

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
MARCH 31, 2019 AND 2018

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
MARCH 31, 2019 AND 2018
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REVIEW REPORT OF FINANCIAL STATEMENTS
TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of President Chain Store Corp. and subsidiaries as at March 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent accountants. Those statements reflect total assets of NT\$43,359,143 thousand and NT\$32,773,706 thousand, constituting 25% and 24% of the consolidated total assets, and total liabilities of NT\$26,065,598 thousand and NT\$19,999,115 thousand, constituting 20% and 27% of the consolidated total liabilities as at March 31, 2019 and 2018, respectively, and total comprehensive income of NT\$609,145 thousand and NT\$311,951 thousand, constituting 17% and 14% of the consolidated total comprehensive income for the three-month periods then ended.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method, been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of President Chain Store Corp. and subsidiaries as at March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Yi-Chang, Liang

Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan
April 29, 2019

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

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

	Assets	Notes	March 31, 2019		December 31, 2018		March 31, 2018	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 46,617,325	26	\$ 48,530,648	38	\$ 59,114,211	44
1110	Financial assets at fair value through profit or loss - current	6(2)			1,417,691	1	844,225	1
1170	Accounts receivable, net	6(3) and 7	4,875,260	3	5,264,573	4	4,386,947	3
1200	Other receivables		2,033,344	1	1,535,507	1	3,147,066	2
1220	Current income tax assets	6(30)	1,478	-	1,139	-	2,645	-
130X	Inventories, net	6(4)	13,403,632	8	15,121,657	12	12,300,546	9
1410	Prepayments		1,255,719	1	1,340,225	1	1,563,322	1
1470	Other current assets		2,788,821	1	3,004,894	2	2,809,311	2
11XX	Total current assets		<u>72,393,270</u>	<u>41</u>	<u>75,642,868</u>	<u>59</u>	<u>84,845,979</u>	<u>62</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)			85,683	-	85,683	-
1517	Financial assets at fair value through other comprehensive income	6(5)						
	- non-current				957,894	-	845,345	1
1550	Investments accounted for using equity method	6(6)			9,131,067	5	9,000,580	7
1600	Property, plant and equipment, net	6(7)(28) and 8			24,776,937	14	25,292,763	20
1755	Right-of-use assets	6(8)	52,501,131	30		-	-	-
1760	Investment property, net	6(10)(32) and 7			1,519,572	1	1,502,159	1
1780	Intangible assets	6(11)	10,279,428	6	10,393,880	8	10,560,417	8
1840	Deferred income tax assets	6(30)	1,762,475	1	1,727,043	1	1,625,226	1
1900	Other non-current assets	6(12) and 8	3,104,623	2	3,204,759	3	3,155,438	2
15XX	Total non-current assets		<u>104,118,810</u>	<u>59</u>	<u>52,052,212</u>	<u>41</u>	<u>51,328,272</u>	<u>38</u>
1XXX	Total assets		<u>\$ 176,512,080</u>	<u>100</u>	<u>\$ 127,695,080</u>	<u>100</u>	<u>\$ 136,174,251</u>	<u>100</u>

(Continued)

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2019		December 31, 2018		March 31, 2018	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(14) and 8	\$ 4,376,596	3	\$ 7,237,785	6	\$ 5,898,726	4
2110	Short-term notes and bills payable		-	-	-	-	299,991	-
2130	Contract liabilities - current	6(24)	3,022,466	2	2,843,189	2	3,912,917	3
2150	Notes payable	7	2,290,148	1	1,866,610	2	1,762,995	1
2170	Accounts payable		19,590,525	11	20,673,579	16	18,171,249	14
2180	Accounts payable - related parties	7	2,555,538	2	2,475,104	2	2,345,983	2
2200	Other payables	6(15)	23,395,381	13	27,954,181	22	22,273,380	17
2230	Current income tax liabilities	6(30)	2,168,380	1	1,801,229	1	2,673,886	2
2280	Lease liabilities - current		11,057,525	6	-	-	-	-
2300	Other current liabilities	6(16)	<u>3,210,993</u>	<u>2</u>	<u>3,260,538</u>	<u>3</u>	<u>1,796,507</u>	<u>1</u>
21XX	Total current liabilities		<u>71,667,552</u>	<u>41</u>	<u>68,112,215</u>	<u>54</u>	<u>59,135,634</u>	<u>44</u>
Non-current liabilities								
2527	Contract liabilities - non-current	6(24)	233,767	-	234,421	-	224,106	-
2540	Long-term borrowings	6(17) and 8	692,547	-	847,040	1	1,086,925	1
2570	Deferred income tax liabilities	6(30)	5,462,572	3	5,386,839	4	5,317,222	4
2580	Lease liabilities - non-current		41,986,388	24	-	-	-	-
2640	Net defined benefit liability - non-current	6(18)			4,726,054	3	4,732,549	4
2670	Other non-current liabilities	6(19)	<u>4,174,013</u>	<u>2</u>	<u>4,356,989</u>	<u>3</u>	<u>4,098,367</u>	<u>3</u>
25XX	Total non-current liabilities		<u>57,275,341</u>	<u>32</u>	<u>15,557,838</u>	<u>12</u>	<u>15,300,533</u>	<u>11</u>
2XXX	Total liabilities		<u>128,942,893</u>	<u>73</u>	<u>83,670,053</u>	<u>66</u>	<u>74,436,167</u>	<u>55</u>
Equity attributable to owners of the parent								
	Share capital	6(20)						
3110	Share capital - common stock		10,396,223	6	10,396,223	8	10,396,223	7
	Capital surplus	6(21)						
3200	Capital surplus		45,954	-	45,059	-	44,411	-
	Retained earnings	6(22)						
3310	Legal reserve		12,293,442	7	12,293,442	10	9,191,733	7
3320	Special reserve		398,859	-	398,859	-	-	-
3350	Unappropriated retained earnings		14,972,771	9	12,064,862	9	33,991,497	25
	Other equity	6(23)						
3400	Other equity interest		<u>307,257</u>	<u>-</u>	<u>53,605</u>	<u>-</u>	<u>(994,476)</u>	<u>(1)</u>
31XX	Equity attributable to owners of the parent		<u>38,414,506</u>	<u>22</u>	<u>35,252,050</u>	<u>27</u>	<u>52,629,388</u>	<u>38</u>
36XX	Non-controlling interest		<u>9,154,681</u>	<u>5</u>	<u>8,772,977</u>	<u>7</u>	<u>9,108,696</u>	<u>7</u>
3XXX	Total equity		<u>47,569,187</u>	<u>27</u>	<u>44,025,027</u>	<u>34</u>	<u>61,738,084</u>	<u>45</u>
3X2X	Total liabilities and equity		<u>\$ 176,512,080</u>	<u>100</u>	<u>\$ 127,695,080</u>	<u>100</u>	<u>\$ 136,174,251</u>	<u>100</u>

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

Items	Notes	For the three-month periods ended March 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(24) and 7	\$ 61,085,396	100	\$ 58,947,745	100
5000 Operating costs	6(4)(25) and 7	(40,079,469)(66)		(38,446,506)(65)	
5900 Gross profit		<u>21,005,927</u>	<u>34</u>	<u>20,501,239</u>	<u>35</u>
Operating expenses	6(25)(26)				
6100 Selling expenses		(15,494,236)(25)		(14,518,012)(25)	
6200 General and administrative expenses		(2,306,799)(4)		(2,644,307)(4)	
6450 Expected credit losses (gains)	12(2)	(1,435) -		(3,122) -	
6000 Total operating expenses		(17,802,470)(29)		(17,165,441)(29)	
6900 Operating profit		<u>3,203,457</u>	<u>5</u>	<u>3,335,798</u>	<u>6</u>
Non-operating income and expenses					
7010 Other income	6(27)	889,862	1	536,116	1
7020 Other gains and losses	6(28)	(13,400)	-	17,969	-
7050 Finance costs	6(29)	(306,794)	-	(46,543)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(6)	<u>128,198</u>	<u>-</u>	<u>117,216</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>697,866</u>	<u>1</u>	<u>624,758</u>	<u>1</u>
7900 Profit before income tax		<u>3,901,323</u>	<u>6</u>	<u>3,960,556</u>	<u>7</u>
7950 Income tax expense	6(30)	(641,681)(1)		(1,099,361)(2)	
Profit for the period from continuing operations		<u>3,259,642</u>	<u>5</u>	<u>2,861,195</u>	<u>5</u>
Profit for the period		<u><u>\$ 3,259,642</u></u>	<u><u>5</u></u>	<u><u>\$ 2,861,195</u></u>	<u><u>5</u></u>

(Continued)

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

Items	Notes	For the three-month periods ended March 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
8316	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	6(5)	\$ 112,917	- (\$ 650)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss		756	- 230	-
8349	Income tax effect that will not be reclassified to profit or loss	6(30)	(3,855)	49,782	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		109,818	49,362	-
8361	Exchange differences from translation of foreign operations		167,833	(674,463)	(1)
8367	Unrealized loss on valuation of bond instruments at fair value through other comprehensive income	6(5)	(395)	560	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will be reclassified to profit or loss	6(23)	1,154	(46)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		168,592	(675,069)	(1)
8300	Total other comprehensive income (loss) for the period		\$ 278,410	\$ (625,707)	(1)
8500	Total comprehensive income for the period		\$ 3,538,052	\$ 2,235,488	4
Profit attributable to:					
8610	Owners of the parent		\$ 2,907,863	5 \$ 2,537,621	4
8620	Non-controlling interests		351,779	- 323,574	1
			\$ 3,259,642	\$ 2,861,195	5
Comprehensive income attributable to:					
8710	Owners of the parent		\$ 3,161,515	5 \$ 2,018,580	4
8720	Non-controlling interests		376,537	- 216,908	-
			\$ 3,538,052	\$ 2,235,488	4
9750	Basic earnings per share (in dollars)	6(31)	\$ 2.80	\$ 2.44	
9850	Diluted earnings per share (in dollars)	6(31)	\$ 2.79	\$ 2.43	

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

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

Equity attributable to owners of the parent

Notes	Retained earnings						Other equity interest					
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translation of foreign operations	Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive Income		Unrealized gain or loss on available- for-sale financial assets	Total	Non-controlling Interest	Total equity
<u>For the three-month period ended March 31, 2018</u>												
Balance at January 1, 2018		\$ 10,396,223	\$ 43,875	\$ 9,191,733	\$ -	\$ 31,381,290	(\$ 906,308)	\$ -	\$ 507,449	\$ 50,614,262	\$ 8,892,148	\$ 59,506,410
Adjustments under new standards		-	-	-	-	25,463	-	477,996	(507,449)	(3,990)	(5,203)	(9,193)
Adjusted beginning balance		10,396,223	43,875	9,191,733	-	31,406,753	(906,308)	477,996	-	50,610,272	8,886,945	59,497,217
Profit for the period		-	-	-	-	2,537,621	-	-	-	2,537,621	323,574	2,861,195
Other comprehensive income (loss) for the period	6(23)	-	-	-	-	47,123	(564,662)	(1,502)	-	(519,041)	(106,666)	(625,707)
Total comprehensive income (loss) for the period		-	-	-	-	2,584,744	(564,662)	(1,502)	-	2,018,580	216,908	2,235,488
Non-controlling interest		-	-	-	-	-	-	-	-	-	4,843	4,843
Overdue unclaimed cash dividend transferred to capital surplus		-	536	-	-	-	-	-	-	536	-	536
Balance at March 31, 2018		\$ 10,396,223	\$ 44,411	\$ 9,191,733	\$ -	\$ 33,991,497	(\$ 1,470,970)	\$ 476,494	\$ -	\$ 52,629,388	\$ 9,108,696	\$ 61,738,084
<u>For the three-month period ended March 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	\$ 8,772,977	\$ 44,025,027
Profit for the period		-	-	-	-	2,907,863	-	-	-	2,907,863	351,779	3,259,642
Other comprehensive income for the period	6(23)	-	-	-	-	-	142,877	110,775	-	253,652	24,758	278,410
Total comprehensive income for the period		-	-	-	-	2,907,863	142,877	110,775	-	3,161,515	376,537	3,538,052
Non-controlling interest		-	-	-	-	-	-	-	-	-	5,167	5,167
Overdue unclaimed cash dividend transferred to capital surplus		-	562	-	-	-	-	-	-	562	-	562
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	333	-	-	-	-	-	-	333	-	333
Disposal of financial instruments designated at fair value through other comprehensive income of associates		-	-	-	-	46	-	-	-	46	-	46
Balance at March 31, 2019		\$ 10,396,223	\$ 45,954	\$ 12,293,442	\$ 398,859	\$ 14,972,771	(\$ 136,952)	\$ 444,209	\$ -	\$ 38,414,506	\$ 9,154,681	\$ 47,569,187

