received is low. For accounts receivable from other transactions, the Company manages individually and follow up regularly. The Company assesses credit impairment loss immaterial at December 31, 2020 and 2019.
- VI. The Company has no written-off financial assets that are still under recourse procedures on December 31, 2020 and 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 Company invests surplus cash in interest bearing current accounts, time deposits, money market fund and marketable securities, and chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasting. The Company held no money market funds at December 31, 2020 and 2019, respectively.
- III. The Company has undrawn borrowing facilities beyond one year of \$9,547,456 and \$9,096,726 as of December 31, 2020 and 2019, respectively.
- IV. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Except for notes payable, accounts payable and other payables, whose contractual undiscounted cash flows are about to book value, maturing within one-year, the amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

| | Less than | Between | Between | |
|------------------------------------|---------------|----------------------|----------------------|---------------------|
| <u>December 31, 2020</u> | <u>1 year</u> | <u>1 and 2 years</u> | <u>2 and 3 years</u> | <u>Over 3 years</u> |
| Short-term borrowings | \$ 3,100,464 | \$ - | \$ - | \$ - |
| Short-term notes and bills payable | 3,399,147 | - | - | - |
| Lease liabilities | 8,132,305 | 7,984,192 | 7,557,734 | 30,975,210 |

Non-derivative financial liabilities:

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

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

(3) Fair value information

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

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

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

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

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

- C. Financial instruments not measured at fair value

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

| | <u>December 31, 2020</u> | | | |
|-------------------------------|--------------------------|-------------------|----------------|---------------------|
| | <u>Book value</u> | <u>Fair value</u> | | |
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| <u>Financial assets:</u> | | | | |
| Guarantee deposit paid | <u>\$ 1,491,661</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,479,677</u> |
| <u>Financial liabilities:</u> | | | | |
| Guarantee deposit received | <u>\$ 2,964,161</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,945,348</u> |

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

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

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

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

| December 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|-------------|------------------|---------------------|
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 85,523</u> | <u>\$ 85,523</u> |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | <u>955,479</u> | <u>-</u> | <u>4,348</u> | <u>959,827</u> |
| | <u>\$ 955,479</u> | <u>\$ -</u> | <u>\$ 89,871</u> | <u>\$ 1,045,350</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 | | | | |
| Equity securities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 85,565</u> | <u>\$ 85,565</u> |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | <u>802,767</u> | <u>-</u> | <u>4,348</u> | <u>807,115</u> |
| | <u>\$ 802,767</u> | <u>\$ -</u> | <u>\$ 89,913</u> | <u>\$ 892,680</u> |

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

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

| | Listed shares |
|---------------------|---------------|
| Market quoted price | Closing price |

- II. Except for financial instruments with active markets, the fair value of other financial instruments is measured using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, by discounted cash flow method or other valuation methods, including calculations by applying models using market information available at the consolidated balance sheet date.
- E. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.
- F. For the years ended December 31, 2020 and 2019, there was no significant transfer in or out of Level 3.
- G. The Company is in charge of valuation procedures for fair value measurements being categorized within Level 3, which aim to verify the independent fair value of financial instruments. Such assessments are to ensure the valuation results are reasonable by applying independent information to compare the results to current market conditions, confirming the information resources are independent, reliable and in line with other resources, and represented as the exercisable price, and frequently making any other necessary adjustments to the fair value. Investment property is assessed by independent appraisers or based on recent closing prices of similar property in the neighboring area.
- H. The qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement are provided below:

| | Fair value at December 31, 2020 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|--------------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|--------------------------------|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 89,871 | Market comparable companies | Price to book ratio multiplier | 2.58 | The higher the multiplier, the higher the fair value |
| | | Net asset value | Net asset value | - | The higher the net asset value, the higher the fair value |
| | Fair value at December 31, 2019 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 89,913 | Market comparable companies | Price to book ratio multiplier | 2.94 | The higher the multiplier, the higher the fair value |
| | | Net asset value | Net asset value | - | The higher the net asset value, the higher the fair value |

- I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurements. If net assets value from financial assets and liabilities categorised within Level 3 had increased or decreased by 1%, net income or other comprehensive income would not have been significantly impacted for the years ended December 31, 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: Please refer to Table 3.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to Table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information:

List of shareholders holding more than 5% (inclusive) of shares: Please refer to Table 9.

14. SEGMENT INFORMATION

None.

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

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

| Securities held by | Type and name of securities | Relationship with the securities issuer | General ledger account | As of December 31, 2020 | | | | |
|--|--|---|---|-------------------------|------------|---------------|------------|----------|
| | | | | Number of shares | Book value | Ownership (%) | Fair value | Footnote |
| | Stock: | | | | | | | |
| President Chain Store Corp. | President Investment Trust Corp. | Director of President Investment Trust Corp. | Financial assets at fair value through profit or loss — non-current | 2,667,600 | \$ 45,298 | 7.60 | \$ 45,298 | |
| President Chain Store Corp. | Career Consulting Co. Ltd. | None | " | 837,753 | 14,504 | 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 | 38,985,684 | 717,337 | 2.79 | 717,337 | |
| President Chain Store Corp. | Duskin Co., Ltd. | None | " | 300,000 | 238,142 | 0.61 | 238,142 | |
| President Chain Store Corp. | Koasa Yamako Corp. | Director of Koasa Yamako Corp. | " | 650,000 | 4,348 | 10.00 | 4,348 | |
| | Beneficiary certificates: | | | | | | | |
| Books.com. Co., Ltd. | Jih Sun Money Market Fund | None | Financial assets at fair value through profit or loss — current | 2,675,943 | \$ 40,005 | - | \$ 40,005 | |
| Books.com. Co., Ltd. | Capital Money Market Fund | " | " | 1,229,732 | 20,002 | - | 20,002 | |
| Books.com. Co., Ltd. | Union Money Market Fund | " | " | 3,756,884 | 50,003 | - | 50,003 | |
| Chieh Shun Logistics International Corp. | Taishin 1699 Money Market Fund | " | " | 5,960,766 | 81,340 | - | 81,340 | |
| Chieh Shun Logistics International Corp. | UPAMC James Bond Money Market Fund | " | " | 2,725,601 | 45,902 | - | 45,902 | |
| Uni-Wonder Corp. | Union Money Market Fund | " | " | 22,539,952 | 300,000 | - | 300,000 | |
| Uni-Wonder Corp. | FSITC Taiwan Money Market Fund | " | " | 18,142,352 | 280,000 | - | 280,000 | |
| Uni-Wonder Corp. | Allianz Global Investors Taiwan Money Market Fund | " | " | 19,789,597 | 250,000 | - | 250,000 | |
| Uni-Wonder Corp. | Taishin 1699 Money Market Fund | " | " | 7,328,208 | 100,000 | - | 100,000 | |
| Uni-President Department Store Corp. | Prudential Financial Money Market Fund | " | " | 225,636 | 3,600 | - | 3,600 | |
| Uni-President Department Store Corp. | Jih Sun Money Market Fund | " | " | 13,307,511 | 198,948 | - | 198,948 | |
| President Information Corp. | FSITC Taiwan Money Market Fund | " | " | 3,663,272 | 56,537 | - | 56,537 | |
| President Information Corp. | Prudential Financial Money Market Fund | " | " | 5,430,438 | 86,642 | - | 86,642 | |
| President Information Corp. | Jih Sun Money Market Fund | " | " | 4,968,959 | 74,286 | - | 74,286 | |
| President Information Corp. | Union Money Market Fund | " | " | 3,005,327 | 40,000 | - | 40,000 | |
| President Logistics International Corp. | Taishin 1699 Money Market Fund | " | " | 4,499,979 | 61,406 | - | 61,406 | |
| President Logistics International Corp. | UPAMC James Bond Money Market Fund | " | " | 772,065 | 13,002 | - | 13,002 | |
| President Pharmaceutical Corp. | Jih Sun Money Market Fund | " | " | 499,153 | 7,462 | - | 7,462 | |
| President Pharmaceutical Corp. | Taishin 1699 Money Market Fund | " | " | 2,957,710 | 40,361 | - | 40,361 | |
| Q-ware Systems & Services Corp. | Eastspring Investments Well Pool Money Market Fund | " | " | 25,961,335 | 356,000 | - | 356,000 | |

