

**PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**REVIEW REPORT OF INDEPENDENT ACCOUNTANTS**  
**JUNE 30, 2019 AND 2018**

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

**PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**REVIEW REPORT OF INDEPENDENT ACCOUNTANTS**  
**JUNE 30, 2019 AND 2018**  
**CONTENTS**

	<u>Items</u>	<u>Page</u>
1. Cover	1	
2. Contents	2	
3. Review report of financial statements	3 ~ 4	
4. Consolidated balance sheets	5 ~ 6	
5. Consolidated statements of comprehensive income	7 ~ 8	
6. Consolidated statements of changes in equity	9	
7. Consolidated statements of cash flows	10 ~ 11	
8. Notes to the consolidated financial statements	12 ~ 61	
(1) History and organization	12	
(2) Date of authorization for issuance of the consolidated financial statements and procedures for authorization	12	
(3) Application of new standards, amendments and interpretations	12 ~ 14	
(4) Summary of significant accounting policies	14 ~ 19	
(5) Critical accounting judgements, estimates and key sources of assumption uncertainty	19	
(6) Details of significant accounts	19 ~ 45	
(7) Related party transactions	45 ~ 48	
(8) Pledged assets	49	
(9) Significant contingent liabilities and unrecognized contract commitments	49	
(10) Significant disaster loss	49	
(11) Significant events after the balance sheet date	49	
(12) Others	49 ~ 58	
(13) Supplementary disclosures	59	
(14) Segment information	60 ~ 61	

**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 June 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

***Scope of Review***

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

***Basis for Qualified Conclusion***

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent accountants. Those statements reflect total assets of NT\$44,088,394 thousand and NT\$33,446,885 thousand, constituting 24% and 24% of the consolidated total assets, and total liabilities of NT\$26,700,454 thousand and NT\$16,616,628 thousand, constituting 19% and 17% of the consolidated total liabilities as at June 30, 2019 and 2018, respectively, and total comprehensive income of

NT\$612,218 thousand, NT\$722,377 thousand, NT\$1,221,363 thousand and NT\$1,034,328 thousand, constituting 19%, 18%, 18% and 16% of the consolidated total comprehensive income for the three-month and six-month periods then ended.

### ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method, been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of President Chain Store Corp. and subsidiaries as at June 30, 2019 and 2018, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

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Yi-Chang, Liang

Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan  
August 2, 2019

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

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

**PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of June 30, 2019 and 2018 are reviewed, not audited)

	Assets	Notes	June 30, 2019		December 31, 2018		June 30, 2018	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 49,386,267	27	\$ 48,530,648	38	\$ 61,092,649	44
1110	Financial assets at fair value through profit or loss – current	6(2)	1,953,825	1	844,225	1	2,520,700	2
1170	Accounts receivable, net	6(3) and 7	5,176,417	3	5,264,573	4	4,551,137	3
1200	Other receivables		2,473,104	1	1,535,507	1	2,131,374	2
1220	Current income tax assets	6(30)	2,343	-	1,139	-	3,812	-
130X	Inventories, net	6(4)	12,507,826	7	15,121,657	12	12,863,543	9
1410	Prepayments		1,512,402	1	1,340,225	1	1,622,368	1
1470	Other current assets		2,816,250	2	3,004,894	2	2,582,454	2
11XX	<b>Total current assets</b>		<u>75,828,434</u>	<u>42</u>	<u>75,642,868</u>	<u>59</u>	<u>87,368,037</u>	<u>63</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value through profit or loss – non-current	6(2)	85,565	-	85,683	-	85,683	-
1517	Financial assets at fair value through other comprehensive income	6(5)						
	– non-current		773,087	-	845,345	1	1,001,519	1
1550	Investments accounted for using equity method	6(6)	9,021,649	5	9,000,580	7	8,789,255	6
1600	Property, plant and equipment, net	6(7)(28) and 8	24,845,207	14	25,292,763	20	24,726,417	18
1755	Right of use assets	6(8) and 7	52,649,469	29	-	-	-	-
1760	Investment property, net	6(10)(32)	1,515,314	1	1,502,159	1	1,510,637	1
1780	Intangible assets	6(11)	10,219,431	6	10,393,880	8	10,458,862	8
1840	Deferred income tax assets	6(30)	1,795,178	1	1,727,043	1	1,636,424	1
1900	Other non-current assets	6(12) and 8	3,336,294	2	3,204,759	3	3,189,340	2
15XX	<b>Total non-current assets</b>		<u>104,241,194</u>	<u>58</u>	<u>52,052,212</u>	<u>41</u>	<u>51,398,137</u>	<u>37</u>
1XXX	<b>Total assets</b>		<u><u>\$ 180,069,628</u></u>	<u><u>100</u></u>	<u><u>\$ 127,695,080</u></u>	<u><u>100</u></u>	<u><u>\$ 138,766,174</u></u>	<u><u>100</u></u>

(Continued)

**PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of June 30, 2019 and 2018 are reviewed, not audited)

Liabilities and Equity	Notes	June 30, 2019		December 31, 2018		June 30, 2018	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>							
2100 Short-term borrowings	6(14) and 8	\$ 1,020,059	-	\$ 7,237,785	6	\$ 1,070,988	1
2110 Short-term notes and bills payable		70,000	-	-	-	200,000	-
2130 Contract liabilities – current	6(24)	3,315,318	2	2,843,189	2	4,064,417	3
2150 Notes payable	7	1,847,536	1	1,866,610	2	1,836,336	1
2170 Accounts payable		21,603,234	12	20,673,579	16	19,881,012	15
2180 Accounts payable – related parties	7	2,829,811	2	2,475,104	2	2,583,810	2
2200 Other payables	6(15)	35,397,998	20	27,954,181	22	51,786,689	37
2230 Current income tax liabilities	6(30)	1,492,360	1	1,801,229	1	1,767,933	1
2280 Lease liabilities – current	7	11,720,946	6	-	-	-	-
2300 Other current liabilities	6(16)	3,209,022	2	3,260,538	3	1,743,770	1
21XX <b>Total current liabilities</b>		<u>82,506,284</u>	<u>46</u>	<u>68,112,215</u>	<u>54</u>	<u>84,934,955</u>	<u>61</u>
<b>Non-current liabilities</b>							
2527 Contract liabilities – non-current	6(24)	258,752	-	234,421	-	280,643	-
2540 Long-term borrowings	6(17) and 8	612,467	-	847,040	1	1,088,026	1
2570 Deferred income tax liabilities	6(30)	5,504,744	3	5,386,839	4	5,343,145	4
2580 Lease liabilities – non-current	7	41,760,008	23	-	-	-	-
2640 Net defined benefit liability	6(18)						
– non-current		4,735,190	3	4,732,549	4	4,577,498	3
2670 Other non – current liabilities	6(19)	<u>4,256,337</u>	<u>3</u>	<u>4,356,989</u>	<u>3</u>	<u>4,136,979</u>	<u>3</u>
25XX <b>Total non-current liabilities</b>		<u>57,127,498</u>	<u>32</u>	<u>15,557,838</u>	<u>12</u>	<u>15,426,291</u>	<u>11</u>
2XXX <b>Total liabilities</b>		<u>139,633,782</u>	<u>78</u>	<u>83,670,053</u>	<u>66</u>	<u>100,361,246</u>	<u>72</u>
<b>Equity attributable to owners of the parent</b>							
<b>Share capital</b>	6(20)						
3110 Share capital – common stock		10,396,223	6	10,396,223	8	10,396,223	8
<b>Capital surplus</b>	6(21)						
3200 Capital surplus		45,954	-	45,059	-	44,411	-
<b>Retained earnings</b>	6(22)						
3310 Legal reserve		13,314,081	8	12,293,442	10	12,293,442	9
3320 Special reserve		-	-	398,859	-	398,859	-
3350 Unappropriated retained earnings		7,792,203	4	12,064,862	9	7,132,744	5
<b>Other equity</b>	6(23)						
3400 Other equity interest		538,771	-	53,605	-	24,437	-
31XX <b>Equity attributable to owners of the parent</b>		<u>32,087,232</u>	<u>18</u>	<u>35,252,050</u>	<u>27</u>	<u>30,290,116</u>	<u>22</u>
36XX <b>Non-controlling interest</b>		<u>8,348,614</u>	<u>4</u>	<u>8,772,977</u>	<u>7</u>	<u>8,114,812</u>	<u>6</u>
3XXX <b>Total equity</b>		<u>40,435,846</u>	<u>22</u>	<u>44,025,027</u>	<u>34</u>	<u>38,404,928</u>	<u>28</u>
3X2X <b>Total liabilities and equity</b>		<u>\$ 180,069,628</u>	<u>100</u>	<u>\$ 127,695,080</u>	<u>100</u>	<u>\$ 138,766,174</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)  
(UAUDITED)

Items	Notes	For the three-month periods ended June 30				For the six-month periods ended June 30			
		2019		2018		2019		2018	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	6(24) and 7	\$ 63,947,923	100	\$ 61,229,506	100	\$ 125,033,319	100	\$ 120,177,251	100
5000 <b>Operating costs</b>	6(4)(25) and 7	( 42,020,182 ) ( 66 )		( 40,275,662 ) ( 66 )		( 82,099,651 ) ( 66 )		( 78,722,168 ) ( 66 )	
5900 <b>Gross profit</b>		<u>21,927,741</u>	<u>34</u>	<u>20,953,844</u>	<u>34</u>	<u>42,933,668</u>	<u>34</u>	<u>41,455,083</u>	<u>34</u>
<b>Operating expenses</b>	6(25)(26)								
6100 Selling expenses		( 16,396,937 ) ( 26 )		( 15,715,483 ) ( 26 )		( 31,891,173 ) ( 25 )		( 30,233,495 ) ( 25 )	
6200 General and administrative expenses		( 2,171,991 ) ( 3 )		( 1,992,388 ) ( 3 )		( 4,478,790 ) ( 4 )		( 4,636,695 ) ( 4 )	
6450 Expected credit losses (gains)	12(2)	( 1,864 )	-	( 419 )	-	( 3,299 )	-	( 3,541 )	-
6000 <b>Total operating expenses</b>		<u>( 18,570,792 ) ( 29 )</u>		<u>( 17,708,290 ) ( 29 )</u>		<u>( 36,373,262 ) ( 29 )</u>		<u>( 34,873,731 ) ( 29 )</u>	
6900 <b>Operating profit</b>		<u>3,356,949</u>	<u>5</u>	<u>3,245,554</u>	<u>5</u>	<u>6,560,406</u>	<u>5</u>	<u>6,581,352</u>	<u>5</u>
<b>Non-operating income and expenses</b>									
7010 Other income	6(27)	637,945	1	664,559	2	1,527,807	1	1,200,675	2
7020 Other gains and losses	6(28)	( 23,089 )	-	( 10,626 )	-	( 36,489 )	-	7,343	-
7050 Finance costs	6(29)	( 299,535 )	-	( 32,315 )	-	( 606,329 )	-	( 78,858 )	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(6)								
		<u>109,377</u>	<u>-</u>	<u>96,991</u>	<u>-</u>	<u>237,575</u>	<u>-</u>	<u>214,207</u>	<u>-</u>
7000 <b>Total non-operating income and expenses</b>		<u>424,698</u>	<u>1</u>	<u>718,609</u>	<u>2</u>	<u>1,122,564</u>	<u>1</u>	<u>1,343,367</u>	<u>2</u>
7900 <b>Profit before income tax</b>		<u>3,781,647</u>	<u>6</u>	<u>3,964,163</u>	<u>7</u>	<u>7,682,970</u>	<u>6</u>	<u>7,924,719</u>	<u>7</u>
7950 Income tax expense	6(30)	( 811,119 ) ( 1 )		( 948,022 ) ( 2 )		( 1,452,800 ) ( 1 )		( 2,047,383 ) ( 2 )	
8000 <b>Profit for the period from continuing operations</b>		<u>2,970,528</u>	<u>5</u>	<u>3,016,141</u>	<u>5</u>	<u>6,230,170</u>	<u>5</u>	<u>5,877,336</u>	<u>5</u>
8200 <b>Profit for the period</b>		<u>\$ 2,970,528</u>	<u>5</u>	<u>\$ 3,016,141</u>	<u>5</u>	<u>\$ 6,230,170</u>	<u>5</u>	<u>\$ 5,877,336</u>	<u>5</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 June 30				For the six-month periods ended June 30				
		2019		2018		2019		2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income (loss)</b>										
8316	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	6(5)	\$ 15,556	-	\$ 12,400	-	\$ 128,473	-	\$ 11,750	-
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		1,238	-	862	-	1,994	-	1,092	-
8349	Income tax effect that will not be reclassified to profit or loss	6(30)	( 5,022)	-	( 1,333)	-	( 8,877)	-	48,449	-
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>		11,772	-	11,929	-	121,590	-	61,291	-
8361	Exchange differences from translation of foreign operations		282,602	-	1,054,141	2	450,435	-	379,678	-
8367	Unrealized loss on valuation of bond instruments at fair value through other comprehensive income	6(5)	( 388)	-	( 347)	-	( 783)	-	( 907)	-
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)	687	-	( 5,883)	-	1,841	-	( 5,929)	-
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>		282,901	-	1,047,911	2	451,493	-	372,842	-
8300	<b>Total other comprehensive income for the period</b>		\$ 294,673	-	\$ 1,059,840	2	\$ 573,083	-	\$ 434,133	-
8500	<b>Total comprehensive income for the period</b>		\$ 3,265,201	5	\$ 4,075,981	7	\$ 6,803,253	5	\$ 6,311,469	5
<b>Profit attributable to:</b>										
8610	Owners of the parent		\$ 2,589,888	4	\$ 2,632,371	4	\$ 5,497,751	4	\$ 5,169,992	4
8620	Non-controlling interests		380,640	1	383,770	1	732,419	1	707,344	1
			\$ 2,970,528	5	\$ 3,016,141	5	\$ 6,230,170	5	\$ 5,877,336	5
<b>Comprehensive income attributable to:</b>										
8710	Owners of the parent		\$ 2,821,402	4	\$ 3,651,284	6	\$ 5,982,917	4	\$ 5,669,864	4
8720	Non-controlling interests		443,799	1	424,697	1	820,336	1	641,605	1
			\$ 3,265,201	5	\$ 4,075,981	7	\$ 6,803,253	5	\$ 6,311,469	5
9750	<b>Basic earnings per share (in dollars)</b>	6(31)	\$ 2.49		\$ 2.53		\$ 5.29		\$ 4.97	
9850	<b>Diluted earnings per share (in dollars)</b>	6(31)	\$ 2.49		\$ 2.53		\$ 5.28		\$ 4.96	