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

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

	Notes	For the three -month periods ended March 31	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before income tax for the period		\$ 3,901,323	\$ 3,960,556
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Loss (gain) on valuation of financial assets at fair value through profit or loss	6(2)	(1,454)	3,926
Expected credit losses	12(2)	1,435	3,122
Depreciation on property, plant and equipment	6(7)(8)	4,416,832	1,476,065
Amortization		146,650	145,774
Depreciation on investment property	6(10)	4,256	4,239
Finance costs	6(29)	306,794	46,543
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(128,198)	(117,216)
Loss on disposal of property, plant and equipment, net	6(28)	3,472	7,784
Interest income	6(27)	(196,690)	(147,170)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(572,012)	34,168
Accounts receivable		387,878	478,833
Other receivables		(507,676)	(415,365)
Inventories		1,718,025	1,086,576
Prepayments		(185,934)	(146,147)
Other current assets		216,073	164,236
Net changes in liabilities relating to operating activities			
Contract liabilities - current		179,277	(22,441)
Accounts payable		(1,002,620)	(653,731)
Notes payable		423,538	(303,516)
Other payables		(2,884,097)	(4,119,607)
Advance receipts		(107,394)	(284,244)
Contract liabilities - non-current		(654)	(121,905)
Net defined benefit liabilities - non-current		(6,495)	(887)
Cash generated from operations		6,112,329	1,079,593
Interest received		206,529	160,760
Income tax paid		(238,423)	(2,762,372)
Interest paid		(35,658)	(46,588)
Net cash provided by (used in) operating activities		<u>6,044,777</u>	<u>(1,568,607)</u>

(Continued)

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

	Notes	For the three -month periods ended March 31	
		2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments accounted for using the equity method	6(6)and7	\$ -	\$ 25,642,728
Acquisition of subsidiary	6(6)	- (3,226,806)
Acquisition of property, plant and equipment	6(33)	(1,750,915)	(1,992,177)
Proceeds from disposal of property, plant and equipment		30,695	24,057
Guarantee deposits (paid) received		(29,855)	17,291
Acquisition of intangible assets	6(11)	(4,259)	(21,824)
Decrease (increase) in other non-current assets		21,451	(23,052)
Net cash (used in) provided by investing activities		<u>(1,732,883)</u>	<u>20,420,217</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(2,861,189)	4,933,546
Increase in short-term notes and bills payable		-	49,991
Proceeds from long-term borrowings	6(34)	38,580	45,570
Repayment of long-term borrowings	6(34)	(136,920)	(12,625)
Payments of lease liability	6(8)(34)	(3,420,321)	-
Guarantee deposits received	6(34)	6,589	29,109
Decrease in other non-current liabilities	6(34)	- (6,462)
Change in non-controlling interests		5,167	4,843
Net cash (used in) provided by financing activities		<u>(6,368,094)</u>	<u>5,043,972</u>
Effect of foreign exchange rate changes on cash and cash equivalents		142,877	(564,662)
(Decrease) increase in cash and cash equivalents		<u>(1,913,323)</u>	<u>23,330,920</u>
Cash and cash equivalents at beginning of period		48,530,648	35,783,291
Cash and cash equivalents at end of period		<u>\$ 46,617,325</u>	<u>\$ 59,114,211</u>

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

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

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were reported to the Board of Directors on April 29, 2019.

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”)

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

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

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

IFRS 16, ‘Leases’

- (a) IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognize a ‘right-of-use asset’ and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- (b) The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased ‘right-of-use asset’ by \$52,750,102, increased ‘lease liability’ by \$52,938,613, decreased ‘prepayments’ by \$270,440, decreased ‘property, plant and equipment’ by \$396,233, decreased ‘long-term prepaid rent’ by \$84,482 (recognized as ‘other non-current assets’), and decreased ‘other payables’ by \$939,666 with respect to the lease contracts of lessees on January 1, 2019.

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

- i. Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
- ii. The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- iii. The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$60,023 was recognized in the first quarter of 2019.
- iv. The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

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

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

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group
None.

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

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

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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation, basis of consolidation, and the additional descriptions described below, the other principal accounting policies are in agreement with Note 4 of the consolidated financial statements for the year ended December 31, 2018. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the FSC.
- B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2018.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less the present value of defined benefit obligations.
- B. The preparation of financial statements, in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs"), requires the use of certain critical accounting estimates and the exercise of management's judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. The basis for preparation of consolidated financial statements is as follows:
 - (a) The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2018.
 - (b) The details of the individual financial statements of the Company's subsidiaries reviewed or unreviewed by the independent accountants are summarized below:

Name of the subsidiaries	March 31, 2019	March 31, 2018
Retail Support International Corp.	Financial statements were reviewed	Financial statements were reviewed
President Chain Store (BVI) Holdings Ltd.	"/	"/
Shan Dong President Yinzuo Commercial Limited	"/	"/
Mech-President Corp.	"/	"/
President Transnet Corp.	"/	"/
President Drugstore Business Corp.	"/	"/
Books.com. Co., Ltd.	"/	"/
Uni-President Cold-Chain Corp.	"/	"/
President Chain Store (Hong Kong) Holdings Limited	"/	"/
President Pharmaceutical Corp.	"/	"/
Uni-Wonder Corp.	"/	Financial statements were unreviewed
Uni-President Superior Commissary Corp.	Financial statements were unreviewed	Financial statements were reviewed
Uni-President Department Store Corp.	"/	"/
Other subsidiaries	"/	Financial statements were unreviewed

(c) The financial statements of the subsidiary, Philippine Seven Corp., for the year ended December 31, 2018 were audited by other independent accountants, and the financial statements of other subsidiaries were audited by the same independent accountants as appointed by the Company.

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31,2019	December 31, 2018	March 31,2018	
The Company	President Chain Store (BVI) Holdings Ltd.	Professional investment	100.00	100.00	100.00	
The Company	PCSC (China) Drugstore Limited	Professional investment	92.20	92.20	92.20	
The Company	Wisdom Distribution Service Corp.	Logistics and storage of publication and e-commerce	100.00	100.00	100.00	
The Company	President Drugstore Business Corp.	Sales of cosmetics, medicine and daily items	100.00	100.00	100.00	
The Company	Ren-Hui Investment Corp.	Professional investment	100.00	100.00	100.00	
The Company	Capital Inventory Services Corp.	Enterprise management consultancy	100.00	100.00	100.00	
The Company	President Yilan Art and Culture Corp.	Art and cultural exhibition	100.00	100.00	100.00	
The Company	Cold Stone Creamery Taiwan Ltd.	Sales of ice cream	100.00	100.00	100.00	
The Company	President Chain Store Corporation Insurance Brokers Co., Ltd.	Life and property insurance	100.00	100.00	100.00	
The Company	21 Century Enterprise Co., Ltd.	Restaurant and sales of goods	100.00	100.00	100.00	
The Company	President Being Corp.	Sports and entertainment business	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31,2019	December 31, 2018	March 31,2018	
The Company	Uni-President Oven Bakery Corp.	Bread and pastry retailer	100.00	100.00	100.00	
The Company	President Chain Store Tokyo Marketing Corp.	Enterprise management consultancy	100.00	100.00	100.00	
The Company	ICASH Corp.	Electronic ticketing	100.00	100.00	100.00	
The Company	Uni-President Superior Commissary Corp.	Fresh food manufacture	90.00	90.00	90.00	
The Company	Q-ware Systems & Services Corp.	Information software services	86.76	86.76	86.76	
The Company	President Information Corp.	Enterprise information management and consultancy	86.00	86.00	86.00	
The Company	Mech-President Corp.	Gas station, installment and maintenance of elevators	80.87	80.87	80.87	
The Company	President Pharmaceutical Corp.	Sales of various health care products, cosmetics, and pharmaceuticals	73.74	73.74	73.74	
The Company	President Collect Services Co., Ltd.	Collection agent	70.00	70.00	70.00	
The Company	Uni-President Department Store Corp.	Department stores	70.00	70.00	70.00	
The Company	President Transnet Corp.	Delivery service	70.00	70.00	70.00	
The Company	Uni-President Cold-Chain Corp.	Low-temperature logistics and warehousing	60.00	60.00	60.00	
The Company	Uni-Wonder Corp. (Formerly Known as "President Starbucks Coffee Corp.")	Coffee chain store	60.00	60.00	60.00	
The Company	Duskin Serve Taiwan Co.	Cleaning instruments leasing and selling	51.00	51.00	51.00	
The Company	Afternoon Tea Taiwan Co., Ltd.	Operation of restaurants	-	51.00	51.00	(a)
The Company	Books.com. Co., Ltd.	Retail business without shop	50.03	50.03	50.03	
The Company	Retail Support International Corp.	Room-temperature logistics and warehousing	25.00	25.00	25.00	(b)
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Professional investment	100.00	100.00	100.00	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Professional investment	100.00	100.00	100.00	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	100.00	100.00	100.00	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00	20.00	20.00	
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Publishing	-	60.00	60.00	(c)
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Trucking	25.00	25.00	25.00	
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	Professional investment	100.00	100.00	100.00	
Retail Support International Corp.	Retail Support Taiwan Corp.	Room-temperature logistics and warehousing	51.00	51.00	51.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31,2019	December 31, 2018	March 31,2018	
Retail Support International Corp.	President Logistics International Corp.	Trucking	49.00	49.00	49.00	
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00	6.00	6.00	
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Trucking	100.00	100.00	100.00	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	Professional investment	100.00	100.00	100.00	
Books.com. (BVI) Ltd.	Bejing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	100.00	100.00	100.00	
Mech-President Corp.	President Jing Corp.	Gas station	60.00	60.00	60.00	
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	100.00	
President Pharmaceutical (Hong Kong) Holdings Limited	President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	100.00	100.00	100.00	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corporation	Operation of chain store	52.22	52.22	52.22	
Philippine Seven Corporation	Convenience Distribution Inc.	Logistics and warehousing	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	Professional investment	7.80	7.80	7.80	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	Operation of chain store	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai President Logistics Co., Ltd.	Logistics and warehousing	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Professional investment	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shan Dong President Yinzuo Commercial Limited	Supermarkets	40.00	40.00	40.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	-	100.00	100.00	(d)
President Chain Store (Hong Kong) Holdings Limited	Shanghai Cold Stone Ice Cream Corporation Ltd.	Sales of ice cream	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Taizhou) Ltd.	Logistics and warehousing	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Zhejiang) Ltd.	Operation of chain store	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31,2019	December 31, 2018	March 31,2018	
President Chain Store (Hong Kong) Holdings Limited	Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and medicine	100.00	100.00	-	(e)
Shanghai President Logistics Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	50.00	
Shanghai President Logistics Co., Ltd.	President Logistic ShanDong Co., Ltd.	Logistics and warehousing	100.00	100.00	100.00	
PCSC Restaurant (Cayman) Holdings Limited	Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	100.00	100.00	100.00	
Uni-President Logistics (BVI) Holdings Limited	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	50.00	50.00	50.00	
Ren-Hui Investment Corp	Ren Hui Holding Co., Ltd	Professional investment	100.00	100.00	100.00	
Ren-Hui Holdings Co., Ltd.	Shan Dong President Yinzuo Commercial Limited .	Supermarkets	15.00	15.00	15.00	

- (a) The Company liquidated the subsidiary, Afternoon Tea Taiwan Corp., Limited, and the process of cancellation of registration has been completed in February 2019.
- (b) As the Company controls the financial and operating policies of Retail Support International Corp., the latter is included as a subsidiary in the consolidated financial statements.
- (c) The Company liquidated the subsidiary, Vision Distribution Service Corp., and the process of cancellation of registration has been completed in February 2019.
- (d) The Company liquidated the subsidiary, PCSC (Chengdu) Hypermarket Limited, and the process of cancellation of registration has been completed in March 2019.
- (e) The subsidiary of the Company was established in June 2018.