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

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| | | | | | Balance as at January 1, 2020 | | Addition | | Disposal | | | Other increase (decrease) | | Balance as at December 31, 2020 | | |
|--|--|------------------------|-----------------------------------|--------------------------------|----------------------------------|------------|------------------|--------------|------------------|---------------|--------------|---------------------------|------------------|---------------------------------|------------------|------------|
| Investor | Type and name of securities | General ledger account | Counterparty | Relationship with the investor | Number of shares | Amount | Number of shares | Amount | Number of shares | Selling price | Book value | Gain (loss) on disposal | Number of shares | Amount | Number of shares | Amount |
| | Beneficiary certificates: | | | | | | | | | | | | | | | |
| President Chain Store Corp. | UPAMC James Bond Money Market Fund | Note 1 | Not applicable | Not applicable | - | \$ - | 59,449,851 | \$ 1,000,000 | 59,449,851 | \$ 1,000,309 | \$ 1,000,000 | \$ 309 | - | \$ - | - | \$ - |
| Books.com. Co., Ltd. | Jih Sun Money Market Fund | " | " | " | 1,344,764 | 20,005 | 161,639,258 | 2,403,000 | 160,308,079 | 2,383,881 | 2,383,000 | 881 | - | - | 2,675,943 | 40,005 |
| Books.com. Co., Ltd. | Capital Money Market Fund | " | " | " | - | - | 34,276,697 | 557,000 | 33,046,965 | 537,143 | 537,000 | 143 | - | 2 | 1,229,732 | 20,002 |
| Books.com. Co., Ltd. | CTBC Hwa-win Money Market Fund | " | " | " | - | - | 52,306,259 | 580,000 | 52,306,259 | 580,163 | 580,000 | 163 | - | - | - | - |
| Chieh Shun Logistics International Corp. | Taishin 1699 Money Market Fund | " | " | " | 6,846,847 | 93,009 | 80,993,369 | 1,102,900 | 81,879,450 | 1,114,892 | 1,114,567 | 325 | - (| 2) | 5,960,766 | 81,340 |
| Chieh Shun Logistics International Corp. | UPAMC James Bond Money Market Fund | " | " | " | 1,698,941 | 28,505 | 28,099,894 | 472,500 | 27,073,234 | 455,198 | 455,100 | 98 | - (| 3) | 2,725,601 | 45,902 |
| Uni-Wonder Corp. | Union Money Market Fund | " | " | " | - | - | 92,542,496 | 1,230,000 | 70,002,544 | 930,779 | 930,000 | 779 | - | - | 22,539,952 | 300,000 |
| Uni-Wonder Corp. | FSITC Taiwan Money Market Fund | " | " | " | 19,527,436 | 300,000 | 84,387,942 | 1,300,000 | 85,773,026 | 1,321,113 | 1,320,000 | 1,113 | - | - | 18,142,352 | 280,000 |
| Uni-Wonder Corp. | Allianz Global Investors Taiwan Money Market Fund | " | " | " | 15,898,378 | 200,000 | 107,010,614 | 1,350,000 | 103,119,395 | 1,300,888 | 1,300,000 | 888 | - | - | 19,789,597 | 250,000 |
| Uni-Wonder Corp. | Taishin 1699 Money Market Fund | " | " | " | 12,514,539 | 170,000 | 54,340,339 | 740,000 | 59,526,670 | 810,368 | 810,000 | 368 | - | - | 7,328,208 | 100,000 |
| Uni-Wonder Corp. | Prudential Financial Money Market Fund | " | " | " | 18,260,010 | 290,000 | 36,447,972 | 580,000 | 54,707,982 | 870,786 | 870,000 | 786 | - | - | - | - |
| Uni-Wonder Corp. | Nomura Money Market Fund | " | " | " | - | - | 19,509,550 | 320,000 | 19,509,550 | 320,096 | 320,000 | 96 | - | - | - | - |
| President Drugstore Business Corp. | Taishin 1699 Money Market Fund | " | " | " | - | - | 193,677,816 | 2,637,000 | 193,677,816 | 2,637,415 | 2,637,000 | 415 | - | - | - | - |
| Uni-President Department Store Corp. | UPAMC James Bond Money Market Fund | " | " | " | - | - | 91,578,664 | 1,539,700 | 91,578,664 | 1,540,045 | 1,539,700 | 345 | - | - | - | - |
| Uni-President Department Store Corp. | Jih Sun Money Market Fund | " | " | " | - | - | 125,172,585 | 1,869,987 | 111,865,074 | 1,671,447 | 1,671,040 | 407 | - | 1 | 13,307,511 | 198,948 |
| President Information Corp. | Union Money Market Fund | " | " | " | - | - | 32,882,015 | 437,000 | 29,876,688 | 397,118 | 397,000 | 118 | - | - | 3,005,327 | 40,000 |
| President Logistics International Corp. | Taishin 1699 Money Market Fund | " | " | " | 736,692 | 10,007 | 46,269,683 | 630,300 | 42,506,396 | 579,007 | 578,904 | 103 | - | 3 | 4,499,979 | 61,406 |
| President Logistics International Corp. | UPAMC James Bond Money Market Fund | " | " | " | 864,391 | 14,503 | 21,820,980 | 367,000 | 21,913,306 | 368,548 | 368,499 | 49 | - (| 2) | 772,065 | 13,002 |
| President Pharmaceutical Corp. | Taishin 1699 Money Market Fund | " | " | " | 1,464 | 20 | 78,416,917 | 1,067,860 | 75,460,671 | 1,027,865 | 1,027,530 | 335 | - | 11 | 2,957,710 | 40,361 |
| Q-ware Systems & Services Corp. | Eastspring Investments Well Pool Money Market Fund | " | " | " | 19,990,627 | 273,000 | 216,123,478 | 2,960,000 | 210,152,770 | 2,877,709 | 2,877,000 | 709 | - | - | 25,961,335 | 356,000 |
| | Stock: | | | | | | | | | | | | | | | |
| President Chain Store (Hong Kong) Holdings Limited | President Chain Store (Shanghai) Ltd. | Note 2 | Issuance of common stock for cash | Parent company to subsidiary | - | \$ 103,731 | - | \$ 523,594 | - | \$ - | \$ - | \$ - | - | - (\$ 182,293) | - | \$ 445,032 |

Note 1: The security was recognized as "Financial assets at fair value through profit or loss-current".

Note 2: The security was recognized as "Investments accounted for using equity method".

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
For the year ended December 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| Corporation of acquisition | Name of property | Date of acquisition | Trade amount | Status of payment of proceeds | Name of the counter-party | Relationship | The last transfer data of counter-party | | | | Basis for price determination | Reason for acquisition | other terms |
|-----------------------------------|---|---------------------|--------------|----------------------------------|--|----------------|---|----------------|----------------|----------------|---|---|----------------|
| | | | | | | | Owner | Relationship | Transfer Day | Amount | | | |
| Uni-President Cold-Chain Corp. | Land of Jinhua Nuannuan Dist., Keelung City | November 20, 2020 | \$ 642,000 | 100% of price was paid | Tze Shin International Co., Ltd. | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Based on the appraisal results of Evermore Valuation and market conditions to bargain. | Based on the comprehensive planning of the company | Not applicable |

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 year ended December 31, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | Percentage of total purchases (sales) | Differences in transaction terms compared to third party transactions | | | Notes/accounts receivable (payable) | | Footnote |
|--|--|---|-------------------|----------------|---------------------------------------|---|----------------------------|----------------------------|-------------------------------------|---|----------|
| | | | Purchases (sales) | Amount | | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| | | | | | | | | | | | |
| President Chain Store Corp. | Uni-President Enterprises Corp. | Ultimate parent company | Purchases | \$ 16,248,126 | 15 | Net 30~40 days from the end of the month when invoice is issued | No significant differences | No significant differences | (\$ 1,360,290) (| 8) | |
| | Uni-President Superior Commissary Corp. | Subsidiary | " | 4,011,077 | 4 | Net 45 days from the end of the month when invoice is issued | " | " | (714,114) (| 4) | |
| | Tung Ang Enterprises Corp. | Sister company | " | 2,257,958 | 2 | Net 30 days from the end of the month when invoice is issued | " | " | (177,619) (| 1) | |
| | 21 Century Co., Ltd. | Subsidiary | " | 610,638 | 1 | Net 30~60 days from the end of the month when invoice is issued | " | " | (117,521) (| 1) | |
| | Q-ware Systems & Services Corp. | " | " | 589,592 | 1 | Net 40 days from the end of the month when invoice is issued | " | " | (108,442) (| 1) | |
| | Kai Ya Food Co., Ltd. | Sister company | " | 580,071 | 1 | Net 40 days from the end of the month when invoice is issued | " | " | (87,249) (| 1) | |
| | Lien Bo Corp. | " | " | 535,933 | - | Net 10~54 days from the end of the month when invoice is issued | " | " | (64,519) | - | |
| | Kuang Chuan Dairy Co., Ltd. | Other related party | " | 533,167 | - | Net 30~65 days from the end of the month when invoice is issued | " | " | (107,328) (| 1) | |
| | Tait Marketing & Distribution Co., Ltd. | Sister company | " | 468,295 | - | Net 20~70 days from the end of the month when invoice is issued | " | " | (92,912) (| 1) | |
| | President Packaging Industrial Corp. | " | " | 417,431 | - | Net 15~60 days from the end of the month when invoice is issued | " | " | (94,417) (| 1) | |
| | President Transnet Corp. | Subsidiary | " | 392,499 | - | Net 60 days from the end of the month when invoice is issued | " | " | (56,423) | - | |
| | President Pharmaceutical Corp. | " | " | 371,590 | - | Net 60~70 days from the end of the month when invoice is issued | " | " | (115,292) (| 1) | |
| | Wei Lih Food Industrial Co., Ltd. | Other related party | " | 284,004 | - | Net 30~60 days from the end of the month when invoice is issued | " | " | (34,961) | - | |
| Capital Marketing Consultant Corp. | President Chain Store Corp. | Parent company | Service revenue | (213,642) (| 64) | Net 45~60 days from the end of the month when invoice is issued | " | " | 39,835 | 57 | |
| Chieh Shun Logistics International Corp. | President Transnet Corp. | Subsidiary of President Chain Store Corp. | Delivery revenue | (693,339) (| 36) | Net 40 days from the end of the month when invoice is issued | " | " | 82,723 | 41 | |
| | President Logistics International Corp. | Parent company | " | (1,172,069) (| 61) | Net 20 days from the end of the month when invoice is issued | " | " | 113,019 | 56 | |
| President Transnet Corp. | Chieh Shun Logistics International Corp. | Subsidiary of President Chain Store Corp. | Service cost | 693,339 | 7 | Net 40 days from the end of the month when invoice is issued | " | " | (82,723) (| 4) | |
| | President Chain Store Corp. | Parent company | Sales revenue | (392,499) (| 63) | Net 60 days from the end of the month when invoice is issued | " | " | 56,423 | 4 | |
| Uni-Wonder Corp. | Uni-President Enterprises Corp. | Ultimate parent company | Purchases | 361,526 | 8 | Net 30 days from the end of the month when invoice is issued | " | " | (33,539) (| 6) | |
| | Tong Zhan Corporation Ltd. | Other related party | " | 992,081 | 23 | Net 25 days from the end of the month when invoice is issued | " | " | (114,190) (| 20) | |
| | Retail Support International Corp. | Subsidiary of President Chain Store Corp. | " | 215,922 | 5 | Net 30 days from the end of the month when invoice is issued | " | " | (19,188) (| 3) | |
| | Tait Marketing & Distribution Co., Ltd. | Other related party | " | 118,823 | 3 | Net 30 days from the end of the month when invoice is issued | " | " | (6,643) (| 1) | |