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

Chairman: Lo, Chih-Hsien

President : Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

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

Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity		
	Retained earnings					Other equity interest								
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	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					
<b>For the six-month period ended June 30, 2018</b>														
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	<u>10,396,223</u>	<u>43,875</u>	<u>9,191,733</u>	<u>-</u>	<u>31,406,753</u>	<u>(906,308)</u>	<u>477,996</u>	<u>-</u>	<u>50,610,272</u>	<u>8,886,945</u>	<u>59,497,217</u>			
Profit for the period	-	-	-	-	5,169,992	-	-	-	5,169,992	707,344	5,877,336			
Other comprehensive income (loss) for the period	6(23)	-	-	-	47,123	444,351	8,398	-	499,872	(65,739)	434,133			
Total comprehensive income for the period		-	-	-	5,217,115	444,351	8,398	-	5,669,864	641,605	6,311,469			
Distribution of 2017 earnings:														
Legal reserve	-	-	3,101,709	-	(3,101,709)	-	-	-	-	-	-			
Special reserve	-	-	-	398,859	(398,859)	-	-	-	-	-	-			
Cash dividends	-	-	-	-	(25,990,556)	-	-	-	(25,990,556)	-	(25,990,556)			
Non-controlling interest	-	-	-	-	-	-	-	-	-	(1,413,738)	(1,413,738)			
Overdue unclaimed cash dividend transferred to capital surplus	-	536	-	-	-	-	-	-	536	-	536			
Balance at June 30, 2018	<u>\$ 10,396,223</u>	<u>\$ 44,411</u>	<u>\$ 12,293,442</u>	<u>\$ 398,859</u>	<u>\$ 7,132,744</u>	<u>(\$ 461,957)</u>	<u>\$ 486,394</u>	<u>\$ -</u>	<u>\$ 30,290,116</u>	<u>\$ 8,114,812</u>	<u>\$ 38,404,928</u>			
<b>For the six-month period ended June 30, 2019</b>														
Balance at January 1, 2019	\$ 10,396,223	\$ 45,059	\$ 12,293,442	\$ 398,859	\$ 12,064,862	(\$ 279,829)	\$ 333,434	\$ -	\$ 35,252,050	\$ 8,772,977	\$ 44,025,027			
Profit for the period	-	-	-	-	5,497,751	-	-	-	5,497,751	732,419	6,230,170			
Other comprehensive income for the period	6(23)	-	-	-	-	363,038	122,128	-	485,166	87,917	573,083			
Total comprehensive income for the period		-	-	-	5,497,751	363,038	122,128	-	5,982,917	820,336	6,803,253			
Distribution of 2018 earnings:														
Legal reserve	-	-	1,020,639	-	(1,020,639)	-	-	-	-	-	-			
Special reserve	-	-	-	(398,859)	398,859	-	-	-	-	-	-			
Cash dividends	-	-	-	-	(9,148,676)	-	-	-	(9,148,676)	-	(9,148,676)			
Non-controlling interest	-	-	-	-	-	-	-	-	-	(1,244,699)	(1,244,699)			
Overdue unclaimed cash dividend transferred to capital surplus	-	562	-	-	-	-	-	-	562	-	562			
Adjustment of capital surplus due to associates' adjustment of capital surplus	-	333	-	-	-	-	-	-	333	-	333			
Disposal of financial instruments designated at fair value through other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-			
Balance at June 30, 2019	<u>\$ 10,396,223</u>	<u>\$ 45,954</u>	<u>\$ 13,314,081</u>	<u>\$ -</u>	<u>\$ 7,792,203</u>	<u>\$ 83,209</u>	<u>\$ 455,562</u>	<u>\$ -</u>	<u>\$ 32,087,232</u>	<u>\$ 8,348,614</u>	<u>\$ 40,435,846</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 CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	For the six-month periods ended June 30	
		2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Consolidated profit before income tax for the period		\$ 7,682,970	\$ 7,924,719
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)	( 4,093 )	3,168
Expected credit losses	12(2)	3,299	3,541
Depreciation on property, plant and equipment	6(7)(8)	8,890,106	2,961,115
Amortization		297,550	281,063
Depreciation on investment property	6(10)	8,515	8,478
Finance costs	6(29)	606,329	78,858
Share of profit of associates and joint ventures accounted for using equity method	6(6)	( 237,575 )	( 214,207 )
Loss on disposal of property, plant and equipment, net	6(28)	1,093	10,039
Interest income	6(27)	( 410,953 )	( 334,867 )
Dividend income	6(27)	( 47,234 )	( 60,668 )
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		( 1,105,507 )	( 963,843 )
Accounts receivable		84,857	314,224
Other receivables		( 676,693 )	( 255,699 )
Inventories		2,613,831	523,579
Prepayments		( 442,617 )	( 205,193 )
Other current assets		188,644	447,395
Net changes in liabilities relating to operating activities			
Contract liabilities - current		472,129	129,059
Accounts payable		1,284,362	1,293,859
Notes payable		( 19,074 )	( 230,175 )
Other payables		( 1,792,911 )	( 2,128,703 )
Advance receipts		( 92,324 )	( 344,525 )
Contract liabilities - non-current		24,331	( 65,368 )
Net defined benefit liabilities - non-current		2,641	2,697
Cash generated from operations		17,331,676	9,178,546
Interest received		401,363	341,869
Income tax paid		( 1,721,980 )	( 4,604,122 )
Interest paid		( 606,555 )	( 80,953 )
Dividends received		16,642	1,094,064
Net cash used by operating activities		<u>15,421,146</u>	<u>5,929,404</u>

(Continued)

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

	Notes	For the six-month periods ended June 30	
		2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of investments accounted for using the equity method	6(6) and 7	\$ -	\$ 25,642,728
Acquisition of subsidiary	6(6)	- (	3,226,806 )
Acquisition of property, plant and equipment	6(33)	( 3,186,774 )	( 3,540,653 )
Proceeds from disposal of property, plant and equipment		35,860	40,990
Return of capital from financial assets at fair value through other comprehensive income		200,000	-
Guarantee deposits paid		( 131,907 )	( 34,793 )
Acquisition of intangible assets	6(11)	( 26,432 )	( 35,109 )
Other non-current assets		( 134,446 )	( 25,181 )
Net cash provided by (used in) investing activities		<u>( 3,243,699 )</u>	<u>18,821,176</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short-term borrowings	6(34)	( 6,217,726 )	105,808
Short-term notes and bills payable	6(34)	70,000 (	50,000 )
Proceeds from long-term borrowings	6(34)	56,250	117,640
Repayment of long-term borrowings	6(34)	( 267,740 )	( 123,708 )
Payments of lease liability	6(8)(34)	( 5,341,346 )	-
Guarantee deposits received	6(34)	60,728	36,491
Other non-current liabilities	6(34)	-	24,769
Change in non-controlling interests		( 45,032 )	3,427
Net cash (used in) provided by financing activities		<u>( 11,684,866 )</u>	<u>114,427</u>
Effect of foreign exchange rate changes on cash and cash equivalents		363,038	444,351
Increase in cash and cash equivalents		855,619	25,309,358
Cash and cash equivalents at beginning of period		<u>48,530,648</u>	<u>35,783,291</u>
Cash and cash equivalents at end of period		<u>\$ 49,386,267</u>	<u>\$ 61,092,649</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  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 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 August 2, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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:

- 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.
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$101,658 was recognized for the six-month period ended June 30, 2019.
- 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	<u>0.88%~8.54%</u>
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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 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	June 30, 2019	June 30, 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 that appointed by the Company.

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2019	December 31, 2018	June 30, 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
			June 30, 2019	December 31, 2018	June 30, 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
			June 30, 2019	December 31, 2018	June 30, 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.	Beijing 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	
Philippine Seven Corporation	Store Sites Holding, Inc.	Professional investment	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	Professional investment	7.80	7.80	7.80	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	Operation of chain store	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai President Logistics Co., Ltd.	Logistics and warehousing	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Professional investment	100.00	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 supermarket	-	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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2019	December 31, 2018	June 30, 2018	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Zhejiang) Ltd.	Operation of chain store	100.00	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and medicine	100.00	100.00	100.00	(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	(f)
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.
- (f) The Company liquidated the subsidiary, Shanghai President Chain Store Corporation Trade Co., Ltd., and the process of cancellation of registration has been completed in May 2019.

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

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

E. Significant restrictions: None.

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

(4) 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; and
- (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

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand and petty cash	\$ 1,633,850	\$ 1,958,556	\$ 1,393,710
Checking accounts and demand deposits	13,001,400	12,560,158	16,345,008
Cash equivalents			
Time deposits	26,833,457	25,867,905	31,691,911
Short-term financial instruments	7,917,560	8,144,029	11,662,020
	<u>\$ 49,386,267</u>	<u>\$ 48,530,648</u>	<u>\$ 61,092,649</u>

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

B. Information about time deposits provided as security for performance guarantees and reclassified as “Other non-current assets – guarantee deposits paid” is provided in Note 8.

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

	June 30, 2019	December 31, 2018	June 30, 2018
Current items:			
Beneficiary certificates	\$ 1,953,419	\$ 844,170	\$ 2,518,307
Valuation adjustment	406	55	2,393
	<u>\$ 1,953,825</u>	<u>\$ 844,225</u>	<u>\$ 2,520,700</u>
Non-current items:			
Unlisted stocks	\$ 275,553	\$ 275,403	\$ 275,403
Valuation adjustment	(189,988)	(189,720)	(189,720)
	<u>\$ 85,565</u>	<u>\$ 85,683</u>	<u>\$ 85,683</u>

A. The Group recognized net profit or loss of \$4,093 and (\$17) in relation to financial assets at fair value through profit or loss for the six-month periods ended June 30, 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

	June 30, 2019	December 31, 2018	June 30, 2018
Accounts receivable	\$ 5,230,237	\$ 5,320,037	\$ 4,596,082
Less: Allowance for doubtful accounts	(53,820)	(55,464)	(44,945)
	<u>\$ 5,176,417</u>	<u>\$ 5,264,573</u>	<u>\$ 4,551,137</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Not past due	\$ 4,882,507	\$ 5,144,165	\$ 4,437,053
Up to 90 days	334,813	149,698	138,213
91 to 180 days	12,092	18,175	18,212
181 to 365 days	770	2,917	2,261
Over 365 days	55	5,082	343
	<u>\$ 5,230,237</u>	<u>\$ 5,320,037</u>	<u>\$ 4,596,082</u>

The above aging analysis was based on past due date.