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

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

E. Significant restrictions: None.

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

(4) Leasing arrangements (lessor) – operating leases

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

(5) 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 Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;

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

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

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

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

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

There were no significant changes during the period. Please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2018.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Cash on hand and petty cash	\$ 1,553,036	\$ 1,958,556	\$ 1,150,966
Checking accounts and demand deposits	11,431,429	12,560,158	12,395,613
Cash equivalents			
Time deposits	26,329,892	25,867,905	37,358,899
Short-term financial instruments	7,302,968	8,144,029	8,208,733
	<u>\$ 46,617,325</u>	<u>\$ 48,530,648</u>	<u>\$ 59,114,211</u>

- A. The Group transacts with a variety of financial institutions, all with high credit quality, to disperse credit risk, so it considers the probability of counterparty default as remote.
- B. Information about time deposits provided as security for performance guarantees and reclassified as "Other non-current assets – guarantee deposits paid" is provided in Note 8.

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Current items:			
Beneficiary certificates	\$ 1,417,530	\$ 844,170	\$ 1,520,295
Valuation adjustment	<u>161</u>	<u>55</u>	<u>1,636</u>
	<u><u>\$ 1,417,691</u></u>	<u><u>\$ 844,225</u></u>	<u><u>\$ 1,521,931</u></u>
Non-current items:			
Unlisted stocks	\$ 275,403	\$ 275,403	\$ 275,554
Valuation adjustment	(<u>189,720</u>)	(<u>189,720</u>)	(<u>189,721</u>)
	<u><u>\$ 85,683</u></u>	<u><u>\$ 85,683</u></u>	<u><u>\$ 85,833</u></u>

- A. The Group recognized net profit or loss of \$1,454 and (\$2,609) in relation to financial assets at fair value through profit or loss for the three-month periods ended March 31, 2019 and 2018, respectively.
- B. No financial assets at fair value through profit or loss of the Group were pledged to others.
- C. Information relating to credit risk is provided in Note 12(2).

(3) Accounts receivable

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Accounts receivable	\$ 4,926,942	\$ 5,320,037	\$ 4,435,645
Less: Allowance for doubtful accounts	(<u>51,682</u>)	(<u>55,464</u>)	(<u>48,698</u>)
	<u><u>\$ 4,875,260</u></u>	<u><u>\$ 5,264,573</u></u>	<u><u>\$ 4,386,947</u></u>

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

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Not past due	\$ 4,794,181	\$ 5,144,165	\$ 4,282,527
Up to 90 days	120,574	149,698	131,753
91 to 180 days	11,927	18,175	19,388
181 to 365 days	217	2,917	1,977
Over 365 days	43	<u>5,082</u>	<u>-</u>
	<u><u>\$ 4,926,942</u></u>	<u><u>\$ 5,320,037</u></u>	<u><u>\$ 4,435,645</u></u>

The above aging analysis was based on past due date.

- B. Accounts receivable of the Group pledging to others is provided in Note 8.
- C. As at March 31, 2019, December 31, 2018 and March 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$4,875,260, \$5,264,573, and \$4,386,947, respectively.
- D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	March 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 65,784	\$ -	\$ 65,784
Merchandise and finished goods	<u>13,439,491</u>	(<u>101,643</u>)	<u>13,337,848</u>
	<u>\$ 13,505,275</u>	<u>(\$ 101,643)</u>	<u>\$ 13,403,632</u>
	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 65,446	\$ -	\$ 65,446
Merchandise and finished goods	<u>15,151,897</u>	(<u>95,686</u>)	<u>15,056,211</u>
	<u>\$ 15,217,343</u>	<u>(\$ 95,686)</u>	<u>\$ 15,121,657</u>
	March 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 73,518	\$ -	\$ 73,518
Merchandise and finished goods	<u>12,322,436</u>	(<u>95,408</u>)	<u>12,227,028</u>
	<u>\$ 12,395,954</u>	<u>(\$ 95,408)</u>	<u>\$ 12,300,546</u>

The cost of inventories recognized as expenses for the period:

	For the three-month period ended	For the three-month period ended
	March 31, 2019	March 31, 2018
Cost of goods sold	\$ 39,508,537	\$ 37,981,884
Loss on decline in market value	5,957	-
Gain on reversal of valuation of inventories	-	(40,383)
Spoilage	495,878	447,809
Others	<u>69,097</u>	<u>57,196</u>
	<u>\$ 40,079,469</u>	<u>\$ 38,446,506</u>

The Group reversed a previous inventory write-down because the Group sold and scrapped certain inventories which were previously provided with allowance for the three-month period ended March 31, 2018.

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

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Debt instruments</u>			
Government bonds	\$ 199,975	\$ 199,948	\$ 199,866
Valuation adjustment	<u>388</u>	<u>783</u>	<u>1,760</u>
	<u>200,363</u>	<u>200,731</u>	<u>201,626</u>

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
<u>Equity instruments</u>			
Listed stocks	\$ 265,606	\$ 265,606	\$ 265,606
Unlisted stocks	4,348	4,348	4,348
	269,954	269,954	269,954
Valuation adjustment	487,577	374,660	517,859
	757,531	644,614	787,813
	<u>\$ 957,894</u>	<u>\$ 845,345</u>	<u>\$ 989,439</u>

A. The Group has elected to classify the listed and unlisted stocks that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$757,531, \$644,614, and \$787,813 as at March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

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

	For the three-month period ended <u>March 31, 2019</u>	For the three-month period ended <u>March 31, 2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 112,917	(\$ 650)
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 395)	(\$ 560)
Interest income recognized in profit or loss	\$ 590	\$ 590

C. As at March 31, 2019, December 31, 2018 and March 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$957,894, \$845,345, and \$989,439, respectively.

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

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

(6) Investments accounted for using the equity method

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
<u>Associates</u>			
PresiCarre Corp.	\$ 5,617,205	\$ 5,518,380	\$ 5,289,180
President Fair Development Corp.	1,995,004	1,984,125	1,962,610
Uni-President Development Corp.	760,430	753,904	751,964
President International Development Corp.	469,688	461,328	476,135
Tung Ho Development Corp.	112,705	114,755	121,136
Others	<u>62,855</u>	<u>60,209</u>	<u>69,160</u>
	<u>9,017,927</u>	<u>8,892,701</u>	<u>8,670,185</u>
<u>Joint ventures</u>			
Mister Dount Taiwan Corp., Ltd.	\$ 113,140	\$ 107,879	\$ 104,632
	<u>\$ 9,131,067</u>	<u>\$ 9,000,580</u>	<u>\$ 8,774,817</u>

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

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

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

	<u>For the three-month period ended</u>	<u>For the three-month period ended</u>
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Total comprehensive income	\$ 124,847	\$ 110,000

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

	<u>For the three-month period ended</u>	<u>For the three-month period ended</u>
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Total comprehensive income	\$ 5,261	\$ 7,400

C. In December 2017, the Group disposed 30% shares of its joint venture – President Coffee (Cayman) Holdings Ltd. for a cash consideration of \$25,642,728 to Starbucks EMEA Holdings Ltd. (shown as 'other receivables' as at December 31, 2017), which was collected in February, 2018.

D. The Group originally held 30% shares of its joint venture using the equity method – Uni-Wonder Corp. (formerly known as "President Starbucks Coffee Corp."). In December 2017, the Group acquired an additional 30% shares of Uni-Wonder Corp. for a cash consideration of \$3,226,806, (shown as 'other payables' as at December 31, 2017) and obtained control over Uni-Wonder Corp. Relevant cash consideration was fully paid in February, 2018.

(7) Property, plant and equipment

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

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2018</u>							
Cost	\$ 2,273,584	\$ 4,296,089	\$ 6,343,845	\$ 20,180,016	\$ 17,259,683	\$ 9,456,005	\$ 59,809,222
Accumulated depreciation and impairment	(16,366)	(1,800,537)	(4,046,383)	(13,384,193)	(10,568,380)	(5,011,021)	(34,826,880)
	<u>\$ 2,257,218</u>	<u>\$ 2,495,552</u>	<u>\$ 2,297,462</u>	<u>\$ 6,795,823</u>	<u>\$ 6,691,303</u>	<u>\$ 4,444,984</u>	<u>\$ 24,982,342</u>
<u>2018</u>							
Opening net book amount as of January 1	\$ 2,257,218	\$ 2,495,552	\$ 2,297,462	\$ 6,795,823	\$ 6,691,303	\$ 4,444,984	\$ 24,982,342
Additions	-	6,482	7,263	540,522	431,377	387,864	1,373,508
Disposals	-	-	(5,592)	(10,618)	(12,033)	(3,598)	(31,841)
Reclassifications	-	(240)	63,408	33,211	1,372	(89,201)	8,550
Depreciation charge	-	(48,092)	(139,268)	(559,738)	(419,549)	(309,418)	(1,476,065)
Net exchange differences	(1,538)	291	(5,597)	8,329	(84,013)	(151,740)	(234,268)
Closing net book amount as of March 31	<u>\$ 2,255,680</u>	<u>\$ 2,453,993</u>	<u>\$ 2,217,676</u>	<u>\$ 6,807,529</u>	<u>\$ 6,608,457</u>	<u>\$ 4,278,891</u>	<u>\$ 24,622,226</u>
<u>At March 31, 2018</u>							
Cost	\$ 2,272,046	\$ 4,290,907	\$ 6,378,570	\$ 20,463,001	\$ 17,272,073	\$ 9,338,398	\$ 60,014,995
Accumulated depreciation and impairment	(16,366)	(1,836,914)	(4,160,894)	(13,655,472)	(10,663,616)	(5,059,507)	(35,392,769)
	<u>\$ 2,255,680</u>	<u>\$ 2,453,993</u>	<u>\$ 2,217,676</u>	<u>\$ 6,807,529</u>	<u>\$ 6,608,457</u>	<u>\$ 4,278,891</u>	<u>\$ 24,622,226</u>

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

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

(8) Leasing arrangements—lessee

Effective 2019

A. The Group leases various assets including land, buildings, machinery and equipment, etc.. Rental contracts are typically made for periods of 1 to 30 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:

	For the three-month period ended	
	March 31, 2019	
	Carrying amount	Depreciation charge
Land	\$ 759,016	\$ 29,269
Buildings	51,227,078	2,850,430
Machinery and equipment	90,993	12,169
Other equipment	424,044	27,827
	<u>\$ 52,501,131</u>	<u>\$ 2,919,695</u>

C. For the three-month period ended March 31, 2019, the additions to right-of-use assets were \$2,693,894.

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

Items affecting profit or loss	For the three-month period ended
	March 31, 2019
Interest expense on lease liabilities	\$ 271,393
Expense on short-term lease contracts	60,908
Expense on leases of low-value assets	15,328
Expense on variable lease payments	110,240
Gain or loss on sale and leaseback transactions	107,694

E. For the three-month period ended March 31, 2019, the Group's total cash outflow for leases was \$3,420,321.

F. Variable lease payments

(a) Some of the Group's lease contracts contain variable lease payment terms that are linked to sales generated from a store or department store counter. For the above-mentioned stores, up to 3.26% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in the aggregate sales amount of all stores with such variable lease contracts would increase total lease payments by approximately \$1,102.