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 year ended December 31, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| | | | | | | | Differences in transaction terms compared to third party transactions | | | | Notes/accounts receivable (payable) | | |
|---|---|---|-------------------|------------------|---------------------------------------|---|---|----------------------------|--------------|---|-------------------------------------|--|--|
| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | Footnote | | |
| | | | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | | | | | | | |
| President Information Corp. | President Chain Store Corp. | Parent company | Service revenue | (\$ 1,010,132) (| 68) | Net 45 days from the end of the month when invoice is issued | No significant differences | No significant differences | \$ 109,070 | 54 | | | |
| President Logistics International Corp. | Chieh Shun Logistics International Corp. | Subsidiary | Service cost | 1,172,069 | 37 | Net 20 days from the end of the month when invoice is issued | " | " | (113,019) (| 32) | | | |
| | Retail Support International Corp. | Parent company | Delivery revenue | (666,411) (| 20) | Net 20 days from the end of the month when invoice is issued | " | " | 78,669 | 21 | | | |
| | Uni-President Cold-Chain Corp. | Subsidiary of President Chain Store Corp. | " | (1,179,022) (| 35) | Net 20 days from the end of the month when invoice is issued | " | " | 109,368 | 30 | | | |
| | Wisdom Distribution Service Corp. | " | " | (1,208,703) (| 36) | Net 20 days from the end of the month when invoice is issued | " | " | 152,473 | 41 | | | |
| | Retail Support Taiwan Corp. | " | " | (100,839) (| 3) | Net 20 days from the end of the month when invoice is issued | " | " | 9,405 | 3 | | | |
| Retail Support International Corp. | Retail Support Taiwan Corp. | Subsidiary | Service cost | 312,451 | 19 | Net 15~20 days from the end of the month when invoice is issued | " | " | (11,540) (| 8) | | | |
| | President Logistics International Corp. | " | " | 666,411 | 40 | Net 20 days from the end of the month when invoice is issued | " | " | (78,669) (| 55) | | | |
| | Uni-Wonder Corp. | Subsidiary of President Chain Store Corp. | Delivery revenue | (215,922) (| 7) | Net 30 days from the end of the month when invoice is issued | " | " | 19,188 | 11 | | | |
| Uni-President Cold-Chain Corp. | President Logistics International Corp. | " | Service cost | 1,179,022 | 38 | Net 20 days from the end of the month when invoice is issued | " | " | (109,368) (| 2) | | | |
| Wisdom Distribution Service Corp. | President Logistics International Corp. | " | " | 1,208,703 | 45 | Net 20 days from the end of the month when invoice is issued | " | " | (152,473) (| 33) | | | |
| | Books.com. Co., Ltd. | " | Service revenue | (303,923) (| 9) | Net 30 days from the end of the month when invoice is issued | " | " | 27,021 | 35 | | | |
| Q-ware Systems & Services Corp. | President Chain Store Corp. | Parent company | " | (589,592) (| 61) | Net 40 days from the end of the month when invoice is issued | " | " | 108,442 | 71 | | | |
| President Drugstore Business Corp. | President Pharmaceutical Corp. | Subsidiary of President Chain Store Corp. | Purchases | 536,769 | 5 | Net 70 days from the end of the month when invoice is issued | " | " | (12,589) (| 1) | | | |
| President Pharmaceutical Corp. | President Drugstore Business Corp. | " | Sales revenue | (536,769) (| 34) | Net 70 days from the end of the month when invoice is issued | " | " | 12,589 | 3 | | | |
| | President Chain Store Corp. | Parent company | " | (371,590) (| 24) | Net 60~70 days from the end of the month when invoice is issued | " | " | 115,292 | 27 | | | |
| 21 Century Co., Ltd. | President Chain Store Corp. | " | " | (610,638) (| 47) | Net 30~60 days from the end of the month when invoice is issued | " | " | 117,521 | 60 | | | |
| Uni-President Superior Commissary Corp. | President Chain Store Corp. | " | " | (4,011,077) (| 98) | Net 45 days from the end of the month when invoice is issued | " | " | 714,114 | 100 | | | |
| Retail Support Taiwan Corp. | Retail Support International Corp. | " | Delivery revenue | (312,451) (| 78) | Net 15~20 days from the end of the month when invoice is issued | " | " | 11,540 | 50 | | | |
| Zhejiang Uni-Champion Logistics Development Co., Ltd. | Shanghai President Logistic Co., Ltd. | " | " | (124,005) (| 29) | Net 60 days from the end of the month when invoice is issued | " | " | 35,465 | 56 | | | |
| Shanghai President Logistic Co., Ltd. | Zhejiang Uni-Champion Logistics Development Co., Ltd. | Subsidiary | Service cost | 124,005 | 21 | Net 60 days from the end of the month when invoice is issued | " | " | (35,465) (| 31) | | | |
| Duskin Serve Taiwan Co., Ltd. | President Chain Store Corp. | Parent company | Service revenue | (197,497) (| 15) | Net 15~60 days from the end of the month when invoice is issued | " | " | 32,930 | - | | | |
| ICASH Corp. | President Chain Store Corp. | " | " | (165,619) | - | Net 60 days from the end of the month when invoice is issued | " | " | 31,207 | 63 | | | |

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 year ended December 31, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| | | | | | | | Differences in transaction terms compared to third party transactions | | Notes/accounts receivable (payable) | | |
|--|--|--|-------------------|----------------|---|---|---|-------------------------------|-------------------------------------|---|----------|
| | | | Transaction | | | | | | | | |
| Purchaser/seller | Counterparty | Relationship with the counterparty | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | Footnote |
| President Logistic ShanDong Co., Ltd. | Shan Dong President Yinzuo Commercial Limited | Subsidiary of President Chain Store Corp. | Delivery revenue | (\$ 113,121) (| 95) | Net 30 days from the end of the month when invoice is issued | No significant differences | No significant differences | \$ 9,456 | 91 | |
| Shan Dong President Yinzuo Commercial Limited | President Logistic ShanDong Co., Ltd. | " | Service cost | 113,121 | 5 | Net 30 days from the end of the month when invoice is issued | " | " | (9,456) (| 3) | |

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

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as of December 31, 2020 | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|--|---|---|------------------------------------|---------------|---------------------|--------------|---|------------------------------------|
| | | | | | Amount | Action taken | | |
| Uni-President Superior Commissary Corp. | President Chain Store Corp. | Parent company | \$ 714,114 | 5.80 | \$ - | None | \$ 355,971 | \$ - |
| 21 Century Co., Ltd. | President Chain Store Corp. | " | 117,521 | 6.27 | - | " | 72,270 | - |
| President Pharmaceutical Corp. | President Chain Store Corp. | " | 115,292 | 4.09 | - | " | 48,097 | - |
| President Information Corp. | President Chain Store Corp. | " | 109,070 | 8.64 | - | " | 5,083 | - |
| Q-ware Systems & Services Corp. | President Chain Store Corp. | " | 108,442 | 5.41 | - | " | 75,462 | - |
| President Logistics International Corp. | Wisdom Distribution Service Corp. | Subsidiary of President Chain Store Corp. | 152,473 | 9.11 | - | " | 139,706 | - |
| Chieh Shun Logistics International Corp. | President Logistics International Corp. | " | 113,019 | 11.19 | - | " | 113,019 | - |
| President Logistics International Corp. | Uni-President Cold-Chain Corp. | " | 109,368 | 11.42 | - | " | 109,166 | - |