B. As of June 30, 2019 and 2018, accounts receivable was all from contracts with customers. And as of January 1, 2018, the balance of receivables from contracts with customers amounted to \$4,938,071.

C. Accounts receivable of the Group pledging to others is provided in Note 8.

D. As at June 30, 2019, December 31, 2018 and June 30, 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 \$5,176,417, \$5,264,573, and \$4,551,137, respectively.

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

(4) Inventories

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

  

	December 31, 2018		
	Cost	Allowance for valuation loss	Cost
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>

  

	June 30, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials and work in process	\$ 58,230	\$ -	\$ 58,230
Merchandise and finished goods	<u>12,892,431</u>	( <u>87,118</u> )	<u>12,805,313</u>
	<u>\$ 12,950,661</u>	( <u>\$ 87,118</u> )	<u>\$ 12,863,543</u>

The cost of inventories recognized as expenses for the period:

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
Cost of goods sold	\$ 41,549,508	\$ 39,790,070
Gain on reversal of valuation of inventories	( 9,217 )	( 8,290 )
Spoilage	415,099	422,977
Others	64,792	70,905
	<u>\$ 42,020,182</u>	<u>\$ 40,275,662</u>

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Cost of goods sold	\$ 81,058,045	\$ 77,771,954
Gain on reversal of valuation of inventories	( 3,260 )	( 48,673 )
Spoilage	910,977	870,786
Others	133,889	128,101
	<u>\$ 82,099,651</u>	<u>\$ 78,722,168</u>

The Group reversed a previous inventory write-down because the Group sold and scrapped certain inventories which were previously provided with allowance for the three-month and six-month periods ended June 30, 2019 and 2018, respectively.

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
<u><b>Debt instruments</b></u>			
Government bonds	\$ -	\$ 199,948	\$ 199,893
Valuation adjustment	<u>-</u>	<u>783</u>	<u>1,413</u>
	<u>-</u>	<u>200,731</u>	<u>201,306</u>
<u><b>Equity instruments</b></u>			
Listed stocks	265,606	\$ 265,606	265,606
Unlisted stocks	<u>4,348</u>	<u>4,348</u>	<u>4,348</u>
	<u>269,954</u>	<u>269,954</u>	<u>269,954</u>
Valuation adjustment	<u>503,133</u>	<u>374,660</u>	<u>530,259</u>
	<u>773,087</u>	<u>644,614</u>	<u>800,213</u>
	<u>\$ 773,087</u>	<u>\$ 845,345</u>	<u>\$ 1,001,519</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 \$773,087, \$644,614 and \$800,213 as at June 30, 2019, December 31, 2018 and June 30, 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:

	<u>For the three-month period ended</u>	<u>For the three-month period ended</u>
	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u><b>Equity instruments at fair value through other comprehensive income</b></u>		
Fair value change recognized in other comprehensive income	\$ 15,556	\$ 12,400
<u><b>Debt instruments at fair value through other comprehensive income</b></u>		
Fair value change recognized in other comprehensive income	(\$ 388)	(\$ 347)
Interest income recognized in profit or loss	\$ 590	\$ 589
	<u>For the six-month period ended</u>	<u>For the six-month period ended</u>
	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u><b>Equity instruments at fair value through other comprehensive income</b></u>		
Fair value change recognized in other comprehensive income	\$ 128,473	\$ 11,750
<u><b>Debt instruments at fair value through other comprehensive income</b></u>		
Fair value change recognized in other comprehensive income	(\$ 783)	(\$ 907)
Interest income recognized in profit or loss	\$ 1,180	\$ 1,179

C. As at June 30, 2019, December 31, 2018 and June 30, 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

\$773,087, \$845,345, and \$1,001,519, respectively.

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

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

**(6) Investments accounted for using the equity method**

	June 30, 2019	December 31, 2018	June 30, 2018
<b><u>Associates</u></b>			
PresiCarre Corp.	\$ 5,550,986	\$ 5,518,380	\$ 5,369,010
President Fair Development Corp.	2,006,036	1,984,125	1,969,076
Uni-President Development Corp.	745,759	753,904	738,052
President International Development Corp.	461,947	461,328	451,655
Tung Ho Development Corp.	110,111	114,755	118,859
Others	<u>53,489</u>	<u>60,209</u>	<u>53,120</u>
	<u>8,928,328</u>	<u>8,892,701</u>	<u>8,699,772</u>
<b><u>Joint ventures</u></b>			
Mister Donut Taiwan Corp., Ltd.	<u>93,321</u>	<u>107,879</u>	<u>89,483</u>
	<u>\$ 9,021,649</u>	<u>\$ 9,000,580</u>	<u>\$ 8,789,255</u>

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

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

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

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
Total comprehensive income	<u>\$ 110,165</u>	<u>\$ 94,294</u>

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Total comprehensive income	<u>\$ 235,012</u>	<u>\$ 204,294</u>

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

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
Total comprehensive income	<u>\$ 1,137</u>	<u>(\$ 2,324)</u>

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Total comprehensive income	\$ 6,398	\$ 5,076

- 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:

	2019						
	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
<u>At January 1</u>							
Cost	\$ 2,273,117	\$ 4,723,111	\$ 6,612,878	\$ 21,159,733	\$ 18,345,784	\$ 9,627,520	\$ 62,742,143
Accumulated depreciation and impairment	( 16,367)	( 1,980,005)	( 4,345,461)	( 14,386,751)	( 11,375,011)	( 5,345,785)	( 37,449,380)
	<u>\$ 2,256,750</u>	<u>\$ 2,743,106</u>	<u>\$ 2,267,417</u>	<u>\$ 6,772,982</u>	<u>\$ 6,970,773</u>	<u>\$ 4,281,735</u>	<u>\$ 25,292,763</u>
<u>At January 1</u>							
Opening net book amount as of January 1	\$ 2,256,750	\$ 2,743,106	\$ 2,267,417	\$ 6,772,982	\$ 6,970,773	\$ 4,281,735	\$ 25,292,763
Effect of adoption of IFRS 16	-	-	-	-	( 387,770)	( 8,463)	( 396,233)
Adjusted beginning balance	<u>\$ 2,256,750</u>	<u>\$ 2,743,106</u>	<u>\$ 2,267,417</u>	<u>\$ 6,772,982</u>	<u>\$ 6,583,003</u>	<u>\$ 4,273,272</u>	<u>\$ 24,896,530</u>
Additions	-	15,900	132,055	1,048,015	896,515	711,819	2,804,304
Disposals	-	-	( 12,584)	( 44,484)	( 12,689)	32,804	( 36,953)
Reclassifications	( 18,757)	12,121	64,328	22,335	157,747	( 185,330)	52,444
Depreciation charge	-	( 100,600)	( 263,401)	( 1,090,938)	( 911,471)	( 654,345)	( 3,020,755)
Net exchange differences	842	2,934	2,662	10,294	50,861	82,044	149,637
Closing net book amount as of June 30	<u>\$ 2,238,835</u>	<u>\$ 2,673,461</u>	<u>\$ 2,190,477</u>	<u>\$ 6,718,204</u>	<u>\$ 6,763,966</u>	<u>\$ 4,260,,264</u>	<u>\$ 24,845,207</u>
<u>At June 30</u>							
Cost	\$ 2,255,201	\$ 4,754,581	\$ 6,566,580	\$ 21,383,964	\$ 18,506,683	\$ 10,306,239	\$ 63,773,248
Accumulated depreciation and impairment	( 16,366)	( 2,081,120)	( 4,376,103)	( 14,665,760)	( 11,742,717)	( 6,045,975)	( 38,928,041)
	<u>\$ 2,238,835</u>	<u>\$ 2,673,461</u>	<u>\$ 2,190,477</u>	<u>\$ 6,718,204</u>	<u>\$ 6,763,966</u>	<u>\$ 4,260,264</u>	<u>\$ 24,845,207</u>

	2018						
	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
<u>At January 1</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>At January 1</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	-	8,539	175,842	930,674	905,309	883,946	2,904,310
Disposals	-	( 38) ( 7,918) ( 16,052) ( 22,656) ( 4,365) ( 51,029)					
Reclassifications	-	660	89,028	37,569	8,757	( 126,697)	9,317
Depreciation charge	-	( 94,380) ( 279,835) ( 1,135,209) ( 842,758) ( 608,933) ( 2,961,115)					
Net exchange differences	( 1,014) ( 261) ( 1,635)		3,164	( 56,623) ( 101,039) ( 157,408)			
Closing net book amount as of June 30	<u>\$ 2,256,204</u>	<u>\$ 2,410,072</u>	<u>\$ 2,272,944</u>	<u>\$ 6,615,969</u>	<u>\$ 6,683,332</u>	<u>\$ 4,487,896</u>	<u>\$ 24,726,417</u>
<u>At June 30</u>							
Cost	\$ 2,272,570	\$ 4,293,175	\$ 6,526,334	\$ 20,498,529	\$ 17,589,035	\$ 9,268,551	\$ 60,448,194
Accumulated depreciation and impairment	( 16,366) ( 1,883,103) ( 4,253,390) ( 13,882,560) ( 10,905,703) ( 4,780,655) ( 35,721,777)						
	<u>\$ 2,256,204</u>	<u>\$ 2,410,072</u>	<u>\$ 2,272,944</u>	<u>\$ 6,615,969</u>	<u>\$ 6,683,332</u>	<u>\$ 4,487,896</u>	<u>\$ 24,726,417</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		For the six-month period ended	
	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019
Land	\$ 718,497	\$ 37,856	\$ 67,125	
Buildings	51,419,358	2,885,058	5,735,488	
Machinery and equipment	86,301	7,003	19,172	
Other equipment	425,313	19,739	47,566	
	<u>\$ 52,649,469</u>	<u>\$ 2,949,656</u>	<u>\$ 5,869,351</u>	

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

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

<u>Items affecting profit or loss</u>	For the three-month period ended		For the six-month period ended	
	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019
Interest expense on lease liabilities	\$ 270,274	\$ 270,274	\$ 541,667	\$ 541,667
Expense on short-term lease contracts		43,545		104,453
Expense on leases of low-value assets		12,689		28,017
Expense on variable lease payments		92,578		202,818
Gain or loss on sale and leaseback transactions		114,005		221,699

E. For the six-month period ended June 30, 2019, the Group's total cash outflow for leases was \$6,218,301.

F. Variable lease payments

- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to sales generated from a store or department store counter. For the above-mentioned stores, up to 3.01% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.
- (b) A 1% increase in the aggregate sales amount of all stores with such variable lease contracts would increase total lease payments by approximately \$2,028.

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 at June 30, 2019 is \$15,844,193.