G. The Group's leases not yet commenced to which the lessee is committed are business premises for the lessees, and the lease liabilities undiscounted amount for the three-month period ended March 31, 2019 is \$14,559,917.

(9) Leasing arrangements – lessor

Effective 2019

A. The Group leases various assets including land, buildings, machinery and equipment, etc.. Rental contracts are typically made for periods of 1 and 16 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Rental revenue	\$ 367,922	\$ 350,082
Rental revenue from variable lease payments	\$ 287,673	\$ 314,035

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

	March 31, 2019
2019	\$ 367,922
2020	706,035
2021	392,304
2022	156,089
2023	91,287
2024	49,005
After 2025	21,259
Total	<u>1,783,901</u>

(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>2019</u>			
January 1, 2019	\$ 1,059,538	\$ 442,621	\$ 1,502,159
Depreciation charge	- (4,256)	(4,256)	(4,256)
Reclassifications	18,757	2,912	21,669
March 31, 2019	<u>\$ 1,078,295</u>	<u>\$ 441,277</u>	<u>\$ 1,519,572</u>
<u>2018</u>			
January 1, 2018	\$ 1,059,538	\$ 459,577	\$ 1,519,115
Depreciation charge	- (4,239)	(4,239)	(4,239)
March 31, 2018	<u>\$ 1,059,538</u>	<u>\$ 455,338</u>	<u>\$ 1,514,876</u>

The fair value of the investment property held by the Group ranged from \$4,026,774 to \$4,099,402 at March 31, 2019, December 31, 2018, and March 31, 2018 , which was assessed based on recent settlement prices of similar and comparable properties, as well as the reports of independent appraisers, which is categorized within level 3 in the fair value hierarchy.

(11) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>License agreement and customer list</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2019</u>					
Cost	\$ 1,648,652	\$ 2,204,284	\$ 7,524,890	\$ 469,957	\$ 11,847,783
Accumulated amortization and impairment	(1,164,405)	-	(194,160)	(95,338)	(1,453,903)
	<u>\$ 484,247</u>	<u>\$ 2,204,284</u>	<u>\$ 7,330,730</u>	<u>\$ 374,619</u>	<u>\$ 10,393,880</u>
<u>2019</u>					
Opening net book amount as of January 1	\$ 484,247	\$ 2,204,284	\$ 7,330,730	\$ 374,619	\$ 10,393,880
Additions	4,259	-	-	-	4,259
Reclassifications	-	-	-	(1,111)	(1,111)
Amortization expenses	(63,889)	-	(48,540)	(10,163)	(122,592)
Net exchange differences	2,655	194	-	2,143	4,992
Closing net book amount as of March 31	<u>\$ 427,272</u>	<u>\$ 2,204,478</u>	<u>\$ 7,282,190</u>	<u>\$ 365,488</u>	<u>\$ 10,279,428</u>
<u>At March 31, 2019</u>					
Cost	\$ 1,657,709	\$ 2,204,478	\$ 7,524,890	\$ 468,859	\$ 11,855,936
Accumulated amortization and impairment	(1,230,437)	-	(242,700)	(103,371)	(1,576,508)
	<u>\$ 427,272</u>	<u>\$ 2,204,478</u>	<u>\$ 7,282,190</u>	<u>\$ 365,488</u>	<u>\$ 10,279,428</u>
			<u>License agreement and customer list</u>		
	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>		<u>Total</u>
<u>At January 1, 2018</u>					
Cost	\$ 1,568,017	\$ 2,202,519	\$ 7,524,890	\$ 405,998	\$ 11,701,424
Accumulated amortization and impairment	(975,791)	-	-	(68,920)	(1,044,711)
	<u>\$ 592,226</u>	<u>\$ 2,202,519</u>	<u>\$ 7,524,890</u>	<u>\$ 337,078</u>	<u>\$ 10,656,713</u>
<u>2018</u>					
Opening net book amount as of January 1	\$ 592,226	\$ 2,202,519	\$ 7,524,890	\$ 337,078	\$ 10,656,713
Additions	21,824	-	-	-	21,824
Reclassifications	-	-	-	567	567
Amortization expenses	(61,963)	-	(48,540)	(7,846)	(118,349)
Net exchange differences	887	(1,211)	-	(14)	(338)
Closing net book amount as of March 31	<u>\$ 552,974</u>	<u>\$ 2,201,308</u>	<u>\$ 7,476,350</u>	<u>\$ 329,785</u>	<u>\$ 10,560,417</u>
<u>At Maarch 31, 2018</u>					
Cost	\$ 1,536,534	\$ 2,201,308	\$ 7,524,890	\$ 401,130	\$ 11,663,682
Accumulated amortization and impairment	(983,380)	-	(48,540)	(71,345)	(1,103,265)
	<u>\$ 552,974</u>	<u>\$ 2,201,308</u>	<u>\$ 7,476,350</u>	<u>\$ 329,785</u>	<u>\$ 10,560,417</u>

Amortization expenses on intangible assets are recognized as operating expenses.

(12) Other non-current assets

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Guarantee deposits paid	\$ 2,796,768	\$ 2,766,913	\$ 2,639,129
Others	<u>307,855</u>	<u>437,846</u>	<u>516,309</u>
	<u><u>\$ 3,104,623</u></u>	<u><u>\$ 3,204,759</u></u>	<u><u>\$ 3,155,438</u></u>

(13) Impairment of non-financial assets

- A. There were no impairment loss nor reversal of impairment loss recognized for the three-month periods ended March 31, 2019 and 2018.
- B. Goodwill is allocated to the Group's cash-generating units based on operating segments. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations, which use pre-tax cash flow projections based on five-year financial budgets approved by the management. The Group performs impairment testing annually.

(14) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	<u>\$ 4,376,596</u>	0.65%~6.00%	None
<u> Type of borrowings</u>			
<u> Bank borrowings</u>			
Credit loan	<u>\$ 7,237,785</u>	0.65%~7.00%	None
<u>Type of borrowings</u>	<u>March 31, 2018</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	<u>\$ 5,898,726</u>	0.71%~4.35%	None

There was no capitalization of borrowing costs for the three-month periods ended March 31, 2019 and 2018. Relevant interest expense on borrowings is recognized as "finance costs".

(15) Other payables

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Store collections	\$ 12,419,956	\$ 12,750,758	\$ 10,108,950
Wages, salaries and bonus payable	3,586,976	5,033,232	3,057,090
Sales receipt on behalf of others	936,656	1,176,154	951,825
Incentive bonus payable to franchisees	772,471	1,047,674	994,581
Employees' compensation and remuneration for directors and supervisors	536,858	879,671	1,387,488
Payables for acquisition of property, plant and equipment	519,701	914,557	452,855
Payables for labor and health insurance	240,713	238,255	230,186
Rent payable	57,645	848,049	809,401
Others	<u>4,324,405</u>	<u>5,065,831</u>	<u>4,281,004</u>
	<u><u>\$ 23,395,381</u></u>	<u><u>\$ 27,954,181</u></u>	<u><u>\$ 22,273,380</u></u>

(16) Other current liabilities

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Advance receipts for gift certificates	\$ 1,308,768	\$ 1,338,984	\$ -
Advance receipts of deposits in icash cards	1,230,798	1,199,455	1,126,542
Current portion of long-term liabilities	393,711	335,860	285,197
Others	<u>277,716</u>	<u>386,239</u>	<u>384,768</u>
	<u>\$ 3,210,993</u>	<u>\$ 3,260,538</u>	<u>\$ 1,796,507</u>

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2019</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.79%~6.776%	None	\$ 642,396
Secured borrowings	1.73%~1.96%	Transportation equipment	<u>443,862</u> 1,086,258
Less: Current portion			(<u>393,711</u> <u>\$ 692,547</u>)
<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2018</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.80%~6.298%	None	\$ 741,157
Secured borrowings	1.75%~1.96%	Transportation equipment	<u>441,743</u> 1,182,900
Less: Current portion			(<u>335,860</u> <u>\$ 847,040</u>)
<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2018</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.85%~3.643%	None	\$ 997,064
Secured borrowings	1.77%~2.24%	Property, plant and equipment	<u>375,058</u> 1,372,122
Less: Current portion			(<u>285,197</u> <u>\$ 1,086,925</u>)

There was no capitalization of borrowing costs for the three-month periods ended March 31, 2019 and 2018. Relevant interest expense on borrowings is recognized as "finance costs".

(18) Pensions

A. The Company and its domestic subsidiaries operate a defined benefit pension plan, in accordance with the Labor Standards Law, which covers all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2%-8% of employees' monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March. Furthermore, the subsidiary, Philippine Seven Corporation, operates an employer matching pension plan, under which the employer contributes the same amount as employees to the employee's individual pension accounts.

For the aforementioned pension plan, the Group recognized pension costs of \$33,801, and \$39,143 for the three-month periods ended March 31, 2019 and 2018, respectively.

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(a) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three-month periods ended March 31, 2019 and 2018 was 14%~20% and 14%~25%, respectively. Other than the monthly contributions, the Group has no further obligations.

(b) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2019 and 2018 were \$236,308, and \$226,103, respectively.

(19) Other non-current liabilities

	March 31, 2019	December 31, 2018	March 31, 2018
Guarantee deposit received	\$ 3,419,854	\$ 3,413,265	\$ 3,384,281
Decommissioning liability	462,148	421,966	399,620
Others	292,011	521,758	314,466
	<u>\$ 4,174,013</u>	<u>\$ 4,356,989</u>	<u>\$ 4,098,367</u>

(20) Share capital

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

(21) Capital surplus

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

(22) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, must first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount is to be set aside as a legal reserve. The Company may then set aside or reserve a certain amount as special reverse according to the relevant regulations. The appropriation of the remaining earnings and prior years' unappropriated retained earnings should be proposed by the Board of Directors and voted on by the shareholders at the shareholders' meeting. The dividends and bonus to be distributed to shareholders may be 50%-100% of the total distributable amount, and 50%-100% of dividends are to be distributed as cash dividends, and the remaining undistributed amount to be set aside as unappropriated retained earnings.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside a special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.
- D. The appropriations for 2018 and 2017 were resolved by the shareholders on February 27, 2019 and June 12, 2018, respectively, as follows:

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

As of April 29, 2019, the distribution of dividends for 2018 has not been resolved during the stockholders' meeting.