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number | Company name | Counterparty | Relationship | General ledger account | Transaction | | Percentage of consolidated total operating revenues or total assets |
|--------|--|---|------------------------------|-------------------------|--------------|---|---|
| | | | | | Amount | Transaction terms | |
| 1 | Uni-President Cold-Chain Corp. | President Chain Store Corp. | Subsidiary to parent company | Other operating revenue | (\$ 445,218) | Net 20 days from the end of the month when invoice is issued | 0.17 |
| 2 | Capital Marketing Consultant Corp. | President Chain Store Corp. | Subsidiary to parent company | Service revenue | (213,642) | Net 45-60 days from the end of the month when invoice is issued | 0.08 |
| 3 | President Information Corp. | President Chain Store Corp. | Subsidiary to parent company | Service revenue | (1,010,132) | Net 45 days from the end of the month when invoice is issued | 0.39 |
| 3 | President Information Corp. | President Chain Store Corp. | Subsidiary to parent company | Accounts receivable | 109,070 | Net 45 days from the end of the month when invoice is issued | 0.05 |
| 4 | Q-ware Systems & Services Corp. | President Chain Store Corp. | Subsidiary to parent company | Service revenue | (589,592) | Net 40 days from the end of the month when invoice is issued | 0.23 |
| 4 | Q-ware Systems & Services Corp. | President Chain Store Corp. | Subsidiary to parent company | Accounts receivable | 108,442 | Net 40 days from the end of the month when invoice is issued | 0.05 |
| 5 | Uni-President Superior Commissary Corp. | President Chain Store Corp. | Subsidiary to parent company | Sales revenue | (4,011,077) | Net 45 days from the end of the month when invoice is issued | 1.55 |
| 5 | Uni-President Superior Commissary Corp. | President Chain Store Corp. | Subsidiary to parent company | Accounts receivable | 714,114 | Net 45 days from the end of the month when invoice is issued | 0.34 |
| 6 | President Pharmaceutical Corp. | President Drugstore Business Corp. | Subsidiary to subsidiary | Sales revenue | (536,769) | Net 70 days from the end of the month when invoice is issued | 0.21 |
| 6 | President Pharmaceutical Corp. | President Chain Store Corp. | Subsidiary to parent company | Sales revenue | (371,590) | Net 60-70 days from the end of the month when invoice is issued | 0.14 |
| 6 | President Pharmaceutical Corp. | President Chain Store Corp. | Subsidiary to parent company | Accounts receivable | 115,292 | Net 60-70 days from the end of the month when invoice is issued | 0.06 |
| 7 | President Transnet Corp. | President Chain Store Corp. | Subsidiary to parent company | Sales revenue | (392,499) | Net 60 days from the end of the month when invoice is issued | 0.15 |
| 8 | Chieh Shun Logistics International Corp. | President Logistics International Corp. | Subsidiary to subsidiary | Delivery revenue | (1,172,069) | Net 20 days from the end of the month when invoice is issued | 0.45 |
| 8 | Chieh Shun Logistics International Corp. | President Logistics International Corp. | Subsidiary to subsidiary | Accounts receivable | 113,019 | Net 20 days from the end of the month when invoice is issued | 0.05 |
| 8 | Chieh Shun Logistics International Corp. | President Transnet Corp. | Subsidiary to subsidiary | Delivery revenue | (693,339) | Net 40 days from the end of the month when invoice is issued | 0.27 |
| 9 | President Logistics International Corp. | Retail Support International Corp. | Subsidiary to subsidiary | Delivery revenue | (666,411) | Net 20 days from the end of the month when invoice is issued | 0.26 |
| 9 | President Logistics International Corp. | Uni-President Cold-Chain Corp. | Subsidiary to subsidiary | Delivery revenue | (1,179,022) | Net 20 days from the end of the month when invoice is issued | 0.46 |
| 9 | President Logistics International Corp. | Wisdom Distribution Service Corp. | Subsidiary to subsidiary | Delivery revenue | (1,208,703) | Net 20 days from the end of the month when invoice is issued | 0.47 |
| 9 | President Logistics International Corp. | Wisdom Distribution Service Corp. | Subsidiary to subsidiary | Accounts receivable | 152,473 | Net 20 days from the end of the month when invoice is issued | 0.07 |
| 9 | President Logistics International Corp. | Uni-President Cold-Chain Corp. | Subsidiary to subsidiary | Accounts receivable | 109,368 | Net 20 days from the end of the month when invoice is issued | 0.05 |
| 9 | President Logistics International Corp. | Retail Support Taiwan Corp. | Subsidiary to subsidiary | Delivery revenue | (100,839) | Net 20 days from the end of the month when invoice is issued | 0.04 |
| 10 | Duskin Serve Taiwan Co., Ltd. | President Chain Store Corp. | Subsidiary to parent company | Service revenue | (197,497) | Net 15-60 days from the end of the month when invoice is issued | 0.08 |
| 11 | 21 Century Co., Ltd. | President Chain Store Corp. | Subsidiary to parent company | Sales revenue | (610,638) | Net 30-60 days from the end of the month when invoice is issued | 0.24 |
| 11 | 21 Century Co., Ltd. | President Chain Store Corp. | Subsidiary to parent company | Accounts receivable | 117,521 | Net 30-60 days from the end of the month when invoice is issued | 0.06 |

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2020

Table 6

| | | | | | | | Expressed in thousands of NTD (Except as otherwise indicated) |
|--------|---|---|------------------------------|------------------------|--------------|---|--|
| | | | | Transaction | | Percentage of consolidated total operating revenues or total assets | |
| Number | Company name | Counterparty | Relationship | General ledger account | Amount | Transaction terms | |
| 12 | Wisdom Distribution Service Corp. | Books.com. Co., Ltd. | Subsidiary to subsidiary | Service revenue | (\$ 303,923) | Net 30 days from the end of the month when invoice is issued | 0.12 |
| 13 | Retail Support Taiwan Corp. | Retail Support International Corp. | Subsidiary to subsidiary | Delivery revenue | (312,451) | Net 15-20 days from the end of the month when invoice is issued | 0.12 |
| 14 | Zhejiang Uni-Champion Logistics Development Co., Ltd. | Shanghai President Logistic Co., Ltd. | Subsidiary to subsidiary | Delivery revenue | (124,005) | Net 60 days from the end of the month when invoice is issued | 0.05 |
| 15 | ICASH Corp. | President Chain Store Corp. | Subsidiary to parent company | Service revenue | (165,619) | Net 60 days from the end of the month when invoice is issued | 0.06 |
| 16 | Retail Support International Corp. | Uni-Wonder Corp. | Subsidiary to subsidiary | Delivery revenue | (215,922) | Net 30 days from the end of the month when invoice is issued | 0.08 |
| 17 | President Logistic ShanDong Co., Ltd. | Shan Dong President Yinzuo Commercial Limited | Subsidiary to subsidiary | Delivery revenue | (113,121) | Net 30 days from the end of the month when invoice is issued | 0.04 |