(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 June 30, 2019	For the three-month period ended June 30, 2018
Rental revenue	\$ 369,573	\$ 344,430
Rental revenue from variable lease payments	\$ 272,347	\$ 312,833
	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Rental revenue	\$ 737,495	\$ 694,512
Rental revenue from variable lease payments	\$ 560,020	\$ 626,868

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

	June 30, 2019
2019	\$ 645,626
2020	367,506
2021	173,812
2022	112,580
2023	60,138
2024	27,788
After 2025	50,185
Total	<hr/> \$ 1,437,635

(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b><u>2019</u></b>			
January 1, 2019	\$ 1,059,538	\$ 442,621	\$ 1,502,159
Depreciation charge	- ( 8,515)	( 8,515)	( 8,515)
Reclassifications	18,757	2,913	21,670
June 30, 2019	<u>\$ 1,078,295</u>	<u>\$ 437,019</u>	<u>\$ 1,515,314</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b><u>2018</u></b>			
January 1, 2018	\$ 1,059,538	\$ 459,577	\$ 1,519,115
Depreciation charge	- ( 8,478)	( 8,478)	( 8,478)
June 30, 2018	<u>\$ 1,059,538</u>	<u>\$ 451,099</u>	<u>\$ 1,510,637</u>

The fair value of the investment property held by the Group ranged from \$3,956,088 to \$4,116,572 at June 30, 2019, December 31, 2018, and June 30, 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>2019</u>				
	License agreement and customer list				
	<u>Software</u>	<u>Goodwill</u>	<u>list</u>	<u>Others</u>	<u>Total</u>
<b><u>At January 1</u></b>					
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)	\$ 484,247 \$ 2,204,284 \$ 7,330,730 \$ 374,619 \$ 10,393,880
<b><u>At January 1</u></b>					
Opening net book amount as of January 1	\$ 484,247	\$ 2,204,284	\$ 7,330,730	\$ 374,619	\$ 10,393,880
Additions	19,657	-	-	6,775	26,432
Reclassifications	39,140	-	-	5,712	44,852
Amortization expenses	( 129,402)	- ( 97,080)	( 20,732)	( 247,214)	\$ 864 \$ 638 \$ 2,204,922 \$ 7,233,650 \$ 366,353 \$ 10,219,431
Net exchange differences	864	638	-	( 21)	1,481
Closing net book amount as of June 30	<u>\$ 414,506</u>	<u>\$ 2,204,922</u>	<u>\$ 7,233,650</u>	<u>\$ 366,353</u>	<u>\$ 10,219,431</u>
<b><u>At June 30</u></b>					
Cost	\$ 1,703,662	\$ 2,204,922	\$ 7,524,890	\$ 480,294	\$ 11,913,768
Accumulated amortization and impairment	( 1,289,156)	- ( 291,240)	( 113,941)	( 1,694,337)	\$ 414,506 \$ 2,204,922 \$ 7,233,650 \$ 366,353 \$ 10,219,431

	2018				
	License agreement and customer list				
	Software	Goodwill	list	Others	Total
<u>At January 1</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>At January 1</u>					
Opening net book amount as of January 1	\$ 592,226	\$ 2,202,519	\$ 7,524,890	\$ 337,078	\$ 10,656,713
Additions	33,528	-	-	1,581	35,109
Reclassifications	( 303)	-	-	( 237)	( 540)
Amortization expenses	( 123,030)	-	( 97,080)	( 14,730)	( 234,840)
Net exchange differences	1,127	1,294	-	( 1)	2,420
Closing net book amount as of June 30	<u>\$ 503,548</u>	<u>\$ 2,203,813</u>	<u>\$ 7,427,810</u>	<u>\$ 323,691</u>	<u>\$ 10,458,862</u>
<u>At June 30</u>					
Cost	\$ 1,556,875	\$ 2,203,813	\$ 7,524,890	\$ 401,907	\$ 11,687,485
Accumulated amortization and impairment	( 1,053,327)	-	( 97,080)	( 78,216)	( 1,228,623)
	<u>\$ 503,548</u>	<u>\$ 2,203,813</u>	<u>\$ 7,427,810</u>	<u>\$ 323,691</u>	<u>\$ 10,458,862</u>

Amortization expenses on intangible assets are recognized as operating expenses.

(12) Other non-current assets

	June 30, 2019	December 31, 2018	June 30, 2018
Guarantee deposits paid	\$ 2,898,820	\$ 2,766,913	\$ 2,691,213
Others	437,474	437,846	498,127
	<u>\$ 3,336,294</u>	<u>\$ 3,204,759</u>	<u>\$ 3,189,340</u>

(13) Impairment of non-financial assets

- A. There were no impairment loss nor reversal of impairment loss recognized for the six-month periods ended June 30, 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>June 30, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ 1,020,059	0.85%~6.00%	None
<u>Type of borrowings</u>	<u>December 31, 2018</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ 7,237,785	0.65%~7.00%	None
<u>Type of borrowings</u>	<u>June 30, 2018</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit loan	\$ 1,070,988	0.92%~4.50%	None

There was no capitalization of borrowing costs for the six-month periods ended June 30, 2019 and 2018. Relevant interest expense on borrowings is recognized as “finance costs”.

(15) Other payables

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Store collections	\$ 12,899,484	\$ 12,750,758	\$ 11,300,379
Dividend payable	10,348,343	-	27,407,721
Wages, salaries and bonus payable	4,522,227	5,033,232	4,654,105
Incentive bonus payable to franchisees	1,104,040	1,047,674	974,430
Sales receipt on behalf of others	903,727	1,176,154	975,847
Payables for acquisition of property, plant and equipment	532,087	914,557	435,181
Employees' compensation and remuneration for directors and supervisors	450,178	879,671	454,192
Payables for labor and health insurance	242,990	238,255	246,252
Rent payable	56,206	848,049	827,343
Others	4,338,716	5,065,831	4,511,239
	\$ 35,397,998	\$ 27,954,181	\$ 51,786,689

(16) Other current liabilities

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Advance receipts for gift certificates	\$ 1,327,437	\$ 1,338,984	\$ -
Advance receipts of deposits in icash cards	1,245,625	1,199,455	1,144,119
Current portion of long-term liabilities	376,667	335,860	297,704
Others	259,293	386,239	301,947
	\$ 3,209,022	\$ 3,260,538	\$ 1,743,770

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2019</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.79%~6.867%	None	\$ 568,261
Secured borrowings	1.72%~1.96%	Property, plant and equipment	420,873 989,134
Less: Current portion			( 376,667) \$ 612,467
<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%	Property, plant and equipment	441,743 1,182,900
Less: Current portion			( 335,860) \$ 847,040
<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2018</u>
<u>Long-term bank borrowings</u>			
Credit loan	0.84%~4.00%	None	\$ 977,834
Secured borrowings	1.79%~1.96%	Property, plant and equipment	407,896 1,385,730
Less: Current portion			( 297,704) \$ 1,088,026

There was no capitalization of borrowing costs for the six-month periods ended June 30, 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 insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March. Furthermore, the subsidiary, Philippine Seven Corporation, 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 \$36,608, \$38,964, \$70,409, and \$78,107 for the three-month and six-month periods ended June 30, 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 six-month periods ended June 30, 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 and six-month periods ended June 30, 2019 and 2018 were \$240,130, \$234,114, \$476,438 and \$460,217, respectively.

(19) Other non-current liabilities

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Guarantee deposit received	\$ 3,473,993	\$ 3,413,265	\$ 3,391,663
Decommissioning liability	488,787	421,966	404,656
Others	293,557	521,758	340,660
	<u>\$ 4,256,337</u>	<u>\$ 4,356,989</u>	<u>\$ 4,136,979</u>

(20) Share capital

As of June 30, 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 both 1,039,622,255 as of June 30, 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 June 12, 2019 and June 12, 2018, respectively, as follows:

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

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

(23) Other equity items

	For the six-month period ended June 30, 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	-	127,690	127,690
-Associates	-	3,315	3,315
Revaluation-tax	-	( 8,877)	( 8,877)
Currency translation differences:			
-Group	362,518	-	362,518
-Associates	520	-	520
At June 30, 2019	<u>\$ 83,209</u>	<u>\$ 455,562</u>	<u>\$ 538,771</u>

For the six-month period ended June 30, 2018					
	Exchange differences from translation of foreign operations	Unrealized gains/(losses) on valuation of financial assets at fair value through other comprehensive income	Unrealized gains/(losses) on available-for-sale financial assets		Total
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	-	10,843	-	10,843	
-Associates	- ( 600)	-	- ( 600)		
Revaluation-tax	- ( 1,845)	-	- ( 1,845)		
Currency translation differences:					
-Group	448,598	-	-	448,598	
-Associates	( 4,247)	-	-	( 4,247)	
At June 30, 2018	(\$ 461,957)	\$ 486,394	\$ -	\$ 24,437	

(24) Operating revenue

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
Revenue from contracts with customers	\$ 63,947,923	\$ 61,229,506
	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Revenue from contracts with customers	\$ 125,033,319	\$ 120,177,251

A. Disaggregation of revenue from contracts with customers

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

<u>For the three-month period ended June 30, 2019</u>	<u>Convenience stores</u>	<u>Retail business group</u>	<u>Logistics business group</u>	<u>Others</u>	<u>Total</u>
Total segment revenue	\$ 39,592,336	\$ 19,618,284	\$ 3,920,792	\$ 6,606,600	\$ 69,738,012
Inter-segment revenue	( 142,682)	( 514,930)	( 3,400,312)	( 1,732,165)	( 5,790,089)
Revenue from external customer contracts	<u>\$ 39,449,654</u>	<u>\$ 19,103,354</u>	<u>\$ 520,480</u>	<u>\$ 4,874,435</u>	<u>\$ 63,947,923</u>
Timing of revenue recognition					
–At a point in time	\$ 39,320,436	\$ 15,681,487	\$ 109,009	\$ 4,599,905	\$ 59,710,837
–Over time	<u>129,218</u>	<u>3,421,867</u>	<u>411,471</u>	<u>274,530</u>	<u>4,237,086</u>
	<u>\$ 39,449,654</u>	<u>\$ 19,103,354</u>	<u>\$ 520,480</u>	<u>\$ 4,874,435</u>	<u>\$ 63,947,923</u>
<u>For the three-month period ended June 30, 2018</u>	<u>Convenience stores</u>	<u>Retail business group</u>	<u>Logistics business group</u>	<u>Others</u>	<u>Total</u>
Total segment revenue	\$ 38,901,410	\$ 17,630,750	\$ 3,853,227	\$ 6,566,826	\$ 66,952,213
Inter-segment revenue	( 150,837)	( 544,639)	( 3,367,406)	( 1,659,825)	( 5,722,707)
Revenue from external customer contracts	<u>\$ 38,750,573</u>	<u>\$ 17,086,111</u>	<u>\$ 485,821</u>	<u>\$ 4,907,001</u>	<u>\$ 61,229,506</u>
Timing of revenue recognition					
–At a point in time	\$ 38,617,342	\$ 14,388,032	\$ 425,581	\$ 4,691,602	\$ 58,122,557
–Over time	<u>133,231</u>	<u>2,698,079</u>	<u>60,240</u>	<u>215,399</u>	<u>3,106,949</u>
	<u>\$ 38,750,573</u>	<u>\$ 17,086,111</u>	<u>\$ 485,821</u>	<u>\$ 4,907,001</u>	<u>\$ 61,229,506</u>
<u>For the six-month period ended June 30, 2019</u>	<u>Convenience stores</u>	<u>Retail business group</u>	<u>Logistics business group</u>	<u>Others</u>	<u>Total</u>
Total segment revenue	\$ 77,520,611	\$ 37,986,111	\$ 7,671,582	\$ 13,248,139	\$ 136,426,443
Inter-segment revenue	( 296,338)	( 1,079,054)	( 6,616,510)	( 3,401,222)	( 11,393,124)
Revenue from external customer contracts	<u>\$ 77,224,273</u>	<u>\$ 36,907,057</u>	<u>\$ 1,055,072</u>	<u>\$ 9,846,917</u>	<u>\$ 125,033,319</u>
Timing of revenue recognition					
–At a point in time	\$ 76,972,820	\$ 30,612,018	\$ 590,633	\$ 9,355,927	\$ 117,531,398
–Over time	<u>251,453</u>	<u>6,295,039</u>	<u>464,439</u>	<u>490,990</u>	<u>7,501,921</u>
	<u>\$ 77,224,273</u>	<u>\$ 36,907,057</u>	<u>\$ 1,055,072</u>	<u>\$ 9,846,917</u>	<u>\$ 125,033,319</u>

For the six-month period ended June 30, 2018	Convenience stores	Retail business group	Logistics business group	Others	Total
Total segment revenue	\$ 76,055,554	\$ 34,875,573	\$ 7,503,645	\$ 13,004,988	\$ 131,439,760
Inter-segment revenue	( 315,110)	( 1,142,329)	( 6,545,654)	( 3,259,416)	( 11,262,509)
Revenue from external customer contracts	<u>\$ 75,740,444</u>	<u>\$ 33,733,244</u>	<u>\$ 957,991</u>	<u>\$ 9,745,572</u>	<u>\$ 120,177,251</u>
Timing of revenue recognition					
–At a point in time	\$ 75,482,976	\$ 28,153,221	\$ 843,734	\$ 9,328,594	\$ 113,808,525
–Over time	<u>257,468</u>	<u>5,580,023</u>	<u>114,257</u>	<u>416,978</u>	<u>6,368,726</u>
	<u>\$ 75,740,444</u>	<u>\$ 33,733,244</u>	<u>\$ 957,991</u>	<u>\$ 9,745,572</u>	<u>\$ 120,177,251</u>

**B. Contract liabilities**

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

	June 30, 2019	December 31, 2018	June 30, 2018	January 1, 2018
Contract liabilities – advance receipts of gift certificates and gift cards	\$ 1,643,329	\$ 1,392,390	\$ 2,263,037	\$ 2,104,769
Contract liabilities – members' deposits	773,363	764,782	1,313,447	1,246,600
Contract liabilities – franchise fee	438,855	230,812	225,934	231,312
Contract liabilities – customer loyalty programs	343,628	344,970	280,643	346,011
Contract liabilities – others	<u>374,895</u>	<u>344,656</u>	<u>261,999</u>	<u>352,677</u>
	<u>\$ 3,574,070</u>	<u>\$ 3,077,610</u>	<u>\$ 4,345,060</u>	<u>\$ 4,281,369</u>
	June 30, 2019	December 31, 2018	June 30, 2018	January 1, 2018
Contract liabilities – current	\$ 3,315,318	\$ 2,843,189	\$ 4,064,417	\$ 3,935,358
Contract liabilities – non-current	<u>258,752</u>	<u>234,421</u>	<u>280,643</u>	<u>346,011</u>
	<u>\$ 3,574,070</u>	<u>\$ 3,077,610</u>	<u>\$ 4,345,060</u>	<u>\$ 4,281,369</u>

(b) Revenues recognized that were included in the contract liabilities balance at the beginning were \$1,792,586 and \$927,654 for the six-month periods ended June 30, 2019 and 2018, respectively.