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

(23) Other equity items

For the three-month period ended March 31, 2019

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

For the three-month period ended March 31, 2018

	Unrealized gains/(losses) on valuation of financial assets	Unrealized gains/(losses) on available- for-sale financial assets		Total
	Exchange differences from translation of foreign operations	at fair value through other comprehensive income		
At January 1, 2018	(\$ 906,308)	\$ -	\$ 507,449	(\$ 398,859)
Adjustments under new standards	-	477,996	(507,449)	(29,453)
Adjusted beginning balance	(\$ 906,308)	477,996	-	(428,312)
Revaluation:				
–Group	-	(1,210)	-	(1,210)
–Associates	-	220	-	220
Revaluation-tax	-	(512)	-	(512)
Currency translation differences:				
–Group	(564,616)	-	-	(564,616)
–Associates	(46)	-	-	(46)
At March 31, 2018	(\$ 1,470,970)	\$ 476,494	\$ -	(\$ 994,476)

(24) Operating revenue

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Revenue from contracts with customers	\$ 61,085,396	\$ 58,947,745

A. Disaggregation of revenue from contracts with customers

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

For the three-month period ended March 31, 2019	Convenience stores	Retail business group	Logistics business group	Others	Total
Total segment revenue	\$ 37,928,275	\$ 18,367,827	\$ 3,750,790	\$ 6,641,539	\$ 66,688,431
Inter-segment revenue	(153,656)	(564,124)	(3,216,198)	(1,669,057)	(5,603,035)
Revenue from external customer contracts	<u>\$ 37,774,619</u>	<u>\$ 17,803,703</u>	<u>\$ 534,592</u>	<u>\$ 4,972,482</u>	<u>\$ 61,085,396</u>
Timing of revenue recognition					
–At a point in time	\$ 37,652,384	\$ 14,930,531	\$ 481,624	\$ 4,756,022	\$ 57,820,561
–Over time	<u>122,235</u>	<u>2,873,172</u>	<u>52,968</u>	<u>216,460</u>	<u>3,264,835</u>
	<u><u>\$ 37,774,619</u></u>	<u><u>\$ 17,803,703</u></u>	<u><u>\$ 534,592</u></u>	<u><u>\$ 4,972,482</u></u>	<u><u>\$ 61,085,396</u></u>

For the three-month period ended March 31, 2018	Convenience stores	Retail business group	Logistics business group	Others	Total
Total segment revenue	\$ 37,154,144	\$ 17,244,823	\$ 3,650,418	\$ 6,438,162	\$ 64,487,547
Inter-segment revenue	(164,273)	(597,690)	(3,178,248)	(1,599,591)	(5,539,802)
Revenue from external customer contracts	<u>\$ 36,989,871</u>	<u>\$ 16,647,133</u>	<u>\$ 472,170</u>	<u>\$ 4,838,571</u>	<u>\$ 58,947,745</u>
Timing of revenue recognition					
–At a point in time	\$ 36,865,634	\$ 13,765,189	\$ 418,153	\$ 4,636,992	\$ 55,685,968
–Over time	<u>124,237</u>	<u>2,881,944</u>	<u>54,017</u>	<u>201,579</u>	<u>3,261,777</u>
	<u><u>\$ 36,989,871</u></u>	<u><u>\$ 16,647,133</u></u>	<u><u>\$ 472,170</u></u>	<u><u>\$ 4,838,571</u></u>	<u><u>\$ 58,947,745</u></u>

B. Contract liabilities

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

	March 31, 2019	December 31, 2018	March 31, 2018
Contract liabilities – advance receipts of gift certificates and gift cards	\$ 1,346,265	\$ 1,392,390	\$ 2,193,524
Contract liabilities – members' deposits	886,354	764,782	1,215,948
Contract liabilities – franchise fee	333,635	230,812	225,547
Contract liabilities – customer loyalty programs	327,892	344,970	315,176
Contract liabilities – others	<u>362,087</u>	<u>344,656</u>	<u>186,828</u>
	<u><u>\$ 3,256,233</u></u>	<u><u>\$ 3,077,610</u></u>	<u><u>\$ 4,137,023</u></u>

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Contract liabilities- current	\$ 3,022,466	\$ 2,843,189	\$ 3,912,917
Contract liabilities- non-current	<u>233,767</u>	<u>234,421</u>	<u>224,106</u>
	<u><u>\$ 3,256,233</u></u>	<u><u>\$ 3,077,610</u></u>	<u><u>\$ 4,137,023</u></u>

(b) Revenues recognized that were included in the contract liabilities balance at the beginning was \$1,385,982 and \$722,737 for the three-month period ended March 31, 2018.

(25) Expenses by nature

	For the three-month period ended	For the three-month period ended
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Cost of goods sold	\$ 35,703,795	\$ 34,219,005
Employee benefit expense	6,404,697	6,355,415
Incentive bonuses for franchisees	5,126,513	5,025,623
Depreciation and amortization	4,563,482	1,621,839
Utilities expense	986,911	875,880
Operating lease payments	186,476	3,009,883
Other costs and expenses	<u>4,910,065</u>	<u>4,504,302</u>
Total operating costs and operating expenses	<u><u>\$ 57,881,939</u></u>	<u><u>\$ 55,611,947</u></u>

(26) Employee benefit expense

	For the three-month period ended	For the three-month period ended
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Wages and salaries	\$ 5,273,841	\$ 5,272,559
Labor and health insurance fees	520,799	483,132
Pension costs	270,109	265,246
Other personnel expenses	<u>339,948</u>	<u>334,478</u>
	<u><u>\$ 6,404,697</u></u>	<u><u>\$ 6,355,415</u></u>

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

B. For the three-month periods ended March 31, 2019 and 2018, employees' compensation was accrued at \$150,828 and \$149,600, respectively; while directors' and supervisors' remuneration was accrued at \$50,391 and \$49,980, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 4.37% and 1.46% of distributable profit of the current period for the three-month period ended March 31, 2019, respectively.

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

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

(27) Other income

	For the three-month period ended <u>March 31, 2019</u>	For the three-month period ended <u>March 31, 2018</u>
Grants income	\$ 153,579	\$ 173,985
Interest income	196,690	147,170
Rental revenue	73,061	36,047
Others	<u>466,532</u>	<u>178,914</u>
	<u>\$ 889,862</u>	<u>\$ 536,116</u>

(28) Other gains and losses

	For the three-month period ended <u>March 31, 2019</u>	For the three-month period ended <u>March 31, 2018</u>
Gain on disposal of investments (Note 6(6))	\$ -	\$ 1,317
Loss on disposal of property, plant and equipment	(3,472)	(7,784)
Other gains and losses	<u>(9,928)</u>	<u>24,436</u>
	<u>(\$ 13,400)</u>	<u>\$ 17,969</u>

(29) Finance costs

	For the three-month period ended <u>March 31, 2019</u>	For the three-month period ended <u>March 31, 2018</u>
Interest expense	<u>\$ 306,794</u>	<u>\$ 46,543</u>

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended <u>March 31, 2019</u>	For the three-month period ended <u>March 31, 2018</u>
Current tax:		
Current tax on profits for the period	\$ 603,867	\$ 601,347
Over provision of prior year's income tax	<u>1,368</u>	-
Total current tax	<u>605,235</u>	<u>601,347</u>
Deferred tax:		
Origination and reversal of temporary differences	36,446	(142,290)
Impact of change in tax rate	<u>-</u>	<u>640,304</u>
Total deferred tax	<u>36,446</u>	<u>498,014</u>
Income tax expense	<u>\$ 641,681</u>	<u>\$ 1,099,361</u>

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

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 3,855	(\$ 2,805)
Impact of change in tax rate	- (46,977)	(\$ 49,782)

B. The Company's income tax returns through tax year 2016 have been assessed and approved by the Tax Authority.

(31) Earnings per share

	<u>For the three-month period ended March 31, 2019</u>		
	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,907,863	1,039,622	\$ 2.80
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,907,863	1,039,622	
Assumed conversion of all dilutive potential ordinary shares	-	1,710	
Employees' compensation	-	1,710	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,907,863	1,041,332	\$ 2.79
	<u>For the three-month period ended March 31, 2018</u>		
	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,537,621	1,039,622	\$ 2.44
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,537,621	1,039,622	
Assumed conversion of all dilutive potential ordinary shares	-	2,838	
Employees' compensation	-	2,838	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,537,621	1,042,460	\$ 2.43

(32) Operating leases

Lessor

A. The Group leases its investment property and shopping centres to others under operating lease agreements on terms between 2 and 10 years. The future aggregate minimum lease payments receivable

under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Less than one year	\$ 90,898	\$ 93,898
Over one year but less than five years	224,263	277,573
Over five years	<u>6,195</u>	<u>43,094</u>
	<u><u>\$ 321,356</u></u>	<u><u>\$ 414,565</u></u>

Lessee

A. The Group leases business premises for its stores. The lease terms are between 1 and 20 years, and certain lease agreements are renewable at the end of the lease period. Rents are paid in accordance with the agreements. Some leases incur additional rent expenses based on the operating revenue of stores or changes in local price indices. Rental expenses recognized in profit and loss for the three-month period ended March 31, 2018 are as follows:

	<u>For the three-month period ended</u>	<u>March 31, 2018</u>
Rental expenses	<u><u>\$ 2,917,548</u></u>	<u><u>\$ 2,917,548</u></u>
Contingent rents	<u><u>\$ 92,335</u></u>	<u><u>\$ 92,335</u></u>

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

	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Less than one year	\$ 10,955,633	\$ 9,736,659
Over one year but less than five years	36,200,668	30,872,897
Over five years	<u>22,658,778</u>	<u>15,598,100</u>
	<u><u>\$ 69,815,079</u></u>	<u><u>\$ 56,207,656</u></u>

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

	<u>For the three-month period ended</u>	<u>March 31, 2018</u>
Sublease revenues	<u><u>\$ 60,408</u></u>	<u><u>\$ 60,408</u></u>
Contingent rents	<u><u>\$ 283,640</u></u>	<u><u>\$ 283,640</u></u>

In accordance with non-cancellable sub-lease agreements as of March 31, 2018, sub-lease payments totalling \$528,365 are expected to be collected between 2018 and 2029.

(33) Supplemental cash flow information

Investing activities with partial cash payments

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Purchase of property, plant and equipment	\$ 1,356,059	\$ 1,373,508
Add: Opening balance of payable on equipment	914,557	1,071,524
Less: Ending balance of payable on equipment	(519,701)	(452,855)
Cash paid during the period	<u>\$ 1,750,915</u>	<u>\$ 1,992,177</u>

(34) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
January 1, 2019	\$ 7,237,785	\$ 847,040	\$ 52,938,613	\$ 3,413,265	\$ 64,436,703
Changes in cash flow from financing activities	(2,861,189)	(98,340)	(3,420,321)	6,589	(6,373,261)
Impact of changes in foreign exchange rate	-	1,698	90,884	-	92,582
Changes in other non-cash items	-	(57,851)	3,434,737	-	3,376,886
March 31, 2019	<u>\$ 4,376,596</u>	<u>\$ 692,547</u>	<u>\$ 53,043,913</u>	<u>\$ 3,419,854</u>	<u>\$ 61,532,910</u>

	Short-term borrowings	notes payables	Long-term borrowings	Guarantee deposits received	Other	Liabilities from financing activities-gross
January 1, 2018	\$ 965,180	\$ 250,000	\$ 1,105,451	\$ 3,355,171	\$ 1,066,560	\$ 6,742,362
Changes in cash flow from financing activities	4,933,546	49,991	32,945	29,110	(6,463)	5,039,129
Impact of changes in foreign exchange rate	-	-	(40,028)	-	-	(40,028)
Changes in other non- cash items	-	-	(11,443)	-	(346,011)	(357,454)
March 31, 2018	<u>\$ 5,898,726</u>	<u>\$ 299,991</u>	<u>\$ 1,086,925</u>	<u>\$ 3,384,281</u>	<u>\$ 714,086</u>	<u>\$ 11,384,009</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent company and the Group's ultimate parent company is Uni-President Enterprises Corp. which holds a 45.4% equity interest in the Company as of March 31, 2019.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Uni-President Enterprises Corp.	Ultimate parent company
Mister Donut Taiwan Co., Ltd.	Investees of the Company accounted for using the equity method
Tait Marketing & Distribution Co., Ltd.	Subsidiaries of ultimate parent company
Tung Ang Enterprises Corp.	"
Lien-Bo Enterprises Corp.	"
President Packaging Corp.	"
President Tokyo Crorp.	"
Kuang Chuan Dairy Corp.	Investees of ultimate parent company accounted for using the equity method
Weilih Food Industrial Co., Ltd.	"
Tung Chan Enterprises Corp.	Investees of subsidiaries of ultimate parent company accounted for using the equity method
Koasa Yamako Corp.	The Company is a director of Koasa Yamako Corp.