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

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

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2020 | | | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income (loss) recognized by the Company for the year ended December 31, 2020 | | Footnote |
|-----------------------------|---|------------------------|---|---------------------------------|---------------------------------|-------------------------------------|---------------|---------------|--|---|--|------------|
| | | | | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares | Ownership (%) | Book value | | | | |
| President Chain Store Corp. | President Chain Store (BVI) Holdings Ltd. | British Virgin Islands | Professional investment | \$ 6,712,138 | \$ 6,712,138 | 171,589,586 | 100.00 | \$ 25,102,119 | (\$ 140,337) | (\$ 140,337) | | 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 | 1,445,303 | 287,519 | 287,519 | | Subsidiary |
| President Chain Store Corp. | President Transnet Corp. | Taiwan | Delivery service | 711,576 | 711,576 | 103,496,399 | 70.00 | 1,882,686 | 904,170 | 632,919 | | 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 | 747,097 | 149,825 | 121,165 | | 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 | 699,003 | 113,382 | 83,608 | | Subsidiary |
| President Chain Store Corp. | Uni-President Department Store Corp. | Taiwan | Department stores | 840,000 | 840,000 | 27,999,999 | 70.00 | 530,898 | 224,008 | 156,806 | | Subsidiary |
| President Chain Store Corp. | Uni-President Superior Commissary Corp. | Taiwan | Fresh food manufacture | 520,141 | 520,141 | 48,519,890 | 90.00 | 526,475 | 45,327 | 40,794 | | Subsidiary |
| President Chain Store Corp. | Uni-President Cold-Chain Corp. | Taiwan | Low-temperature logistics and warehousing | 237,437 | 237,437 | 42,934,976 | 60.00 | 910,506 | 389,793 | 233,876 | | Subsidiary |
| President Chain Store Corp. | President Information Corp. | Taiwan | Enterprise information management and consultancy | 320,741 | 320,741 | 25,714,475 | 86.00 | 499,116 | 86,576 | 74,456 | | Subsidiary |
| President Chain Store Corp. | Q-ware Systems & Services Corp. | Taiwan | Information software services | 332,482 | 332,482 | 24,382,921 | 86.76 | 392,745 | 85,373 | 73,862 | | 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 | 516,295 | 306,530 | 306,530 | | Subsidiary |
| President Chain Store Corp. | Books.com. Co., Ltd. | Taiwan | Retail business without shop | 100,400 | 100,400 | 9,999,999 | 50.03 | 412,559 | 409,682 | 204,945 | | Subsidiary |
| President Chain Store Corp. | President Lanyang Art Corporation | Taiwan | Art and cultural exhibition | 20,000 | 20,000 | 2,000,000 | 100.00 | 24,996 (| 16) | 16) | | 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 | 208,040 | 160,701 | 82,001 | | Subsidiary |
| President Chain Store Corp. | ICASH Corp. | Taiwan | Electronic ticketing and electronic payment | 700,000 | 700,000 | 70,000,000 | 100.00 | 580,833 | 14,687 | 14,687 | | 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 | 757,759 | 108,246 | 21,649 | | Note |
| President Chain Store Corp. | Uni-Wonder Corp. | Taiwan | Coffee chain store | 3,286,206 | 3,286,206 | 21,382,674 | 60.00 | 5,078,516 | 645,759 | 294,258 | | Subsidiary |
| President Chain Store Corp. | Retail Support International Corp. | Taiwan | Room-temperature logistics and warehousing | 91,414 | 91,414 | 6,429,999 | 25.00 | 171,835 | 219,575 | 54,894 | | Subsidiary |
| President Chain Store Corp. | Presicarre Corp. | Taiwan | Management of retail department store | 7,112,028 | 7,112,028 | 145,172,360 | 19.50 | 5,434,309 | 1,943,841 | 381,499 | | Note |
| 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 | 2,084,800 | 238,917 | 45,394 | | Note |
| President Chain Store Corp. | President International Development Corp. | Taiwan | Professional investment | 500,000 | 500,000 | 44,100,000 | 3.33 | 445,096 | 651,363 | 18,992 | | Note |
| President Chain Store Corp. | Tung Ho Development Corp. | Taiwan | Management of entertainment business | 861,696 | 861,696 | 19,930,000 | 12.46 | 33,133 (| 582,122) | (73,312) | | Note |
| President Chain Store Corp. | Ren-Hui Investment Corp. | Taiwan | Professional investment | 637,231 | 637,231 | 6,500,000 | 100.00 | 64,566 (| 9,630) | (9,630) | | Subsidiary |
| President Chain Store Corp. | Capital Marketing Consultant Corp. | Taiwan | Enterprise management consultancy | 9,506 | 9,506 | 2,500,000 | 100.00 | 78,709 | 44,478 | 44,478 | | Subsidiary |
| President Chain Store Corp. | PCSC (China) Drugstore Limited | British Virgin Islands | Professional investment | 277,805 | 277,805 | 8,746,008 | 92.20 | 67,038 | 1,587 | 1,463 | | Subsidiary |

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

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2020 | | | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income (loss) recognized by the Company for the year ended December 31, 2020 | | Footnote |
|--|---|------------------------|---|---------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|---|--|----------------------------|
| | | | | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares | Ownership (%) | Book value | | | | |
| President Chain Store Corp. | President Chain Store Corporation Insurance Brokers Co., Ltd. | Taiwan | Insurance brokers | \$ 213,000 | \$ 213,000 | 1,500,000 | 100.00 | \$ 33,271 | \$ 15,373 | \$ 15,373 | | Subsidiary |
| President Chain Store Corp. | Cold Stone Creamery Taiwan Ltd. | Taiwan | Sales of ice cream | 170,000 | 170,000 | 12,244,390 | 100.00 | 23,180 | 17,591 | 17,591 | | Subsidiary |
| President Chain Store Corp. | President Being Corp. | Taiwan | Sports and entertainment business | 170,000 | 170,000 | 1,500,000 | 100.00 | (30,854) | 2,085 | 2,085 | | Subsidiary |
| President Chain Store Corp. | 21 Century Co., Ltd. | Taiwan | Operation of chain restaurants | 160,680 | 160,680 | 10,000,000 | 100.00 | 131,869 | 43,239 | 43,239 | | Subsidiary |
| President Chain Store Corp. | President Chain Store Tokyo Marketing Corp. | Japan | Trade and enterprise management consultancy | 35,648 | 35,648 | 9,800 | 100.00 | 90,560 | 8,699 | 8,706 | | Subsidiary |
| President Chain Store Corp. | Uni-President Oven Bakery Corp. | Taiwan | Bread and pastry retailer | 391,300 | 391,300 | 6,511,963 | 100.00 | (91,507) | (49,243) | (49,243) | | Subsidiary |
| President Chain Store Corp. | President Collect Service Corp. | Taiwan | Collection agent | 10,500 | 10,500 | 1,049,999 | 70.00 | 93,370 | 104,121 | 72,887 | | Subsidiary |
| President Chain Store Corp. | Mister Donut Taiwan Co., Ltd. | Taiwan | Bakery retailer | 200,000 | 200,000 | 7,500,049 | 50.00 | 98,554 | 21,028 | 10,514 | | Note |
| President Chain Store Corp. | Uni-President Organics Corp. | Taiwan | Health care products and organic food | 47,190 | 47,190 | 1,833,333 | 36.67 | 42,447 | 26,295 | 9,643 | | Note |
| President Chain Store Corp. | President Technology Corp. | Taiwan | Software development and call center service | 7,500 | 7,500 | 750,000 | 15.00 | 25,543 | 59,960 | 9,028 | | Note |
| Books.com. Co., Ltd. | Books.com. (BVI) Ltd. | British Virgin Islands | Professional investment | - | 1,478 | - | - | (- 30) | (30) | (30) | | Subsidiary of a subsidiary |
| Mech-President Corp. | Tong Ching Corporation | Taiwan | Gas station | 9,600 | 9,600 | 960,000 | 60.00 | 22,067 | 6,887 | 4,132 | | Subsidiary of a subsidiary |
| President Chain Store (Hong Kong) Holdings Limited | PCSC (China) Drugstore Limited | British Virgin Islands | Professional investment | 21,075 | 21,075 | 740,000 | 7.80 | 5,671 | 1,587 | 124 | | Subsidiary of a subsidiary |
| President Chain Store (BVI) Holdings Ltd. | President Chain Store (Labuan) Holdings Ltd. | Malaysia | Professional investment | 830,572 | 830,572 | 29,163,337 | 100.00 | 2,329,244 | (133,352) | (133,352) | | Subsidiary of a subsidiary |
| President Chain Store (BVI) Holdings Ltd. | President Chain Store (Hong Kong) Holdings Limited | Hong Kong | Professional investment | 4,435,957 | 4,435,957 | 134,603,354 | 100.00 | 3,808,139 | (247,729) | (244,378) | | Subsidiary of a subsidiary |
| President Chain Store (Labuan) Holdings Ltd. | Philippine Seven Corp. | Philippines | Convenience store | 829,774 | 829,774 | 394,970,516 | 52.22 | 2,327,307 | (248,214) | (122,915) | | Subsidiary of a subsidiary |
| President Logistics International Corp. | Chieh Shun Logistics International Corp. | Taiwan | Trucking | 180,000 | 180,000 | 26,670,000 | 100.00 | 338,745 | 42,467 | 42,467 | | 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 | 38,650 | (21,300) | (21,300) | | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | Books.com. Co., Ltd. | Taiwan | Retail business without shop | - | - | 1 | - | - | 409,682 | - | | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | Uni-President Department Store Corp. | Taiwan | Department stores | - | - | 1 | - | - | 224,008 | - | | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | Mech-President Corp. | Taiwan | Gas station, installment and maintenance of elevators | - | - | 1 | - | - | 149,825 | - | | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | President Information Corp. | Taiwan | Enterprise information management and consultancy | - | - | 1 | - | - | 86,576 | - | | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | President Transnet Corp. | Taiwan | Delivery service | - | - | 1 | - | - | 904,170 | - | | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | Q-ware Systems & Services Corp. | Taiwan | Information software services | - | - | 1 | - | - | 85,373 | - | | 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 year ended December 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2020 | | | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income (loss) recognized by the Company for the year ended December 31, 2020 | Footnote |
|------------------------------------|--|------------------------|---|---------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|---|----------------------------|
| | | | | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares | Ownership (%) | Book value | | | |
| Ren-Hui Investment Corp. | Duskin Serve Taiwan Co., Ltd. | Taiwan | Cleaning instruments leasing and selling | \$ - | \$ - | 1 | - | \$ - | \$ 160,701 | \$ - | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | President Pharmaceutical Corp. | Taiwan | Sales of various health care products, cosmetics, and pharmaceuticals | - | - | 1 | - | - | 113,382 | - | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | Mister Donut Taiwan Co., Ltd. | Taiwan | Bakery retailer | - | - | 1 | - | - | 21,028 | - | Note |
| Ren-Hui Investment Corp. | Uni-President Superior Commissary Corp. | Taiwan | Fresh food manufacture | - | - | 1 | - | - | 45,327 | - | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | Uni-President Cold-Chain Corp. | Taiwan | Low-temperature logistics and warehousing | - | - | 1 | - | - | 389,793 | - | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | Retail Support International Corp. | Taiwan | Room-temperature logistics and warehousing | - | - | 1 | - | - | 219,575 | - | Subsidiary of a subsidiary |
| Ren-Hui Investment Corp. | President Collect Service Corp. | Taiwan | Collection agent | - | - | 1 | - | - | 104,121 | - | 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 | 49,316 (| 13,354) (| 13,354) | 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 | 77,872 | 47,846 | 24,401 | Subsidiary of a subsidiary |
| Retail Support International Corp. | President Logistics International Corp. | Taiwan | Trucking | 44,975 | 44,975 | 9,481,500 | 49.00 | 177,853 | 87,088 | 42,673 | Subsidiary of a subsidiary |
| Retail Support Taiwan Corp. | President Logistics International Corp. | Taiwan | Trucking | 5,425 | 5,425 | 1,161,000 | 6.00 | 21,778 | 87,088 | 5,225 | Subsidiary of a subsidiary |
| Uni-President Cold-Chain Corp. | President Logistics International Corp. | Taiwan | Trucking | 23,850 | 23,850 | 4,837,500 | 25.00 | 90,741 | 87,088 | 21,772 | 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 | 108,970 | 9,683 | 9,683 | Subsidiary of a subsidiary |
| Wisdom Distribution Service Corp. | President Logistics International Corp. | Taiwan | Trucking | 18,850 | 18,850 | 3,870,000 | 20.00 | 72,593 | 87,088 | 17,418 | Subsidiary of a subsidiary |
| Philippine Seven Corp. | Convenience Distribution Inc. | Philippines | Logistic, warehousing and retail | 26,683 | 26,683 | 4,500,000 | 100.00 | 26,683 (| 6,584) | - | Subsidiary of a subsidiary |
| Philippine Seven Corp. | Store Sites Holding, Inc. | Philippines | Professional investment | 28,902 | 28,902 | 40,000 | 100.00 | 28,902 | 1,110 | - | Subsidiary of a subsidiary |