(25) Expenses by nature

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
Cost of goods sold	\$ 37,586,382	\$ 36,036,573
Employee benefit expense	6,436,631	6,358,412
Incentive bonuses for franchisees	5,469,781	5,301,285
Depreciation and amortization	4,624,174	1,628,817
Utilities expense	1,117,402	1,038,388
Operating lease payments	148,812	3,019,427
Other costs and expenses	5,207,792	4,601,050
Total operating costs and operating expenses	<u>\$ 60,590,974</u>	<u>\$ 57,983,952</u>

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Cost of goods sold	\$ 73,290,177	\$ 70,255,578
Employee benefit expense	12,841,328	12,713,827
Incentive bonuses for franchisees	10,596,294	10,326,908
Depreciation and amortization	9,187,656	3,250,656
Utilities expense	2,104,313	1,914,268
Operating lease payments	335,288	6,029,310
Other costs and expenses	10,117,857	9,105,352
Total operating costs and operating expenses	<u>\$ 118,472,913</u>	<u>\$ 113,595,899</u>

(26) Employee benefit expense

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
Wages and salaries	\$ 5,293,875	\$ 5,225,714
Labor and health insurance fees	492,277	506,327
Pension costs	276,738	273,078
Other personnel expenses	373,741	353,293
	<u>\$ 6,436,631</u>	<u>\$ 6,358,412</u>

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Wages and salaries	\$ 10,567,716	\$ 10,498,273
Labor and health insurance fees	1,013,076	989,459
Pension costs	546,847	538,324
Other personnel expenses	713,689	687,771
	<u>\$ 12,841,328</u>	<u>\$ 12,713,827</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 and six-month periods ended June 30, 2019 and 2018, employees' compensation was accrued at \$142,031 and \$151,065, \$292,859 and \$300,665 respectively; while directors' and supervisors' remuneration was accrued at \$47,452, \$50,471, \$97,843 and \$100,451, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 4.37% and 1.46% of distributable profit of the current period for the six-month period ended June 30, 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 June 30, 2019	For the three-month period ended June 30, 2018
Grants income	\$ 170,145	\$ 131,591
Interest income	214,263	187,697
Rental revenue	76,311	32,011
Dividend income	47,234	60,668
Others	<u>129,992</u>	<u>252,592</u>
	<u>\$ 637,945</u>	<u>\$ 664,559</u>
	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Grants income	\$ 323,724	\$ 305,576
Interest income	410,953	334,867
Rental revenue	149,372	68,058
Dividend income	47,234	60,668
Others	<u>596,524</u>	<u>431,506</u>
	<u>\$ 1,527,807</u>	<u>\$ 1,200,675</u>

(28) Other gains and losses

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
(Loss) gain on disposal of investments	(\$ 3,432)	\$ 1,834
Gain (loss) on disposal of property, plant and equipment	2,379	( 2,255)
Other gains and losses	( 22,036)	( 10,205)
	<u>(\$ 23,089)</u>	<u>(\$ 10,626)</u>

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
(Loss) gain on disposal of investments	(\$ 3,432)	\$ 3,151
Loss on disposal of property, plant and equipment	( 1,093)	( 10,039)
Other gains and losses	( 31,964)	14,231
	<u>(\$ 36,489)</u>	<u>\$ 7,343</u>

(29) Finance costs

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
Interest expense	<u>\$ 299,535</u>	<u>\$ 32,315</u>
Interest expense	<u>\$ 606,329</u>	<u>\$ 78,858</u>

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
Current tax:		
Current tax on profits for the period	\$ 786,830	\$ 799,467
Tax on undistributed surplus earnings	20,212	135,163
Over provision of prior year's income tax	( 371)	-
Total current tax	<u>806,671</u>	<u>934,630</u>
Deferred tax:		
Origination and reversal of temporary differences	4,448	13,392
Total deferred tax	<u>4,448</u>	<u>13,392</u>
Income tax expense	<u>\$ 811,119</u>	<u>\$ 948,022</u>

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
<b>Current tax:</b>		
Current tax on profits for the period	\$ 1,390,697	\$ 1,400,814
Tax on undistributed surplus earnings	20,212	135,163
Over provision of prior year's income tax	997	-
<b>Total current tax</b>	<u>1,411,906</u>	<u>1,535,977</u>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	40,894	(128,898)
Impact of change in tax rate	-	640,304
<b>Total deferred tax</b>	<u>40,894</u>	<u>511,406</u>
<b>Income tax expense</b>	<u><u>\$ 1,452,800</u></u>	<u><u>\$ 2,047,383</u></u>

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

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
<b>Changes in fair value of financial assets at fair value through other comprehensive income</b>		
	\$ 5,022	\$ 1,333
	<u>\$ 5,022</u>	<u>\$ 1,333</u>
<b>Changes in fair value of financial assets at fair value through other comprehensive income</b>		
	8,877	(\$ 1,472)
Impact of change in tax rate	-	(46,977)
	<u>\$ 8,877</u>	<u>(\$ 48,449)</u>

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

(31) Earnings per share

	<u>For the three-month period ended June 30, 2019</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<b><u>Basic earnings per share</u></b>			
Profit attributable to ordinary shareholders of the parent	\$ 2,589,888	1,039,622	\$ 2.49
<b><u>Diluted earnings per share</u></b>			
Profit attributable to ordinary shareholders of the parent	\$ 2,589,888	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation			473
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,589,888	1,040,095	\$ 2.49
 <b><u>For the three-month period ended June 30, 2018</u></b>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<b><u>Basic earnings per share</u></b>			
Profit attributable to ordinary shareholders of the parent	\$ 2,632,371	1,039,622	\$ 2.53
<b><u>Diluted earnings per share</u></b>			
Profit attributable to ordinary shareholders of the parent	\$ 2,632,371	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation			437
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,632,371	1,040,059	\$ 2.53

<u>For the six-month period ended June 30, 2019</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<b>Basic earnings per share</b>			
Profit attributable to ordinary shareholders of the parent	\$ 5,497,751	1,039,622	\$ 5.29
<b>Diluted earnings per share</b>			
Profit attributable to ordinary shareholders of the parent	\$ 5,497,751	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		1,581	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,487,751	1,041,203	\$ 5.28

  

<u>For the six-month period ended June 30, 2018</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<b>Basic earnings per share</b>			
Profit attributable to ordinary shareholders of the parent	\$ 5,169,992	1,039,622	\$ 4.97
<b>Diluted earnings per share</b>			
Profit attributable to ordinary shareholders of the parent	\$ 5,169,992	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		2,035	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,169,992	1,041,657	\$ 4.96

(32) Operating leases

Lessor

2018

A. The Group leases its investment property and shopping centres to others under operating lease agreements on terms between two and ten years. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Less than one year	\$ 90,898	\$ 93,630
Over one year but less than five years	224,263	262,943
Over five years	6,195	34,513
	<u>\$ 321,356</u>	<u>\$ 391,086</u>

Lessee

A. The Group leases business premises for its stores. The lease terms are between one and twenty 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 and six-month periods ended June 30, 2019 and 2018 are as follows:

	For the three-month period ended June 30, 2018	For the six-month period ended June 30, 2018
Rental expenses	\$ 2,905,706	\$ 5,823,254
Contingent rents	\$ 113,721	\$ 206,056

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

	December 31, 2018	June 30, 2018
Less than one year	\$ 10,955,633	\$ 9,931,342
Over one year but less than five years	36,200,668	34,413,678
Over five years	22,658,778	12,721,318
	<u>\$ 69,815,079</u>	<u>\$ 57,066,338</u>

B. The Group has sub-leased certain business premises to others. Sublease revenues recognized in profit and loss for the three-month and six-month periods ended June 30, 2018 are as follows:

	For the three-month period ended June 30, 2018	For the six-month period ended June 30, 2018
Sublease revenues	\$ 56,746	\$ 117,154
Contingent rents	\$ 287,412	\$ 571,052

In accordance with non-cancellable sub-lease agreements as of June 30, 2018, sub-lease payments totalling \$587,286 are expected to be collected between 2018 and 2028.

### (33) Supplemental cash flow information

#### A. Investing activities with partial cash payments

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Purchase of property, plant and equipment	\$ 2,804,304	\$ 2,904,310
Add: Opening balance of payable on equipment	914,557	1,071,524
Less: Ending balance of payable on equipment	( 532,087)	( 435,181)
Cash paid during the period	<u>\$ 3,186,774</u>	<u>\$ 3,540,653</u>

#### B. Financing activities with no cash flow effects

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Unpaid cash dividends – the company	\$ 9,148,676	\$ 25,990,556
Unpaid cash dividends – subsidiary	1,199,667	1,417,165
	<u>\$ 10,348,343</u>	<u>\$ 27,407,721</u>

(34) Changes in liabilities from financing activities

	2019					
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Other non- current liabilities- guarantee deposits received	Liabilities from financing activities- gross
At January 1	\$ 7,237,785	\$ -	\$ 847,040	\$ 52,938,613	\$ 3,413,265	\$ 64,436,703
Changes in cash flow from financing activities	( 6,217,726)	70,000	( 211,490)	( 5,341,346)	60,728	( 11,639,834)
Impact of changes in foreign exchange rate	-	-	17,724	260,363	-	278,087
Changes in other non-cash items	-	-	( 40,807)	5,623,324	-	5,582,517
At June 30	\$ 1,020,059	\$ 70,000	\$ 612,467	\$ 53,480,954	\$ 3,473,993	\$ 58,657,473
	2018					
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Other non- current liabilities- guarantee deposits received	Other non- current liabilities- other	Liabilities from financing activities- gross
At January 1	\$ 965,180	\$ 250,000	\$ 1,105,451	\$ 3,355,171	\$ 1,066,560	\$ 6,742,362
Changes in cash flow from financing activities	105,808	( 50,000)	( 6,068)	36,492	24,767	110,999
Impact of changes in foreign exchange rate	-	-	12,593	-	-	12,593
Changes in other non-cash items	-	-	( 23,950)	-	( 346,011)	( 369,961)
At June 30	\$ 1,070,988	\$ 200,000	\$ 1,088,026	\$ 3,391,663	\$ 745,316	\$ 6,495,993

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent company and the Group's ultimate parent company is Uni-President Enterprises Corp. which holds a 45.4% equity interest in the Company as of June 30, 2019.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Uni-President Enterprises Corp.	Ultimate parent company
Tait Marketing & Distribution Co., Ltd.	Subsidiaries of ultimate parent company
Tung Ang Enterprises Corp.	"
Lien-Bo Enterprises Corp.	"
President Packaging Corp.	"
President Tokyo Corp.	"
Uni-President (Kunshan) Trading Co., Ltd.	"
President Professional Baseball Team Corp.	"
Presco Netmarketing Inc.	"
Zhenzhou President Enterprises Co., Ltd.	"
Mister Donut Taiwan Co., Ltd.	Investees of the Company accounted for using the equity method
Uni-President Development Corp.	"
President Technology Corp.	"
Kuang Chuan Dairy Corp.	Investees of ultimate parent company accounted for using the equity method
Weilih Food Industrial Co., Ltd.	"
Prince Housing Development Corp.	"
Tung Chan Enterprises Corp.	Investees of subsidiaries of ultimate parent company accounted for using the equity method
Kang Na Hsiung Enterprises Co., Ltd.	"
Koasa Yamako Corp.	The Company is a director of Koasa Yamako Corp.