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
<u>Sales of goods</u>		
Ultimate parent	\$ 147,185	\$ 142,050
Associates	37,625	37,902
Sister companies	67,691	63,789
Other related parties	19,225	18,176
<u>Sales of services</u>		
Ultimate parent	2,309	2,368
Associates	14,082	7,603
Sister companies	2,471	2,639
Other related parties	1,547	1,337
	\$ 292,135	\$ 275,864

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

B. Purchases

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Ultimate parent	\$ 3,877,405	\$ 3,538,542
Associates	71,263	82,857
Sister companies	953,065	953,554
Other related parties	<u>518,899</u>	<u>479,714</u>
	<u><u>\$ 5,420,632</u></u>	<u><u>\$ 5,054,667</u></u>

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

C. Receivables from related parties

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Ultimate parent	\$ 157,875	\$ 201,321	\$ 149,638
Associates	66,486	73,101	53,511
Sister companies	42,091	85,384	49,231
Other related parties	<u>4,350</u>	<u>4,722</u>	<u>5,489</u>
	<u><u>\$ 270,802</u></u>	<u><u>\$ 364,528</u></u>	<u><u>\$ 257,869</u></u>

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

D. Payables to related parties

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Ultimate parent	\$ 1,722,309	\$ 1,631,289	\$ 1,563,339
Associates	60,604	63,739	70,286
Sister companies	448,433	442,907	448,647
Other related parties	<u>358,115</u>	<u>370,822</u>	<u>279,751</u>
	<u><u>\$ 2,589,461</u></u>	<u><u>\$ 2,508,757</u></u>	<u><u>\$ 2,362,023</u></u>

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

(4) Key management compensation

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Salaries and other short-term employee benefits	<u>\$ 179,085</u>	<u>\$ 189,512</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>	
Accounts receivable	\$ -	\$ 20,000	\$ -	Performance guarantee
Land	128,643	128,643	314,492	Long-term and short-term borrowings and guarantee facilities
Buildings	26,122	50,230	71,388	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	589,852	586,353	513,622	Long-term borrowings and long-term installment payable
 Pledged time deposits (Recognized as “Other non-current assets – guarantee deposits paid ”)	 55,615	 56,495	 49,665	 Performance guarantee
	<u>\$ 800,232</u>	<u>\$ 821,721</u>	<u>\$ 949,167</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets at fair value through profit or loss	\$ 1,503,374	\$ 929,908	\$ 1,607,764
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	757,531	644,614	787,813
Qualifying equity instrument	200,363	200,731	201,626
	<u>957,894</u>	<u>845,345</u>	<u>989,439</u>
Financial assets at amortized cost/Loans and receivables			
Cash and cash equivalents	46,617,325	48,530,648	59,114,211
Accounts receivable, net	4,875,260	5,264,573	4,386,947
Other receivables	2,033,344	1,535,507	3,147,066
Guarantee deposit paid	<u>2,796,768</u>	<u>2,766,913</u>	<u>2,639,129</u>
	<u>56,322,697</u>	<u>58,097,641</u>	<u>69,287,353</u>
	<u>\$ 58,783,965</u>	<u>\$ 59,872,894</u>	<u>\$ 71,884,556</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 4,376,596	\$ 7,237,785	\$ 5,898,726
Short-term notes and bills payable	-	-	299,991
Notes payable	2,290,148	1,866,610	1,762,995
Accounts payable	22,146,063	23,148,683	20,517,232
Other payables	23,395,381	27,954,181	22,273,380
Long-term borrowings (including current portion)	1,086,258	1,182,900	1,372,122
Guarantee deposit received	<u>3,419,854</u>	<u>3,413,265</u>	<u>3,384,281</u>
	<u>\$ 56,714,300</u>	<u>\$ 64,803,424</u>	<u>\$ 55,508,727</u>

B. Risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

	March 31, 2019			December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD: NTD	\$ 928	30.8200	\$ 28,601	\$ 739	30.7150	\$ 22,698
RMB:NTD	500	4.5917	2,296	1,742	4.4654	7,779
JPY:NTD	42,956	0.2783	11,955	8,522	0.2782	2,371
HKD:NTD	2,179	3.9261	8,555	-	-	-
ERU:NTD	499	34.6100	17,270	-	-	-
Non-monetary items						
JPY: NTD	\$ 790,500	0.2783	\$ 219,996	\$ 721,500	0.2782	\$ 200,721
Financial liabilities						
Monetary items						
USD: NTD	\$ 3,466	30.8200	\$ 106,822	\$ 3,745	30.7150	\$ 115,028
JPY:NTD	199,882	0.2783	55,627	80,786	0.2782	22,475
RMB:NTD	1,387	4.5917	6,369	1,152	4.4654	5,144
March 31, 2018						
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD: NTD			\$ 3,881	29.1050	\$ 112,957	
RMB:NTD			1,090	4.6379	5,055	
JPY:NTD			47,807	0.2739	13,094	
HKD:NTD			7,320	3.7082	27,144	
ERU:NTD			801	35.8700	28,732	
Non-monetary items						
JPY: NTD			\$ 809,100	0.2739	\$ 221,612	
Financial liabilities						
Monetary items						
USD: NTD			\$ 4,194	29.1050	\$ 122,066	
JPY: NTD			91,022	0.2739	24,931	

IV. Total exchange gain, including realized and unrealized from significant foreign exchange variations on monetary items held by the Group amounted to \$606 and \$47,970 for the three-month periods ended March 31, 2019 and 2018, respectively.

V. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Foreign exchange risk with respect to USD primarily arises from the exchange gain or loss resulting from foreign currency translation of cash and cash equivalents, accounts receivable and accounts payable denominated in USD. As of March 31, 2019 and 2018, if the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Group's profit for the three-month periods ended March 31, 2019 and 2018 would increase/decrease by \$3,911 and \$455, respectively. Foreign exchange risk with respect to JPY primarily arises from the exchange gain or loss resulting from foreign currency translation of cash and cash equivalents, accounts receivable, financial assets at fair value through other comprehensive income - non-current and accounts payable denominated in JPY. If the NTD:JPY exchange rate appreciates/depreciates by 5%, with all other factors remaining constant, the Group's profit for the three-month periods ended March 31, 2019 and 2018 would increase/decrease by \$8,817 and \$10,489, respectively.

Price risk

- I. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- II. The Group's investments in equity securities comprise shares and open-ended funds issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. If the prices of these equity securities increase / decrease by 5%, and open-ended funds increase / decrease by 0.25%, with all other variables held constant, the post-tax profit for the three-month periods ended March 31, 2019 and 2018 would have increased/decreased by \$7,828 and \$8,096, respectively, as a result of gains/losses on equity securities and open-ended funds classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$37,877 and \$39,391, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income and available-for-sale equity investment.

Cash flow and fair value interest rate risk

- I. The Group's interest rate risk arises from short-term borrowings and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which are partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the three-month periods ended March 31, 2019 and 2018, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and Philippine Peso.
- II. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the three-month periods ended March 31, 2019 and 2018 would have increased/decreased by \$2,216 and \$2,680, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.
- III. If the government bond yield rate had increased/decreased by 0.25% with all other variables held constant, other comprehensive income for the three-month periods ended March 31, 2019 and 2018 would have decreased by \$126 and \$621 or increased by \$122 and \$624, respectively. The main factor is that changes in market interest rates would affect the fair value of fixed interest rate bond investments held by the Group classified as financial assets at fair value through other comprehensive income.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.
- II. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.
- III. The Group operates a chain of retail stores, thus the ratio of accounts receivable to total asset is low. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis and using the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

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

	<u>2018</u>
	<u>Accounts receivable</u>
At January 1_IAS 39	\$ 48,471
Adjustments under new standards	<u>10,889</u>
At January 1_IFRS 9	59,360
Provision for impairment	3,122
Reversal of impairment	(1,678)
Write-offs	(11,115)
Effect of foreign exchange	(991)
At March 31	<u>\$ 48,698</u>

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

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

(c) Liquidity risk

- I. Cash flow forecasting is performed by the operating entities of the Group and aggregated by the Group's finance department. It monitors rolling forecasts of liquidity requirements to ensure the Group has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities, at all times, so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with

internal balance sheet ratio targets.

- II. The Group invests surplus cash in interest bearing current accounts, time deposits, money market fund and marketable securities, and chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasting. The Group held money market funds of \$1,417,691, \$844,225 and \$1,521,931 as at March 31, 2019, December 31, 2018, and March 31, 2018, respectively, which are expected to readily generate cash inflows for the purpose of managing liquidity risk.
- III. The Group has undrawn long-term borrowings facilities of \$16,523,428, \$14,006,462 and \$15,586,976 as of March 31, 2019, December 31, 2018, and March 31, 2018, respectively.
- IV. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than	Between	Between	
	1 year	1 and 2 years	2 and 3 years	
<u>March 31, 2019</u>				
Short-term borrowings	\$ 4,407,221	\$ -	\$ -	\$ -
Notes payable	2,290,148	-	-	-
Accounts payable	22,146,063	-	-	-
Other payables	23,395,381	-	-	-
Lease liability	11,492,862	10,369,927	9,651,856	24,637,814
Long-term borrowings (including current portion)	427,955	223,668	199,642	301,685

Non-derivative financial liabilities:

	Less than	Between	Between	
	1 year	1 and 2 years	2 and 3 years	
<u>December 31, 2018</u>				
Short-term borrowings	\$ 7,286,725	\$ -	\$ -	\$ -
Notes payable	1,866,610	-	-	-
Accounts payable	23,148,683	-	-	-
Other payables	27,954,181	-	-	-
Long-term borrowings (including current portion)	372,094	264,270	189,983	407,867

Non-derivative financial liabilities:

	Less than	Between	Between	
	1 year	1 and 2 years	2 and 3 years	
<u>March 31, 2018</u>				
Short-term borrowings	\$ 6,026,212	\$ -	\$ -	\$ -
Short-term notes and bills payable	299,991	-	-	-
Notes payable	1,762,995	-	-	-
Accounts payable	20,517,232	-	-	-
Other payables	22,273,380	-	-	-
Long-term borrowings (including current portion)	316,437	514,058	96,052	515,016

(3) Fair value information

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

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

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

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

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

C. Financial instruments not measured at fair value

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

March 31, 2019				
	Fair value			
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Guarantee deposit paid	\$ 2,796,768	\$ -	\$ -	\$ 2,776,877
Financial liabilities:				
Guarantee deposit received	\$ 3,419,854	\$ -	\$ -	\$ 3,389,941
December 31, 2018				
	Fair value			
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Guarantee deposit paid	\$ 2,766,913	\$ -	\$ -	\$ 2,748,262
Financial liabilities:				
Guarantee deposit received	\$ 3,413,265	\$ -	\$ -	\$ 3,384,951
March 31, 2018				
	Fair value			
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Guarantee deposit paid	\$ 2,639,129	\$ -	\$ -	\$ 2,623,753
Financial liabilities:				
Guarantee deposit received	\$ 3,384,281	\$ -	\$ -	\$ 3,360,372