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Information on investments in Mainland China
For the year ended December 31, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020 | Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 | Net profit(loss) of investee for the year ended December 31, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2020 | Book value of investments in December 31, 2020 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020 | | Footnote |
|--|--|-----------------|-------------------|--|---|-------------------------|--|---|--|---|--|---|---|----------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | | |
| President Cosmed Chain Store (Shen Zhen) Co., Ltd. | Wholesale of merchandise | \$ 436,328 | Note 1 | \$ 268,204 | \$ - | \$ - | \$ 268,204 | \$ 1,749 | 100.00 | \$ 1,749 | \$ 72,239 | \$ - | - | Note 2 |
| President Chain Store (Shanghai) Ltd. | Covenience Store | 2,705,234 | Note 1 | 2,181,640 | 523,594 | - | 2,705,234 | (180,254) | 100.00 | (180,254) | 445,032 | - | - | Note 2 |
| Shanghai President Logistic Co., Ltd. | Logistics and warehousing | 56,960 | Note 1 | 56,960 | - | - | 56,960 | 37,464 | 100.00 | 37,464 | 522,063 | - | - | Note 2 |
| Shanghai Cold Stone Ice Cream Corporation Ltd. | Sales of ice cream | - | Note 1 | 932,408 | - | - | 932,408 | 23,687 | - | 23,687 | - | - | - | Note 3 |
| Shan Dong President Yinzuo Commercial Limited | Supermarkets | 261,797 | Note 1 | 116,152 | - | - | 116,152 | (87,492) | 55.00 | (48,776) | 139,417 | 7,405 | - | Note 2 |
| President (Shanghai) Health Product Trading Company Ltd. | Sales of various health care products, cosmetics, and pharmaceuticals | 170,854 | Note 1 | 170,854 | - | - | 170,854 | (18,127) | 73.74 | (12,986) | 8,938 | 53,264 | - | Note 2 |
| Zhejiang Uni-Champion Logistics Development Co., Ltd. | Logistics and warehousing | 174,531 | Note 1 | 166,113 | - | - | 166,113 | 19,608 | 80.00 | 15,735 | 174,358 | 24,275 | - | Note 2 |
| Bejing Bokelai Customer Co. | Enterprise information consulting, network technology development and services | - | Note 1 | - | - | - | - | (25) | - | (13) | - | - | - | Note 4 |
| President Chain Store (Taizhou) Ltd. | Logistics and warehousing | 261,797 | Note 1 | 261,797 | - | - | 261,797 | 26,613 | 100.00 | 26,613 | 382,820 | - | - | Note 2 |
| President Logistic ShanDong Co., Ltd. | Logistics and warehousing | 218,164 | Note 1 | 218,164 | - | - | 218,164 | 8,942 | 100.00 | 7,327 | 205,600 | - | - | Note 2 |
| President Chain Store (Zhejiang) Ltd. | Covenience Store | 610,859 | Note 1 | 610,859 | - | - | 610,859 | (118,971) | 100.00 | (118,971) | 173,272 | - | - | Note 2 |
| Beauty Wonder (Zhejiang) Trading Co.,Ltd. | Sales of cosmetics and daily items | 130,898 | Note 1 | 130,898 | - | - | 130,898 | (41,326) | 100.00 | (41,326) | 34,898 | - | - | Note 2 |

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

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

Note 3: The procedures for liquidation and cancellation of registration of Shanghai Cold Stone Ice Cream Corporation Ltd. has been completed in November 2020.

Note 4: The procedures for liquidation and cancellation of registration of Bejing Bokelai Customer Co. has been completed in July 2020.

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|--------------------------------|--|--|---|
| | | | |
| President Chain Store Corp. | \$ 4,389,851 | \$ 8,682,809 | \$ 26,986,619 |
| President Pharmaceutical Corp. | 170,854 | 170,854 | 439,547 |
| Uni-President Cold-Chain Corp. | 84,512 | 84,512 | 898,181 |
| Ren-Hui Investment Corp. | 49,079 | 49,079 | 80,000 |

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

Table 9

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

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

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020

Statement 1

Expressed in thousands of NTD

| <u>Item</u> | <u>Description</u> | <u>Amount</u> |
|---------------------------------------|---|----------------------|
| Petty cash in store | | \$ 1,081,157 |
| Demand deposits and checking accounts | | 6,216,162 |
| Cash equivalents | | |
| Time deposits – New Taiwan dollar | Due dates are March 2021, and interest rates are at 0.55%. | 500,000 |
| Short-term financial instruments | Due dates are within one month, and interest rates are at 0.2%~0.21%. | 3,199,958 |
| | | <u>\$ 10,997,277</u> |

Statement 1

PRESIDENT CHAIN STORE CORP.
STATEMENT OF INVENTORIES
DECEMBER 31, 2020

Statement 2

Expressed in thousands of NTD

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | | <u>Footnote</u> |
|------------------------------------|--------------------|---------------------|----------------------|---|
| | | <u>Cost</u> | <u>Market value</u> | |
| Merchandise | | \$ 8,907,312 | <u>\$ 10,418,436</u> | The net realizable value is the market value. |
| Less: Allowance for valuation loss | | (<u>15,379</u>) | | |
| | | <u>\$ 8,891,933</u> | | |

Statement 2

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 3

Expressed in thousands of NTD

| Name | <u>Balance as of January 1, 2020</u> | | <u>Additions</u> | | <u>Decreases</u> | | <u>Balance as of December 31, 2020</u> | | |
|----------------------------|--------------------------------------|-------------------|-------------------------|-------------------|-------------------------|---------------|--|-------------------|-------------------|
| | <u>Number of shares</u> | <u>Book value</u> | <u>Number of shares</u> | <u>Amount</u> | <u>Number of shares</u> | <u>Amount</u> | <u>Number of shares</u> | <u>Book value</u> | <u>Collateral</u> |
| Listed stocks | | | | | | | | | |
| President Securities Corp. | 38,221,259 | \$ 140,534 | 764,425 | \$ - | - | \$ - | 38,985,684 | \$ 140,534 | None |
| Duskin Co., Ltd. | 300,000 | 125,072 | - | - | - | - | 300,000 | 125,072 | " |
| Unlisted stocks | | | | | | | | | |
| Koasa Yamako Corp. | 650,000 | <u>4,348</u> | - | <u>-</u> | - | <u>-</u> | 650,000 | <u>4,348</u> | " |
| Subtotal | | 269,954 | | - | | - | | 269,954 | |
| Valuation adjustment | | <u>537,161</u> | | <u>152,712</u> | | <u>-</u> | | <u>689,873</u> | |
| | | <u>\$ 807,115</u> | | <u>\$ 152,712</u> | | <u>\$ -</u> | | <u>\$ 959,827</u> | |