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
<u>Sales of goods</u>		
Ultimate parent	\$ 142,653	\$ 146,143
Associates	32,513	34,376
Sister companies	58,997	73,170
Other related parties	18,706	17,981
<u>Sales of services</u>		
Ultimate parent	4,107	3,569
Associates	15,764	11,982
Sister companies	3,528	2,686
Other related parties	1,109	921
	\$ 277,377	\$ 290,828

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
<b><u>Sales of goods</u></b>		
Ultimate parent	\$ 289,838	\$ 288,193
Associates	70,138	72,278
Sister companies	126,688	136,959
Other related parties	37,931	36,157
<b><u>Sales of services</u></b>		
Ultimate parent	6,416	5,937
Associates	29,846	19,585
Sister companies	5,999	5,325
Other related parties	<u>2,656</u>	<u>2,258</u>
	<u>\$ 569,512</u>	<u>\$ 566,692</u>

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

**B. Purchases**

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
Ultimate parent	\$ 4,167,059	\$ 3,933,949
Associates	62,275	69,261
Sister companies	1,028,395	1,002,310
Other related parties	<u>614,630</u>	<u>568,222</u>
	<u>\$ 5,872,359</u>	<u>\$ 5,573,742</u>

	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Ultimate parent	\$ 8,044,464	\$ 7,472,491
Associates	133,538	152,118
Sister companies	1,981,460	1,955,864
Other related parties	<u>1,133,529</u>	<u>1,047,936</u>
	<u>\$ 11,292,991</u>	<u>\$ 10,628,409</u>

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

**C. Receivables from related parties**

	June 30, 2019	December 31, 2018	June 30, 2018
Ultimate parent	\$ 135,791	\$ 201,321	\$ 109,211
Associates	67,232	73,101	62,603
Sister companies	32,281	85,384	50,208
Other related parties	<u>5,163</u>	<u>4,722</u>	<u>5,010</u>
	<u>\$ 240,467</u>	<u>\$ 364,528</u>	<u>\$ 227,032</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

	June 30, 2019	December 31, 2018	June 30, 2018
Ultimate parent	\$ 1,823,952	\$ 1,631,289	\$ 1,650,096
Associates	65,499	63,739	56,328
Sister companies	547,547	442,907	509,197
Other related parties	<u>466,624</u>	<u>370,822</u>	<u>395,613</u>
	<u>\$ 2,903,622</u>	<u>\$ 2,508,757</u>	<u>\$ 2,611,234</u>

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

E. Leasing arrangements – lessee

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

	For the six-month period ended June 30, 2019
Ultimate parent	\$ 102,360
Associates	12,157
Sister companies	<u>8,502</u>
	<u>\$ 123,019</u>

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

(c) Lease liabilities

	June 30, 2019
Ultimate parent	\$ 154,746
Associates	739,096
Sister companies	301,485
Other related parties	<u>24,480</u>
	<u>\$ 1,219,807</u>

(4) Key management compensation

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018
Salaries and other short-term employee benefits	\$ 192,583	\$ 160,244
	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Salaries and other short-term employee benefits	\$ 371,668	\$ 349,756

## 8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30,2019	December 31, 2018	June 30,2018	
Accounts receivable	\$ -	\$ 20,000	\$ -	Performance guarantee
Land	128,643	128,643	\$ 128,643	Long-term and short-term borrowings and guarantee facilities
Buildings	44,209	50,230	57,807	Long-term and short-term borrowings and guarantee facilities
Transportation equipment	568,056	586,353	543,654	Long-term borrowings and long-term installment payable
Pledged time deposits (Recognized as "Other non-current assets – guarantee deposits paid")	56,495	56,495	42,465	Performance guarantee
	\$ 797,403	\$ 841,721	\$ 772,569	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT SUBSEQUENT EVENTS

None.

## 12. OTHERS

### (1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
<b><u>Financial assets</u></b>			
Financial assets measured at fair value through profit or loss			
Financial assets at fair value through profit or loss	<u>\$ 2,039,390</u>	<u>\$ 929,908</u>	<u>\$ 2,606,383</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>773,087</u>	<u>644,614</u>	<u>800,213</u>
Qualifying equity instrument	<u>-</u>	<u>200,731</u>	<u>201,306</u>
	<u><u>773,087</u></u>	<u><u>845,345</u></u>	<u><u>1,001,519</u></u>
Financial assets at amortized cost/Loans and receivables			
Cash and cash equivalents	<u>49,386,267</u>	<u>48,530,648</u>	<u>61,092,649</u>
Accounts receivable, net	<u>5,176,417</u>	<u>5,264,573</u>	<u>4,551,137</u>
Other receivables	<u>2,473,104</u>	<u>1,535,507</u>	<u>2,131,374</u>
Guarantee deposit paid	<u>2,898,820</u>	<u>2,766,913</u>	<u>2,691,213</u>
	<u><u>59,934,608</u></u>	<u><u>58,097,641</u></u>	<u><u>70,466,373</u></u>
	<u><u>\$ 62,747,085</u></u>	<u><u>\$ 59,872,894</u></u>	<u><u>\$ 74,074,275</u></u>
<b><u>Financial liabilities</u></b>			
Financial liabilities at amortized cost			
Short-term borrowings	<u>\$ 1,020,059</u>	<u>\$ 7,237,785</u>	<u>\$ 1,070,988</u>
Short-term notes and bills payable	<u>70,000</u>	<u>-</u>	<u>200,000</u>
Notes payable	<u>1,847,536</u>	<u>1,866,610</u>	<u>1,836,336</u>
Accounts payable	<u>24,433,045</u>	<u>23,148,683</u>	<u>22,464,822</u>
Other payables	<u>35,397,998</u>	<u>27,954,181</u>	<u>51,786,689</u>
Lease liabilities	<u>53,480,954</u>	<u>-</u>	<u>-</u>
Long-term borrowings (including current portion)	<u>989,134</u>	<u>1,182,900</u>	<u>1,385,730</u>
Guarantee deposit received	<u>3,473,993</u>	<u>3,413,265</u>	<u>3,391,663</u>
	<u><u>\$ 120,712,719</u></u>	<u><u>\$ 64,803,424</u></u>	<u><u>\$ 82,136,228</u></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 of the Company and its subsidiaries used in various functional currency, the transactions primarily with respect to the USD and RMB. Exchange risk arises from future commercial transactions and recognized assets and liabilities.
- II. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currencies.
- III. The Company's and certain subsidiaries' functional currency is the New Taiwan dollar (NTD), and for other certain subsidiaries, the functional currency is the Renminbi (RMB). The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by exchange rate fluctuations are as follows:

	June 30, 2019				December 31, 2018							
	Foreign currency		Book value	(NTD)	Foreign currency		Book value	(NTD)				
	(Foreign currency: functional currency)	amount (In thousands)			amount (In thousands)	Exchange rate						
<u>Financial assets</u>												
<u>Monetary items</u>												
USD: NTD	\$ 1,101	31.0600	\$ 34,197	\$ 739	30.7150	\$ 22,698						
RMB:NTD	1,849	4.5232	8,363	1,742	4.4654	7,779						
JPY:NTD	51,963	0.2886	14,997	8,522	0.2782	2,371						
HKD:NTD	1,886	3.9766	7,500	-	-	-						
<u>Non-monetary items</u>												
JPY: NTD	\$ 849,300	0.2886	\$ 245,108	\$ 721,500	0.2782	\$ 200,721						
<u>Financial liabilities</u>												
<u>Monetary items</u>												
USD: NTD	\$ 2,693	31.0600	\$ 83,645	\$ 3,745	30.7150	\$ 115,028						
JPY: NTD	129,327	0.2886	37,324	80,786	0.2782	22,475						
RMB:NTD	1,799	4.5232	8,137	1,152	4.4654	5,144						

	June 30, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 4,316	30.4600	\$ 131,465
RMB:NTD	2,003	4.6005	9,215
JPY:NTD	16,165	0.2754	4,452
HKD:NTD	3,766	3.8819	14,619
<u>Non-monetary items</u>			
JPY: NTD	\$ 828,900	0.2754	\$ 228,279
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,171	30.4600	\$ 96,589
JPY: NTD	101,562	0.2754	27,970

IV. Total exchange gain (loss), including realized and unrealized from significant foreign exchange variations on monetary items held by the Group amounted to \$802, \$15,043, (\$196) and \$63,013 for the three-month and six-month periods ended June 30, 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 June 30, 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 six-month periods ended June 30, 2019 and 2018 would increase/decrease by \$2,472 and \$1,744, 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 six-month periods ended June 30, 2019 and 2018 would increase/decrease by \$11,139 and \$10,238, 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. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

II. The Group's investments in equity securities comprise shares and open-ended funds issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. If the prices of these equity securities increase / decrease by 5%, and open-ended funds increase / decrease by 0.25%, with all other variables held constant, the post-tax profit for the six-month periods ended June 30, 2019 and 2018 would have increased/decreased by \$9,163 and \$10,586, 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 \$38,654 and \$40,011, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- I. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which are partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the six-month periods ended June 30, 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 six-month periods ended June 30, 2019 and 2018 would have increased/decreased by \$2,223 and \$2,714, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and 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:

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

	2018
	<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	3,541
Reversal of impairment	( 1,607)
Write-offs	( 15,688)
Effect of foreign exchange	( 661)
At June 30	<u>\$ 44,945</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 six-month period ended June 30, 2019.

V. The Group has no written-off financial assets that are still under recourse procedures on June 30, 2019, December 31 2018 and June 30, 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 \$1,953,825, \$844,225 and \$2,520,700 as at June 30, 2019, December 31, 2018, and June 30, 2018, respectively, which are expected to readily generate cash inflows for the purpose of managing liquidity risk.
- III. The Group has undrawn borrowing facilities of \$17,738,288, \$14,006,462 and \$16,857,317 as of June 30, 2019, December 31, 2018 and June 30, 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:

<u>June 30, 2019</u>	Less than	Between	Between	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</u>	
Short-term borrowings	\$ 1,036,630	\$ -	\$ -	\$ -
Short-term notes and bills payable	70,000	-	-	-
Notes payable	1,847,536	-	-	-
Accounts payable	24,433,045	-	-	-
Other payables	35,397,998	-	-	-
Lease liabilities	11,458,159	10,231,264	10,241,276	27,180,876
Long-term borrowings (including current portion)	416,498	223,146	96,793	331,457

Non-derivative financial liabilities:

<u>December 31, 2018</u>	Less than	Between	Between	<u>Over 3 years</u>
	<u>1 year</u>	<u>1 and 2 years</u>	<u>2 and 3 years</u>	
Short-term borrowings	\$ 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:

June 30, 2018	Less than	Between	Between	
	1 year	1 and 2 years	2 and 3 years	
Short-term borrowings	\$ 1,094,073	\$ -	\$ -	\$ -
Short-term notes and bills payable	200,000	-	-	-
Notes payable	1,836,336	-	-	-
Accounts payable	22,464,822	-	-	-
Other payables	51,786,689	-	-	-
Long-term borrowings (including current portion)	329,534	519,718	99,594	508,068

(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.