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

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

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

	March 31, 2019	Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Open-ended funds	\$ 1,417,691	\$ -	\$ -	\$ -	\$ 1,417,691
Equity securities	<u>-</u>	<u>-</u>	<u>85,683</u>	<u>85,683</u>	
	<u>1,417,691</u>	<u>-</u>	<u>85,683</u>	<u>85,683</u>	<u>1,503,374</u>
Financial assets at fair value through other comprehensive income					
Equity securities	753,183	-	4,348		757,531
Debt securities	<u>200,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,363</u>
	<u>953,546</u>	<u>-</u>	<u>4,348</u>	<u>4,348</u>	<u>957,894</u>
	<u>\$ 2,371,237</u>	<u>\$ -</u>	<u>\$ 90,031</u>	<u>\$ 90,031</u>	<u>\$ 2,461,268</u>
	December 31, 2018	Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Open-ended funds	\$ 844,225	\$ -	\$ -	\$ -	\$ 844,225
Equity securities	<u>-</u>	<u>-</u>	<u>85,683</u>	<u>85,683</u>	
	<u>844,225</u>	<u>-</u>	<u>85,683</u>	<u>85,683</u>	<u>929,908</u>
Financial assets at fair value through other comprehensive income					
Equity securities	640,266	-	4,348		644,614
Debt securities	<u>200,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,731</u>
	<u>840,997</u>	<u>-</u>	<u>4,348</u>	<u>4,348</u>	<u>845,345</u>
	<u>\$ 1,685,222</u>	<u>\$ -</u>	<u>\$ 90,031</u>	<u>\$ 90,031</u>	<u>\$ 1,775,253</u>
	March 31, 2018	Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Open-ended funds	\$ 1,521,931	\$ -	\$ -	\$ -	\$ 1,521,931
Equity securities	<u>-</u>	<u>-</u>	<u>85,833</u>	<u>85,833</u>	
	<u>1,521,931</u>	<u>-</u>	<u>85,833</u>	<u>85,833</u>	<u>1,607,764</u>
Financial assets at fair value through other comprehensive income					
Equity securities	783,465	-	4,348		787,813
Debt securities	<u>201,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,626</u>
	<u>985,091</u>	<u>-</u>	<u>4,348</u>	<u>4,348</u>	<u>989,439</u>
	<u>\$ 2,507,022</u>	<u>\$ -</u>	<u>\$ 90,181</u>	<u>\$ 90,181</u>	<u>\$ 2,597,203</u>

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

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

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

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

E. For the three-month periods ended March 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the three-month periods ended March 31, 2019 and 2018, there was no significant transfer in or out of Level 3.

G. The Group is in charge of valuation procedures for fair value measurements being categorized within Level 3, which to verify the independent fair value of financial instruments. Such assessments are to ensure the valuation results are reasonable by applying independent information to compare the results to current market conditions, confirming the information resources are independent, reliable and in line with other resources, and represented as the exercisable price, and frequently making any other necessary adjustments to the fair value. Investment property is assessed by independent appraisers or based on recent closing prices of similar property in the neighbouring area.

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

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

	<u>Fair value at December 31, 2018</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 90,031	Market comparable companies	Price to book ratio multiplier	2.61	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
 Non-derivative equity instrument:					
Unlisted shares	<u>Fair value at March 31, 2018</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
	\$ 90,181	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

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

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on reports reviewed by the chief operating decision-maker and used to make strategic decisions.

There was no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

The chief operating decision-maker considers the business from industry and geographic perspectives. By industry, the Group focuses on convenience stores, retail business groups, logistics business groups and others. Geographically, the Group focuses on Taiwan and Mainland China where most of its business premises are located. As the operation of convenience stores in Taiwan is the focus of the Group, it is classified as a single operating segment. The whole of Mainland China is considered the same operating segment.

The revenue of the Group's reportable segments is derived from the operations of convenience stores, retail business group and logistics business group. Other operating segments include a restaurant-related business group, supporting business group and China business. The supporting business group mainly provides services relating to the Group's business, such as system maintenance and development and food manufacturing and supply.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on operating revenue and profit before income tax, which are the basis for measuring performance.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

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

	For the three-month period ended March 31, 2018				
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination
External revenue (net)	\$ 36,989,871	\$ 16,647,133	\$ 472,170	\$ 4,838,571	\$ -
Internal department revenue	164,273	597,690	3,178,248	1,599,591	(5,539,802)
Total segment revenue	\$ 37,154,144	\$ 17,244,823	\$ 3,650,418	\$ 6,438,162	\$ (5,539,802)
Segment income (loss)	\$ 3,223,754	\$ 810,863	\$ 275,173	\$ 592,016	\$ (941,250)
					\$ 3,960,556

(4) Reconciliation of segment income (loss)

Revenue from external customers and segment income (loss) reported to the chief operating decision-maker are measured using the same method as for revenue and profit before tax in the financial statements. Thus, no reconciliation is needed.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2019

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of March 31, 2019				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
President Chain Store Corp.	Stock: President Investment Trust Corp.	Director of President Investment Trust Corp.	Financial assets at fair value through profit or loss - non-current	2,667,600	\$ 45,298	7.60	\$ 45,298	
President Chain Store Corp.	Career Consulting Co. Ltd	None	"	837,753	14,663	5.37	14,663	
President Chain Store Corp.	Kaohsiung Rapid Transit Corp.	"	"	2,572,127	25,722	0.92	25,722	
President Chain Store Corp.	PK Venture Capital Corp.	Director of PK Venture Capital Corp.	"	321,300	-	6.67	-	
Mech-President Corp.	Yamay International Development Corp.	None	"	9	-	-	-	
President Chain Store Corp.	President Securities Corp.	Investees of Uni-President Enterprises Corp. under the equity method	Financial assets at fair value through other comprehensive income - non - current	38,221,259	533,187	2.75	533,187	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	219,996	0.56	219,996	
President Chain Store Corp.	Koasa Yamako Corp.	Director of Koasa Yamako Corp.	"	650,000	4,348	10.00	4,348	
Books.com Co., Ltd.	Open ended funds: Yuanta De-Li Money Market Fund	None	Financial assets at fair value through profit or loss - current	7,975,758	\$ 130,028	-	\$ 130,028	
Chieh-Shuen Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	4,140,516	56,006	-	56,006	
Chieh-Shuen Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	299,328	5,001	-	5,001	
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	13,073,519	200,000	-	200,000	
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	23,945,022	300,000	-	300,000	
Uni-Wonder Corp.	Union Money Market Fund	"	"	9,848,037	130,000	-	130,000	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	11,828,720	160,000	-	160,000	
President Information Corp.	Prudential Financial Money Market Fund	"	"	1,372,536	21,707	-	21,707	
President Information Corp.	Jih Sun Money Market Fund	"	"	2,366,198	35,051	-	35,051	
President Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	1,959,368	26,503	-	26,503	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	2,279,818	30,838	-	30,838	
Retail Support Taiwan Corp.	FSITC Money Market Fund	"	"	14,088	2,513	-	2,513	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	23,530,040	320,044	-	320,044	
ICASH Corp.	Bond: Government bond	None	Financial assets at fair value through other comprehensive income - non-current	-	\$ 200,363	-	\$ 200,363	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital
For the three-month period ended March 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Type and name of securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2019			Addition			Disposal			Other increase (decrease)			Balance as at March 31, 2019	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Number of shares	Amount		
	Open ended funds:																	
Books.com. Co., Ltd.	Yuanta De-Li Money Market Fund	Note 1	Not applicable	Not applicable	1,843,148	\$ 30,008	43,579,059	\$ 710,000	37,446,449	\$ 610,218	\$ 610,000	\$ 218	-	\$ 20	7,975,758	\$ 130,028		
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	29,426,771	450,000	16,353,252	250,129	250,000	129	-	-	13,073,519	200,000		
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	"	3,996,323	50,000	47,900,434	600,000	27,951,735	350,155	350,000	155	-	-	23,945,022	300,000		
Uni-Wonder Corp.	Union Money Market Fund	"	"	"	15,170,478	200,000	19,702,110	260,000	25,024,551	330,171	330,000	171	-	-	9,848,037	130,000		
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	"	2,220,988	30,000	37,715,891	510,000	28,108,159	380,087	380,000	87	-	-	11,828,720	160,000		
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	16,121,671	219,000	54,800,322	745,000	47,391,953	644,244	644,000	244	-	44	23,530,040	320,044		

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the three-month period ended March 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions				Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)		Unit price	Credit term	No significant differences	No significant differences	(\$)	Balance
					Purchases	(\$)						
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 3,737,231	15	Net 30~40 days from the end of the month when invoice is issued	" No significant differences	" No significant differences	(\$ 1,228,201)	(\$ 8)	Percentage of total notes/accounts receivable (payable)	Footnote
	Uni-President Superior Commissary Corp.	Subsidiary	"	855,237	3	Net 45 days from the end of the month when invoice is issued						
	Tung Ang Enterprises Corp.	Sister company	"	426,806	2	Net 30 days from the end of the month when invoice is issued						
	Lien-Bo Enterprises Corp.	"	"	161,453	1	Net 10~54 days from the end of the month when invoice is issued						
	President Packaging Corp.	"	"	106,682	-	Net 15~60 days from the end of the month when invoice is issued						
	Kuang Chuan Dairy Corp.	Other related party	"	115,758	-	Net 30~65 days from the end of the month when invoice is issued						
	21 Century Enterprise Co., Ltd.	Subsidiary	"	110,082	-	Net 30~60 days from the end of the month when invoice is issued						
	Q-ware Systems & Services Corp.	"	"	158,584	1	Net 40 days from the end of the month when invoice is issued						
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	(177,262)	(41)	Net 40 days from the end of the month when invoice is issued	" No significant differences	" No significant differences	(\$ 110,959)	56	Percentage of total notes/accounts receivable (payable)	Footnote
	President Logistics International Corp.	Parent company	"	(237,299)	(55)	Net 20 days from the end of the month when invoice is issued						
President Transnet Corp.	Chieh-Shuen Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	177,262	8	Net 40 days from the end of the month when invoice is issued	"	"	(110,959)	(8)	Percentage of total notes/accounts receivable (payable)	Footnote
Uni-Wonder Corp.	Tung Chan Enterprise Corp.	Other related party	Purchases	139,896	14	Net 25 days from the end of the month when invoice is issued	"	"	(35,591)	(7)		
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	(184,653)	(67)	Net 45 days from the end of the month when invoice is issued	"	"	176,830	64	Percentage of total notes/accounts receivable (payable)	Footnote
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Subsidiary	Service cost	237,299	33	Net 20 days from the end of the month when invoice is issued	"	"	(83,933)	(36)		
	Retail Support International Corp.	Parent company	Delivery revenue	(180,438)	(24)	Net 20 days from the end of the month when invoice is issued	"	"	63,993	24	Percentage of total notes/accounts receivable (payable)	Footnote
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	(244,202)	(32)	Net 20 days from the end of the month when invoice is issued	"	"	87,952	56		
	Wisdom Distribution Service Corp.	"	"	(258,797)	(34)	Net 20 days from the end of the month when invoice is issued	"	"	90,208	33		
Retail Support International Corp.	President Logistics International Corp.	Subsidiary	Service cost	180,438	48	Net 20 days from the end of the month when invoice is issued	"	"	(63,993)	(44)	Percentage of total notes/accounts receivable (payable)	Footnote
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	"	244,202	35	Net 20 days from the end of the month when invoice is issued	"	"	(87,952)	(2)		
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	"	258,797	44	Net 20 days from the end of the month when invoice is issued	"	"	(90,208)	(35)	Percentage of total notes/accounts receivable (payable)	Footnote