Statement 3

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 4

Expressed in thousands of NTD

| Name | Balance as of January 1, 2020 | | Additions | | Decreases | | Balance as of December 31, 2020 | | |
|----------------------------------|-------------------------------|--------------------|------------------|-------------|------------------|----------------|---------------------------------|--------------------|------------|
| | Number of shares | Book value | Number of shares | Amount | Number of shares | Amount (Note) | Number of shares | Book value | Collateral |
| Unlisted stocks | | | | | | | | | |
| PK Venture Capital Corp. | 321,300 | \$ 33,685 | - | \$ - | - | \$ - | 321,300 | \$ 33,685 | None |
| Kaohsiung Rapid Transit Corp. | 2,572,127 | 203,714 | - | - | - | - | 2,572,127 | 203,714 | " |
| Career Consulting Co. Ltd | 837,753 | 14,546 | - | - | - | (42) | 837,753 | 14,504 | " |
| President Investment Trust Corp. | 2,667,600 | <u>22,800</u> | - | <u>-</u> | - | <u>-</u> | 2,667,600 | <u>22,800</u> | " |
| Subtotal | | 274,745 | | - | | (42) | | 274,703 | |
| Valuation adjustment | | (<u>189,180</u>) | | <u>-</u> | | <u>-</u> | | (<u>189,180</u>) | |
| | | <u>\$ 85,565</u> | | <u>\$ -</u> | | <u>(\$ 42)</u> | | <u>\$ 85,523</u> | |

Note: The amount decreased this year due to cash dividends paid from capital surplus and distributed by investees.

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 5

Expressed in thousands of NTD

| Name | Balance as of January 1, 2020 | | Additions (Note 1) | | Decreases (Note 2) | | Other Adjustments (Note 3) | Balances as of December 31, 2020 | | | Market price or Equity of subsidiaries and Associates | | |
|--|-------------------------------|---------------|--------------------|---------|--------------------|----------|----------------------------------|----------------------------------|----------------------------|---------------|--|---------------|------------|
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | Amount | Number of shares | Percentage of ownership | Amount | Unit price | Total price | Collateral |
| President Chain Store (BVI) Holdings Ltd. | 171,589,586 | \$ 26,348,522 | - | \$ - | - (\$ | 140,337) | (\$ 1,106,066) | 171,589,586 | 100.00 | \$ 25,102,119 | \$ 146.29 | \$ 25,102,115 | None |
| President Drugstore Business Corp. | 78,520,000 | 1,432,449 | - | 287,519 | - | - | (274,665) | 78,520,000 | 100.00 | 1,445,303 | 18.41 | 1,445,303 | " |
| President Transnet Corp. | 103,496,399 | 1,634,536 | - | 632,919 | - | - | (384,769) | 103,496,399 | 70.00 | 1,882,686 | 18.01 | 1,863,844 | " |
| Mech-President Corp. | 55,858,815 | 702,347 | - | 121,165 | - | - | (76,415) | 55,858,815 | 80.87 | 747,097 | 13.37 | 747,097 | " |
| President Pharmaceutical Corp. | 22,121,962 | 743,725 | - | 83,608 | - | - | (128,330) | 22,121,962 | 73.74 | 699,003 | 24.42 | 540,204 | " |
| Uni-President Department Store Corp. | 27,999,999 | 543,179 | - | 156,806 | - | - | (169,087) | 27,999,999 | 70.00 | 530,898 | 18.96 | 530,898 | " |
| Uni-President Superior Commissary Corp. | 48,519,890 | 484,058 | - | 40,794 | - | - | 1,623 | 48,519,890 | 90.00 | 526,475 | 10.85 | 526,475 | " |
| Uni-President Cold-Chain Corp. | 23,605,042 | 679,859 | 19,329,934 | 233,876 | - | - | (3,229) | 42,934,976 | 60.00 | 910,506 | 20.92 | 898,181 | " |
| President Information Corp. | 25,714,475 | 493,788 | - | 74,456 | - | - | (69,128) | 25,714,475 | 86.00 | 499,116 | 15.18 | 390,275 | " |
| Q-ware Systems & Services Corp. | 24,382,921 | 390,054 | - | 73,862 | - | - | (71,171) | 24,382,921 | 86.76 | 392,745 | 15.57 | 379,592 | " |
| Wisdom Distribution Service Corp. | 10,847,421 | 454,125 | - | 306,530 | - | - | (244,360) | 10,847,421 | 100.00 | 516,295 | 47.60 | 516,295 | " |
| Books.com. Co., Ltd. | 9,999,999 | 398,293 | - | 204,945 | - | - | (190,679) | 9,999,999 | 50.03 | 412,559 | 41.26 | 412,559 | " |

| Name | Balance as of January 1, 2020 | | Additions (Note 1) | | Decreases (Note 2) | | Other Adjustments (Note 3) | Balances as of December 31, 2020 | | | Market price or Equity of subsidiaries and Associates | | |
|---|-------------------------------|----------------------|--------------------|---------------------|--------------------|-----------------------|----------------------------------|----------------------------------|----------------------------|----------------------|--|-------------------------|------------|
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | Amount | Number of shares | Percentage of ownership | Amount | Unit price | Total price | Collateral |
| Duskin Serve Taiwan Co., Ltd. | 10,199,999 | \$ 201,317 | - | \$ 82,001 | - | - | (\$ 75,278) | 10,199,999 | 51.00 | \$ 208,040 | \$ 20.40 | \$ 208,040 | None |
| ICASH Corp. | 70,000,000 | 567,243 | - | 14,687 | - | - | (1,097) | 70,000,000 | 100.00 | 580,833 | 8.30 | 580,833 | " |
| Uni-President Development Corp. | 72,000,000 | 764,191 | - | 21,649 | - | - | (28,081) | 72,000,000 | 20.00 | 757,759 | 10.52 | 757,760 | " |
| Uni-Wonder Corp. | 21,382,674 | 5,164,559 | - | 294,258 | - | - | (380,301) | 21,382,674 | 60.00 | 5,078,516 | 289.40 | 6,188,232 | " |
| Retail Support International Corp. | 6,429,999 | 178,147 | - | 54,894 | - | - | (61,206) | 6,429,999 | 25.00 | 171,835 | 25.33 | 162,848 | " |
| PresiCarre Corp. | 145,172,360 | 5,723,198 | - | 381,499 | - | - | (670,388) | 145,172,360 | 19.50 | 5,434,309 | 49.47~57.71 | 7,181,265~ 8,377,590 | " |
| President Fair Development Corp. | 190,000,000 | 2,039,406 | - | 45,394 | - | - | - | 190,000,000 | 19.00 | 2,084,800 | 10.06 | 1,912,267 | " |
| President International Development Corp. | 44,100,000 | 459,696 | - | 18,992 | - | - | (33,592) | 44,100,000 | 3.33 | 445,096 | 10.38 | 457,787 | " |
| 21 Century Co., Ltd. | 10,000,000 | 86,391 | - | 43,239 | - | - | 2,239 | 10,000,000 | 100.00 | 131,869 | 13.19 | 131,869 | " |
| President Collect Service Corp., etc. | - | <u>628,458</u> | - | <u>191,768</u> | - | (<u>132,201</u>) | (<u>135,019</u>) | - | - | <u>553,006</u> | - | 553,100 | " |
| | | <u>\$ 50,117,541</u> | | <u>\$ 3,364,861</u> | | (<u>\$ 272,538</u>) | (<u>\$ 4,098,999</u>) | | | <u>\$ 49,110,865</u> | | | |

Note 1: The additions this year includes recognized gains on investments of \$3,364,861 and stock dividends of \$19,329,934.

Note 2: The decreases this year includes recognized losses on investments of (\$272,538).

Note 3: Other adjustments are cash dividends of (\$2,951,728), financial statements translation differences of foreign operations of (\$1,103,360), loss on remeasurement of defined benefit plan of (\$40,863), changes in fair value of financial assets at fair value through other comprehensive income of (\$3,048).