	June 30, 2019			
	Book value	Level 1	Level 2	Level 3
<u>Financial assets:</u>				
Guarantee deposit paid	\$ 2,898,820	\$ -	\$ -	\$ 2,876,936
<u>Financial liabilities:</u>				
Guarantee deposit received	\$ 3,473,993	\$ -	\$ -	\$ 3,442,380

	December 31, 2018		
	Fair value		
	Book value	Level 1	Level 2
<u>Financial assets:</u>			
Guarantee deposit paid	\$ 2,766,913	\$ -	\$ 2,748,262
<u>Financial liabilities:</u>			
Guarantee deposit received	\$ 3,413,265	\$ -	\$ 3,384,951

	June 30, 2018		
	Fair value		
	Book value	Level 1	Level 2
<u>Financial assets:</u>			
Guarantee deposit paid	\$ 2,691,213	\$ -	\$ 2,671,906
<u>Financial liabilities:</u>			
Guarantee deposit received	\$ 3,391,663	\$ -	\$ 3,366,105

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

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

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

	June 30, 2019	Level 1	Level 2	Level 3	Total
<u>Assets</u>					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Open-ended funds	\$ 1,953,825	\$ -	\$ -	\$ 1,953,825	
Equity securities	\$ -	\$ -	\$ 85,565	\$ 85,565	
	<u>1,953,825</u>	<u>\$ -</u>	<u>85,565</u>	<u>85,565</u>	<u>2,039,390</u>
Financial assets at fair value through other comprehensive income					
Equity securities	\$ 768,739	\$ -	\$ 4,348	\$ 773,087	
	<u>768,739</u>	<u>\$ -</u>	<u>4,348</u>	<u>773,087</u>	
	<u>\$ 2,722,564</u>	<u>\$ -</u>	<u>\$ 89,913</u>	<u>\$ 2,812,477</u>	

December 31, 2018	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b><u>Recurring fair value measurements</u></b>				
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>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>200,731</u>
	<u>840,997</u>	<u>-</u>	<u>4,348</u>	<u>845,345</u>
	<u>\$ 1,685,222</u>	<u>\$ -</u>	<u>\$ 90,031</u>	<u>\$ 1,775,253</u>

June 30, 2018	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b><u>Recurring fair value measurements</u></b>				
Financial assets at fair value through profit or loss				
Open-ended funds	\$ 2,520,700	\$ -	\$ -	\$ 2,520,700
Equity securities	<u>-</u>	<u>-</u>	<u>85,683</u>	<u>85,683</u>
	<u>2,520,700</u>	<u>-</u>	<u>85,683</u>	<u>2,606,383</u>
Financial assets at fair value through other comprehensive income				
Equity securities	795,865	-	4,348	800,213
Debt securities	<u>201,306</u>	<u>-</u>	<u>-</u>	<u>201,306</u>
	<u>997,171</u>	<u>-</u>	<u>4,348</u>	<u>1,001,519</u>
	<b>\$ 3,517,871</b>	<b>\$ -</b>	<b>\$ 90,031</b>	<b>\$ 3,607,902</b>

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

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

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

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

- E. For the six-month periods ended June 30, 2019 and 2018, there was no transfer between Level 1 and Level 2.
- F. For the six-month periods ended June 30, 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:

	Fair value at June 30, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
<b>Non-derivative equity instrument:</b>					
Unlisted shares	\$ 89,913	Market comparable companies  Net asset value	Price to book ratio multiplier  Net asset value	2.61  -	The higher the multiplier, the higher the fair value  The higher the net asset value, the higher the fair value
<b>Non-derivative equity instrument:</b>					
Unlisted shares	\$ 90,031	Market comparable companies  Net asset value	Price to book ratio multiplier  Net asset value	2.61  -	The higher the multiplier, the higher the fair value  The higher the net asset value, the higher the fair value
<b>Non-derivative equity instrument:</b>					
Unlisted shares	\$ 90,031	Market comparable companies  Net asset value	Price to book ratio multiplier  Net asset value	2.21  -	The higher the multiplier, the higher the fair 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 June 30, 2019, December 31, 2018, and June 30, 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 six-month period ended June 30, 2019					
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	
					Total	
External revenue (net)	\$ 77,224,273	\$ 36,907,057	\$ 1,055,072	\$ 9,846,917	\$ -	\$ 125,033,319
Internal department revenue	296,338	1,079,054	6,616,510	3,401,222	( 11,393,124)	-
Total segment revenue	\$ 77,520,611	\$ 37,986,111	\$ 7,671,582	\$ 13,248,139	( \$ 11,393,124)	\$ 125,033,319
Segment income	\$ 6,310,879	\$ 1,771,831	\$ 679,517	\$ 1,556,306	( \$ 2,635,563)	\$ 7,682,970

	For the six-month period ended June 30, 2018					
	Convenience stores	Retail business group	Logistics business group	Other operating segments	Adjustment and elimination	
					Total	
External revenue (net)	\$ 75,740,444	\$ 33,733,244	\$ 957,991	\$ 9,745,572	\$ -	\$ 120,177,251
Internal department revenue	315,110	1,142,329	6,545,654	3,259,416	( 11,262,509)	-
Total segment revenue	\$ 76,055,554	\$ 34,875,573	\$ 7,503,645	\$ 13,004,988	( \$ 11,262,509)	\$ 120,177,251
Segment income	\$ 6,496,095	\$ 1,694,338	\$ 612,522	\$ 1,169,139	( \$ 2,047,375)	\$ 7,924,719

**(4) Reconciliation of segment income (loss)**

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
June 30, 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 June 30, 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	14,545	5.37	14,545	
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	523,631	2.75	523,631	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	245,108	0.56	245,108	
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: Jh Sun Money Market Fund	None	Financial assets at fair value through profit or loss - current	16,860,505	\$ 250,105	-	\$ 250,105	
Books.com Co., Ltd.	Hwa-win Money Market Fund	"	"	11,791,597	130,097	-	130,097	
Chieh-Shuen Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	2,475,250	33,528	-	33,528	
Chieh-Shuen Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	3,228,945	54,021	-	54,021	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	22,148,067	300,000	-	300,000	
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	19,582,501	300,000	-	300,000	
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	9,471,790	150,000	-	150,000	
Uni-Wonder Corp.	Nomura Taiwan Money Market Fund	"	"	4,897,400	80,000	-	80,000	
Uni-Wonder Corp.	Union Money Market Fund	"	"	3,026,199	40,000	-	40,000	
President Drugstore Business Corp.	FSITC Taiwan Money Market Fund	"	"	3,916,620	60,002	-	60,002	
President Drugstore Business Corp.	Taishin 1699 Money Market Fund	"	"	1,845,727	25,001	-	25,001	
President Information Corp.	Prudential Financial Money Market Fund	"	"	3,257,265	51,584	-	51,584	
President Information Corp.	Jh Sun Money Market Fund	"	"	1,086,447	16,116	-	16,116	
President Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	3,027,282	41,005	-	41,005	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	3,108,532	52,005	-	52,005	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	7,034,525	95,284	-	95,284	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	20,197,591	275,077	-	275,077	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
 Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital  
 For the six-month period ended June 30, 2019

Table 2

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Investor	Type and name of securities	General ledger account	Balance as at January 1, 2019			Addition			Disposal			Other increase (decrease)			Balance as at June 30, 2019	
			Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Number of shares	Amount
					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	45,422,207	\$ 740,300	\$ 740,000	\$ 300	- (\$ 8)	-	\$ -	
Books.com. Co., Ltd.	Jih Sun Money Market Fund	"	"	"	-	-	31,709,417	470,000	14,848,912	220,177	220,000	177	-	105	16,860,505	250,105
Chieh-Shuen Logistics International Corp.	Taishin 1699 Money Market Fund	"	"	"	-	-	24,315,638	329,000	21,840,388	295,564	295,476	88	-	4	2,475,250	33,528
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	"	2,220,988	30,000	70,207,508	950,000	50,280,429	680,415	680,000	415	-	-	22,148,067	300,000
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	55,544,109	850,000	35,961,608	550,525	550,000	525	-	-	19,582,501	300,000
Uni-Wonder Corp.	Prudential Financial Money Market Fund	"	"	"	-	-	18,944,836	300,000	9,473,046	150,020	150,000	20	-	-	9,471,790	150,000
Uni-Wonder Corp.	Nomura Taiwan Money Market Fund	"	"	"	-	-	26,959,349	440,000	22,061,949	360,092	360,000	92	-	-	4,897,400	80,000
Uni-Wonder Corp.	Union Money Market Fund	"	"	"	15,170,478	200,000	25,755,722	340,000	37,900,001	500,303	500,000	303	-	-	3,026,199	40,000
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	"	3,996,323	50,000	47,900,434	600,000	51,896,757	650,558	650,000	558	-	-	-	-
President Drugstore Business	FSITC Taiwan Money Market Fund	"	"	"	-	-	46,970,866	719,000	43,054,246	659,111	659,000	111	-	2	3,916,620	60,002
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	"	3,036,177	41,011	29,152,620	394,400	25,154,272	340,260	340,133	127	-	6	7,034,525	95,284
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	16,121,671	219,000	111,448,928	1,516,000	107,373,008	1,460,590	1,460,000	590	-	77	20,197,591	275,077

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 six-month period ended June 30, 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 (sales)	Credit term	Unit price	Credit term	Balance (\$)	Percentage of total notes/accounts receivable (payable)	Footnote		
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 7,766,347	15 Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	\$ 1,369,130 (	9)			
	Uni-President Superior Commissary Corp.	Subsidiary	"	1,831,128	4 Net 45 days from the end of the month when invoice is issued	"	"	( 706,438) (	5)			
	Tung Ang Enterprises Corp.	Sister company	"	942,351	2 Net 30 days from the end of the month when invoice is issued	"	"	( 185,421) (	1)			
	Lien-Bo Enterprises Corp.	"	"	330,001	1 Net 10~54 days from the end of the month when invoice is issued	"	"	( 129,068) (	1)			
	Tait Marketing & Distribution Co., Ltd.	"	"	180,285	- Net 20~70 days from the end of the month when invoice is issued	"	"	( 76,959)				
	President Packaging Corp.	"	"	209,510	- Net 15~60 days from the end of the month when invoice is issued	"	"	( 66,236)				
	President Transnet Corp.	Subsidiary	"	167,388	- Net 60 days from the end of the month when invoice is issued	"	"	( 26,142)				
	Kuang Chuan Dairy Corp.	Other related party	"	282,198	1 Net 30~65 days from the end of the month when invoice is issued	"	"	( 164,196) (	1)			
	Weilih Food Industrial Co., Ltd.	"	"	150,404	- Net 30~60 days from the end of the month when invoice is issued	"	"	( 81,038) (	1)			
	21 Century Enterprise Co., Ltd.	Subsidiary	"	163,268	- Net 30~60 days from the end of the month when invoice is issued	"	"	( 30,907)				
	Q-ware Systems & Services Corp.	"	"	315,170	1 Net 40 days from the end of the month when invoice is issued	"	"	( 107,360) (	1)			
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue (	335,416) (	39 Net 40 days from the end of the month when invoice is issued	"	"	112,413	53			
	President Logistics International Corp.	Parent company	" (	492,455) (	57 Net 20 days from the end of the month when invoice is issued	"	"	93,748	45			
President Transnet Corp.	Chieh-Shuen Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	335,416	7 Net 40 days from the end of the month when invoice is issued	"	"	( 112,413) (	7)			
	President Chain Store Corp.	Parent company	Sales revenue (	167,388) (	59 Net 60 days from the end of the month when invoice is issued	"	"	26,142	2			
Uni-Wonder Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	160,331	8 Net 30 days from the end of the month when invoice is issued	"	"	( 57,948) (	9)			
	Tung Chan Enterprise Corp.	Other related party	"	492,336	25 Net 25 days from the end of the month when invoice is issued	"	"	( 89,164) (	14)			
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue (	380,906) (	66 Net 45 days from the end of the month when invoice is issued	"	"	303,763	75			

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
For the six-month period ended June 30, 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)
						(sales)					
President Logistics International Corp.	Chich-Shuen Logistics International Corp.	Subsidiary	Service cost	\$ 492,455	33	Net 20 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 93,748) (	34)	
	Retail Support International Corp.	Parent company	Delivery revenue	( 377,389) (	24)	Net 20 days from the end of the month when invoice is issued	"	"	74,629	25	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	( 515,865) (	33)	Net 20 days from the end of the month when invoice is issued	"	"	101,403	34	
	Wisdom Distribution Service Corp.	"	"	( 519,291) (	33)	Net 20 days from the end of the month when invoice is issued	"	"	94,213	31	
Retail Support International Corp.	Retail Support Taiwan Corp.	Subsidiary	Service cost	152,944	20	Net 15~20 days from the end of the month when invoice is issued	"	"	( 27,805) (	18)	
	President Logistics International Corp.	"	"	377,389	49	Net 20 days from the end of the month when invoice is issued	"	"	( 74,629) (	48)	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Subsidiary of President Chain Store Corp.	"	515,865	37	Net 20 days from the end of the month when invoice is issued	"	"	( 101,403) (	2)	
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	"	519,291	44	Net 20 days from the end of the month when invoice is issued	"	"	( 94,213) (	38)	
	Books.com. Co., Ltd.	"	Service revenue	( 145,479) (	10)	Net 30 days from the end of the month when invoice is issued	"	"	26,183	4	
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	"	( 315,170) (	68	Net 40 days from the end of the month when invoice is issued	"	"	107,360	77	
President Drugstore Business Corp.	President Pharmaceutical Corp.	Subsidiary of President Chain Store Corp.	Purchases	299,494	6	Net 70 days from the end of the month when invoice is issued	"	"	( 27,473) (	1)	
President Pharmaceutical Corp.	President Drugstore Business Corp.	"	Sales revenue	( 299,494) (	36	Net 70 days from the end of the month when invoice is issued	"	"	27,473	7	
21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Parent company	"	( 163,268) (	36	Net 30~60 days from the end of the month when invoice is issued	"	"	30,907	34	
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	"	( 1,831,128) (	99	Net 45 days from the end of the month when invoice is issued	"	"	706,438	100	
Retail Support Taiwan Corp.	Retail Support International Corp.	"	Delivery revenue	( 152,944) (	87	Net 15~20 days from the end of the month when invoice is issued	"	"	27,805	78	
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	"	"	( 101,358) (	33)	Net 60 days from the end of the month when invoice is issued	"	"	48,177	45	
Shanghai President Logistic Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Subsidiary	Service cost	101,358	30	Net 60 days from the end of the month when invoice is issued	"	"	( 48,177) (	46)	
Duskin Serve Taiwan Co.	President Chain Store Corp.	Parent company	Service revenue	( 139,826) (	22)	Net 15~60 days from the end of the month when invoice is issued	"	"	55,940	28	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
June 30, 2019