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the three-month period ended March 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction					Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	Service revenue	(\$ 158,584) (69)	69) Net 40 days from the end of the month when invoice is issued	No significant differences	No significant differences	\$ 102,674	78		
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	172,670	7 Net 70 days from the end of the month when invoice is issued	"	"	(59,473) (3)			
President Pharmaceutical Corp.	President Drugstore Business Corp.	"	Sales revenue	(172,670) (41)	Net 70 days from the end of the month when invoice is issued	"	"	59,473	14		
21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Parent company	"	(110,082) (45)	Net 30–60 days from the end of the month when invoice is issued	"	"	40,208	44		
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	"	(855,237) (99)	Net 45 days from the end of the month when invoice is issued	"	"	609,118	100		

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
March 31, 2019

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of March 31, 2019		Turnover rate	Amount	Action taken	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Amount	Turnover rate				Amount	Action taken		
President Information Corp.	President Chain Store Corp.	Parent company	\$ 176,830	3.52	\$ -	None	\$ 27,982	\$ -			
Q-ware Systems & Services Corp.	President Chain Store Corp.	"	102,674	6.05	-	"	33,435				
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	609,118	5.56	-	"	291,456				
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	110,959	5.91	-	"	61,181				

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the three-month period ended March 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Transaction		Percentage of consolidated total operating revenues or total assets
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	\$ 176,830	Net 45 days from the end of the month when invoice is issued			0.10
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(184,653)	Net 45 days from the end of the month when invoice is issued			0.30
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	102,674	Net 40 days from the end of the month when invoice is issued			0.06
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	(158,584)	Net 40 days from the end of the month when invoice is issued			0.26
3	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	609,118	Net 45 days from the end of the month when invoice is issued			0.35
3	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(855,237)	Net 45 days from the end of the month when invoice is issued			1.40
4	21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	(110,082)	Net 30-60 days from the end of the month when invoice is issued			0.18
5	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Accounts receivable	110,959	Net 40 days from the end of the month when invoice is issued			0.06
5	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	(177,262)	Net 40 days from the end of the month when invoice is issued			0.29
5	Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	(237,299)	Net 20 days from the end of the month when invoice is issued			0.39
6	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	(180,438)	Net 20 days from the end of the month when invoice is issued			0.30
6	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	(244,202)	Net 20 days from the end of the month when invoice is issued			0.40
6	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	(258,797)	Net 20 days from the end of the month when invoice is issued			0.42
7	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	(172,670)	Net 70 days from the end of the month when invoice is issued			0.28

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Names, locations and other information of investee companies (not including investees in Mainland China)
For the three-month period ended March 31, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2019				Investment income (loss)			
				Balance as at March 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three- month period ended March 31, 2019		Company for the three- month period ended March 31, 2019		Footnote
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	\$ 6,712,138	\$ 6,712,138	171,589,586	100.00	\$ 26,395,462	\$ 407,430	\$ 407,430	\$ 407,430	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	1,437,369	69,530		69,530	Subsidiary	
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,650,507	188,578		132,020	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	716,369	27,319		22,093	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	806,427	66,811		49,586	Subsidiary	
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	618,619	74,963		52,474	Subsidiary	
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	451,276	(18,204)		16,383	Subsidiary	
President Chain Store Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	237,437	237,437	23,605,042	60.00	705,076	96,440		57,868	Subsidiary	
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	509,732	23,759		20,433	Subsidiary	
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	389,665	19,272		16,721	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	563,995	57,603		57,603	Subsidiary	
President Chain Store Corp.	Books.com, Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	467,768	99,605		49,833	Subsidiary	
President Chain Store Corp.	President Yilan Art and Culture Corp.	Taiwan	Art and cultural exhibition	20,000	20,000	2,000,000	100.00	51,420	92		92	Subsidiary	
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	213,031	35,770		18,243	Subsidiary	
President Chain Store Corp.	ICASH Corp.	Taiwan	Electronic ticketing services	500,000	500,000	50,000,000	100.00	370,184	14,505		14,505	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	760,430	32,629		6,526	Note 1	
President Chain Store Corp.	Uni-Wonder Corp.	Taiwan	Coffee chain store	3,286,206	3,286,206	21,382,674	60.00	5,368,991	171,242		79,467	Subsidiary	
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	189,357	58,259		14,527	Subsidiary	
President Chain Store Corp.	Presicarre Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	130,801,027	19.50	5,617,205	521,364		98,825	Note 1	
President Chain Store Corp.	President Fair Development Corp.	Taiwan	Operation of shopping mall, department store, international trade, etc.	3,191,700	3,191,700	190,000,000	19.00	1,995,044	57,471		10,920	Note 1	
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	469,688	371,557		6,070	Note 1	
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	112,705	(16,448)		2,050	Note 1	
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	637,231	637,231	6,500,000	100.00	83,969	73		73	Subsidiary	
President Chain Store Corp.	Capital Inventory Services Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	64,647	5,406		5,406	Subsidiary	
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	67,139	350		322	Subsidiary	
President Chain Store Corp.	President Chain Store Corporation Insurance Brokers Co., Ltd.	Taiwan	Life and property insurance	213,000	213,000	1,500,000	100.00	22,563	(245)		245)	Subsidiary	
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	(8,463)	966		992	Subsidiary	
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	170,000	170,000	1,500,000	100.00	(39,009)	3,722		3,721	Subsidiary	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
Names, locations and other information of investee companies (not including investees in Mainland China)
For the three-month period ended March 31, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2019				Investment income (loss)		
				Balance as at March 31, 2019	Balance as at December 31, 2018	Ownership			Net profit (loss) of the investee for the three- month period ended March 31, 2019	\$ 10,876 532	Company for the three- month period ended March 31, 2019	Footnote
						Number of shares	(%)	Book value				
President Chain Store Corp.	21 Century Enterprise Co., Ltd.	Taiwan	Operation of chain restaurants	\$ 160,680	\$ 160,680	10,000,000	100.00	\$ 45,399	\$ 10,876	\$ 10,875	Subsidiary	
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	35,648	35,648	9,800	100.00	\$ 76,863		\$ 508	Subsidiary	
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	(28,136)	1,304		Subsidiary	
President Chain Store Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	\$ 88,438	21,168	14,818	Subsidiary	
President Chain Store Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	-	147,900	-	-	-	-	-	Subsidiary	
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	200,000	200,000	7,500,049	50.00	\$ 113,140	14,389	5,261	Note 1	
President Chain Store Corp.	Uni-President Organics Corp.	Taiwan	Health care products and organic food	47,190	47,190	1,833,333	36.67	\$ 42,695	10,553	3,833	Note 1	
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	\$ 20,160	(7,913)	(1,187)	Note 1	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	\$ 592		-	- Subsidiary of a subsidiary	
Mech-President Corp.	President Jing Corp.	Taiwan	Gas station	9,600	9,600	960,000	60.00	\$ 27,998	3,325	1,995	Subsidiary of a subsidiary	
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Cayman Islands	Professional investment	160,513	160,513	8,880,000	100.00	\$ 32,081	40	40	Subsidiary of a subsidiary	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	22,807	22,807	740,000	7.80	\$ 5,680	350	27	Subsidiary of a subsidiary	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia	Professional investment	898,814	898,814	29,163,337	100.00	\$ 2,254,595	35,892	35,892	Subsidiary of a subsidiary	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,800,428	4,800,428	134,603,354	100.00	\$ 4,376,156	120,435	152,101	Subsidiary of a subsidiary	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	897,950	897,950	394,970,516	52.22	\$ 2,253,867	65,873	35,893	Subsidiary of a subsidiary	
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Taiwan	Trucking	180,000	180,000	26,670,000	100.00	\$ 315,369	4,931	4,931	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	\$ 72,841	(1,549)	(1,549)	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	-	-	99,605	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	74,963	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	-	27,319	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	23,759	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	188,578	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	19,272	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	35,770	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	-	-	1	-	-	66,811	-	Subsidiary of a subsidiary	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
 Names, locations and other information of investee companies (not including investees in Mainland China)
 For the three-month period ended March 31, 2019

Table 6

Expressed in thousands of NTD
 (Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2019			Investment income (loss)		
				Balance as at March 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three- month period ended March 31, 2019	Company for the three- month period ended March 31, 2019	Footnote
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	\$ -	\$ -	1	-	\$ -	\$ 14,389	\$ -	Note 1
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	(18,204)		- Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	-	-	96,440		- Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	-	-	58,259		- Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	-	-	1	-	-	21,168		- Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	-	-	-	-	-	-		- Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	British Virgin Islands	Professional investment	60,374	60,374	2,000,000	100.00	71,196	(155)	(155)	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	80,074	11,100	5,661	Subsidiary of a subsidiary
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	170,373	17,742	8,694	Subsidiary of a subsidiary
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	5,425	5,425	1,161,000	6.00	20,862	17,742	1,065	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	86,925	17,742	4,436	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	113,481	6,763	6,763	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	18,850	18,850	3,870,000	20.00	69,513	17,742	3,521	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Taiwan	Publishing Industry	-	-	-	-	-	-		- Subsidiary of a subsidiary
Philippine Seven Corp.	Convenience Distribution Inc.	Philippines	Logistics and warehousing	26,390	26,390	4,500,000	100.00	26,390	5,940		- Subsidiary of a subsidiary
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	28,584	28,584	40,000	40.00	28,584	338		- Subsidiary of a subsidiary

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES
 Information on investments in Mainland China
 For the three-month period ended March 31, 2019

Table 7

Expressed in thousands of NTD
 (Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	Net income of investee for the three-month period ended March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2019	Book value of investments in Mainland China as of March 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	\$ 273,682	Note 1	\$ 159,357	\$ -	\$ -	\$ 159,357	\$ 30	100.00	\$ 41	\$ 32,013	\$ -	Note 3
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	459,171	Note 1	290,241	-	-	290,241	351	100.00	351	72,048	-	Note 3
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,295,855	Note 1	2,381,692	-	-	2,381,692	133,164	100.00	106,937	177,615	-	Note 3
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	61,640	Note 1	61,640	-	-	61,640	25,013	100.00	25,013	457,290	-	Note 3
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	1,021,856	Note 1	1,009,017	-	-	1,009,017	(12)	100.00	(12)	48,965	-	Note 3
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	-	Note 1	547,867	-	-	547,867	(577)	-	(580)	-	-	Note 3
Shan Dong President Yinzuo Commercial Limited	Supermarkets	275,503	Note 1	125,695	-	-	125,695	(2,753)	55.00	(1,302)	198,547	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	179,799	Note 1	179,799	-	-	179,799	(1,393)	73.74	(1,027)	28,621	56,929	Note 3
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	183,668	Note 1	177,329	-	-	177,329	13,939	80.00	10,863	175,291	13,994	Note 3
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	462	Note 1	-	-	-	-	-	50.03	-	17	-	Note 3
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	275,503	Note 1	282,809	-	-	282,809	14,855	100.00	14,855	355,386	-	Note 3
President Logistic ShanDong Co., Ltd.	Logistics and warehousing	229,586	Note 1	229,586	-	-	229,586	171	100.00	628	206,648	-	Note 3
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	642,839	Note 1	640,591	-	-	640,591	(29,357)	100.00	(29,168)	395,305	-	Note 3
Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and daily items	137,751	Note 1	144,239	-	-	144,239	(6,499)	100.00	(6,513)	110,308	-	Note 3

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

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

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

Company name	Investment amount approved by the		
	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	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.	\$ 4,750,534	\$ 8,517,844	\$ 28,541,512
President Pharmaceutical Corp.	179,799	179,799	526,696
Uni-President Cold-Chain Corp.	91,456	91,456	692,747
Ren-Hui Investment Corp.	53,112	53,112	80,000