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 6

Expressed in thousands of NTD

| <u>Item</u> | <u>Balance as of</u> <u>January 1, 2020</u> | <u>Additions</u> | <u>Disposals</u> | <u>Transfer</u> | <u>Balance as of</u> <u>December 31, 2020</u> | <u>Collateral</u> | <u>Footnote</u> |
|---------------------------------|--|---------------------|-------------------------|-------------------|--|-------------------|-----------------|
| <u>Cost</u> | | | | | | | |
| Land | \$ 1,545,466 | \$ - | \$ - | \$ - | \$ 1,545,466 | None | |
| Buildings | 968,199 | - | - | - | 968,199 | " | |
| Operating equipment | 14,367,788 | 2,811,974 | (1,188,277) | - | 15,991,485 | " | |
| Leasehold improvements | 8,649,472 | 1,538,959 | (549,890) | 13,806 | 9,652,347 | " | |
| Others | <u>26,594</u> | <u>2,613</u> | <u>(593)</u> | <u>(13,806)</u> | <u>14,808</u> | " | |
| | <u>25,557,519</u> | <u>\$ 4,353,546</u> | <u>(\$ 1,738,760)</u> | <u>\$ -</u> | <u>28,172,305</u> | | |
| <u>Accumulated depreciation</u> | | | | | | | |
| Buildings | (350,358) | (\$ 19,153) | \$ - | \$ - | (369,511) | " | |
| Operating equipment | (9,160,852) | (1,536,123) | 1,175,152 | - | (9,521,823) | " | |
| Leasehold improvements | (5,464,942) | (973,955) | 494,441 | - | (5,944,456) | " | |
| Others | <u>(9,451)</u> | <u>(657)</u> | <u>594</u> | <u>-</u> | <u>(9,514)</u> | " | |
| | <u>(14,985,603)</u> | <u>\$ 2,529,888</u> | <u>\$ 1,670,187</u> | <u>\$ -</u> | <u>(15,845,304)</u> | | |
| <u>Accumulated impairment</u> | <u>(94,213)</u> | <u>\$ -</u> | <u>\$ 944</u> | <u>\$ -</u> | <u>(93,269)</u> | | |
| Book value | <u>\$ 10,477,703</u> | | | | <u>\$ 12,233,732</u> | | |

Statement 6

PRESIDENT CHAIN STORE CORP.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 7

Expressed in thousands of NTD

| <u>Item</u> | <u>Balance as of January 1, 2020</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance as of December 31, 2020</u> | <u>Footnote</u> |
|--------------------------|--------------------------------------|----------------------|-------------------------|--|-----------------|
| <u>Buildings</u> | | | | | |
| Costs | \$ 50,789,295 | \$ 14,667,833 | (\$ 2,930,798) | \$ 62,526,330 | |
| Accumulated depreciation | (<u>6,415,803</u>) | (<u>7,442,319</u>) | <u>1,608,445</u> | (<u>12,249,677</u>) | |
| Book value | <u>\$ 44,373,492</u> | <u>\$ 7,225,514</u> | (<u>\$ 1,322,353</u>) | <u>\$ 50,276,653</u> | |

Statement 7

PRESIDENT CHAIN STORE CORP.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2020

Statement 8

Expressed in thousands of NTD

| | | Balance as of | | | | |
|---------------------------|--------------------|--------------------------|------------------------|----------------------------|-------------------|-----------------|
| <u>Type of borrowings</u> | <u>Explanation</u> | <u>December 31, 2020</u> | <u>Contract period</u> | <u>Interest rate range</u> | <u>Collateral</u> | <u>Footnote</u> |
| Credit loan | HSBC Limited | \$ 600,000 | 2020/12/24~2021/1/22 | 0.49% | None | |
| " | MUFG Bank, Ltd. | 2,100,000 | 2020/12/7~2021/1/6 | 0.49% | " | |
| " | MUFG Bank, Ltd. | <u>400,000</u> | 2020/12/24~2021/1/22 | 0.49% | " | |
| | | <u>\$ 31,000,000</u> | | | | |

PRESIDENT CHAIN STORE CORP.
STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE
DECEMBER 31, 2020

Statement 9

Expressed in thousands of NTD

| | | | | | <u>Amount</u> | | | |
|--------------------------|-------------------------------------|---------------------------|-----------------|----------------------|---------------------|--------------------|---------------------|-----------------|
| | | | | | Discount of | | | |
| | | | | | short-term | | | |
| | | | | | transactions | | | |
| <u>Item</u> | <u>Guarantee/Accepting agency</u> | <u>Period of contract</u> | <u>Range of</u> | <u>interest rate</u> | <u>Issue amount</u> | <u>Instruments</u> | <u>Book value</u> | <u>Footnote</u> |
| Commercial paper payable | Sumitomo Mitsui Banking Corporation | 2020/12/7~2021/1/6 | 0.408% | | \$ 2,400,000 | (\$ 608) | \$ 2,399,392 | Note |
| " | Sumitomo Mitsui Banking Corporation | 2020/12/24~2021/1/22 | 0.408% | | <u>1,000,000</u> | (<u>245</u>) | <u>999,755</u> | " |
| | | | | | <u>\$ 3,400,000</u> | <u>(\$ 853)</u> | <u>\$ 3,399,147</u> | |

Note: The commercial paper was issued and secured by Sumitomo Mitsui Banking Corporation and International Bills Finance Corporation.

PRESIDENT CHAIN STORE CORP.
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2020

Statement 10

Expressed in thousands of NTD

| <u>Item</u> | <u>Summary</u> | <u>Lease period</u> | <u>Discount rate range</u> | <u>Balance as of December 31, 2020</u> | <u>Footnote</u> |
|-------------|----------------|---------------------|----------------------------|--|-----------------|
| Buildings | Current | 2007/1/1~2040/3/26 | 0.74%~1.03% | \$ 7,566,006 | |
| " | Non-Current | 2007/1/1~2040/3/26 | " | 43,283,311 | |
| | | | | <u>\$ 50,849,317</u> | |

PRESIDENT CHAIN STORE CORP.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 11

Expressed in thousands of NTD

| <u>Item</u> | <u>Amount</u> | <u>Footnote</u> |
|--|-----------------------|--|
| Revenue from contracts with customers | <u>\$ 168,147,856</u> | Revenue are from sales of general merchandise such as food, cans, beverages and daily commodities, etc., and commission revenue from collections, etc. |

PRESIDENT CHAIN STORE CORP.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 12

Expressed in thousands of NTD

| <u>Item</u> | <u>Amount</u> |
|--------------------------------------|-----------------------|
| Inventory at beginning of the year | \$ 8,036,366 |
| Inventory purchased | 109,936,949 |
| Compensation for damaged merchandise | (363,966) |
| Promotion income | (586,759) |
| Inventory at end of the year | (8,891,933) |
| Others | <u>3,460,156</u> |
| Operating costs | <u>\$ 111,590,813</u> |

PRESIDENT CHAIN STORE CORP.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 13

Expressed in thousands of NTD

| <u>Item</u> | <u>Amount</u> |
|-----------------------------------|----------------------|
| Incentive bonuses for franchisees | \$ 22,732,406 |
| Wages and salaries | 3,730,537 |
| Utilities expense | 2,258,412 |
| Depreciation | 9,947,396 |
| Other expenses | <u>6,258,187</u> |
| | <u>\$ 44,926,938</u> |

PRESIDENT CHAIN STORE CORP.
STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Statement 14

Expressed in thousands of NTD

| By function By nature | 2020 | | | 2019 | | |
|---------------------------------|----------------------------------|-------------------------------------|--------------|----------------------------------|-------------------------------------|--------------|
| | Classified as operating costs | Classified as operating expenses | Total | Classified as operating costs | Classified as operating expenses | Total |
| Employee benefit expense | | | | | | |
| Wages and salaries | \$ - | \$ 5,949,019 | \$ 5,949,019 | \$ - | \$ 5,870,712 | \$ 5,870,712 |
| Labor and health insurance fees | - | 484,022 | 484,022 | - | 477,863 | 477,863 |
| Pension costs | - | 262,184 | 262,184 | - | 268,017 | 268,017 |
| Directors' remuneration | - | 191,433 | 191,433 | - | 199,553 | 199,553 |
| Supervisors' remuneration | - | - | - | - | - | - |
| Other employee benefit expenses | - | 316,415 | 316,415 | - | 346,301 | 346,301 |
| Depreciation | - | 9,972,207 | 9,972,207 | - | 8,986,348 | 8,986,348 |
| Amortization | - | 25,898 | 25,898 | - | 55,700 | 55,700 |

Note1: As of December 31, 2020, and 2019, the Company had 8,500 and 8,430 employees (including part-timers), including 10 directors, respectively.

Note2: For the years ended December 31, 2020 and 2019, the Company's average employee benefit expense was \$826 and \$827, respectively; while average wages and salaries was \$701 and \$697, respectively. For the year ended December 31, 2020, the Company's change in average wages and salaries was 0.57%.

Note3: Wages and salaries of the Company is based on the principle of equal pay for equal work. Salaries adjustment and benefit distribution are based on the content of the employee's position, performance and contribution, and regularly review the overall benefit of employees every year to ensure that the competitiveness of labor market.

Note4: The Company set up an audit committee, so there is no supervisor's remuneration.