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of June 30, 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	\$ 303,763	2.79	\$ -	-	none	\$ 25,571	\$ -	-	-
Q-ware Systems & Services Corp.	President Chain Store Corp.	"	107,360	5.88	-	"	"	37,372			-
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	706,438	5.51	-	"	"	326,537			-
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	112,413	5.55	-	"	"	53,562			-
President Logistics International Corp.	Uni-President Cold-Chain Corp.	"	101,403	10.80	-	"	"	101,403			-

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting periods  
For the six-month period ended June 30, 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	Service revenue	(\$ 380,906)	Net 45 days from the end of the month when invoice is issued			0.31
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	303,763	Net 45 days from the end of the month when invoice is issued			0.17
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	( 315,170)	Net 40 days from the end of the month when invoice is issued			0.25
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	107,360	Net 40 days from the end of the month when invoice is issued			0.06
3	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	( 1,831,128)	Net 45 days from the end of the month when invoice is issued			1.47
3	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	706,438	Net 45 days from the end of the month when invoice is issued			0.39
4	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	( 299,494)	Net 70 days from the end of the month when invoice is issued			0.24
5	Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	( 492,455)	Net 20 days from the end of the month when invoice is issued			0.39
5	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Accounts receivable	112,413	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	( 335,416)	Net 40 days from the end of the month when invoice is issued			0.27
6	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	( 377,389)	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	( 515,865)	Net 20 days from the end of the month when invoice is issued			0.41
6	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Accounts receivable	101,403	Net 20 days from the end of the month when invoice is issued			0.06
6	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	( 519,291)	Net 20 days from the end of the month when invoice is issued			0.42
7	Duskin Serve Taiwan Co.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	( 139,826)	Net 15-60 days from the end of the month when invoice is issued			0.11
8	21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	( 163,268)	Net 30-60 days from the end of the month when invoice is issued			0.13
9	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Service revenue	( 145,479)	Net 30 days from the end of the month when invoice is issued			0.12
10	Retail Support Taiwan Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	( 152,944)	Net 15-20 days from the end of the month when invoice is issued			0.12
11	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	Subsidiary to subsidiary	Delivery revenue	( 101,358)	Net 60 days from the end of the month when invoice is issued			0.08

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Names, locations and other information of investee companies (not including investees in Mainland China)  
For the six-month period ended June 30, 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 June 30, 2019			Net profit (loss) of the investee for the six-month period ended June 30, 2019	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2019	Footnote			
				Balance as at December 31, 2018		Number of shares	Ownership (%)	Book value						
				Balance as at June 30, 2019	2018									
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	\$ 26,848,831	\$ 638,241	\$ 638,241	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	1,287,409	172,618	172,618	Subsidiary			
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,439,731	305,576	213,877	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	663,849	50,673	40,980	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	690,969	120,492	88,031	Subsidiary			
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	444,877	125,989	88,192	Subsidiary			
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	450,955	(18,560)	16,704	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	603,809	226,530	135,951	Subsidiary			
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	458,417	32,727	28,145	Subsidiary			
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	347,281	37,521	34,173	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	311,436	130,467	130,467	Subsidiary			
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	304,113	192,138	96,127	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	25,251	251	251	Subsidiary			
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	165,607	74,720	38,107	Subsidiary			
President Chain Store Corp.	ICASH Corp.	Taiwan	Electronic ticketing services	700,000	500,000	70,000,000	100.00	582,285	26,994	26,994	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	745,759	64,034	12,807	Note 1			
President Chain Store Corp.	Uni-Wonder Corp.	Taiwan	Coffee chain store	3,286,206	3,286,206	21,382,674	60.00	5,017,149	302,956	135,176	Subsidiary			
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	144,826	106,534	26,580	Subsidiary			
President Chain Store Corp.	Presicarre Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	130,801,027	19.50	5,550,986	913,951	176,319	Note 1			
President Chain Store Corp.	President Fair Development Corp.	Taiwan	Operation of shopping mall, department store, international trade, etc.	3,191,700	3,191,700	190,000,000	19.00	2,006,036	115,321	21,911	Note 1			
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	461,947	544,406	20,062	Note 1			
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	110,111	(37,240)	4,645	Note 1			
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	637,231	637,231	6,500,000	100.00	72,015	(1,145)	1,145	Subsidiary			
President Chain Store Corp.	Capital Inventory Services Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	50,366	19,116	19,116	Subsidiary			
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	66,289	495	456	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	25,265	8,443	8,443	Subsidiary			
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00	(923)	8,553	8,531	Subsidiary			
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	170,000	170,000	1,500,000	100.00	(35,777)	6,954	6,954	Subsidiary			

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
 Names, locations and other information of investee companies (not including investees in Mainland China)  
 For the six-month period ended June 30, 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 June 30, 2019				Net profit (loss) of the investee for the six-month period ended June 30, 2019	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2019	Footnote	
				Balance as at June 30, 2019		Balance as at December 31, 2018		Number of shares	Ownership (%)				
				\$	\$	\$	\$		\$	\$			
President Chain Store Corp.	21 Century Enterprise Co., Ltd.	Taiwan	Operation of chain restaurants	\$ 160,680	\$ 160,680	10,000,000	100.00	\$ 54,669	\$ 20,146	\$ 20,146	\$ 20,146	Subsidiary	
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	\$ 35,648	\$ 35,648	9,800	100.00	\$ 81,421	\$ 2,209	\$ 2,184	\$ 2,184	Subsidiary	
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	( 31,664)	( 2,226)	( 2,226)	( 2,226)	Subsidiary	
President Chain Store Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	\$ 49,391	\$ 42,435	\$ 29,705	\$ 29,705	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	\$ 93,322	\$ 16,664	\$ 6,398	\$ 6,398	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	\$ 36,756	\$ 13,544	\$ 4,987	\$ 4,987	Note 1	
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	\$ 16,732	( 1,763)	( 1,763)	( 264)	Note 1	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	591	-	-	-	2)	
Mech-President Corp.	President Jing Corp.	Taiwan	Gas station	9,600	9,600	960,000	60.00	\$ 21,590	\$ 7,351	\$ 4,411	\$ 4,411	Subsidiary of a subsidiary	
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Cayman Islands	Professional investment	161,763	161,763	8,880,000	100.00	\$ 28,926	( 3,357)	( 3,357)	( 3,357)	Subsidiary of a subsidiary	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	22,984	22,984	740,000	7.80	\$ 5,735	\$ 495	\$ 39	\$ 39	Subsidiary of a subsidiary	
President Chain Store (BVI)	President Chain Store (Labuan) Holdings Ltd.	Malaysia	Professional investment	905,813	905,813	29,163,337	100.00	\$ 2,435,377	\$ 143,544	\$ 143,544	\$ 143,544	Subsidiary of a subsidiary	
President Chain Store (BVI)	President Chain Store (Hong Kong) Holdings Ltd.	Hong Kong	Professional investment	4,837,810	4,837,810	134,603,354	100.00	\$ 4,365,121	\$ 112,900	\$ 144,728	\$ 144,728	Subsidiary of a subsidiary	
President Chain Store (Labuan)	Philippine Seven Corp.	Philippines	Operation of chain stores	904,943	904,943	394,970,516	52.22	\$ 2,434,664	\$ 287,920	\$ 143,565	\$ 143,565	Subsidiary of a subsidiary	
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Taiwan	Trucking	180,000	180,000	26,670,000	100.00	\$ 306,807	\$ 13,896	\$ 13,896	\$ 13,896	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	\$ 68,293	( 6,795)	( 6,795)	( 6,809)	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	-	-	-	\$ 192,138	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	-	\$ 125,989	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	-	-	\$ 50,673	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	-	\$ 32,727	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	-	\$ 305,576	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	-	\$ 37,521	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	-	\$ 74,720	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	-	-	1	-	-	-	\$ 120,492	-	Subsidiary of a subsidiary	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
 Names, locations and other information of investee companies (not including investees in Mainland China)  
 For the six-month period ended June 30, 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 June 30, 2019			Investment income (loss) recognized by the Company for the six-month period ended June 30, 2019		
				Balance as at June 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2019	Footnote	
									2019	2019	
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	\$ -	\$ -	1	-	-	\$ 16,664	- Note 1	
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	-( 18,560)	- Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	-	-	226,530	- Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	-	-	106,534	- Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	-	-	1	-	-	42,435	- 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	65,801	-( 1,521)	1,521) 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	65,017	22,549	11,500 Subsidiary of a subsidiary	
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	145,808	37,556	18,403 Subsidiary of a subsidiary	
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	5,425	5,425	1,161,000	6.00	17,854	37,556	2,253 Subsidiary of a subsidiary	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	74,392	37,556	9,389 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	112,778	7,542	7,527 Subsidiary of a subsidiary	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	18,850	18,850	3,870,000	20.00	59,465	37,556	7,463 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	27,248	27,248	4,500,000	100.00	27,248	11,907	- Subsidiary of a subsidiary	
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	29,514	29,514	40,000	100.00	29,514	548	- Subsidiary of a subsidiary	

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

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Information on investments in Mainland China  
For the six-month period ended June 30, 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		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2019	Remitted to Mainland China	Remitted back to Taiwan	June 30, 2019	Net income of investee for the six-month period ended June 30, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2019		Book value of investments in Mainland China as of June 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2019	Footnote	
				Accumulated amount remitted back to Taiwan for the six-month period ended June 30, 2019	(\$)							(11)	(\$)	(11)			
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	\$ -	Note 1	\$ 160,598	\$ -	\$ 160,598	\$ -	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Note 3
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	452,321	Note 1	292,501	-	-	-	-	292,501	544	100.00	544	544	71,169	-	-	Note 3
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,261,605	Note 1	2,400,238	-	-	2,400,238	-	95,785	100.00	94,871	163,081	163,081	-	-	-	Note 3
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	62,120	Note 1	62,120	-	-	62,120	-	45,037	100.00	45,038	470,481	470,481	-	-	-	Note 3
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	1,006,611	Note 1	1,016,874	-	-	1,016,874	(43)	100.00	(43)	100.00	48,207	48,207	-	-	-	Note 3
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	-	Note 1	552,133	-	-	552,133	(584)	-	-	-	583)	583)	-	-	-	Note 3
Shan Dong President Yinzuo Commercial Limited	Supermarkets	271,393	Note 1	126,674	-	-	126,674	(8,045)	55.00	(8,045)	55.00	(4,484)	176,878	176,878	-	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	177,116	Note 1	177,116	-	-	177,116	(5,415)	73.74	(5,415)	73.74	(3,993)	25,208	25,208	57,661	Note 3	
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehousing	180,928	Note 1	176,760	-	-	176,760	18,735	80.00	14,944	14,944	160,403	160,403	14,103	Note 3	-	
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	466	Note 1	-	-	-	-	(2)	50.03	(2)	50.03	(1)	16	16	-	-	Note 3
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	271,393	Note 1	285,011	-	-	285,011	22,962	100.00	22,962	22,962	358,140	358,140	-	-	-	Note 3
President Logistic ShanDong Co., Ltd.	Logistics and warehousing	226,161	Note 1	226,161	-	-	226,161	(540)	100.00	(540)	100.00	(83)	203,314	203,314	-	-	Note 3
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	633,249	Note 1	645,579	-	-	645,579	(57,118)	100.00	(57,118)	100.00	(58,542)	360,310	360,310	-	-	Note 3
Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and daily items	135,696	Note 1	145,362	-	-	145,362	(15,169)	100.00	(15,169)	100.00	(15,160)	100,098	100,098	-	-	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 June 30, 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.	\$ 4,787,527	\$ 8,584,173	\$ 24,261,508
President Pharmaceutical Corp.	177,116	177,116	433,679
Uni-President Cold-Chain Corp.	92,168	92,168	591,451
Ren-Hui Investment Corp.	53,525	53,525	80,000